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VALUE BETTING 101

A GUIDE TO THE IMPORTANCE OF VALUE
& THE MOST EFFECTIVE WAY TO FIND IT

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Why value?

The term value in betting has gained a lot of attention in recent years. At one time the average punter had a very limited choice when it came to placing their bets, but with the birth of the internet came the opportunity to expand this choice greatly. Fast forward to today, and there seems to be an ever increasing number of bookmakers and betting exchanges where we are able to place bets.

With this increased choice comes the ability to shop around for the best prices, and using odds comparison tools such as Oddschecker this has been made easy. Those who don't make use of these tools, usually the 'old school' punters who tend use a specific firm, are really missing one of the best tricks in the book.

I like to compare it to buying food in the supermarket. If you saw two identical items with different price labels, you'd always pick the one with the lowest price i.e **the one that gives you the greatest value for your money.**

With betting, those that aren't looking for the best available price are basically picking the food item with the higher price.

Increasing the value of your bet has the ability to turn a losing punter into a winning punter. Let's pull some simple figures from the air as an example - say you're using a betting system that has a strike rate of 30%. Betting at the Industry Start Price, you're getting average odds of 2/1.

If you think there's a problem here, you would be right. Using £50 stakes, this is what would happen:

A winning bet gives us a £100 profit. This happens 30% of the time.

A losing bet gives us a £50 loss. This happens 70% of the time.

In this example, for every one hundred bets we would win £3,000 and lose £3,500, resulting in a £500 loss.

However, if we shopped around for the best price available, and managed to increase our average odds to $5/2$, each winning bet would now bring us £125 profit.

In this example, for every one hundred bets we would win £3,750 and lose £3,500, resulting in £250 profit.

An initial step to increasing value is to always look for the best price before placing your bets.

Finding true value

Although a simple shop around for the best odds is a quick and easy way to help increase value, doing this doesn't mean we are going to get true value.

In the majority of cases, even the best odds available do not give true value. If they did, you would be able to turn a tidy profit simply by picking horses at random and making sure you take the best odds.

The bookmaker wants to make the profit, and therefore offers odds that do not give value. However, they can't get it right 100% of the time. They are, after all, attempting to accurately estimate the chance of how fast a horse will run across a field. Evidently, this is very difficult to do.

In fact, they get it wrong fairly often and this presents an opportunity for those with the ability to notice the error. I'm sure you've come across horses whose odds seem much higher or lower than their actual chance of winning. Although the 'actual chance' in this case is an opinion, there are ways to make our opinion more accurate.

The most accurate method I have found for finding true value bets is to compile our own odds.

Odds Compiling

When people think of creating 'tissue odds' as they are widely called by bookies and punters, the general consensus is that it's a long and complex process.

While it is true that in Horse Racing there are a broad spectrum of factors that can affect a horse's performance in any given race, it isn't necessary (or often even possible) to take into account every single factor when attempting to compile odds.

I'm now going to show you a straightforward and less time consuming method, the one which I use myself to find value bets daily. It involves firstly choosing a set of factors from the spectrum that we think are likely to affect a horse's performance, then choosing a race and rating each horse based on these factors.

The final step is to convert these ratings into odds, and compare our odds with the odds available for each horse in the race. This will allow us to identify whether we can obtain value by placing a bet on one or more horses in that race.

I've been using this method for almost three years with a high level of success, and although the factors I use have been fine tuned over time, the fundamental method is the same as in the example given on the following pages.

Factors that affect performance

As already mentioned, there are a huge range of factors that can be taken into consideration when analysing a given race. This includes but is not limited to the following:

Race Type

Racecourse

Distance

Trainer Form

Sex

Official Rating

Pace

Character

Position in Market

Jockeyship

Going

Number of Runners

Class

Age

Weight

Fitness

Stamina

Temperament

Equipment / Headgear

Greenness

The list goes on - I am not going to go into more detail on each factor or we will be here for days on end! Instead I'm going to choose a simple set of factors which are usually viewed as important to consider when analysing a given race. The more factors we choose, the more accurate our odds will become.

Of course, the more factors we look at the longer this process will take. I'd therefore recommend initially choosing 5 or 6 factors that you deem important when looking at a given race. Through practise and testing we can then begin to add more factors, or take away those which we've identified as less relevant.

Applying points to a factor

I will be using an example to demonstrate the process we go through when creating our odds. For my example I have chosen a set of 6 factors, which are:

- 1. Going**
- 2. Racecourse**
- 3. Distance**
- 4. Class**
- 5. Fitness**
- 6. Weight**

Firstly we are going to use a point scoring system to rate our horses for each of the above factors. To do this I score a horse higher or lower depending on how well I deem it to have previously performed for that particular factor.

I make a set of criteria for each factor, and the amount of points a horse is given depends on the criteria it passes, for example:

Going

- won on same going - 5 points
- good run on same going - 4 points
- won on similar going - 3 points
- good run on similar going - 2 points
- never ran on going before - 1 point
- only bad runs on same/similar going - 0 points

Going notes

I've classed a 'good run' as a race in which the horse finished within $\frac{1}{2}$ a length per furlong of the winner i.e in an 8 furlong race, the horse must have finished within 4 lengths of the winner, in a 20 furlong race within 10 lengths of the winner etc.

I've classed 'similar going' as being one category away in either direction of the current race i.e good to firm and good to soft are both similar to good, soft is similar to heavy etc.

I need to make a set of criteria for each factor, which does take a little time but we only have to do this once and these criteria can then be used for each race we create odds for.

So for my remaining five factors:

Racecourse

won at racecourse - 5 points

good run at racecourse - 3 points

never ran at racecourse before - 1 point

Only bad runs at racecourse - 0 points

Distance

won at same distance - 5 points

good run at same distance - 4 points

won within 2f of distance - 3 points

good run within 2f of distance - 2 points

won or good run within 3f of distance - 1 point

no good runs within 3f of distance - 0 points

Distance notes

f = furlong

Class

won at higher class - 5 points

good run at higher class - 4 points

won at same class - 4 points
good run at same class - 2 points
won at lower class - 1 point
good run at lower class or worse - 0 points

Class notes

A win at the same class and good run at a higher class is deemed similar, and is therefore merited with the same number of points.

Fitness

won within 20 days - 5 points
good run within 20 days - 4 points
won within 40 days - 3 points
good run within 40 days - 2 points
good run within 60 days - 1 point
no good runs within 60 days - 0 points

Weight

won at >6lb heavier - 5 points
good run at >6lb heavier - 4 points
won within 6lb of current weight - 3 points
good run within 6lb of current weight - 2 points
won at >6lb lighter - 1 point
good run at >6lb lighter or worse - 0 points

Weight notes

> = more than

Top Tip

When making your own criteria I would keep it as short and sweet as possible - huge lists of criteria for each factor will make the whole process more complex and time consuming.

If you're an experienced punter, I'm sure you already have some ideas for the sets of criteria you would use for different factors.




If you are a beginner or are otherwise unsure how to create your own criteria, stick to using the above factors to begin with. There is of course a learning curve here, but after rating a few races using this method you will start to think of ideas for your own criteria, and over time you can develop and tweak these as you see fit.

Rating horses

Now that we've done all the preparation, let's get down to rating some horses. The information we need will depend on our chosen factors, but for the vast majority we can get the information from The Racing Post website at www.racingpost.com.

I'm going to use today's 4.20 Ayr race for my example. Loading this race up we will be presented with a race card like this:

« **4:20** » **Ayr**
THURSDAY, 20 FEBRUARY 2014





SPREAD BETTING 
VIEW IN ORGANISER 
PRINT OUTS 

IMPERIAL FLYER HANDICAP CHASE (CLASS 4) (5yo+ 0-120)

Winner: **£4,549** Runners: **5** Distance: **3m1f** Going: **Soft** Channel: **RUK**

£7,000 guaranteed **For** 5yo+ Rated 0-120 **Weight raised 2 Minimum weight 10-0 Penalties** after February 8th, each chase won 7lb **Knockgraffon King's Handicap Mark 118 Entries 16 pay £ 35 Penalty value 1st £4,548.60 2nd £1,335.60 3rd £667.80 4th £333.90**

Standard **At-a-Glance** **Compare Odds** **Latest Shows**

| NO. | HORSE | AGE | WGT | TRAINER | RTP% | JOCKEY | OR | TS | RPR |
|-----|--|-----|-------|-------------------------------|------|------------------------|-----|-----|-----|
| 1 | 3P9-51 Knockgraffon King ⁴⁷ b1 | 9 | 11-12 | Donald McCain ⁴⁰ | | Jason Maguire | 118 | 90 | 131 |
| 2 | F-3313 The Friary ⁶⁷ tp  | 7 | 11-8 | Lucinda Russell ¹⁹ | | Derek Fox ⁵ | 114 | 85 | 123 |
| 3 | 1U/8P9 Outlaw Tom ⁵² p  | 10 | 11-1 | Lucinda Russell ¹⁹ | | Peter Buchanan | 107 | — | — |
| 4 | 1-P464 Mister Philson ¹⁵ p  | 9 | 11-1 | S R B Crawford ⁶⁷ | | Ger Fox ⁷ | 107 | 92 | 129 |
| 5 | 55P31 Oil Burner ²⁴  | 9 | 10-13 | William Amos ⁵⁰ | | James Reveley | 105 | 110 | 129 |

Betting forecast:
13/8 Oil Burner, 2/1 Knockgraffon King, 9/2 The Friary, 5/1 Mister Philson, 16/1 Outlaw Tom.

I've circled the relevant information for our factors in red. I've also made myself a spreadsheet to record my ratings, like this:

| | going | racecourse | distance | class | fitness | weight | total |
|-------------------|-------|------------|----------|-------|---------|--------|-------|
| Knockgraffon King | | | | | | | |
| Oil Burner | | | | | | | |
| Mister Philson | | | | | | | |
| The Friary | | | | | | | |
| Outlaw Tom | | | | | | | |
| total | | | | | | | |

I'll run through rating the favourite, which is Knockgraffon King. For the **going** we can see this race is 'soft' from the above card. We will need to go into the previous race details to get the info we need; to do this click on the horse's name.

Top Tip

When Looking at a horses race history, the further we go back the less relevant the data becomes. I therefore recommend only using the past 1 year of race data for your ratings.

KNOCKGRAFFON KING (IRE)

9-y-o (17Mar05 ch g)
 Beneficial (14.4f) — Kiltiernan Gale (IRE) (Good Thyne (USA) (14.1f))
 Trainer **Donald McCain**
 Owner **Hollyville Partnership**
 Breeder **Patrick Boyle**

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RACE RECORD PEDIGREE MY NOTES PHOTOS

Jumps placings 2/1/213/U5443P9-51

| LIFETIME RECORD | STARTS | WINS | 2NDS | 3RDS | WINNINGS | EARNINGS | BEST TS | BEST RPR | OR† |
|-----------------|--------|------|------|------|----------|----------|---------|----------|-----|
| NHF | 2 | 1 | 1 | 0 | £4,759 | £6,104 | 87 | 127 | — |
| Hurdle | 4 | 1 | 1 | 1 | £5,750 | £9,117 | 74 | 131 | — |
| Chase | 8 | 1 | 0 | 1 | £6,963 | £8,695 | 88 | 129 | 118 |
| Rules Races | 14 | 3 | 2 | 2 | £17,472 | £23,916 | — | — | — |

FORM WINS MY RATINGS STATISTICS ENTRIES RELATIVES SALES QUOTES

| DATE | RACE CONDITIONS | WG† | RACE OUTCOME | JOCKEY | OR | TS | RPR |
|---------|----------------------------|-------|--|----------------|-----|----|-----|
| 04Jan14 | Ncs 24Hy C3HcCh 6K | 10-13 | 1 /6 (2½L Rolecarr 11-5) 7/2J | Jason Maguire | 112 | * | * |
| 11Dec13 | Hex 23Sft C4HcCh 3K | 11-12 | 5 /10 (42L Sun Cloud 11-10) 8/1 | Henry Brooke | 115 | * | * |
| 25Apr13 | Pun 20Hy H 11K | 11-12 | 9 /10 (99L Rye Martini 11-12) t 33/1 | P Carberry | — | * | * |
| 18Mar13 | Nav 24Hy NvHcCh 26K | 10-10 | PU /16 (Panther Claw 11-6) p 16/1 | Niall P Madden | 113 | * | * |
| 02Mar13 | Nav 24Sft HcCh 8K | 11-5 | 3 /14 (8¾L Wise Oscar 10-8) p 10/1 | P Carberry | 112 | * | * |
| 01Jan13 | Fai 21Hy Ch 6K | 11-12 | 4 /6 (41L Western Leader 11-12) p 7/1 | P Carberry | 112 | * | * |

Again i've circled the information that's relevant to us. The going is notated after the course and distance - see the 'Sft' circled in red. As we can see, knockgraffon king has raced twice on soft ground without a win, but one is classed as a good run (finished within ½ a length per furlong of the winner), so that counts for 4 points.

Racecourse - We are racing at Ayr today, a course which our horse has never previously raced at, so we only give 1 point as per our criteria.

Distance - The Race card shows that this race is 25 furlongs long, and looking above at the previous race data we find race distances after the course name.

The previous race was 24 furlongs which is the longest distance Knockgraffon King has ran, so he gets 3 points here.

Class - Today's race is a class 4. Our horse's last race was a class 3, and a winning run so he scores the maximum 5 points.

Fitness - For this we need to look at the dates. Today's date is the 20th Feb (I know, it's not but let's pretend) and our horse's last race was on the 4th Jan. This falls within the 60 day point bracket but no higher so just the 1 point awarded.

Weight - Knockgraffon King is carrying a hefty 11-12 today, and previously the best he has done is carry 10-13 to victory, so another 1 point for weight.

So we enter our points in the table, rinse and repeat with each horse until we have a completed table like this:

| | going | racecourse | distance | class | fitness | weight | total |
|-------------------|-------|------------|----------|-------|---------|--------|--------------|
| Knockgraffon King | 4 | 1 | 3 | 5 | 1 | 1 | 15 |
| Oil Burner | 3 | 5 | 5 | 4 | 3 | 5 | 25 |
| Mister Philson | 3 | 1 | 5 | 4 | 0 | 3 | 16 |
| The Friary | 5 | 1 | 5 | 4 | 0 | 3 | 18 |
| Outlaw Tom | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| total | | | | | | | 75 |

Turning ratings into odds

To create our odds we need to firstly divide the rating of each horse by the combined total of all the ratings in the race, like so:

Knockgraffon King: $15 / 75 = 0.2$

Oil Burner: $25 / 75 = 0.3333$

Mister Philson: $16 / 75 = 0.2133$

The Friary: $18 / 75 = 0.24$

Outlaw Tom: $1 / 75 = 0.0133$

These numbers show the percentage chance each horse has of winning according to our ratings, expressed as a decimal.

To get the odds figure for each horse, we perform the calculation $1 / x$, where x is our decimal figure above:

Knockgraffon King: $1 / 0.2 = \mathbf{5}$

Oil Burner: $1 / 0.3333 = \mathbf{3}$

Mister Philson: $1 / 0.2133 = \mathbf{4.69}$

The Friary: $1 / 0.24 = \mathbf{4.17}$

Outlaw Tom: $1 / 0.0133 = \mathbf{75.19}$

Congratulations, you have created your own decimal odds for each horse in the race!

Comparing to find value

Now that we have our odds we need to take a look at what the current market odds are. The best place to get this information is Betfair at www.betfair.com.

Loading up our race, we will see an odds market like this:

| Runner | our odds | betfair odds |
|--------------------------------------|--------------|--------------|
| 1 Knockgraffon King Jason Maguire | 2.76 £151 | 2.82 £5 |
| 5 Oil Burner James Reveley | 2.96 £51 | 3.05 £7 |
| 4 Mister Philson G. N. Fox | 6.2 £38 | 7 £81 |
| 2 The Friary Derek Fox | 6 £46 | 7.2 £24 |
| 3 Outlaw Tom Peter Buchanan | 21 £7 | 70 £3 |

We want to compare our own odds to those currently available on Betfair, which are the odds shown in the blue boxes above.

| | our odds | betfair odds |
|-------------------|----------|--------------|
| Knockgraffon King | 5 | 2.8 |
| Oil Burner | 3 | 3 |
| Mister Philson | 4.69 | 6.6 |
| The Friary | 4.17 | 6.6 |
| Outlaw Tom | 75.19 | 26 |

We are looking for horses where the Betfair odds on offer are higher than our own odds - possible 'value'.

Odds Lines

These are something we create to allow a margin of error - our odds may not be all that accurate. To do this, choose how much higher the available odds have to be before we are confident it's a value bet.

Top Tip

To start off with I recommend putting an odds line 20% higher than our own odds. This is because at the outset our factors or rating criteria are likely to create less accurate odds than those that have been fine tuned over time.

To make a 20% odds line simply take the odds we have created and multiply by 1.2. For a 10% odds line multiply by 1.1, and for 30% 1.3 and so on. Our new odds show what the Betfair odds need to be above for us to consider this a value bet.

| | our odds | after 20% odds line | betfair odds |
|-----------------------|-------------|---------------------|--------------|
| Knockgraffon King | 5 | 6 | 2.8 |
| Oil Burner | 3 | 3.6 | 3 |
| Mister Philson | 4.69 | 5.63 | 6.6 |
| The Friary | 4.17 | 5 | 6.6 |
| Outlaw Tom | 75.19 | 90.23 | 26 |

So both Mister Philson and The Friary have higher available odds on Betfair than the odds we created, even after adding a 20% odds line. We can also cross check the odds available on Betfair with what's on offer at the bookies, to ensure we're taking the best available.

Testing and results

The Betfair odds may be higher than our own after applying an odds line, but this doesn't mean we should jump straight into the betting.

When using new factors and criteria we should always test before betting. This is a process made easy thanks to Betfair.

As you may or may not already know, Betfair Start Price (BSP) offers the closest measurement to the true odds of a given horse that we can hope to find. I'm not going to discuss this subject in detail here as it's a lengthy one, but if you want more info. take a look at this article:

<http://www.probabilitytheory.info/content/item/15-the-efficiency-of-the-betting-exchange-markets>

Suffice it to say that as long as the odds we have taken are higher than the BSP, we can call it a value bet.

For the purpose of testing whether or not we have found value we paper trade at first, making sure to note the current Betfair odds for our potential bets.

We then compare the price we took to BSP once the race is finished. I use Timeform for this as The Racing Post doesn't record BSP in its results - go to <http://form.horseracing.betfair.com/daypage>.

Here are the results from our example:

◀ 16:20 ▶ Ayr

PDF Meeting Card

Imperial 2014-02-20 16:20 (4)

Going: Heavy | Distance: 3m1f | Age: 5yo+ | Total prize money: £7000 | Runners: 5 | Race Type: Chase

FULL RESULT

| Pos (Draw) | Dist | Horse | Age | Wgt (OR) | Eq | Jockey Trainer | In-play High/Low | BSP/ISP (+/-) | Place |
|------------|------|-------------------|-----|-------------|-----|---|------------------|------------------|-------|
| 1 - | | The Friary | 7 | 11-8 (114) | tcp | Derek Fox (5) Lucinda Russell | 1 / - | 7.29 / 6 (19%) | 2.75 |
| 2 - | hd | Mister Philson | 9 | 11-1 (107) | cp | G. N. Fox (7) Stuart Crawford, Ireland | - / 1,001 | 6.8 / 6 (10%) | 2.64 |
| 3 - | 20 | Oil Burner | 9 | 10-13 (105) | - | James Reveley William Amos | - / 1,001 | 2.62 / 2.5 (2%) | 1.62 |
| 4 - | 34 | Outlaw Tom | 10 | 11-1 (107) | cp | Peter Buchanan Lucinda Russell | - / 1,001 | 23.51 / 19 (19%) | 9 |
| pu - | | Knockgraffon King | 9 | 11-12 (118) | b | Jason Maguire Donald McCain | - / 1,001 | 3.53 / 3.5 (-4%) | 2.02 |

So a mixed bag of results. “Mixed bag, you say? But our two horses came first and second!”

While that may well be the case, the BSP of both horses, 7.29 and 6.8, are both higher than the odds available earlier - 6.6 for both horses. So although it was a great result, unless the odds we created turned out to be more accurate than BSP, we didn’t get value on these bets.

More testing will need to be done to see whether or not we are picking winners consistently, and whether the early price beats BSP more often than not.

If the odds taken are higher than BSP, we have a 'value' bet. As long as we are placing value bets the majority of the time, we cannot fail to generate profit from this method in the long term.

Top Tip

Wherever you choose to place your bets, taking an early price is essential to getting value. The nearer we get to the start of a race, the closer the market price gets to the 'true odds'. I therefore recommend taking an early to mid-morning price with a BOG (best odds guaranteed) bookie.

Evaluation

Compiling odds using this process can indeed allow us to find value bets, which inevitably leads to profits. Of course, it's not a flawless system (if there is such a thing!) - it has its pros and cons:

Pros

It can reduce the time taken to compile odds from hours to minutes.

It allows us to extend our betting knowledge each time we create odds.

Flexibility - different punters have different betting niches. This method allows us to choose our own specific factors from the spectrum.

No complex algorithms - you don't have to be a maths genius to follow this method.

Cons

Still time consuming - a race can take 10-30 minutes to price up depending on how many factors we use, and the number of horses in a race.

The more accurate we want our odds to be, the more complicated the process becomes.

Trial and error - we might not create accurate odds from the word go, patience is needed to improve this over time.

Even taking the negatives into consideration, compiling odds is a solid strategy for generating value bets consistently, given time.

An Easier Way

I appreciate that the strategy provided in this guide is time consuming if wanting to find bets for a full meeting, or especially if trying to cover a full day's racing.

That's why I've created something that does all the work for you.

You see, I run through this strategy everyday to find my own bets. It therefore seems unnecessary for you to spend considerable time doing this as well. And remember, I've already fine tuned the method with a comprehensive set of factors that have been proven to generate value bets consistently.

I then post these value bets in a secure area of my website, where you can get access to them and make it a simple five minute process to check and place each day's bets.

If this sounds like something of interest to you, please [click here](#) to find out more or visit -

<http://backlucrative.com>

I hope you have enjoyed reading my guide to value betting. Please feel free to share it with anyone you think will find it useful.