

THE SPORTS GAMBLING INDUSTRY: WHERE IS IT GOING?

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ABSTRACT

The sports gambling industry is in the growth stage and shows both transformative and disorderly effects. After the state of New Jersey successfully won a Supreme Court case in 2018, states can now legalize online sports betting. In New Jersey the two major players are FanDuel and DraftKings and are lobbying to move into other states. However, the industry faces many unknowns and major obstacles. What is the future of this industry?

Keywords: Sports Gambling, new industries, legalized online gambling, FanDuel, DraftKings

INTRODUCTION

ESPN offered the first fantasy baseball game on the internet in 1995. The industry evolved to a \$2.4 billion dollar industry by 2005. In 2018 the US Supreme Court overturned the Professional and Amateur Sports Protection Act that outlawed sports betting outside of Nevada. Currently, several states are moving to legalize sports betting.

THE FANTASY SPORTS INDUSTRY

The industry is expected to grow 6.2% annually to a total revenue of \$49.8 billion with 10,091 companies by the year 2022 [1]. The key drivers are an expected higher per capital income, more participants, the inclusion of other sports, and innovative gambling and competitions [1].

The industry has lower barriers to entry and high opportunities for growth and profitability [1]. The three big competitors are from Yahoo Sports, ESPN, INC, and Hearst Company. The two best known companies are FanDuel established in 2009 and DraftKings established in 2012.

The technological development of mobile devices and new state legislation indicates a period of growth for all the companies in the industry. However, questions remain as to what the new legislation will look like, what states will legalize it, which states will not, will the legislation be similar or confusing, and how will the general public react? Specifically, will the key players FanDuel and Draft King continue to be successful?

SUGGESTIONS FOR USING THE CASE

The case could be used in beginning management, strategic planning, brand management or possibly entrepreneurship classes.

Learning Objectives

1. Analyze company actions by applying brand management principles
2. Analyze the macro environment.
3. Analyze the competitive environment.
4. Evaluate the actions taken to this point.
5. Make recommendations for future courses of action.

Suggested Assignment Questions

1. How might the concepts of segmentation, targeting, and positioning be used by the players?
2. What strategies are appropriate in a fast moving environment?
3. What are the macro environmental forces?
4. Prepare a competitive analysis.
5. What would you recommend to the companies in this industry?

REFERENCES

[1] Peters, J. (November 2017). IBIS World Industry report- Fantasy Sports Services.