



The Revitalization of The Hong Kong Jockey Club

The Hong Kong Jockey Club (HKJC) is one of the oldest institutions in Hong Kong. Founded in 1884, The Hong Kong Jockey Club is a horse-racing operator and Hong Kong's largest community benefactor. The HKJC provides horse racing (800 plus races a year!), sporting and betting entertainment in Hong Kong and is licensed by the government to provide pari-mutuel betting on horse-racing, the Mark Six lottery, and fixed-odds betting on overseas football events. Additionally, the HKJC provides dining, social, sporting and recreation facilities to its approximately 15, 000 full members. Members also own and race the Club's horses. The HKJC is the largest taxpayer in Hong Kong while The Hong Kong Jockey Charities Trust donated a record \$500 USD million in 2016 to support the different needs of society and contribute to the betterment of Hong Kong. Working with partner agencies, the Charities Trust funds and develops projects to address social issues in Hong Kong.



PGRI Introduction: Following the World Lottery Summit Singapore, Susan and Paul Jason visited Hong Kong to meet with Richard Cheung, Executive Director of Customer and Marketing, Hong Kong Jockey Club. Below is the article based on our discussions. And photos of the amazing Hong Kong Jockey Club in Happy Valley. It was a most memorable visit with most wonderful hosts!



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The Miracle Turnaround

The global horse-racing industry has not been viewed as a high-growth category for many years. Thankfully, that has not deterred the leaders of the Hong Kong Jockey Club (HKJC) from pursuing an ambitious plan to revitalize racing. Horse-racing revenues declined from USD \$10.6 billion in FY2001 to USD \$7.8 billion in FY2006. The HKJC Revitalization Plan conceived in 2006 and executed over the next ten years began to reverse the decline immediately. Revenues climbed at an average annual rate of 6.6% for the next ten years, hitting USD \$14 billion in its most recent fiscal year ending June 30, 2016. This in turn enabled the HKJC to increase its return to the community, quadrupling its charity donations and doubling its tax returns.

Horse Racing is perceived by most to be a mature product category, not the ideal platform for high growth, and certainly not sustainable at a 6.6% annual increase over the last ten years. Of course, executing a turnaround is not a miracle. It starts with an intelligent analysis of the facts, development of a focused action-plan, and decisive commitment to investment and execution.



A fact that would undermine sustainability that is not unfamiliar to operators of lottery and slots: the HKJC brand was losing its relevance. Even as recently as the 2010 racing season, 75% of horse racing patrons were over the age of 50. The HKJC strategy began with a thoughtful segmentation of their market into nine player profiles:

- Tourists
- Rookies
- Hardcore Players
- Emerging Premier Players
- Premier Public
- HKJC Members
- HKJC Owners
- The Racing Club

A basic conundrum for product design and marketing executives is how to appeal to a cross-section of diverse consumer profiles. The HKJC's answer was to find ways to deliver a diversity of experiences to meet the needs of the different consumer segments. Different venues were created in the physical environment to appeal to different tastes. This included a variety of club experiences for the patrons to choose from: casual bistro-style, energetic nightclub style, loud boisterous sports-bar style, quieter dining and relaxation, and elegant luxurious. HKJC found a pathway for everyone's needs could not be met: young and trendy, upwardly mobile and past the high-octane exuberance of youth, sophisticated with expectations for luxury and exclusivity, etc. This plan all seems rather common-sensical. Executing a turnaround of this magnitude did not, however, rely on intuition. This customer segmentation model was then coupled with segment-specific levers that were activated to identify and connect with the needs of each customer segment/player profile:

1. Eventful Racecourse: Turn Races into sporting, social and entertainment experience. "Happy Wednesday" turned into a high-impact brand that elevated a mid-week night into a popular 'must-go' event - Whilst retaining the fundamental essence of the track for its established clientele, the Happy Wednesday Brand caters to the younger generation, melding live music attractions in a beer garden and bringing in popular Themed Nights, making racing as a social lifestyle entertainment.

2. Front-end Digital Experience:

Mobile was transformed to enrich the entire experience, with user-friendly access and navigability. For instance, experienced players tuned into the Mobile channels to access the best, most detailed betting information. A second screen was added to enable viewing the action live on Mobile. A broadcast TV program was added. "O2O" (Off-Line to On-Line) connects offline physical promotional materials (like tags, flyers, brochures, etc.) with online digital content. QR (Quick Response) code betting was developed. Virtual Reality gear was adapted to help novice racing fans learn about the sport. These and many more changes enhanced the racing experience, with mobile wagering increasing from 14% of turnover in 2011-12 to 33% FY2016-17. The HKJC Mobile app Garnered the "Best Digital Entertainment Award of Hong Kong ICT 2014.

3. Customer Information and Wagering Innovation:

Big-data innovation was applied across the board. Countless insights derived from studying the numbers yielded a fine-tuning approach to provide customers with more options and more insight. Big-data analyses enabled countless changes to move through the beta stage to the complete roll-out enhancement stage in record time.

4. Customer Relationship Management:

Data-analytics applied to personalize the messaging, and to provide services that appeal to clearly defined customer segments. Racing as Popular Culture: The big-picture goal was to re-brand Horse-Racing as an exciting game that appeals to modern consumers and to transform it into the pop-culture recreation of choice. 40% of the marketing Communications spend was shifted non-racing media. Celebrity affiliations and sponsorships, 3rd party social media platforms, gift shops, co-branding collaborations, and more non-traditional strategies were integrated into the media mix.

The Revitalization Plan has set the foundation for many more years of service to its players, its beneficiaries, and all of its stakeholders. ■

