

## Casino and Racetrack Design

One of the most intriguing studies on casino play is the 2000 book Designing Casinos to Dominate the Competition by Bill Friedman. The author is a former casino executive now head of the consulting firm, the Friedman Management Group. Friedman's thesis is that the layout of a casino matters. Casino layout should be designed to get people to gamble. As a result, his conclusion is that the new mega-casinos in Las Vegas discourage casino play and don't work as well as they should.

The Friedman design principles posit that a congested and compact gambling layout beats a spacious floor layout. Low ceilings beat high ceilings, and a physically segmented casino beats an open barn. Friedman's research shows that "players choose to gamble in active, busy settings. The most popular areas have always been small, compact, and low-ceilinged." According to Friedman's research, the casinos designed to be large barns where the visitor can see everything are dominated by their competition. "No megaresort casino has begun to reach its actual financial potential."

It may be that the Friedman principles have some application to the world of horse racing. Almost all racetracks fit the weak elements of the Friedman design principles. They are almost all large barns where you can see everything. Nothing about a Belmont Park or a Santa Anita is small, compact, or low-ceilinged. Even at Aqueduct, the layout in Equestris, the enormous restaurant in the clubhouse designed originally to accommodate 1,200 patrons, constitutes one large barn.

If Friedman is correct, and players don't want to gamble in empty open barns, then today's racing facilities might fit the description.

Look at Belmont Park. Nothing could be more of an open barn than Belmont. Even when Belmont was prospering before the advent of OTB, it did less well than Jamaica which was the ultimate in small compact, crowded facilities. Now with its empty grandstand and clubhouse, Belmont epitomizes the type of gambling facility most eschewed by Friedman. How can you entice people to gamble at a facility that is vacant? In 1993, a NYRA executive at Belmont told me on a weekday, "If you didn't know better, you'd think we were running a private country club." By now, the weekday attendance at Belmont is now half of what it was in 1993. The fact is that most racetracks resemble barren barns, and nobody, according to Friedman, wants to bet in a deserted barn. Moreover, at racetracks, inertia takes over. As long the barns are crowded, things are good. But once people believe that racetracks are deserted, you are not getting them to come back. People want to gamble where other people are gambling.

Clearly, given where on-track attendance has gone, the design of the racetrack of the future has to change. Yet, the notion of what should be done to a racetrack seems to neglect the Friedman design principles. Instead, we are seeing the Gulfstream/ Bellagio approach where a racetrack (like Gulfstream) is now designed to be an entertainment center rather than a mere gambling center. Can an entertainment center increase wagering and interest in racing?

Gulfstream in 2006 may provide the test case. In some ways, Gulfstream presents an odd case for change. Like most racetracks, the old Gulfstream was boxy and open. But, it was considerably less boxy and more compact than most racetracks – especially Hialeah. Gulfstream’s paddock area actually presented an air of intimacy. Even on weekdays, it didn’t seem that vacant. Yet, in 2006, it has undergone the most extensive changes we have seen at a racetrack. As Gulfstream’s website states, “When finished, plans call for a racing and entertainment venue revolutionary in its scope and amenities. Our new state-of-the-art facility will feature four spectacular restaurants, 20 luxury suites, private accommodations for our top players, and much more...” Will a racetrack work where relatively few people can watch the races, and where the emphasis seems to be on presenting gourmet cuisine food rather than the hot dogs and horses?

It will be worthwhile to compare Gulfstream handles for 2006 against the Tent City Gulfstream of 2005 and the old Gulfstream of 2004. Will attendance increase? Will overall handle increase? Will the per capita handle increase? What about on track handle compared to simulcast handle? It maybe impossible to get an apples - to apples comparison. In 2004, Gulfstream still had its much-criticized old turf course. In 2005, Gulfstream’s patrons were largely housed in tents, but the new turf course was an enormous success. In 2006, all the improvements were not ready at the start of the meet, and, for a while, there was simulcasting to Calder. There will be no way to make a valid comparison in 2007 since Gulfstream will likely have slots by next year’s meeting. But the fact is that most everything about Gulfstream should be positive for 2006. It’s coming off a weak year. There’s no turf racing competition from the Fair Grounds. Nonetheless, if the results from 2006 are well below those of 2005 and 2004, maybe the entertainment center concept is not the route for racing to go.

I try not to be a Magna basher. I don’t believe that Frank Stronach is the bogey man of racing. I’m glad to see a company invest in a racetrack, and maybe his approach to entertainment and racing is the correct one. But if he’s wrong, maybe it’s time to forget about entertainment centers. The proper focus may be to apply the Friedman design principles to racetracks to make them effective gambling centers and not entertainment centers.