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## Still The One Sports betting remains an opportunity for expansion in 2021

Since the repeal of the Professional and Amateur Sports Protection Act in May 2018, over half of the jurisdictions within the United States have legalized sports betting, and nearly 20 of these jurisdictions are conducting legal sports betting operations today.

Sports betting continues to grow with the emergence of new markets in states such as Tennessee (which launched at the beginning of November), as well as more established jurisdictions such as New Jersey (which is currently at a similar level to Nevada in terms of handle). All the while, new operators and brands are being introduced in the space, and new deals are being announced across the spectrum of sports among operators, teams, leagues, media and other stakeholders.

Sports betting was widely successful throughout the 2020 election with initiatives on the ballot in Maryland, Louisiana and South Dakota. Each of these three states saw overwhelming support in their passage, with voters firmly indicating their desire to establish a legal market for sports wagering. Nebraska additionally legalized sports betting through three separate initiatives that legalized “all games of chance,” receiving a similarly high level of support from the voters. Taking sports betting to the ballot has proven to be effective across the United States, provided that a proper education campaign is in place to illustrate the benefits of legalization.

The greatest challenge facing the legal market continues to be its ability to compete with the vast illegal and offshore wagering market that offers competitive odds and convenient payment methods to players. Furthermore, many players are familiar with the technological interface of a black-market mobile wagering operation, and converting these players to comparable mobile options in the legal market will take time.

The best defense against illegal wagering is a competitive market in a strict regulatory environment that enables suitable operators to offer attractive promotions and mobile applications to maximize player engagement.

Over the last several months, jurisdictions that offer legal iGaming have also seen significant growth in revenue, with many brick-and-mortar facilities closed or limited in capacity due to the pandemic. iGaming can complement land-based casinos, and the tax revenues have provided a supplement to state budgets as brick-and-mortar revenues continue to rebound.

However, the case for iGaming is met with greater opposition than sports betting, which is more commonly viewed as mainstream. Additionally, interpretations of the Wire Act are in play with iGaming, sports betting, state lotteries, and other forms of gaming. Legislators, regulators, operators and the general public still need education on the benefits of iGaming and the hurdles that are involved in the process before it sees the same expansion as sports betting across the United States.

Going into 2021, multiple states will either continue the discussions that started prior to the lockdown this past spring, or launch new efforts for those states that may be just beginning to have the conversation. These discussions will be amplified as numerous states face unplanned budget deficits resulting from the pandemic.

The key to the emergence of sports betting in any jurisdiction will be to create a competitive market that allows quality operators to bring the highest level of investment while maximizing the revenue opportunity to the state with low tax rates that foster these developments. Responsible gaming measures are also key in these discussions to direct a portion of tax revenues to resources, education, and research into the market.

The following list includes other key items that should be monitored regarding sports betting in 2021:



The sportsbook at Caesars Wild Wild West in Atlantic City rivals anything in Las Vegas, while the DraftKings sportsbook at Resorts Atlantic City is smaller and more intimate



- Significant resources will be spent on player acquisition and first-to-market access as new states enter the legal sports betting arena. Operators will continue to be challenged to generate the levels of revenue that can justify ambitious marketing habits to capture and sustain market share.
- Tribal gaming jurisdictions will look to introduce sports betting. Michigan provided a solid example of a state where commercial and tribal gaming can coexist while keeping the existing tribal gaming compacts intact to allow gaming expansion.
- Product offerings will evolve as players demand further engagement, including players in illegal and offshore markets. This will also include the incorporation of live streaming into sports betting applications that will be a critical component of future engagement, along with robust in-game wagering options. All of this must be supported by fast and reliable data feeds.
- Sports teams will seek additional revenue streams from the very activity that had been fought by the leagues for years. This may include direct gaming licenses, sportsbooks within stadiums, and data agreements to gain revenue share while likely avoiding licensure requirements from gaming regulators. However, these groups are chasing pennies while stepping over dollars that could be earned through sponsorships and fan engagement.
- Mergers and acquisitions will accelerate throughout the marketplace, with the Caesars/William Hill agreement likely to be one of several landmark deals that occur in 2021.

Sports betting has still only just kicked off in the United States. It remains an area of growth for operators to capture revenue that has been lurking in the shadows for years. Sports betting provides an avenue to attract new gamers who may not be viewed as a traditional casino customer, as well as other non-gaming customers seeking further engagement in sports.

With the proper education efforts in place, the opportunity remains strong to establish a strict and competitive market that enables well-established bookmakers to compete with the illegal market throughout the United States.

—Jack Gallaway is an associate with Global Market Advisors (GMA).