



22 October 2020

PRESS RELEASE

Racing through the Global COVID-19 Pandemic

Session 2: Enhancing Wagering Outcomes and Addressing the Rising Threat of Illegal Wagering

The second in a series of Asian Racing Federation (ARF) Webinars examining practical approaches adopted by selected ARF member jurisdictions to enhance wagering outcomes during the COVID-19 pandemic, and how racing authorities can work to curb the serious threat of illegal wagering, was hosted on 19 October by ARF Secretary-General and The Hong Kong Jockey Club Executive Director, Racing, Andrew Harding.

Framed against the backdrop of the significant impact that the COVID-19 pandemic has had on wagering world-wide, a panel discussion was facilitated by BBC Chief Presenter David Eades, and comprised Richard Cheung, Executive Director, Customer and International Business Development at The Hong Kong Jockey Club; Luke Waldren, Executive General Manager, Marketing, Customer and Product at Tabcorp in Australia; and Martin Purbrick, Chairman of the ARF Council on Anti-Illegal Betting and related Financial Crime.

In opening the Webinar, Mr Harding observed that “the ARF’s membership encompasses a diverse range of racing models. Many rely on wagering revenue as the major source of funding while some exist without it altogether. Likewise the way that wagering is operated varies from country to country.

“Unsurprisingly therefore, the impact of the pandemic on wagering has been different across the ARF footprint. Some of this has depended on whether or not racing has been allowed to continue. Other significant factors have been the extent to which retail outlets have been allowed to open and the extent to which online and telephone betting has been available.”

Mr Harding noted that some ARF member jurisdictions had initially witnessed a sharp drop in turnover while others had experienced a decline but had rebounded.

South Africa and Singapore have been badly affected, it was noted, as a result of temporary racing shutdowns. However in New Zealand, an increase in customer numbers and turnover has followed a temporary suspension of racing.

Asian Racing Federation

c/o The Hong Kong Jockey Club, One Sports Road, Happy Valley, Hong Kong

Tel: + 852 2966 7993 • Fax: + 852 2966 1098 • Email: arf@hkjc.org.hk

Japan has seen a huge increase in new online wagering accounts registered and in online wagering since turnover fell during the country's first month racing behind closed doors in March.

Mr Harding highlighted the significance of on-line wagering and its growth through the pandemic which was strongly reinforced in presentations from Mr Cheung and Mr Waldren. He also outlined the importance of wagering levels to the overall viability of racing in most jurisdictions and the imperatives of maintaining a robust approach to integrity and promoting legal channels of betting.

“For most racing jurisdictions, reduced wagering levels means less funding. This impacts the economic underpinning and viability of the industry as a whole in the short, medium and longer term. A material decrease in funding through lower wagering often has direct and immediate consequences for prizemoney levels and therefore participant income, returns to owners and may lower demand at horse sales.

“Occurring at the same time as a pandemic-driven major global economic recession, these impacts pose obvious threats to the longer-term fundamentals of the sport, and raise challenges for foal crops, race field sizes and wagering levels into the future,” he said

Mr Cheung looked at significant trends and innovations seen in the Hong Kong wagering landscape following the onset of the pandemic. He explained that innovations had been designed to enhance the customer experience and were necessary to adapt to the “new normal”.

Cheung said The Hong Kong Jockey Club's wagering performance had been resilient to the outbreak despite its impact on race-day attendance and suspended off-track betting shop operations - between February and June - which was the main reason for a 7.5% drop in local betting turnover.

“Healthy growth in commingling offset the decrease in the local segment. In extraordinary circumstances, we avoided a major decline in turnover thanks to the loyal customer base developed as well as our past investment in digitalisation. Enhancing access to on-line operations and improving that experience was a key.

“We worked with the banks to ensure our customers could access instant 24x7 fund transfer and that assists to enable online wagering, and we introduced a full suite of mobile apps and web services enabling seamless online betting and viewing,” he said.

In terms of in-person off track betting “a risk-based approach on opening our branch network” was successful according to Cheung who added that The Hong Kong Jockey Club would continue to invest in AI and digital operations while retail branches will be transformed to uplift customer experience.

“COVID-19 may be with us for some time and as our customers become more used to on-line shopping and banking, we will continue to invest in digitalisation. COVID-19 has significantly accelerated digitalisation and, therefore, while the capacity needed for physical transactions may lessen, our OTB’s will be remodelled to target different types of customers including Generation Z,” he said.

Mr Waldren explored how Tabcorp has embraced opportunities - with a focus on “customer, brand and creativity” - to transform the way it engages with its customers amidst the uncertainty of the pandemic which presented numerous challenges, including the closure of its 4,500 retail venues across Australia for a substantial period.

“The continuation of racing generally has provided several key benefits from continued employment and the flow of funding from taxation and fees to the positive social impact of the entertainment it has provided,” he said.

Waldren said Tabcorp’s three phase strategy during the pandemic began with preparing its workforce to deal with the change. “Once we had established a way of working in the new world, we quickly turned our attention to our customers and their short and long term needs and in that first critical 6 weeks of COVID lockdowns we predicted better than our competitors, the volume and speed of the digital migration and maintained our media presence.

“From a longer term view, we had previously launched a new brand idea called Long May We Play, which was designed to celebrate great racing and sport moments in Australia. During the pandemic we used that brand idea to remind Australians that at a time when there were so many unknowns, we were focused on the role we play in the racing industry.

“Essentially the message was: ‘A bet with TAB is a bet for the people behind the industry, which amounts to thousands of jobs given Tabcorp’s return to the industry is up to four times greater than our competitors’.”

At the same time, Mr Waldren explained that Tabcorp was mindful to reinforce its position on responsible gambling. “We elevated our communications on responsible gambling – both directly and indirectly and importantly via social channels. We raised awareness of our TAB Assist portal – tools and tips for responsible gambling,” he said.

Mr Purbrick said that the growth of illegal betting during the pandemic is a significant threat for various reasons. He applauded the innovations outlined by Mr Cheung and Mr Waldren as “the key means to fighting illegal betting was an effective, licensed and legal betting product which appealed to customers”.

He outlined two key areas of concern with illegal betting through the pandemic.

“Firstly, many betting customers have gone to online illegal betting websites that have offered alternative betting options and those customers may not return to legal licensed operators;

secondly, many betting customers will continue to bet on alternative sports (such as e-sports) rather than return to betting traditional sports offered by legal licensed operators,” he said.

Mr Purbrick emphasised that a key action point now for horse racing, other sports operators and the legal licensed betting industry was to lobby government, betting regulators and political leaders and convince them that the key negative issue from the growth of betting during the pandemic is illegal betting.

He identified three major trends relating to illegal betting during the pandemic that will have consequences for the betting industry in the future.

“One, during the pandemic there has been a major increase in betting on horse racing and alternative sports via online legal and illegal betting websites which heightens integrity threats to sports.

“Two, illegal betting on alternative sports will change the entire sports betting market and; three, the China illegal betting market has been altered by the pandemic.

“As the customer base in China is so huge, this has implications for the long-term impact on betting markets; especially as casinos in Macau have been severely affected which has led to the likely migration of many customers to illegal online betting which may also proliferate the spread of transnational organised crime,” Purbrick said.

Mr Harding closed the session by assuring members that the ARF was committed to assisting all member jurisdictions through the pandemic - especially in terms of undertaking “necessary discussions with governments”.

The third Webinar in the ARF series will be held on 16 November 2020 and will focus on engaging with Government during the pandemic.
