

Ownership Syndication



Overview

1. The buying experience
2. Contrast - Two syndication types
3. Economic significance - Club syndications
4. Expectations v Experience - Where are the gaps?
5. Research findings - Club syndications
6. Standardbred owners - Preliminary findings

To dream the possible dream

FOR SALE

Outstanding pedigree.

Unraced yearling.

*Sound confirmation - vet
certification included.*

Full brother to group one winner.

One share remaining !

\$A10,000 ... but be quick

What is it you're buying?

"Companies must realise that they make memories, not goods, and create the stage for generating greater economic value, not deliver services.

...goods and services are no longer enough. Customers now want experiences and they're willing to pay (a premium) for them.

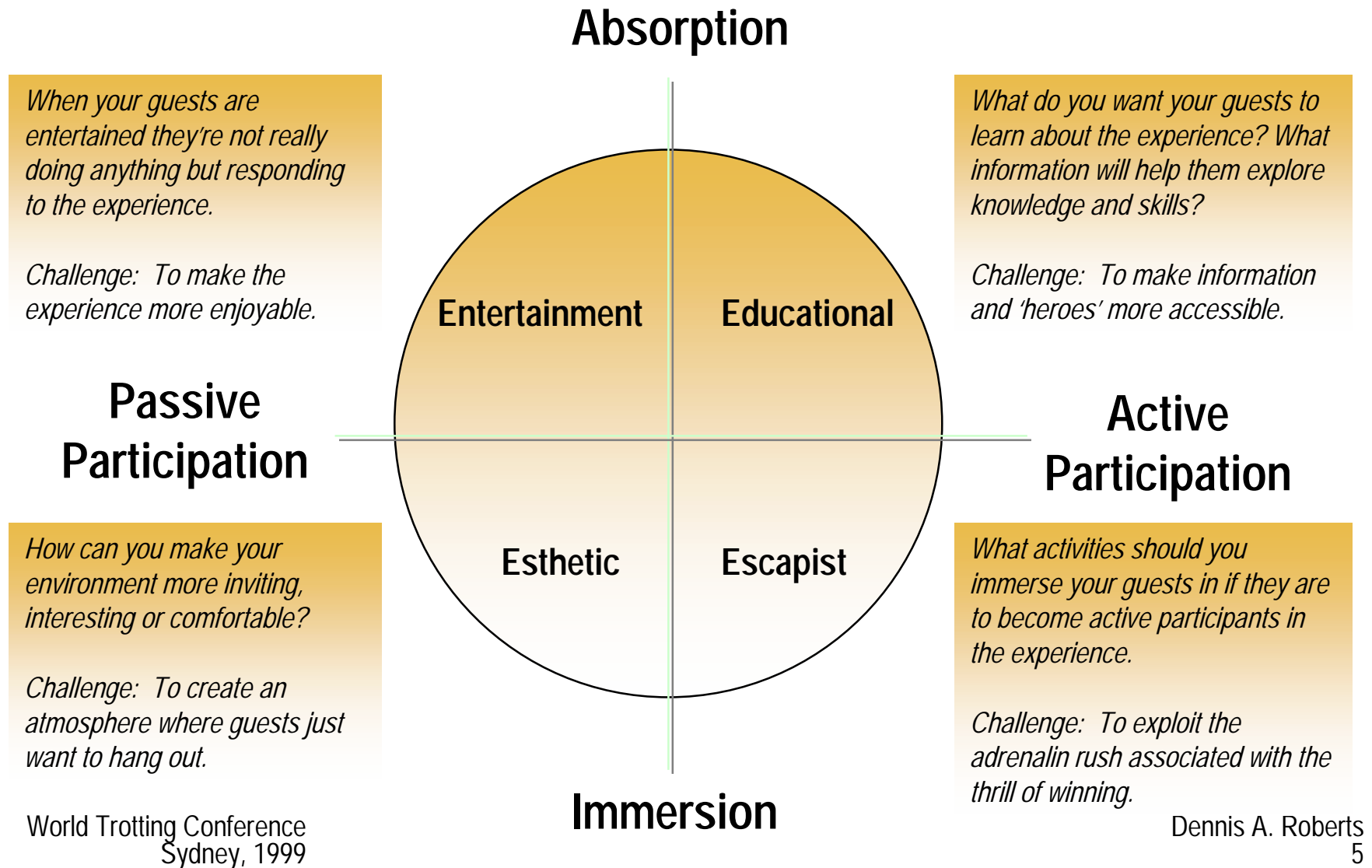
...only those that truly engage their guests (customers) will succeed in this new economy."

Remember that staging experiences is not about entertaining customers, it's about engaging them."

Pine & Gilmore, 1999

* Pine II, B.J. & Gilmore, J., *"The Experience Economy"* Harvard Business School Press, Boston, USA, 1999 p.30

The realms of experience



* Pine II, B.J. & Gilmour, J., *"The Experience Economy"* Harvard Business School Press, Boston, USA, 1999 p.30

Syndications - Contrast

	Niche	Club
Shares	6 - 25	2,000
Purchase price	\$A5,000 - \$A10,000	\$A600
Ongoing costs	\$A250 p.m.	Nil
Ownership privileges	Full	Restricted
Communications	Personal Frequent	Mass Less frequent

Economic significance of club syndicates

In 1995 a prominent Australian breeder had a vision.

That vision brought about the most significant change to Australian racehorse ownership in decades.

In just three years, Australian racing club syndications:

- Offered 30,000 shares
- Raised \$A20 million
- Distributed 100,000 prospectus documents
- Spent \$600,000 in marketing & promotions
- Introduced 15,000 first time owners

Club syndication - Value drivers



Where does the ownership experience fall short?

"There is no greater responsibility in racing than the setting and managing of the owners expectations, particularly the first time owner."

Dennis A. Roberts

Financial returns

Ownership privileges

Support from the industry

Accessibility to information

Tax concessions

Integrity

Racetrack facilities

Drug control

Club syndicates - some interesting facts

- First time owners (66%).
- Neither race club members nor frequent racegoers.
- Interested in re-subscribing but don't.
- Owners are punters (99%). Bet weekly (66%).
- Strong correlation with football, golf and lawn bowls.
- Internet is viable advertising/ communications channel.
- Establishment costs/ limited lifespan - unsustainable.

Club syndicates - some interesting facts

- Club members aren't deterred by distance.
- Integrity and professionalism issues rate highly.
- Most members view themselves as outright owners.
- First time owners will introduce others - if satisfied.
- Dissatisfaction rates escalate early.
- Most are 'empty nesters' without dependant children.
- Owners may migrate to niche syndications.

“Standardbred ownership in Australia”

Market research survey questionnaire

Dennis A.Roberts, 1999

1. What expectation do standardbred owners have of their involvement in harness racing? Are they getting what they want?
2. Are standardbred owners quitting the sport?
3. What can harness racing administrators do to ensure existing owners stay in the sport?

Standardbred owners - A rare breed?

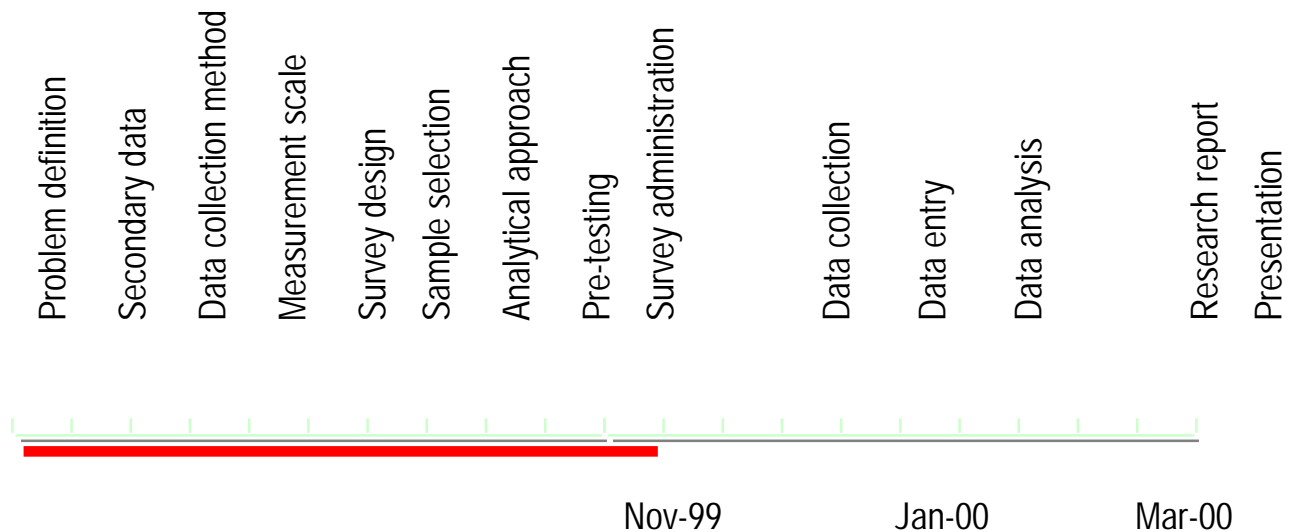
- Owners have a long term interest in trotting.
- Too few initiatives to find/ introduce new owners.
- Prominent owners intend to remain in the sport.
- The thrill (prospect) of winning is a prime motivator.
- Owners would like to recover training costs - profit would be a bonus.
- Memorabilia rekindling that winning feeling is highly valued (eg videos, photos, trophies, etc).

What can racing administrators do?

- Improve prizemoney / bonus incentives.
- Improve integrity of racing, administration & drug control.
- Abolish acceptance/ nomination fees.
- Lobby for tax concessions.
- Improve ownership privileges - admission, membership, amenities, misc items.
- Improve racetrack facilities.

Market research - where to from here?

“Standardbred Ownership in Australia”



Any questions ?



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About the presenter

Dennis A. Roberts was born and bred in Melbourne's northern suburbs only a short tram ride from Moonee Valley. An avid racegoer since the age of two, Dennis now 38 years of age, also frequented Melbourne's Showgrounds and fondly recalls Paleface Adios, Monara, Hondo Grattan, Maori's Idol and Popular Alm .

"My involvement in racing, particularly thoroughbreds, has come a long way since I moved to Sydney some six years ago." From racegoer, owner, analyst, writer, management consultant to fledgling syndicator."

Dennis knows what is required of market leaders and boasts an impressive employment history with three of Australia's finest public companies:

- BHP
- NAB (subsidiary A.C. Goode)
- Telstra

Having enjoyed working in the demanding and highly volatile worlds of stockbroking and telecommunications, Dennis is well credentialed to add a new dimension to the world of racing entertainment.

His resume reflects a diverse commercial background with multi-disciplinary roles including accounting, finance, strategic & business planning, marketing, business development and project management.

Dennis completed his Masters of Business Management (MBA) at Sydney's Macquarie Graduate School of Management (MGSM) in March, 1998. He also holds a Bachelor of Commerce degree from the University of Melbourne.

About the presenter

"During my MBA, I completed several large projects for racing industry clients including Management Consulting and Market Research. Both were based on club syndications." He also prepared a research paper for the NSW Thoroughbred Racing Board on how to rekindle interest in thoroughbred racing.

More recently Dennis prepared a discussion paper for the Australian Racing Board how it might regulate racing club syndications in light of the demise of several high profile syndications in Australia.

His ideas have won critical acclaim from the business and academic communities as well as the thoroughbred and harness racing industries.

His work has featured in:

- Australian Financial Review
- Racetrack magazine
- Magic Millions catalogue
- Australian Racing Board
- MGSM Alumni magazine
- Telstra's "Our Future"
- World Trotting Conference
- NSW Thoroughbred Racing Board

He has received widespread expressions of interest from diverse sectors of the racing industry including administrators, syndicators, trainers, auctioneers and bloodstock agents.

Dennis is a passionate advocate of thoroughbred racing and through an expansive network of business, academic and social contacts continues to work tirelessly to introduce new players to the exciting world of racing. "It's a labour of love."

Credits

"Ownership - syndication" Dennis A.Roberts

- market research presentation for World Trotting Conference - International Delegates (November, 1999)

"Ownership - syndication" Dennis A.Roberts

- market research presentation for World Trotting Conference - Australian Open Day (November, 1999)

"Standardbred ownership in Australia" Dennis A.Roberts

- market research survey questionnaire for Australian Harness Racing Council (March, 2000)

"Racehorse syndication: Revolutionary new options" Dennis A.Roberts

- freelance article appearing in Racetrack Magazine (May, 1998)

"Field of dreams" Dennis A.Roberts

- freelance article appearing in Magic Millions 1999 Yearling Sale Preview (January, 1999)

"Regulatory options for club syndications in Australia" Dennis A.Roberts

- discussion paper for the Australian Racing Board (1998)

"Getting back on track - NSW Thoroughbred Racing Board" Dennis A.Roberts

- research paper for NSW Thoroughbred Racing Board (March, 1998)

Credits

"Form guide to racing industry" Anne-Marie Moodie

- biographical profile of Dennis A.Roberts appearing in Australian Financial Review (November, 1997)

"Odds on favourite" Alan Valvasori

- biographical profile of Dennis A.Roberts appearing in Macquarie Graduate School of Management - Alumni Magazine (November, 1997)

"The final furlong - A strategic review of The Derby Club" Dennis A.Roberts

- MBA management consulting assignment for The Derby Club, NSW (November, 1997)

"The Derby Club - A membership survey" Dennis A.Roberts

- MBA marketing research assignment for The Derby Club, NSW (November, 1997)