

MEDIA COMPANIES PUT THEIR MONEY ON SPORTS GAMBLING

If there were an “over/under” proposition available for wagering on the probable impact of sports gambling in the U.S., big-brand media companies are clearly taking the “over.” Television and sports entertainment enterprises are positioning themselves to capture the economic windfall likely to be generated as more states legalize sports gambling.

In May 2018, the U.S. Supreme Court struck down PASPA – the Professional and Amateur Sports Protection Act, which had outlawed sports gambling in nearly every state. Since the Court’s decision, 11 states and the District of Columbia have legalized sports betting in some form. Several other states have legislative measures under consideration, and a few governments already had approved sports betting in anticipation of the Supreme Court decision, but still need to authorize the necessary regulatory mechanisms. Analysts estimate that 20-25 states will have fully operational sports betting by 2022, and that a dozen others will follow as lessons are learned from the early-adopter states.

ESPN, Fox, CBS, NBC, and other media companies have entered partnerships with gambling enterprises to develop programming content, new mobile-betting platforms, and advertising pathways designed to leverage the enormous consumer demand for information about live sporting events.

ESPN, which is owned by Disney, announced that Caesars Entertainment will be its odds-making partner across

broadcast and digital platforms. Caesars branding will appear on ESPN programming and the TV production unit will open a studio in Caesars Linq casino in Las Vegas. The studio will be a hub for odds-related content and will contribute to content on live ESPN programs, on ESPN.com, and on the ESPN app.

MORGAN STANLEY PREDICTS THAT AS MUCH AS \$1 BILLION WILL BE SPENT ON SPORTS BETTING ADVERTISING BY 2025

21st Century Fox and The Stars Group created a partnership (Fox BET) to develop apps for sports gambling and free-to-play contests. Fox acquired 5% of The Stars Group to facilitate the launch of the betting platform, which represents a significant leap into the gambling business by a sports broadcaster. The free-to-play app will award cash prizes to players who correctly pick the outcomes of games and is thought to be a “friendly” way to on-board betting novices.

Turner Sports and Bleacher Report (a favorite among Millennial sports fans who access it millions of times daily on social media) together are building a Bleacher Report studio inside the Caesars Palace Sports Book In Las Vegas. In addition, Caesars will sponsor some Turner sports programming on television.

CBS and NBC have indicated they will make betting content available predominantly on their streaming services rather than on their main TV outlets, thereby providing some distance to preserve journalistic integrity.

An immediate impact of sports

gambling likely will come in the form of television advertising revenue. Some industry insiders point to the more than \$300 million that DraftKings and FanDuel spent on television advertising a few years ago (and, remember, that occurred while the two fantasy sports companies were operating within an

ambiguous legal context). One analyst from Morgan Stanley predicts that as much as \$1 billion will be spent on sports betting advertising by 2025.

An additional revenue opportunity for media companies could come through the form of affiliate advertising. In this model, media companies are paid referral fees to send viewers to casinos or sports books.

Media entities ultimately may get into the business of taking bets and making pay-outs, although most are reluctant to erase the final line between reporting on sports, broadcasting sports, and managing the handle on sports betting.

If a television company were to become a bookmaker, it would continue the 50-year evolution in how media companies have interacted with sports betting. In the 1970s and 1980s, TV shows such as *The NFL Today*, a Sunday morning pre-game studio program, would tiptoe around sports betting. Jimmy “The Greek” Snyder became a celebrity by predicting game scores without overtly

referencing the betting odds. He would say, “Los Angeles will defeat New York 31-21,” and savvy bettors would understand that he was signaling the Rams to cover the six-point spread.

Eventually, TV companies began to openly discuss betting lines. Studio hosts and former players today make explicit predictions about winners, point totals, and spreads. Play-by-play announcers and game analysts no longer shy away from making jokes about how certain occurrences favor – or dis-favor – certain betting propositions.

Live sporting events are nearly the only form of TV programming that has not declined in ratings because of time-shifting technologies and consumer binge-watching habits. The annual Super Bowl, the NFL’s championship event, captures 100 million live viewers globally each year. The Summer and Winter Olympic Games can attract more than one billion viewers as they unfold over a period of weeks. And the World Cup in soccer (international football) catches hundreds of millions of viewers when it takes the global stage. These events generate staggering sums of wagered money, legally, illegally, and benignly, such as the “buy-a-box on the grid games” at neighborhood viewing parties.

As the post-PASPA landscape takes form in the next few years, the potent ad mixture of media coverage and sports betting will continue to intensify as more jurisdictions legalize gambling and as emerging technologies make it easy for bettors to put their money down on the home team. ■