

TOP 5 MOST INNOVATIVE SPORTSBOOKS

		POINTS
1	FANDUEL	55
2	POINTSBET	24
3	DRAFTKINGS	20
4	BETMGM	19
5	BET365	17
6	CAESARS	17
7	TRON	17



2023 STATE OF THE SPORTSBOOK: MEDIA SCOREBOARD ON INNOVATION

ABOUT THE STUDY

In well-established industries such as healthcare, politics and financial services, journalists are often polled to provide a snapshot of their views on market trends. However, there has never been an independent study utilizing the opinions of the journalists and writers covering the sports betting and gaming industry. From Jan. 12-23, 2023, HPL Digital Sport (HPLDS) secured the opinions of over two-dozen sports betting/gaming journalists from top-tier business and trade publications, all focused on the business behind the sports betting industry. These category experts offered up their insights regarding the topics of industry innovation and which operators they felt were among the best, and why.

HPL Digital Sport also obtained commentary from over a half-dozen of the category's most respected sports betting consultants and analysts to provide their thoughts on the media's perceptions and how this may or may not match the business realities of the industry.



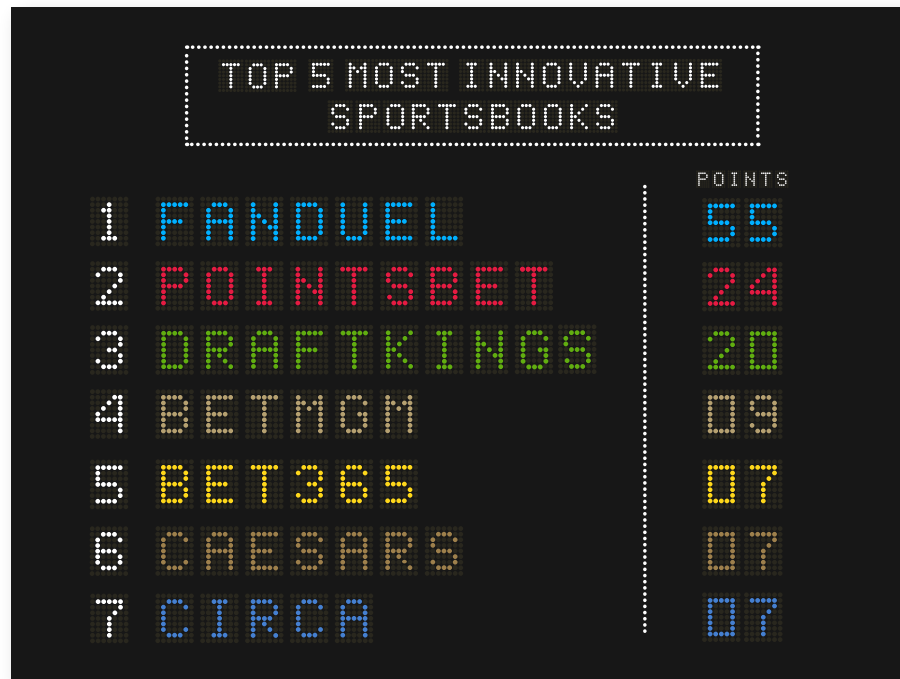
The consultants agreed with the media on most findings. **And one theme rang true throughout our interviews: the look and feel of sportsbooks is far too similar. Change needs to happen. With an inevitable 2023 industry shakeout, innovation needs to be hyper-focused on identifying sportsbooks by their individual value proposition, not by logos and promos.**

In our newest series of original research, HPLDS' first topic is called "State of the Sportsbook." Future study topics will dive deep into other subcategories within sports betting and gaming, by asking the media and analysts who matter the most to provide their valuable insights into pressing topics facing this industry.

RESULTS & FINDINGS

WHEN IT COMES TO THE MOST INNOVATIVE OPERATOR, IT'S FANDUEL AND EVERYONE ELSE.

HPLDS asked participating media to rank their top three choices for who they felt, based on their conversations with industry experts and executives, was the most innovative operator. HPLDS scored each First Place vote with 3 points, each Second Place vote with 2 points and each Third Place vote with 1 point. FanDuel ran away with the competition with a score of 55 points.



*FanDuel, PointsBet, DraftKings, BetMGM, Bet365, Circa and Penn National Gaming-owned theScore all received 1st Place votes.

CONSULTANT COMMENTARY

It stands to reason that Fanatics' market entry has piqued the interest of impact betting media because, in stark contrast to ESPN's long-anticipated-but-still-very-much-TBD arrival, Fanatics is already here, having spent the past 18 months amassing a formidable roster of industry executives, engineering infrastructure and trading bandwidth. Add to that a massive database of theoretically convertible users and a CEO with a voracious appetite for success in everything he tackles and you have the recipe for a genuinely disruptive force entering the fray. That should absolutely worry any incumbent not named FanDuel, which – thanks to its market pole position and bolstered by its best-in-class same-game parlay product (read: innovative!) – has effectively guaranteed its seat at the big table for the next handful of years and beyond.

FanDuel has been the leader because they do well what was necessary these past few years in order to attract users – easy user experience (UX) overall and amazing promos. Once the promos tail off and other operators catch up and have just as good UX, they will lose some of this unique appeal. However, FanDuel does control a sizable part of the market and that won't just go away overnight.

ACCORDING TO THE MEDIA SURVEYED,

2023 IS FANATICS' YEAR TO LOSE.

When choosing the most anticipated new entrant in the market, the media overwhelmingly chose Fanatics (58%) as the company they feel will have the biggest impact in sports betting. The potential Disney (ESPN)/DraftKings partnership received 25% of the vote, while Betr rounded out the top three with 17%.

The media's excitement for Fanatics mirrors how they ranked the company's announcement to officially launch as the top story of 2022 showing a betting operator "revolutionizing the market and leading to potential change in 2023."

TOP STORIES ACCORDING TO SURVEYED MEDIA

21%	Fanatics announces its intention to officially launch in 2023
17%	Disney (ESPN) teaser announcement of an upcoming strategic partnership with DraftKings
13%	DraftKings integration with Amazon's Thursday Night Football package
13%	FanDuel announces the pullback of promotional dollars
8%	FanDuel announces FanDuelTV
8%	Betr announces its launch focused on micro-betting
8%	MaximBet and Fubo announces its departure from the betting market

CONSULTANT COMMENTARY

I think [the media] are underestimating how excited they should be about Disney. Fanatics is being weighted in sort of a "recency" bias. It's tangible because we know what they are doing and it's almost here. Disney is being discounted because everyone is unsure how they would actually do it, etc. But they are literally the 800 pound gorilla in this instance, similar to if (say) an Apple or Google said they were getting into the space. If they figure it out, it will cause seismic change in the industry.

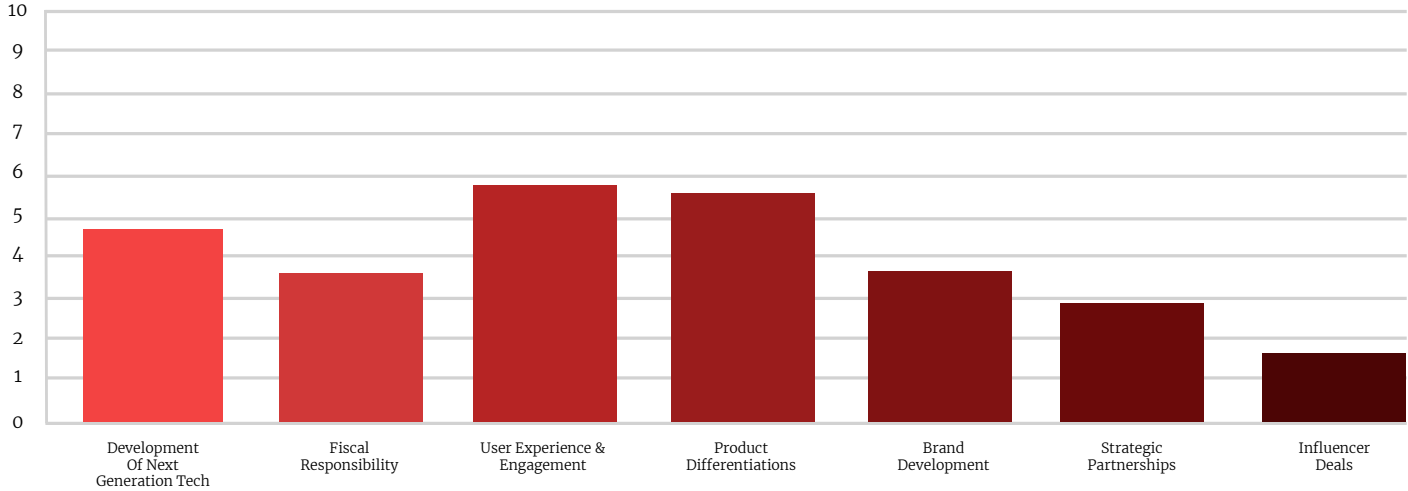
Fanatics is the big, sexy news and will probably make waves because of the brand, huge audience and capital they have available. However, it doesn't mean that this company will be the winner when everything shakes out. Execution is not easy. Many brands have already come and gone in a very nascent market. We'll see how they look in 18 months.



IN THE EYES OF THE MEDIA, USER EXPERIENCE & ENGAGEMENT WERE SEEN AS THE MOST IMPORTANT WHEN DEFINING INNOVATION - AND MOST IMPORTANT TO SUCCESS.

When thinking about what elements are most important to defining innovation in sports betting, the media have prioritized **user experience and engagement** as the most important because these elements are critical to success. Product differentiation and development of next generation technology followed but most interestingly, the media noted fiscal responsibility as an innovative element on par with brand development.

Q2: In your opinion, based on your knowledge of the sports betting industry and conversations with executives and experts, please rank the most important focus areas you denote as “innovative” practices (1 being the most important).



CONSULTANT COMMENTARY

The smarter companies will leverage content/media/products, outside betting and many appealing betting offerings to win over users.

I don't think that this surprises anyone. One can spend a ton on marketing, but if the user experience of the product stinks, those users won't come back. This fundamental need hasn't changed. I do feel like some of the newer players will have different offerings than the Big-4. Time will tell if they can break through and take away industry share from the big guys.

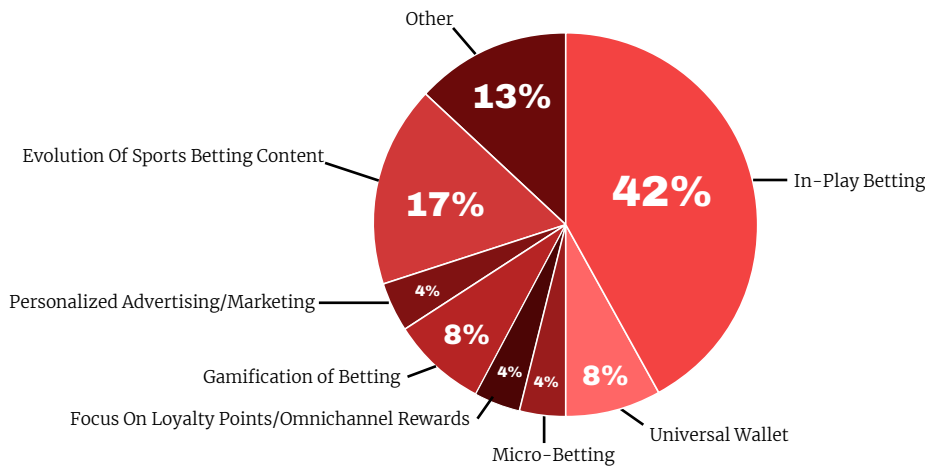
It will always come back to product, product, product, in the end.

IN-PLAY BETTING HAS THE ATTENTION OF THE MEDIA AS THE INNOVATION CRITERIA MOST LIKELY TO GAIN MOMENTUM IN 2023



While in-play betting captured 42% of response from the media regarding the innovation criteria most likely to gain momentum in 2023, it's important to see how the media voted on other upcoming and teased technological elements. **The evolution of sports betting content secured 17% of the vote, while universal wallet and the gamification of betting each grabbed 8% of the vote.** While in-play betting is currently the more popular choice among the media, the vast difference between content, universal wallet and gamification highlights how expansive the bettor experience will be in the coming years.

Q4: Based on your conversations with sports betting executives across the market, what innovation do you think will create the most market momentum in 2023?



CONSULTANT COMMENTARY

When it comes to creating new UX for its users, each operator needs to adapt to stronger and unique new offerings by partnering with savvy technology providers that offer more solutions and products users want to use.

In-play betting and micro-betting are really one in the same to a certain degree. And, this makes up almost half of the responses, so it clearly means something to reporters in this category. I see how Draft Kings and some of the newer sportsbooks like Betr will leverage this offering to make money and be different. I agree with the general consensus on key sports like baseball, where boredom needs a shakeup like this.

They always say that content is king. No different here. The media see this as important, but not the most critical to being innovative. I would disagree. Content will engage, or not. It will build a brand and it so important to attracting audiences based on what they want and need.



LET'S TALK

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