IS PLACE BETTING A GOOD IDEA?

Over the years, I've had a number of punters ask me about place betting strategies and whether they are likely to win. On the surface it seems like a good idea to find horses that you really like to win and then back them to place. You will enjoy more regular collects, turn what would have been some losing days into winning days and the profits will slowly accumulate, right?

Unfortunately, what is good in theory doesn't often translate to practice and that's certainly the case with place betting. The reality is that the value in place betting markets is significantly less than win betting markets and is therefore much more difficult to profit from.

How often does a horse run a place?

Consider an example where you like a horse in the market at $6.00 and believe it's closer to a $4.80 or $5.00 chance. Do you know how often this horse can be expected to run a place?

To properly analyse the merits of place betting you first need to understand how often a horse that has a certain chance of winning, will actually run a place.

In the example above, assuming your $4.80 to $5.00 assessed price is correct, you can expect the horse to run a place (1st to 3rd) 52% - 53% of the time.

It's easy to think that we like a horse so much and feel so confident about its winning chance that it's almost certain to run a place, but the reality is far different.

The table below shows the historical place strike rate of horses based on actual win strike rate

Actual Win %	True Win Price	Actual Place %
50.0%	$2.00	81.0%
40.0%	$2.50	74.0%
33.3%	$3.00	68.0%
25.0%	$4.00	59.0%
20.0%	$5.00	52.0%
13.3%	$7.50	41.0%
10.0%	$10.00	34.0%
6.7%	$15.00	26.0%
4.8%	$21.00	20.5%
3.8%	$26.00	17.0%
3.2%	$31.00	15.5%
2.0%	$51.00	10.5%

What this table shows is that a large group of horses that actually won 50% of the time, which is an implied true win price of $2.00, actually ran a place 81% of the time.

** **NOTE:** This **does not mean** that $2.00 chances in the market run a place 81% of the time!

On average, every horse in the market is “under the odds” to varying degrees, so their market price is not a true reflection of their real winning chance. Horses that start at $2.00 in the market are on average only a 46% chance of winning, which is an implied true win price of $2.17. They run a place approximately 78% of the time.

Of course, the challenge we face as punters is to find those horses that are different to the average, where their market price is actually greater than their true chance of winning.

Now that we have an understanding of the expected place strike rate for a horses true winning chance, we can work out the correct place price.

True Place Prices

Actual Win %	True Win Price	Actual Place %	True Place Price
50.0%	**$2.00**	81.0%	**$1.23**
40.0%	**$2.50**	74.0%	**$1.35**
33.3%	**$3.00**	68.0%	**$1.47**
25.0%	**$4.00**	59.0%	**$1.69**
20.0%	**$5.00**	52.0%	**$1.92**
13.3%	**$7.50**	41.0%	**$2.44**
10.0%	**$10.00**	34.0%	**$2.94**
6.7%	**$15.00**	26.0%	**$3.85**
4.8%	**$21.00**	20.5%	**$4.88**
3.8%	**$26.00**	17.0%	**$5.88**
3.2%	**$31.00**	15.5%	**$6.45**
2.0%	**$51.00**	10.5%	**$9.52**

I want to emphasise again that the table above is related to horses' actual win and place chances, not the chances expressed by their market price.

If you assess that a horse's real chance of winning 20%, then it's true win price should be $5.00 and its true place price should be $1.92

Calculating Win & Place Value

If you find a horse in the market at $6.00 that you think is more like a $5.00 chance then the profit edge for the win price on that bet is 100 / 5 x 6 = +20% POT

If your assessed price is right and you back enough horses at $6.00 that are really $5.00 chances then in the long-term you will make +20% profit on turnover.

But what about the place betting value?

From the table above you know that if a horse's real chance of winning is 20% - $5.00 then it's place chance is 52% - $1.92

This knowledge allows you to compare the place prices on offer in the market against the "true price" to determine the value.

When it comes to fixed odds, when there are 8+ runners in a race paying three place dividends, Corporate Bookmakers will generally offer somewhere between 15% and 23% of the win odds as the place price. There are isolated cases where they offer the traditional one quarter odds (25% of win odds) as the place price, but in my experience that's mainly confined to big group 1 races with large fields.

On a day to day basis the average is more like 21% of win odds as a fixed place price.

The horse you like at $6.00 in the market is on average going to be approximately $2.05 as a fixed place price (often lower.) $6.00 is 5-1 odds and 21% of 5-1 is 1.05-1 = $2.05

You assess the horse as a $5.00 chance which makes the $6.00 win price +20% value.
The true place price is $1.92, so if you are getting $2.05 the place, your place value is: 1 / 1.92 * 2.05 = 106.7 or in other words +6.7% profit on turnover.

This highlights the fundamental problem of place betting in today's markets. **The betting market rarely offers you the right price to achieve the same value as the win betting opportunity.**

You may think that taking "best tote" to place will give you the right price but that's only marginally better. Research on best tote place prices shows an average of 22.3% of the win odds. In some cases you will do much better and in others much worse.

In our example above, you would average $2.115 as a best tote place price, which provides you +10% POT versus +20% POT on the win betting side.

The following table shows the comparative win and place value for a range of betting scenarios

Your Real Price	Market Price	Win Value POT%	Real Place Price	Fixed Odds Place	FO Place Value POT %	Best Tote Place	BT Place Value POT %
$2.00	$2.50	**+25.0%**	$1.23	$1.32	**+6.9%**	$1.335	**+8.5%**
$2.50	$3.20	**+28.0%**	$1.35	$1.46	**+8.3%**	$1.491	**+10.4%**
$3.00	$3.60	**+20.0%**	$1.47	$1.55	**+5.2%**	$1.580	**+7.5%**
$4.00	$5.00	**+25.0%**	$1.69	$1.84	**+8.9%**	$1.892	**+12.0%**
$5.00	$6.00	**+20.0%**	$1.92	$2.05	**+6.8%**	$2.115	**+10.2%**
$7.50	$9.00	**+20.0%**	$2.44	$2.68	**+9.8%**	$2.784	**+14.1%**
$10.00	$14.00	**+40.0%**	$2.94	$3.73	**+26.9%**	$3.899	**+32.6%**

You can see from this table that there is a clear gap between the win and place value in any given scenario. The shorter the price the greater the gap. The gap does narrow at longer prices, but these horses have additional challenges, which I discuss in the closing part of this article.

Allowing for a margin of error

You may look at the table and think "that's fine, I'm happy to take a lower POT% on place betting for the benefit of a much higher strike rate."

However, the reality is that it's very easy to overestimate your edge for a particular win betting opportunity. It's easy to come up with a horse that you think is really a $2.50 chance and it's $3.20 in the market… it doesn't seem like too much of an outrageous claim at all. Neither is assessing a horse at $5.00 when its $6.00 in the market.

Consider this though… if on average these types of assessments represented most of your betting and were close to correct, then your overall betting profit on turnover would actually be +20% or higher, because that's what your individual price assessments are suggesting.

Even if you aren't doing formal price assessments, are the horses you like to win in a race really offering a +20% or more profit advantage, which means you can back them to place and still make somewhere between 6% and 14% POT?

I'd suggest they don't, otherwise it's very unlikely that you would be even considering a place betting strategy. You would be thrilled with your win betting results and place bets would not enter your mind.

What if you take a more realistic and conservative view of your likely profit edge in different betting scenarios and then compare the win and place betting value. The table below replicates that above, but halves the assumed betting edge.

Real Price	Market Price	Win Value POT%	Real Place Price	Fixed Odds Place	FO Place Value POT %	Best Tote Place	BT Place Value POT %
$2.00	$2.25	**+12.5%**	$1.23	$1.26	**+2.6%**	$1.279	+4.0%
$2.50	$2.85	**+14.0%**	$1.35	$1.39	**+2.9%**	$1.413	+4.6%
$3.00	$3.30	**+10.0%**	$1.47	$1.48	**+0.9%**	$1.513	+2.9%
$4.00	$4.50	**+12.5%**	$1.69	$1.74	**+2.7%**	$1.781	+5.4%
$5.00	$5.50	**+10.0%**	$1.92	$1.95	**+1.3%**	$2.004	+4.3%
$7.50	$8.25	**+10.0%**	$2.44	$2.52	**+3.4%**	$2.617	+7.2%
$10.00	$12.00	**+20.0%**	$2.94	$3.31	**+12.6%**	$3.453	+17.4%

You can see that on more reasonable win profit edges of around +10% to +12% POT, the place betting value is minimal, until you start getting out to longer priced horses.

The reality is that the very large majority of punters aren't even making +10%-12% on their win betting. If you are making 6% to 8% on the win side then place betting profit is virtually zero. The constant theme is that whatever the win profit edge, the place profit edge is lower.

Wrapping Up

The idea of place betting seems appealing and many punters may look towards that strategy because they can't quite get across the line to profit on the win betting side of things.

It's easy to identify days where you lost on your win bets and calculate that if you had of backed those horses to place, that you would have made money. It's a big mistake though to look at isolated small sample cases and use them as evidence to change your overall betting strategy.

The reality is that the place betting prices in the market don't offer anywhere near the same level of value as you can obtain on the win betting side.

It does get more appealing as horses get longer in price, but you should also recognise that the longer in price you go, the more difficult it is to accurately differentiate value edges and there is virtually no margin for error. For example, you might see a horse at the short end of the market at $3.00 (33% chance) and feel confident to say that it's a 40% chance (+20% edge). Even if you are 2% to 3% out, you are left with a 37% to 38% chance, which is still a 11% to 14% profit edge. You have plenty of margin to be wrong and still make a good profit.

However, consider a horse at $16 in the market that you think is really an $11 chance which +45% profit edge (more than double that above). If you are 2% to 3% out on this horse then its real price is actually $14.28 to $16.67, which makes win betting value virtually non-existent and place betting value a negative.

Furthermore, as you get out longer in price, the place strike rate of those horses is no better and often less than a more traditional win betting strategy, which removes one of the main benefits you are aiming to achieve from place betting.

When you take everything into account there is very little evidence to say that a strategy of consistent place betting is a good idea. **If you can't make money from win betting then you will lose more money by backing horses to place.** The same applies to the idea of win & place betting on the same horse.

The only time I consider place betting a viable option is if I am very confident that I have identified a big mistake in the market, usually on a longer priced horse and the price I can obtain still offers a big place value edge. In these cases I'm looking to maximise my chance (strike rate) of making money on the market mistake I've identified. The win side might be more profitable, but if I can still make a big profit with a much higher chance of collecting then I'll take that. We successfully did this in the Epsom last year when recommending Dibayani as a place bet when he was $31+ in the market against a confident assessed price of $18.

If you find it hard to cope with the variance of win betting then DO NOT make the mistake of thinking that place betting will help you… it won't! You will get more collects, but over time the effect of inferior dividends will start to take hold and your bank will slowly but surely deteriorate.

You will be far better off sticking to win bets and perhaps focusing on the shorter end of the market to reduce your variance.

Smart punting!
Daniel