

REPORT TO: The Musselburgh Racing Associated Committee

MEETING DATE: Tuesday 3 July 2018

BY: Senior Operations and Commercial Manager

SUBJECT: Operations and Commercial Report

1 PURPOSE

1.1 To update the Committee on the commercial and operational performance of the racecourse for 2018/19

2 RECOMMENDATIONS

2.1 The Committee are asked to note the performance to date.

3 BACKGROUND

3.1 **Highlights**

It has been a difficult start to the year with a trend of slow sales for our Sensational Six fixtures. Easter Saturday, Ladies Day and Scottish Sprint Cup all came in under budget. Ladies Day remained a sell out, but the income was below budget.

Our Community engagement activity has made significant progress with the initial stages of an innovative transition project with Musselburgh Grammar School underway.

3.2 **Commentary:**

- **Attendance** (Author S Montgomery)

Admissions for 2018/19 are forecast to achieve £793,326, which is £85,174 below budget. Sales were significantly down on Easter Saturday (-£21,159), Ladies Day (-£25,675) and Scottish Sprint Cup Day (£30,163). We also abandoned racing on 5th April (-£10,000).

The slow pace of sales for our bigger days has been attributed to a variety of factors.

- The Beast from the East had a significant impact on our key sales window in early spring.

- Our two events in June were also competing with hugely popular music events.
- Uncertainty over our racing license
- National trend for slower raceday sales

Although Ladies Day sold out our income is still down, partly to more people purchasing at a lower ticket price and the cancellation of a marquee for 400 people, due to lack of demand.

For 2019 we are looking at a number of changes. Our two Saturdays in June were only a week apart, following changes in the fixture list in 2018. We feel it would be better to focus on selling one event (Ladies Day on Derby Day) and maximising the opportunities. Easter Saturday will benefit from falling one month later and the rehomed Scottish Sprint Cup will strengthen the programme on this day.

We are also undertaking a review on our sales windows and ticket pricing for 2019/20. We are currently working with Two circles via the Insight= Growth project to analyse the data to inform our decisions for next year.

Fixtures remaining in 2018/19 will be less effected by the factors mentioned above. We are comfortable that despite some national trends for slower event sales our budgets are achievable. We will identify any costs savings across Marketing and Operations wherever possible.

- **Advertising and Marketing** (Author A Johnston)

Raceday Expenditure for 2018/19 is on budget at £190,745.00.

For Easter Saturday the combined spend was £29,407, just under budget of £32,178. As part of the Turbo Boost campaign, we had support from Two Circles. This resulted in;

- Increase of returning customers (7%)
- total crowd was down (34%) on 2017

The main factors for the declining crowd were attributed to poor weather; however, we also identified that people's basket size i.e. the amount of tickets purchased by each customer reduced by 26% since 2015. This is against an industry average decline of 14%. We believe this is down to our pricing strategy, which is under review for 2019.

The two Saturday's in June had a combined spend of £73,942, which is on budget despite the advertising and marketing for Ladies Day needing to continue right up until the week of Ladies Day. The activity resulted in

- Ladies day purchasers increasing from 2,900 to 3,196
- Ladies Day admission only tickets increasing from 7,477 to 7,697
- SSC total purchasers decreased from 1,142 to 832
- SSC advance tickets decreasing from 4,128 to 3,548

The activity to promote Ladies Day did reach more people than in 2017, however they either bought a cheaper ticket or bought less tickets than in 2017. This will be addressed in our pricing review for 2019. No longer having two Saturdays in June will significantly reduce the activity and budget required for this period.

Fixed marketing expenditure for 2018-19 is £112,861.00. Total amount spent to date is £12,185.00, however the majority of this budget is allocated to activity that

is planned for the second half of the year e.g website, CRM and ticketing updates for 2019 fixtures and annual brochures. Savings in website and ticketing support, will be possible and any non essential activity identified to make savings where possible.

- **Raceday Operations** (Author P Duncan)

The Operational Costs are forecast to be £454,940, which is £8,419 down on budget.

Easter Saturday operational spend was £34,781. This is £4,114 over budget, due to the requirement for increased marquee flooring, carpeting and heaters due to the weather. Reserved picnic table payments were refunded to attendees due to the inclement weather and solutions for this will be looked into for the future.

Ladies Day entertainment included Queen of Style mini competitions located around the different marquees with the final held in the main Stage Marquee generating great interest and participation. Working with Rogue Village saw the Stage Marquee take on a much brighter and open space than in previous years. The operational costs for Ladies Day were £165,041. £10,000 lower than budget as we removed one of the Pincic Pavillion marquees due to lack of demand.

For both racedays, we again worked closely with Police Scotland and delivered enhanced CCTV coverage across the course. We also created an Event Control Room for the first time. This created a central location for security, police and first aid to have an overview of the day utilising the CCTV feed. These costs were covered within the Operations budget.

The new food court tarmac area was well received by racegoers and suppliers helping create an improved service area.

Sustainability will be a focus over the next quarter engaging with the Green Tourism Business Scheme through VisitScotland. The aims from this work would be to reduce costs, improve efficiency and reduce the environmental impact of the racecourse.

- **Corporate Hospitality** (Author E Bidie)

The Corporate Hospitality budget 2018/19 to Scottish Sprint Cup Raceday was set to make a profit of £165,093. Forecast to same date is £141,305. A shortfall of £23,788. This shortfall is due to slower sales on Easter, which proved harder than predicted falling two weeks earlier than 2018 and Scottish Sprint Cup, which proved harder to sell than the previously popular Edinburgh Cup Raceday. Ladies Day continued to deliver strong hospitality sales with a raceday profit of £40,000, with the VIP marquee delivering £24,746 of this.

Our focus on quality and service continues to reap rewards. In particular, two new firms from 2017 are returning in 2018 with a total of 155 guests. Beatsons Building Suppliers, a builders merchant from Alloa is returning with 80 guests rather than take a cheaper package at another Scottish Racecourse. Witherbys is a successful publishing company in Livingston, who will bring 75 of their Scottish staff. This is contributing to a strong July and August, which is forecast to be above budget.

The focus for our next quarter will be to set prices and review packages for next year. I also plan a completely new way of corresponding with clients, as I feel the annual brochure may not be effective these days. I am looking at ideas around a video to

send to clients and a handful of luxury brochures with a gift, to send to our very loyal clients.

- **Community Engagement** (Author S Montgomery)

Significant progress has been made with our community engagement activity, with educational outreach being the focus for 2018.

We have been working on the planning and delivery of an innovative Transition Project for Musselburgh Grammar School. Currently in its pilot stage we have worked in partnership with Musselburgh Grammar School and Racing to School. This will result in over 500 pupils, from Primary 7 to S1, from across Musselburgh, attending events at Musselburgh Racecourse in 2018. This transition project has evolved from speaking to Musselburgh Grammar teachers and Heads of the local Musselburgh Primary Schools. Listening to their needs and matching these with the opportunities that we can offer through our own resources and the help of Racing to School. In total we will deliver 9 days of activities within this project that combines educational activities, aligned with the National Curriculum, while showcasing the opportunities and activities that are available at Musselburgh Racecourse and in racing. So far we have delivered six full days welcoming S1 and P7 pupils in February and May. With a further three days welcoming S1 students due in October.

In addition, we will also host a further 5-7 Racing to School events co-ordinated directly by Racing to School.

As part of our Educational outreach activity, we have an ongoing partnership with Foulrice Racing and Napier University to provide a 6 month paid placement to one of their students. Catriona Kendell has recently completed her placement and was a huge asset to the team during a busy period for the office. She brought excellent customer service skills with her and has gained a greater understanding of the operations of running events during her time with us.

We also provided a one-week work experience placement (unpaid) for Hannah Hogg, an S4 pupil from Musselburgh Grammar School, who spent a week in the office supporting our Sales team.

All of the above is part of our ongoing commitment to strengthening our links with the local community and giving something back via our community engagement strategy. This activity also supports The Year of Young People 2018.

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

5.2 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 None

7 BACKGROUND PAPERS

7.1 None

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