

Report

2023 Winter Conference Research: Market Growth Opportunities

Fantasy Sports and Sports Betting



DATE February 2023



TODAY'S AGENDA

1

What did we set out to achieve?

2

How did we do it?

3

What did we find out?

4

What does it mean, and what can you do with it?



BACKGROUND AND METHODOLOGY

What Questions will be Answered Today?

FSGA's 2022 Summer Conference study provided a deep dive into the behaviors of the current market of fantasy players and sports bettors across the U.S.A.

The overarching objective of this report is to provide insights on the opportunities within the potential market moving forward- that is, those who are not currently fantasy players and/or sports bettors. More specifically, this study sought to answer the following...



What proportion of American adults currently do not play fantasy and/or bet on sports?



Among those who don't currently participate, what is the size of the prospective opportunity market (i.e., the potential player growth within each market)?



What are the top current barriers to participating in fantasy and sports betting, and what opportunities are there to maximize conversion to trial among the prospective markets?



What are the profiles of the potential new players, and how does this compare to current players and the general population?

To answer these questions, we conducted a research study with the following methodology:



WHERE

United States



TARGET

- 1) General Population*
- 2) Non-Fantasy Players**
- 3) Non-Sports Bettors**



HOW

Online Survey



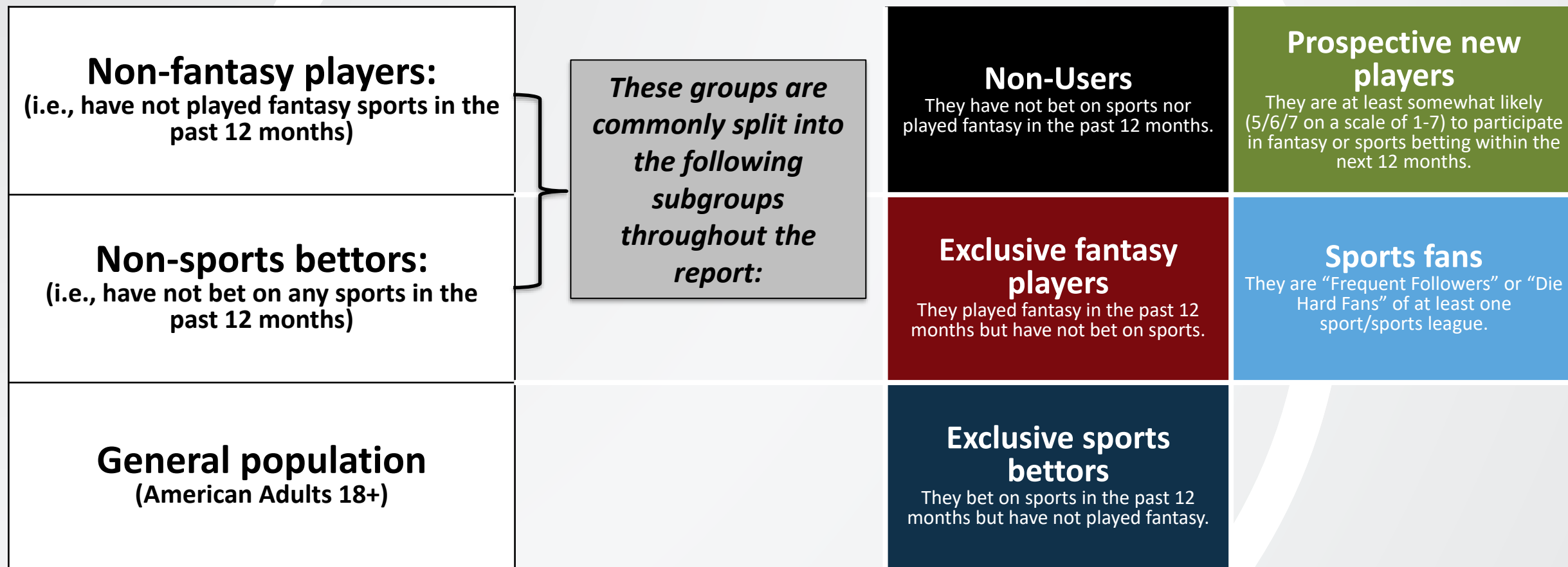
FIELD DATES

Mid-2022

*Gen. Pop. Sample was used to find the incidence of sports bettors and fantasy players. The remaining results in this report are among those who do not play fantasy sports and/or do not bet on sports.

**In the past 12 months. Sports betting refers to wagers made for real money only (unregulated or regulated), whereas fantasy play in this study includes for free and for real money.

Key Subgroups we will refer to today:



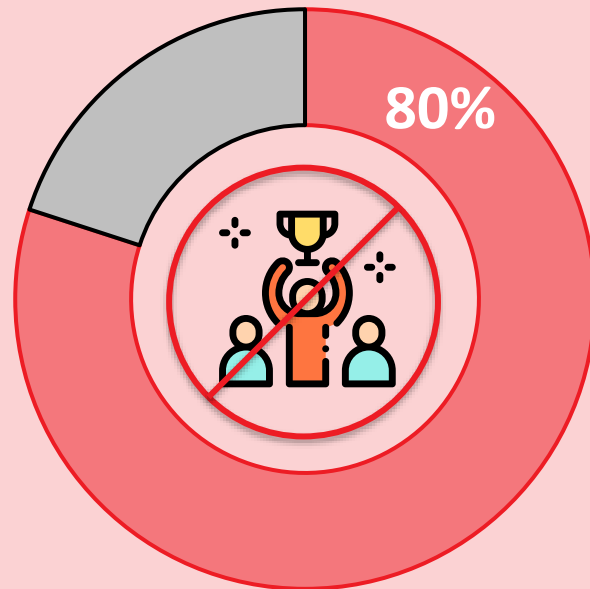


CURRENT LANDSCAPE

A large majority of American adults do not sports bet or play fantasy.

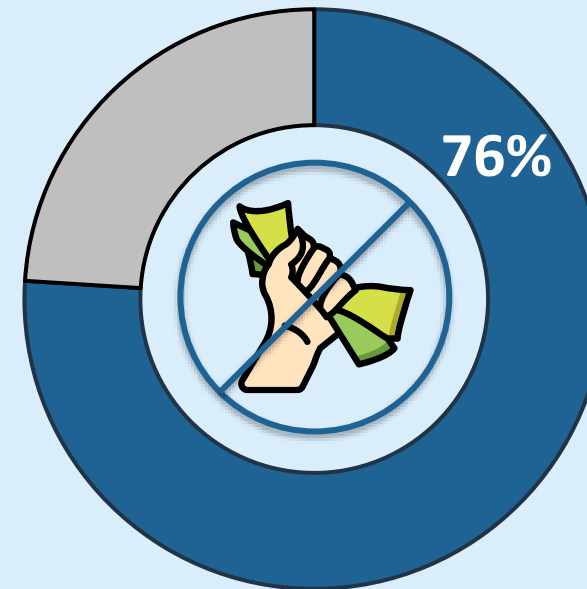
Among the General Population...

% Do not play fantasy sports



**202.9M
American
Adults are
not fantasy
players**

% Do Not Bet on Sports



**193.1M
American
Adults do
not bet on
sports**

Base: General Population

S4. Please select the responses below that best describe your participation level in fantasy sports (either season long or daily fantasy) since May 2021 (within the past 12 months).

S5. Which of the following sports/sports leagues, if any, have you bet on since May 2021 (within the past 12 months)?

Three quarters of the American population don't participate in either activity.

Among the General Population...

73%

103.8M

Are Non-Users (i.e., do not play fantasy nor bet on sports).

8%

19.1M

Are currently exclusive sports bettors.

4%

9.4M

Are currently exclusive fantasy players.

16%

41.0M

Currently play fantasy AND bet on sports.

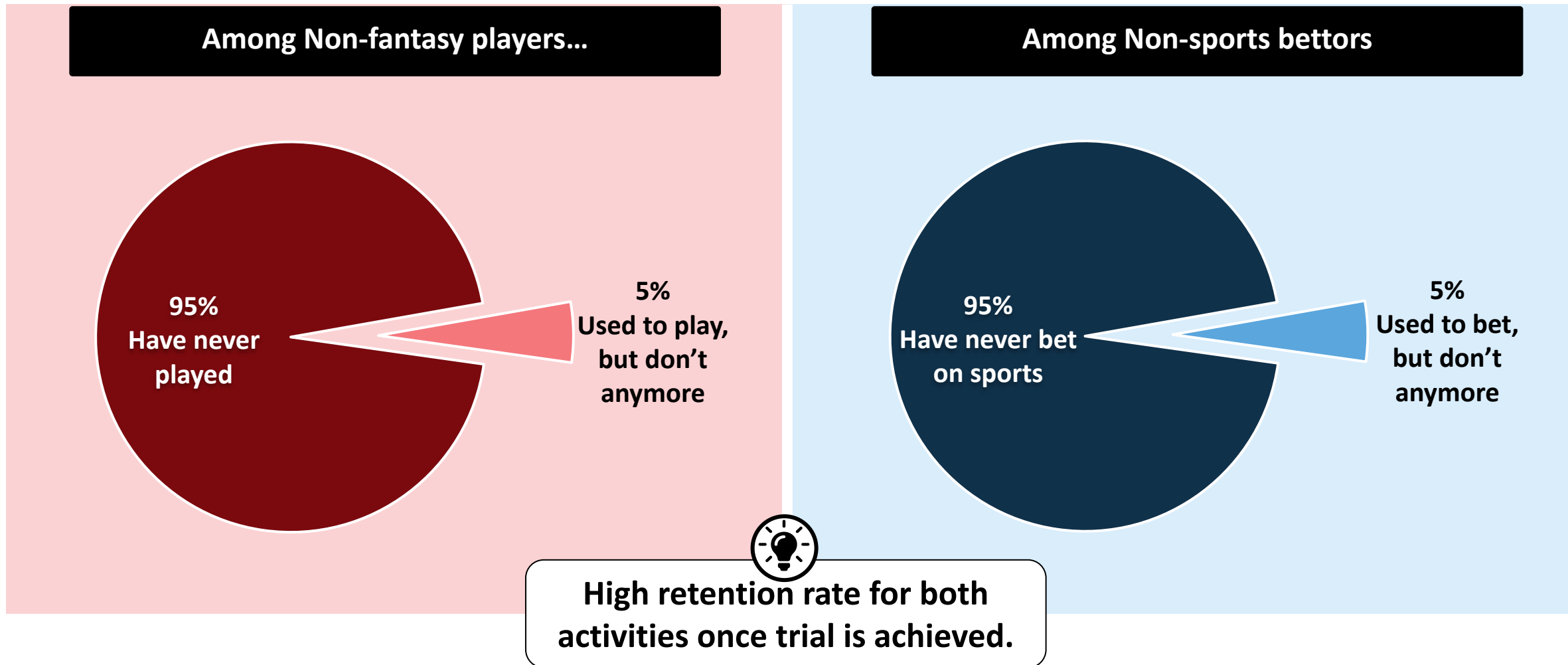
NOTE: Numbers above don't add up to 100% due to rounding.

Base: General Population

S4. Please select the responses below that best describe your participation level in fantasy sports (either season long or daily fantasy) since May 2021 (within the past 12 months).

S5. Which of the following sports/sports leagues, if any, have you bet on since May 2021 (within the past 12 months)?

Nearly all non-players/bettors have never participated, as both activities have relatively few lapsed players.



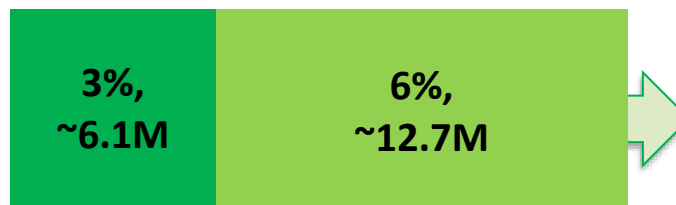
A close-up photograph showing a human hand gently holding a small green seedling that has just sprouted from dark, rich soil. In the background, two other similar seedlings are visible, also growing from the soil. The scene is set against a soft, out-of-focus green background, suggesting a natural, outdoor environment. The lighting is warm and natural, highlighting the textures of the soil, the seedlings, and the hand. A semi-transparent grey banner is overlaid across the middle of the image, containing the text "PROSPECTIVE MARKET GROWTH".

PROSPECTIVE MARKET GROWTH

There is a large prospective market for new fantasy players; Current sports bettors represent a major opportunity group to capture this growth potential.

% NON-FANTASY PLAYERS LIKELY TO PLAY FANTASY (IN NEXT 12 MONTHS)

■ Extremely Likely ■ Somewhat/Very Likely

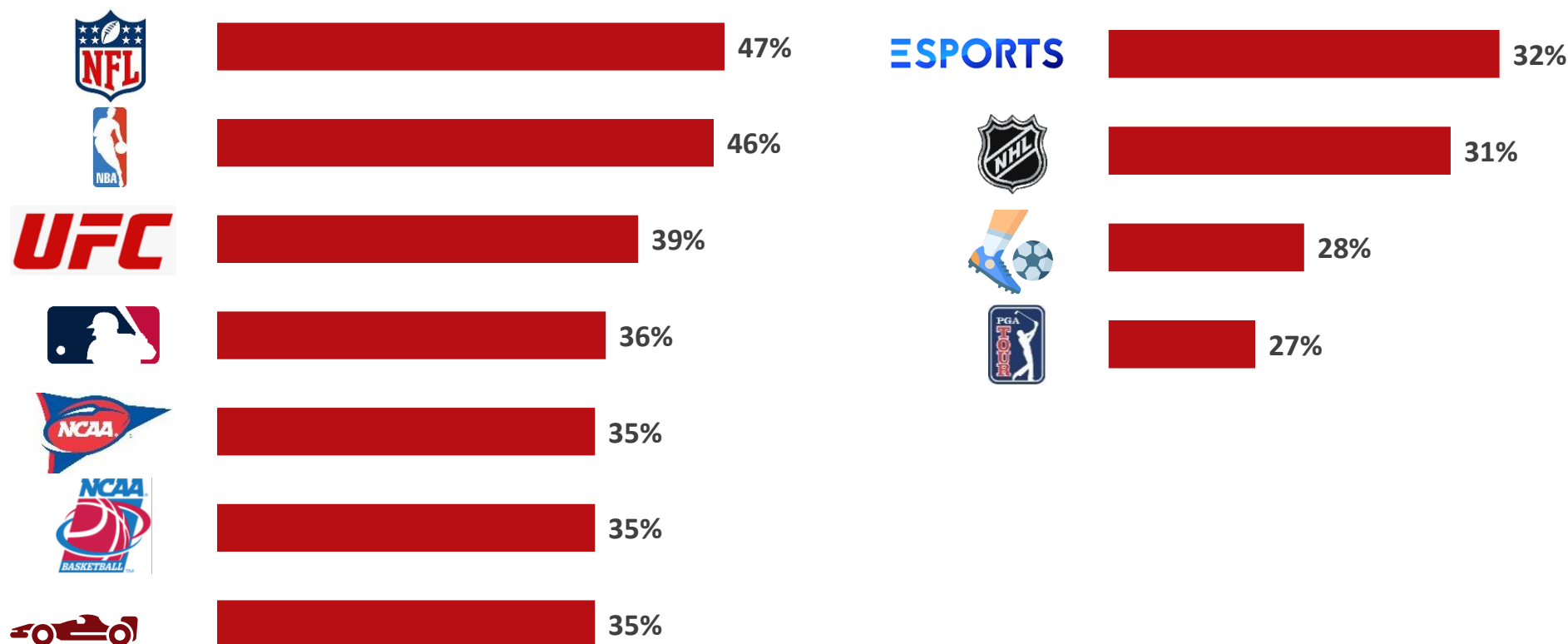


 **Size of Prospective Market:**
~18.8M Americans
(37% growth potential vs. current market)

	Among...
	Non-Users
% Likely to play fantasy	5%
# of Prospective new players	8.6M
% of Prospective Market	46%

NFL and NBA represent the biggest entry gateways to attract new fantasy players, followed by MMA.

Among non-current fantasy players who are likely to start, % likely to play...

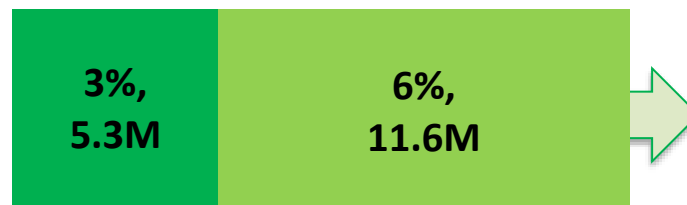


Rankings among exclusive sports bettors mirror Non-Users.

Sports betting also has a large pool of prospective new entrants upon which to grow the market.

% NON-SPORTS BETTORS **LIKELY TO** **SPORTS BET** (IN NEXT 12 MONTHS)

■ Extremely Likely ■ Somewhat/Very Likely



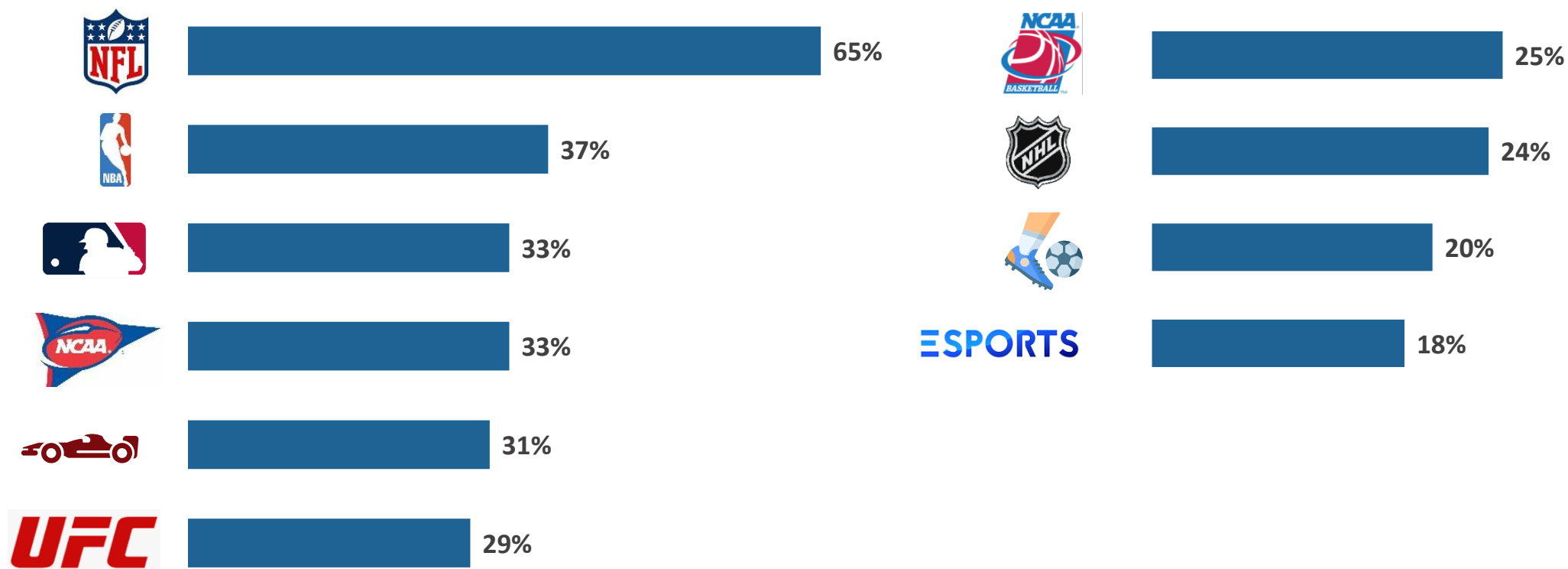
Size of Prospective Market:
~16.9M Americans
(28% growth potential vs. current market)

	Among...	
	Non-Users	Exclusive fantasy players
% Likely to sports bet	6%	55%
# of Prospective new players	11.8M	5.2M
% of Prospective Market	68%	32%

Among (who don't sports bet)...	
Traditional fantasy players	DFS players
50%	72%

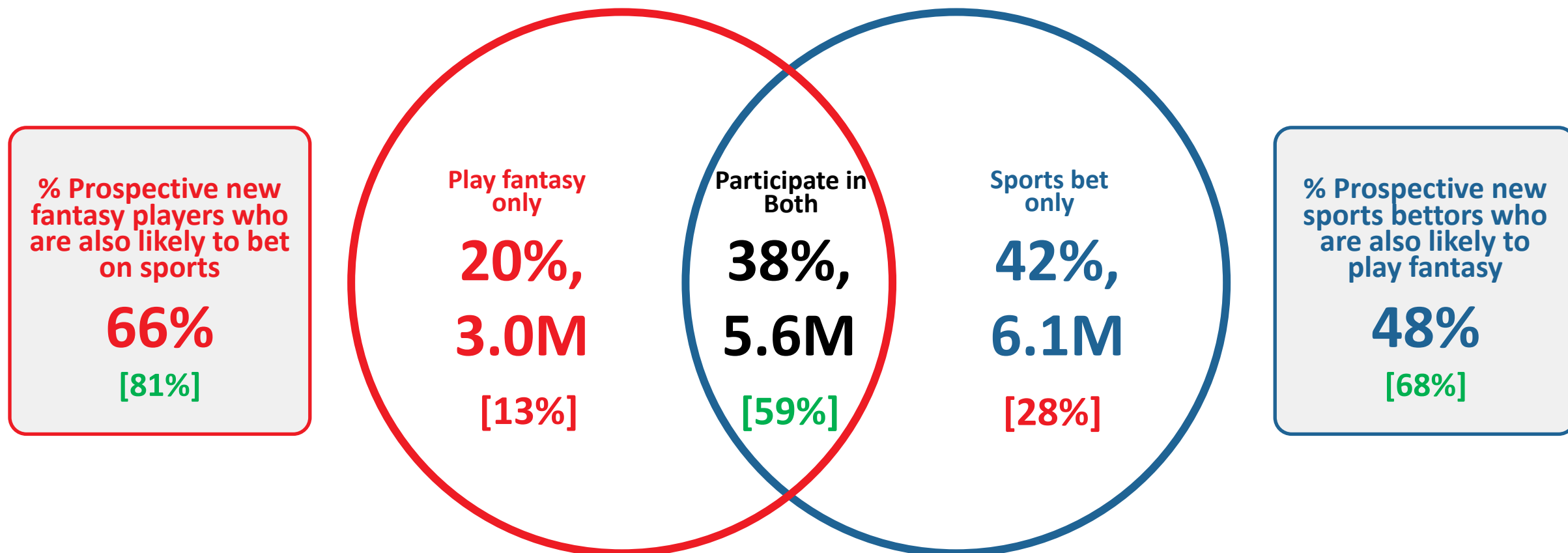
NFL represents the biggest entryway for new sports bettors.

Among non-current sports bettors who are likely to start, % likely to bet on...



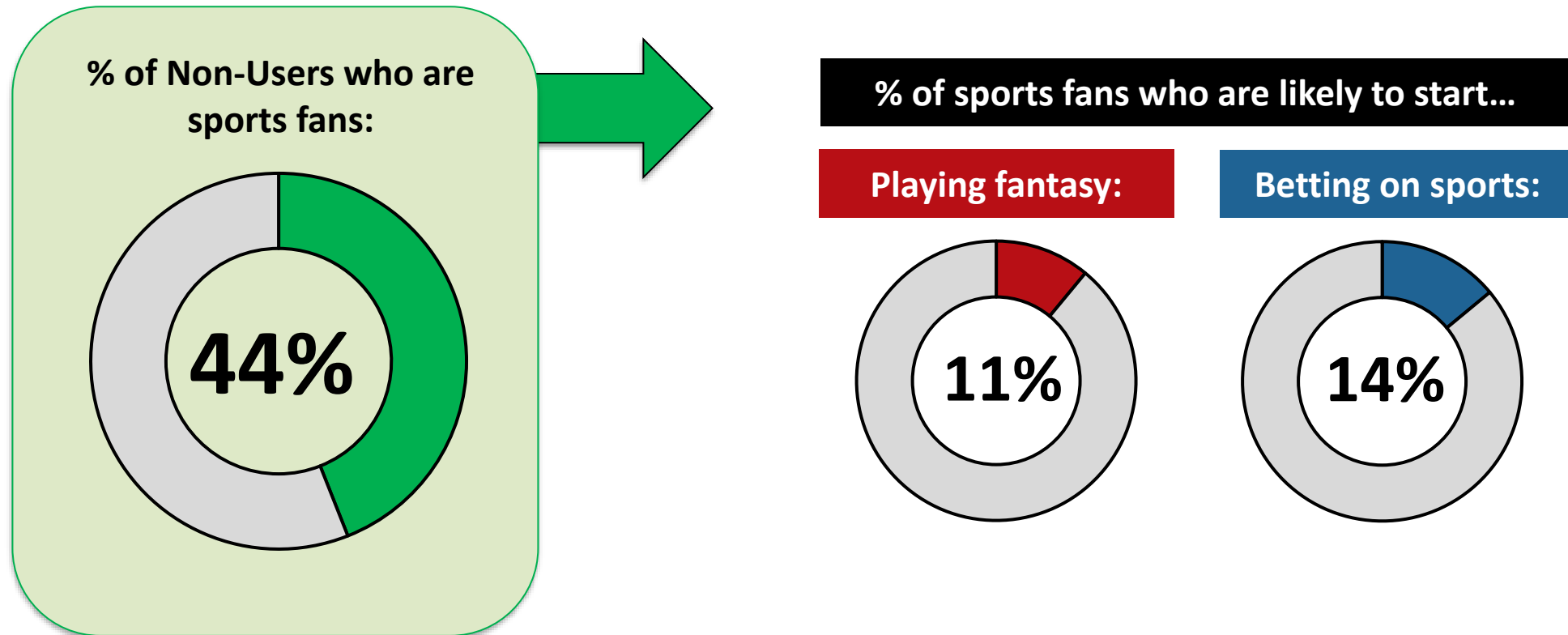
New market entrants are likely to have a lower degree of crossover than observed in the current fantasy/betting market landscape.

% of prospective new players (among current non-users) who are likely to...



[] =% *among Current Market*

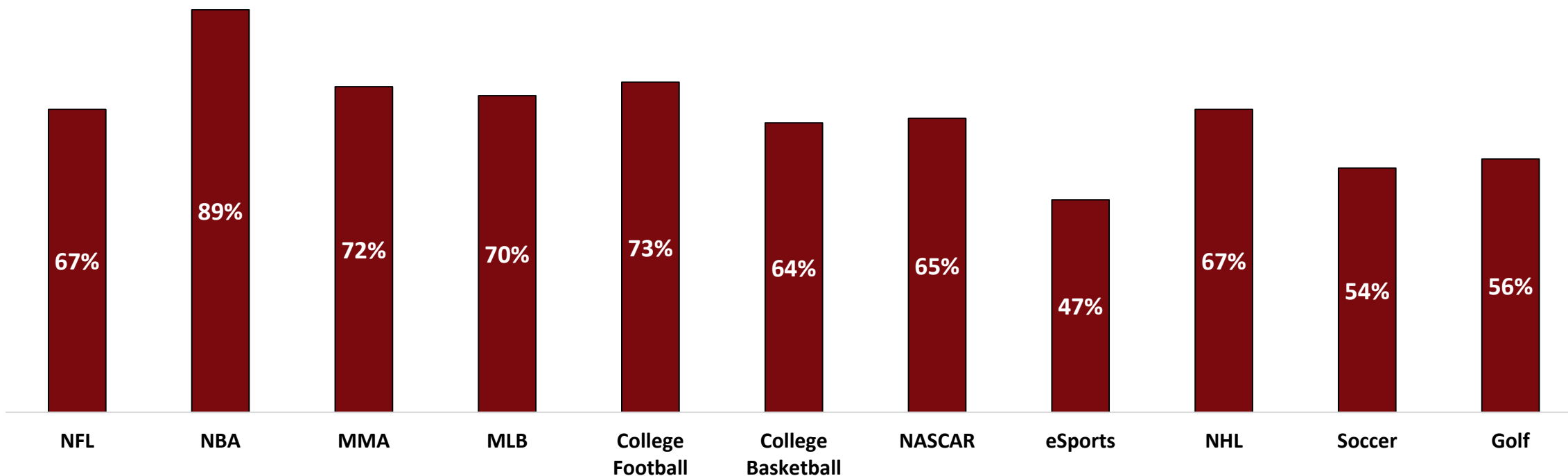
Being a sports fan doesn't necessarily lead to a high likelihood to being interested in fantasy or sports betting.



While being a sports fan does not always equate to being interested in fantasy, most prospective new fantasy players are fans of the leagues they are interested in playing.

Among non-fantasy players who are likely to start, what % are fans of the league(s) they are likely to play?

NOTE: Leagues are presented below in order of # of prospective new players.



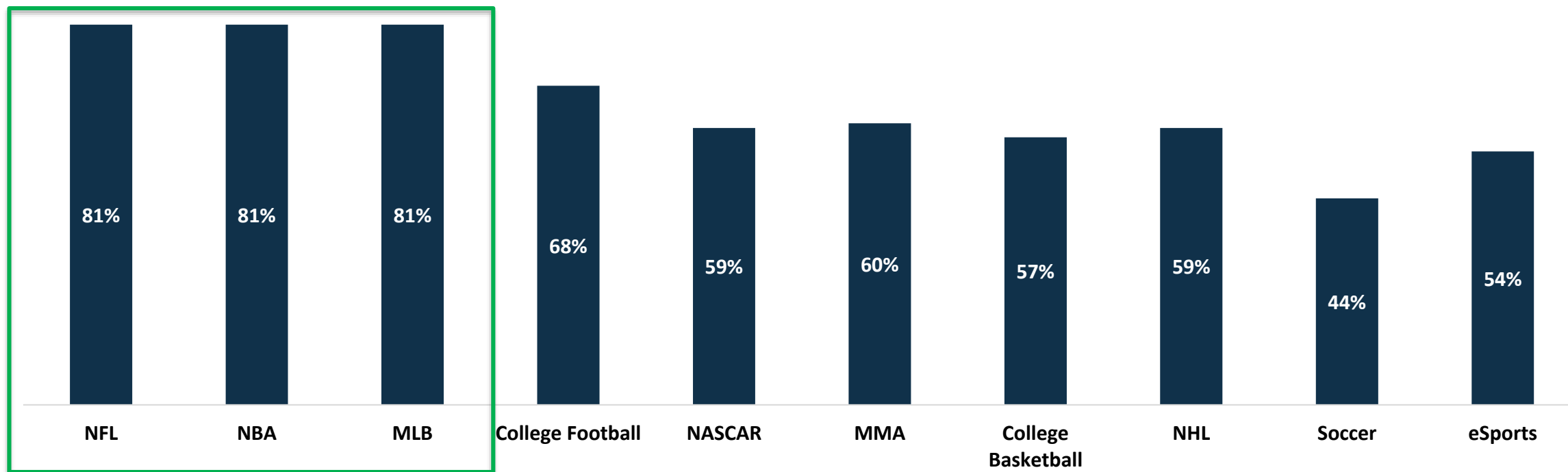
NOTE: This question excludes current exclusive sports bettors who are likely to play fantasy, as it was only asked among those who are non-fantasy and non-sports bettors.

Base: Current non-users likely to play Fantasy. NOTE: base sizes are small. Interpret with caution.

League fandom is also highly correlated with sports betting intent, especially among the leagues that represent the biggest gateways for new bettors.

Among non-sports bettors who are likely to start, what % are fans of the league(s) they are likely to bet on?

NOTE: Leagues are presented below in order of # of prospective new bettors.



NOTE: This question excludes current exclusive fantasy players who are likely to start betting, as it was only asked among those who are non-fantasy and non-sports bettors.

A man in a dark suit is seen from behind, standing on a concrete floor and using a large mallet to break through a wall made of grey stone blocks. A jagged opening has been made in the wall, revealing a bright blue sky with white clouds. The man's right hand is on his hip, and he holds the mallet with his left hand. The scene is set against a dark, textured background.

BARRIERS TO PLAYING

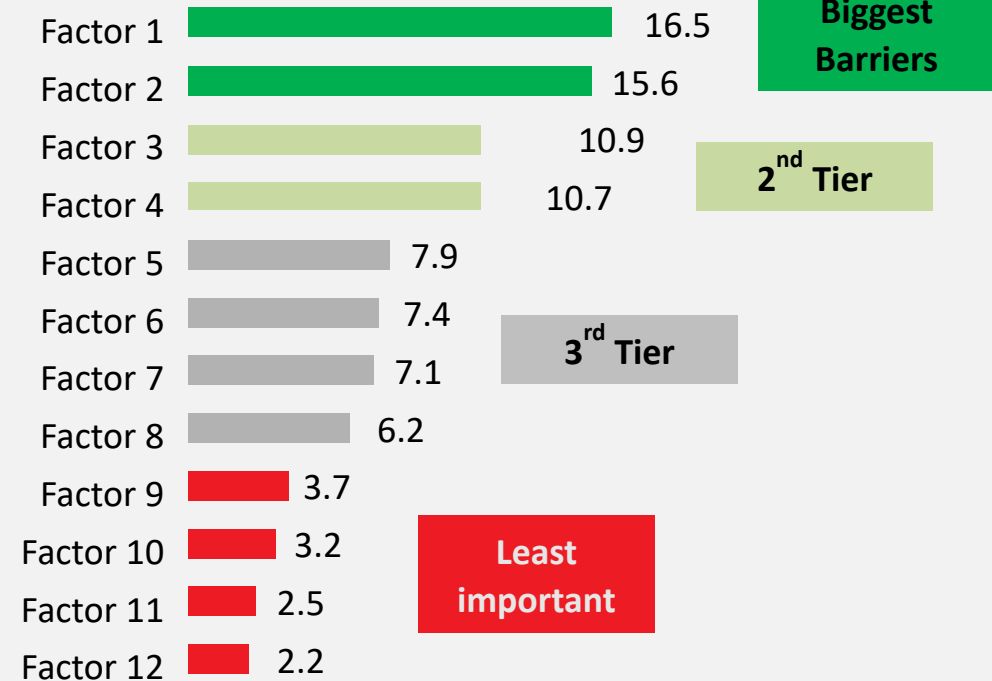
Max Diff Analysis

To establish a clear understanding of people's barriers to playing fantasy and sports betting, we conducted Max Diff analyses in this study.

What is Max Diff?

- **Max Diff trade-off analysis** is used to assess the relative importance of key factors on a certain outcome.
- In this case, we assessed the relative importance of different factors on people's decision to not play fantasy and/or bet on sports (one MaxDiff was conducted for each activity).
- The results of the Max Diff analysis method are presented in the form of scores, the values of which are between 0 and 100. Each score represents the relative weight (its importance) given to each of the items by the respondents.
- The higher the score for an item, the more important the barrier to participating. As well, an item with a score twice as high as another means that it is twice as important as the other element (e.g. an item which has a score of 10 is twice as important as an element with a score of 5).

SAMPLE RESULTS: CLEAR RANKING OF ATTRIBUTES



Attribute 1 (16.5) is just over twice as important to people as Attribute 5 (7.9).

Max Diff Analysis

Max Diff exercises in this study tested the relative importance of the following factors:

LIST OF FACTORS TESTED: FANTASY

I don't want to get addicted

I don't know how to do this

I am not knowledgeable enough to win

I don't know where I can do this

I would get too upset if I lost

I don't have time to watch sports

None of my friends/peers do this

I don't think this would be fun for me

I'm worried about being judged by my peers

Not sure if this is legal or not

I would rather enjoy sports without the stress

Its too complex to play

Its dominated by pros

LIST OF FACTORS TESTED: SPORTS BETTING

I don't want to get addicted

I don't know how to do this

I am not knowledgeable enough to win

I don't know where I can do this

I would get too upset if I lost

I don't have time to watch sports

None of my friends/peers do this

I don't think this would be fun for me

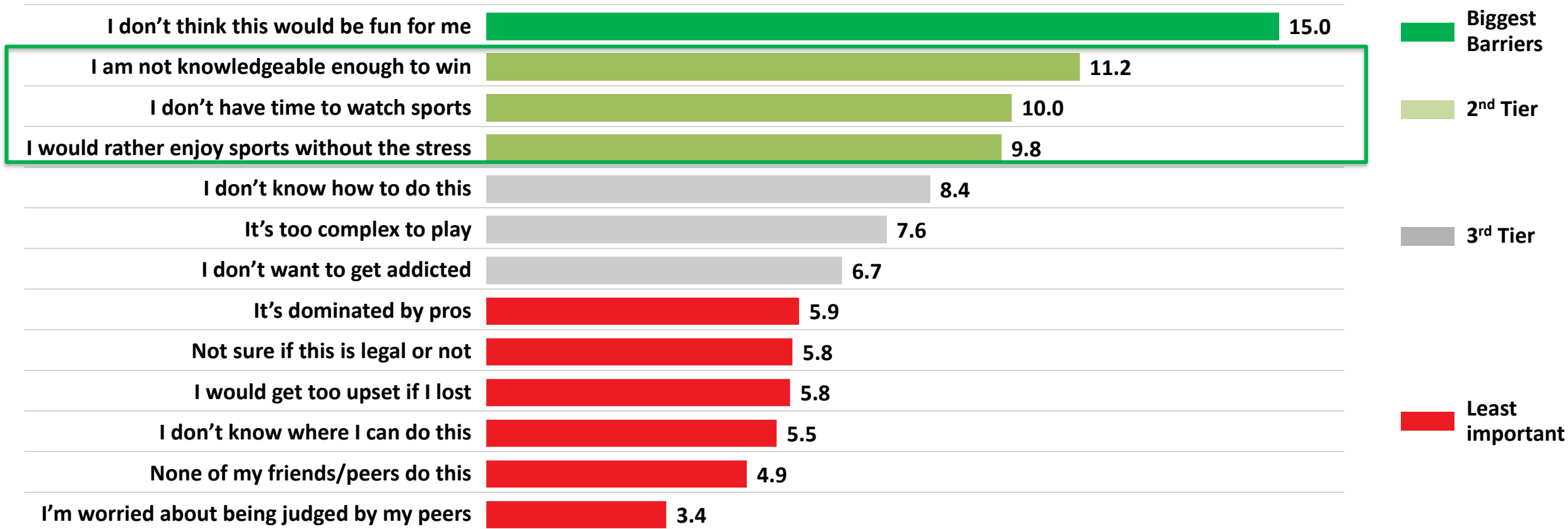
I'm worried about being judged by my peers

Not sure if this is legal or not

I would rather enjoy sports without the stress

Top barriers to playing fantasy sports- among TOTAL (i.e., non-players)

Importance Score for each Factor



Base: Non-Fantasy Players

MD1. We are interested in learning more about why you do not currently participate in fantasy sports. Each of the following questions will present to you 4-5 factors that may be an important reason why you do not currently participate in fantasy sports. For each question, please indicate the factor that is the most important and least important reason why you do not participate.

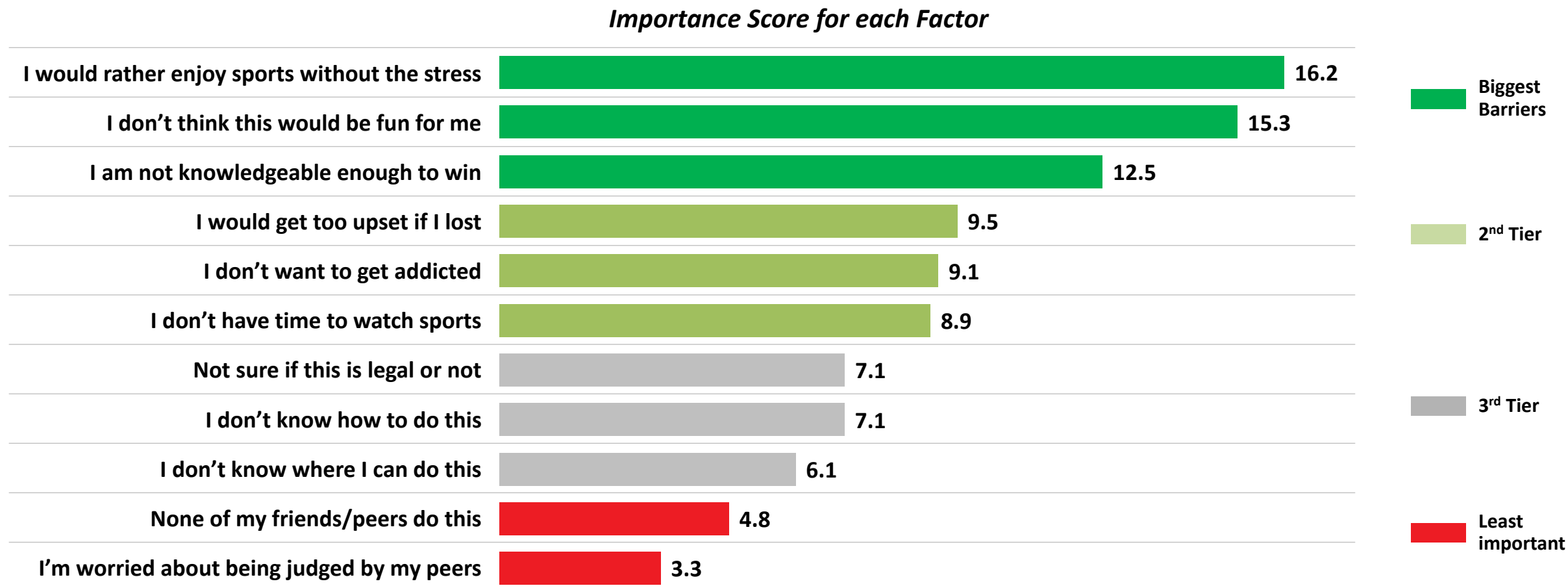
Top barriers to playing fantasy sports- among subgroups

TOP TIER BARRIERS – AMONG...



MD1. We are interested in learning more about why you do not currently participate in fantasy sports. Each of the following questions will present to you 4-5 factors that may be an important reason why you do not currently participate in fantasy sports. For each question, please indicate the factor that is the most important and least important reason why you do not participate.

Top barriers to sports betting- among TOTAL (i.e., non-bettors)



Base: Non-Sports Bettors

MD2. We are interested in learning more about why you do not currently participate in sports betting. Each of the following questions will present to you 4-5 factors that may be an important reason why you do not currently participate in sports betting. For each question, please indicate the factor that is the most important and least important reason why you do not participate.

Top barriers to sports betting- among subgroups



MD1. We are interested in learning more about why you do not currently participate in fantasy sports. Each of the following questions will present to you 4-5 factors that may be an important reason why you do not currently participate in fantasy sports. For each question, please indicate the factor that is the most important and least important reason why you do not participate.



KEY DEMOGRAPHICS

Prospective new players/bettors' demographics are more closely aligned with the general population than the current markets, which suggests the demographic skews may continue to decrease as the markets grow.

		Gen. Pop.	Current fantasy players	Prospective fantasy players	Current sports bettors	Prospective sports bettors
GENDER	Male	49%	67%	54%	66%	48%
	Female	51%	33%	46%	34%	52%
AGE	Average age	46.7	37.5	41.2 ↓	39.1	43.4
	18 to 34	30%	48%	39% ↑	45%	36%
	35 to 54	32%	41%	39%	40%	37%
	55+	38%	11%	22% ↓	16%	27% ↓
EDUCATION	HS or less	38%	28%	41%	31%	42%
	College +	61%	71%	56%	68%	55%
HOUSEHOLD INCOME	<\$40K	39%	28%	44%	30%	47%
	\$40K to <\$100K	41%	45%	32% ↓	46%	27% ↓
	\$100K+	15%	24%	20%	23%	22%
EMPLOYMENT	Full-time	42%	66%	43%	62%	39%
	Part-time	12%	10%	10%	10%	6%
	Retired/homemaker	22%	9%	14% ↓	11%	22%
	Student	3%	3%	5%	2%	2%
	Unemployed	20%	6%	15%	7%	17%



The 2022 Summer Conference Study indicated that the gender and education skews have declined since 2019 among both fantasy players and sports bettors.

Numbers in green/red are significantly higher/lower for prospective players/bettors than current players/bettors.



are shown next to numbers for prospective players that are significantly higher/lower than the general population.



KEY TAKEAWAYS

What should we take away from today?



While both fantasy sports and sports betting markets have experienced significant recent growth, the vast majority of Americans still have not participated.



That said, the opportunity for further growth is large; Among those who don't participate, there is a significant pool of prospective new players and bettors.



NFL and NBA represent the largest gateways to entry of any leagues for both activities, and current exclusive sports bettors/fantasy players represent major opportunity groups to target for future growth (especially for fantasy growth).



Sports fandom continues to be highly characteristic of prospective fantasy players and sports bettors, but it is not a "silver bullet"; other barriers must be actioned in order to induce intent to participate, even among the biggest fans.



Added stress, lack of perceived "fun", and not feeling knowledgeable enough to win are the top current barriers to trial for both fantasy and sports betting alike.

Increasing non-participants' confidence in their ability to win (through messaging and further education on gameplay) is a great opportunity to grow player-ship in both fantasy and sports betting. This would help to mitigate multiple top barriers to play (for both fantasy and sports betting) across each opportunity group.



Prospective new players/bettors' demographics are more closely aligned with the general population (than the current players/bettors), which suggests the demographic skews will continue to decrease as the markets grow.

QUESTIONS?

