

## Off Track: Falling Attendance and Wagering Affect Horse Racing

By Tommy Wu

Attendance and wagering turnover at the Melbourne Cup and spring racing carnival are continuing to decline due to stronger competition and animal welfare concerns.

New taxes and a shift towards online bookmakers have negatively affected wagering turnover at horse races

The Melbourne Cup has recorded its fourth consecutive year of declines in attendance and wagering turnover in 2019 in the face of animal welfare concerns and strong competition from horse racing in New South Wales. This trend follows that of the overall Horse and Dog Racing industry, with industry revenue declining at an annualised 2.3% over the five years through 2018-19, to \$1.5 billion.

The industry has been significantly affected by the negative publicity stemming from the investigation by the ABC into a Queensland abattoir and animal cruelty charges facing renowned trainer Darren Weir. Attendance at the Melbourne Cup fell by 2.5% in the current year and has declined across the entire Melbourne Cup carnival, with total attendance for the

Derby, Cup, Oaks and Stakes falling by 9.0% in 2019. These falling attendance figures follow a long-term trend, with attendance for the Melbourne Cup having fallen at an annualised 4.2% over the five years through 2019 and attendance at the overall carnival declining at an annualised 3.2% over the same period. The Melbourne Cup has also lost a bit of its lustre as foreign horses have dominated the race over the past decade, with Vow and Declare being the first Australian horse to win the race since Shocking in 2009. Furthermore, American pop star Taylor Swift's cancelled appearance at the Melbourne Cup also contributed to the decline in attendance.

Wagering turnover on the Melbourne Cup at TAB outlets has consistently fallen over the past five years, with wet weather further

Year	Melbourne Cup Spending at TAB Outlets		Melbourne Cup Day Attendance	
	Millions	Growth	People	Growth
2014	\$143.3	N/C	100,794	N/C
2015	\$141.6	-1.2%	101,015	0.2%
2016	\$135.8	-4.1%	97,479	-3.5%
2017	\$128.6	-5.3%	90,536	-7.1%
2018	\$115.0	-10.6%	83,471	-7.8%
2019	\$106.0	-7.8%	81,408	-2.5%

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adding to the decline in 2018. Bookmakers have also had to contend with new point of consumption taxes, which have weighed on betting agencies' profitability and negatively affected their offerings. As a result, Beteasy is also expected to have recorded a decline in wagering turnover this year. However, online bookmakers have increasingly taken market share from traditional bookmakers. This trend follows the wider trend in wagering turnover on thoroughbred racing, with wagering through TAB outlets stagnating over the five years through 2017-18, while other bookmakers have more than doubled their wagering turnover over the same period.

In contrast, the Everest has grown significantly since its inception, as highlighted by the increase in prize money from \$10 million in its first year to \$14 million in the current year. The growing buzz around the Everest has made it an event that Racing NSW and racetracks in

the state have built their calendar around, with the Golden Eagle being added to the NSW Spring Racing Carnival this year. This addition has placed two of Australia's richest races together in the state of New South Wales.

The rivalry between the two states has also cut into the industry's performance. For example, the inaugural Golden Eagle race run was on the same day as Derby Day, which is also the Saturday before the Melbourne Cup. Moving forward, the respective racing associations will need to work together to ensure horse racing's future success by eliminating scheduling clashes and ensuring sufficient interest and wagering activity for both races and states.

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