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**SPORTS
BETTING
INDUSTRY**



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SPORTS BETTING AND WHAT IT IS

‘Yeh Main Kar Leta Hoon, Aap Dream 11 Pe Team Banao’. Everyone who watches the Indian Premier League has certainly heard this bizarre tagline at least once. Most people felt tempted to explore what Dream 11 was, and some even became avid users.

Sports betting is a Real Money Game (RMG), and just one subclassification under the landscape of online sports gaming. It is **essentially predicting sports outcomes and placing a bet on the same**. Most of the bets are placed on sports like football, boxing, cricket, baseball and basketball. However, sports betting is inclusive, and not limited to these. Non-athletic events such as horse racing and e-sports also come within the scope of this ever-growing industry.

Sports betting in India is prevalent across large parts of the country. Owing to the pandemic-fuelled expansion this industry had, it has now become an invisible giant. The Indian sports betting industry is growing at an aggressive rate of 40% annually, and is expected to be worth around \$2.8 billion by the end of this year as per a report by Deloitte. The US market earned \$1 billion in revenue in 2020, and this figure is estimated to grow six times by 2023, as reported by Forbes.

Though not explicitly legal, people are increasingly getting involved in sports betting. **While monetary factors continue to play the major driver of growth, there are various psychological motivations behind the same**. For a lot of people, gambling isn't about winning at all, they do it for the adrenaline rush. Despite their losses going up, they keep coming back to the table.

- A specialist in behavioural addictions at Nottingham Trent University listed a wide range of motivations, apart from just winning, that bring gamblers back to this habit. This includes the adrenaline rush a gambler gets while playing, even if they're losing money in the process.
- A huge psychological factor at play is that losing money, in fact, boosts the positive response to a win. The happiness derived from even a small win increases if this win comes after a series of losses. The thrill here overpowers rationality. Another concept at play here is mental accounting. Humans attach different values to the same amount of money, depending on the predictability of that amount, and more importantly, where it is coming from.
- People are more likely to spend windfall gains, birthday gift-money or a year-end bonus on (avoidable) luxury items, as opposed to spending their monthly salaries on the same. Several other factors like the glamorous, glittery image of casinos, the prospect of interacting with like-minded people, and the common perception that betting helps make quick and easy money, have favoured the growth of this market.

A majority of bets in this industry are in the black market, and are facilitated by underground bookies. **This illegal betting revenue stands non-taxable currently, and**



is a major loss of potential revenue for the government. Also, the presence of middlemen like bookies, leads to corruption in games like cricket and football, with instances of spot fixing and match fixing. While sports betting has been here for many years, the negatives have come to light recently. With 45% of gambling now being online, people have easier accessibility, increased privacy and overall higher convenience, making them more susceptible to addiction.

TYPES OF BETTING

FIXED-ODDS BETTING
Fixed-odds betting frequently occurs at many *sporting events* and *political elections*. Many bookmakers offer fixed odds on a number of *non-sport related* outcomes e.g. the winner of TV competitions like Big Brother and election results.

PARIMUTUEL BETTING
One of the most widespread forms of gambling involves *betting on horse* or *greyhound racing*. Wagering may take place through pari-mutuel pools or bookmakers may take bets personally.

SPORTS BETTING
Millions of people play the *football pools* every week in UK. In addition to organized sports betting both legal and illegal, there are many *side-betting games* played by casual groups of spectators like NCAA Basketball Bracket Pools, Super Bowl squares, with monetary entry fees and winnings.

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Furthermore, there are multiple forms in which sports-betting can be observed. The oldest form is possibly "**winner takes all**", where the victor gets all the bet money if they get a favourable outcome. In contemporary times, **odds-betting** is probably the most popular form of sports betting. In this system, the contestants are evaluated by a bookmaker and the probability of victory is assessed. For example, with the odds of +300, for every \$100, a bettor would win \$300. The odds of this event would be 33.33%.

For races such as those involving horses, dogs, camels and akin, and games like jai alai, a pari-mutuel betting framework is employed. Before the contest begins, a calculating machine (called a "totalizer" in horse racing) records the amount bet on each competitor. This machine then determines the odds of the game, and the winning amount to be awarded.

The third system of sports-betting, most commonly used in football and basketball matches, is the point based spread system. A point spread is essentially a bet on the



the margin of victory- to win a bet, the favoured team must win by a certain number of points. Conversely, the underdog team could lose by fewer than the same amount of points, or outrightly win the bet. However, the most popularly emerging form of sports-betting is Fantasy Sports. These can be small leagues among groups of friends, or full-blown versions monitored by Internet-companies. Bettors select actual athletes for a 'fantasy team', where a bettor with the most well-performing athletes (in terms of selected criteria) wins.

EVOLUTION OF SPORTS BETTING

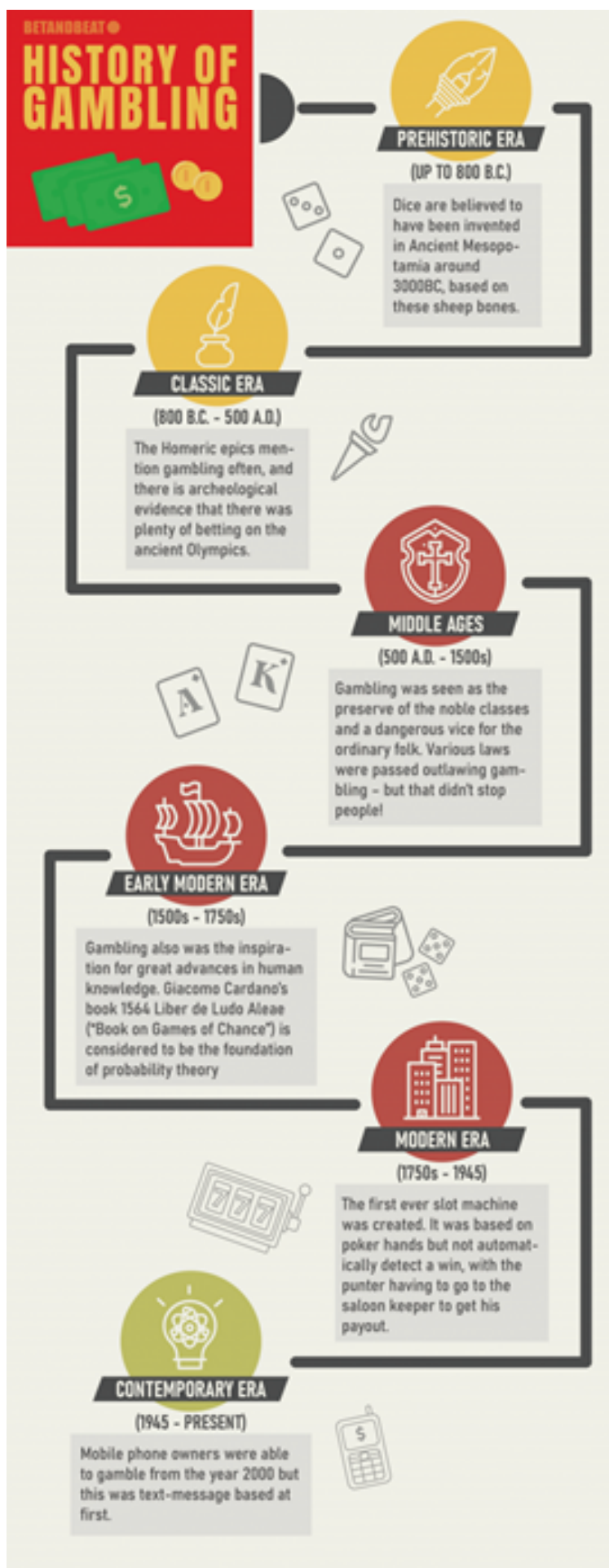
Humans love to gamble and the evidence can be traced back to ancient China where indications of rudimentary games of chance were discovered on tiles, or Egypt where the oldest dice known to mankind was excavated. Greek and Roman pottery also show scenes depicting animal breeding solely for the purpose of betting on animal fights. Sports betting has existed for over 2000 years, while betting, in general, has a history that goes back to before Christ. **The first "Sports betting" took place in ancient Greece, in a game that they created as the biggest betting extravaganza to date, i.e, the Olympic games.** The sports betting fashion soon spread to Rome, which is also considered the first empire to consider sports betting legal. Romans brought the trend to Britain, and horse racing gradually spread as a popular activity from the UK to all across Europe.

Quite similar to the UK, new world countries like Canada, USA and New Zealand followed suit. In the United States too, sports betting became famous through horse racing. But as professional baseball rose to fame in 1876, traditional sports betting came to the forefront. In 1931, gambling was legalised in the state of Nevada, specifically in its Las Vegas casinos. However, in June 1991, the Senate Judiciary committee in America declared sports gambling as a national problem and enacted the Professional and Amateur Sports Protection Act (PASPA), also known as the Bradley Act. The Act illegalized sports betting throughout America, exempting states of Oregon, Delaware, Montana and Nevada. In May 2018, the US Supreme Court voted to strike down the Bradley act and advised all the states to come up with their own laws to regulate sports betting. Following this, many states have legalised sports betting. In states where people still can't gamble legally, they have turned to their mobile phones for the same.

SPORTS BETTING IN INDIA

The history of gambling in India dates back to the infamous tales of Mahabharata and Ramayana, with gambling boards and dice as the popular gambling devices in the ancient times.

However, it wasn't until the 18th century that 'sports betting' came into play, when the Europeans entered India and introduced the game of cricket. In 1720, cricket began to



catch on and gradually became the betting sport of choice. The following century saw major horse racing events in India, and sports betting grew rapidly out of control. As a consequence, the British introduced the Public Gaming Act of 1867, outlawing the operation of a gambling house. Even after independence, gambling was seen in a hostile light and the act remained in place.

Despite sports-betting in India being mostly illegal, the market is estimated to be as big as \$150 billion. In India, the States have the right to make laws on the issue of gambling, with states like Sikkim and Goa being the most permissive, and others like Telangana, Assam and Orissa strictly prohibiting sports-betting.

With the COVID-19 pandemic, people were forced to the four walls of their homes, and the accessibility to online forms of sports-betting increased substantially. **As digital entertainment became the only source of entertainment, the online gambling scenario observed a massive positive out-turn. As per industry data, there has been a 21% increase in online gaming during the months of the lockdown.**

Anton Rublievskyi, the CEO of PMI stated that the online betting platform, Parimatch, observed a 33% increase in its turnover around the IPL.



REVENUE STRUCTURE

In 2020, the global sports betting market was valued at USD 66.98 billion. This industry, owing to the recent trends, is expected to expand at a CAGR of 10.1% in the forecast period of 2021 to 2028 and reach USD 140.26 billion by 2028. (Source - Grand View Research)

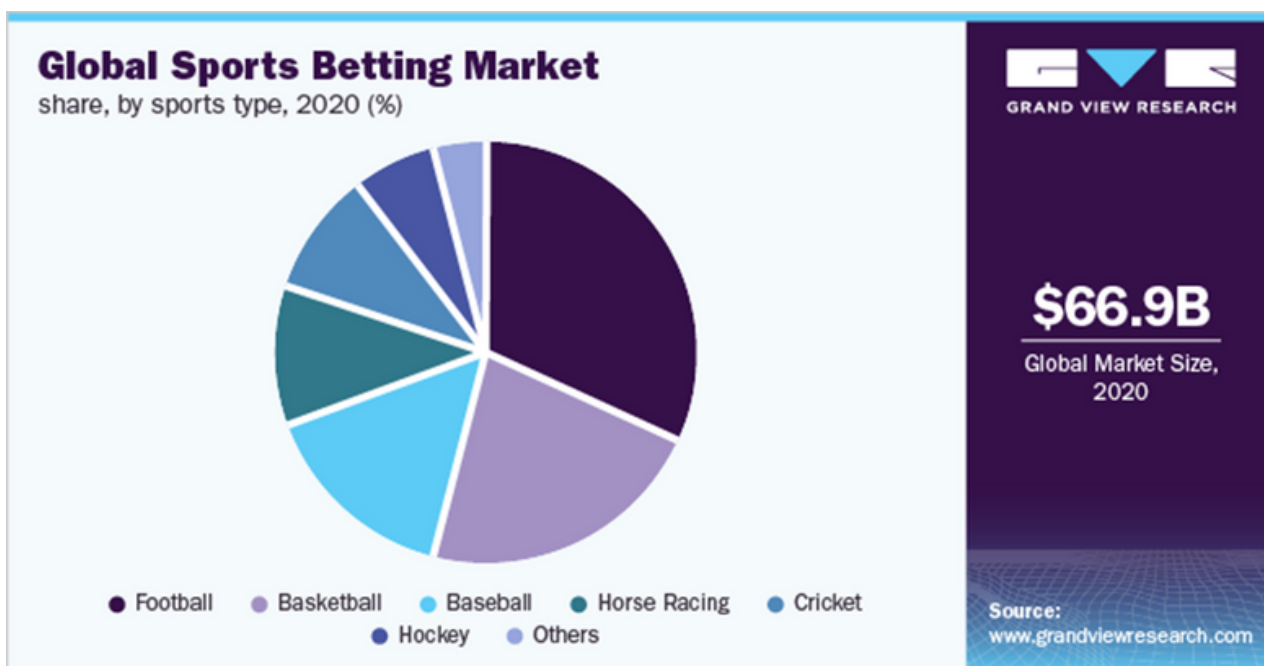


Due to lockdowns, the online sports betting platform garnered more participation, as users spared more time for their phones and laptops, thus conveniently making bets online. The online segment accounted for the largest share of revenue in 2020, almost over 50%, and is expected to steer the growth over the forecast period.

When it comes to regional overview, Europe leads the market, with the largest revenue share, of over 35%. Most of the countries in this region have safety laws and regulations for both offline as well online betting.

The Asia-Pacific region accounted for the second largest share. But this region is expected to surpass Europe and account for almost half of the bets in the coming years.

	Market	Revenue (USD)	Players
1.	China	46.01B	685.48M
2.	United States	40.54B	191.12M
3.	Japan	22.09B	75.62M
4.	South Korea	7.55B	33.01M
5.	Germany	5.87B	46.12M
6.	United Kingdom	5.31B	37.66M
7.	France	4.13B	38.08M
8.	Canada	3.69B	20.98M
9.	Italy	3.29B	36.55M
10.	Spain	2.33B	29.73M



The factors fuelling the growth here are:

Purchasing Power of the People

With an increase in the Purchasing Power of the citizens and an overall increase in the disposable income, entertainment industries like the sports betting industries flourished. More and more people were ready to bet on sports games and their bets increased in value too.

Improvement in Technology

As technology developed, betting sites became more convenient and user-friendly. The public found it easier to place bets with the technological advances betting companies made.

A question then arises: How exactly do sports betting companies make money?

Every bookmaker uses certain mathematical strategies to make sure that they are taking in more money than they have to pay out. Sports betting companies charge a rake/margin or vigorish, all of which mean a commission to accept bets. Now this commission is actually priced into the odds they set. One common misconception we all have is that the point spread is the actual odds, representing the probability of the outcome of each event. On the contrary, it is an estimate set by the company to ensure that the betting is almost equally divided between the two sides. Sports betting companies manipulate the odds while people are betting. If people are betting on one side of the match only, then they try to change the odds to induce people to bet on the other side. And the general public responds to the betting behaviour of others.

By doing this, the company ensures that they are paying the winners with their losers' money. They shave six to eight percent from each side, and that is where they make the money.



The goal is to make a small amount of money on every bet that comes in, and that is the reason their profits are so volume driven.

The Indian industry in particular, is expected to rise exponentially. India possesses the largest online sports audience in the Asia-Pacific region, with nearly 468 million unique visitors in March 2021, according to latest data from Comscore.

In the last few years, games based on localised preferences have been developed. Teen Patti, Indian Rummy, and Andar Bahar, are not local roundtable games anymore. The CEO of ENV Media said that, “We have helped over 2000 Indian players open their accounts at Indian casinos and more than ninety percent have tried one of these games.’ The Indian demographics combined with the booming technology and IT sector has been pushing this industry to reach newer heights.

LEGALITIES

On the basis of legal status associated with Sports-betting, countries can be divided in three major categories:

- Countries where wagering on sporting events and tournaments is outrightly banned, that is one cannot place bets on someone’s performance. Some examples being - Brazil and Qatar.
- Countries where sports betting is not banned outrightly. Rather, there exists a partial ban accompanied with certain checks on these activities. In some countries, betting may be allowed in some sports, but not all of them. Some examples being- Argentina, India and Philippines.
- Countries with no regulations as to sports-betting i.e. one can wager on all types of sports. Some examples being- USA (Some states), Australia, Ghana, Mexico, South Africa and UK.



The USA has a long history of sports betting and its legalisation. For a long time, Nevada and Oregon were the only states that witnessed legal gambling. Currently, about 30 out of 50 American states have legalised sports betting, including 18 states that allow wagering bets online. The government overturned the PASPA act in 2018 and that led to an increase in the spread of sports wagering. Since then, some states that have legalised sports betting are Arizona, New Jersey, New York, Virginia, among many others. 3 states including Alabama and California have left their decision pending while almost 20 states still consider sports betting illegal.

All forms of sports-betting are completely legal and regulated in France. Although, there is a very high tax and many regulations which create a problem for licensed gaming sites. In 2010, the French government passed the Gambling act which gave Regulatory Authority for Online Games (ARJEL), the authority to regulate and control online betting in France.



Gambling was quite a popular form of entertainment in Brazil till 1941, after which the Criminal Contravention Act outlawed all forms of gambling except for horse racing bets and lotteries. In 1946, the government revised their restrictions and put a complete ban on gambling. Despite many discussions held on this topic, very little to no change was witnessed for years. However, a gradual shift can now be seen as the legislation approved the bill to legalise fixed odds sports betting in 2018.

The English Law has deemed gambling to be a legal activity since 1961. No wonder, within six months of this legislation, 10000 betting shops came up. All sports are legal to be wagered upon across both betting parlours as well as online. Such is the popularity of betting, that the Gross Gambling Yield of the UK is upwards of \$20 Billion. The success and popularity of The Premier League is largely responsible for this trend.



Qatar's legal system partially draws from Islamic Law. Thus, just like other middle-east nations, betting of all types is strictly prohibited. There exist high penalties for those who engage in such activities as well as those who organise them. However, online gambling in particular doesn't seem much of a concern for Qatar authorities, online sports betting, though limited, continues in Qatar. The cases of frauds, mishappenings and misappropriations are strictly dealt with.

Despite being the birthplace of gambling, all forms of gambling have been illegal in China since 1949. Only exceptions to this rule are the administrative regions of Hong Kong and Macau, where sports gambling is highly regulated and strictly limited. The only sport betting allowed legally is via the state-run China sports lottery which was setup in 1994. Even though online betting is also available to the public, it is through regulated and limited government approved sites. The Chinese government also monitors online websites closely and shuts down the citizens' access to sportsbooks based outside China via "Great Firewall of China". The Gaming Inspection and Coordination Bureau (DICJ) is responsible for legislating and overseeing the entire gambling industry of China.



As a sport enthusiast nation, in South Korea, sports betting is legal on sports like cycling, horse-racing, powerboat racing, etc. However, there are certain caveats to this. Most sports-betting activities are allowed only through state-run platforms- Sports Toto and Sports Proto. They have technically monopolised the online-betting scene such that none of the funds are routed through black markets. Consequently, users argue that these platforms are limited in scope and do not offer betting experience in true sense.

India has legalised sports betting only on horse racing. Except for that, the Public Gambling Act of 1867 states that all forms of gambling are illegal but individual states are welcomed to make their own laws. Hence, the sports betting industry in the country mostly operates in the grey area. However, the Information Technology Act of 2000 does not specify any rules for online sports betting and this rule is widely exploited by people. The Indian Premier League witnesses most of the bets every year as the love for cricket in India is unmatched. Other sports that witness such betting in India are football, basketball, badminton and tennis. Till date, sports betting is considered illegal in all states except for Sikkim and Meghalaya. In 2009, the Sikkim government issued the Sikkim Online Gaming regulations rule which outlined the rules for online betting licences in the state.

Betting for most, if not all sports is legal in South Africa since 1994. Again, one can place bets both online as well as in-person. However, just like other countries the South African Government mandates the disclaimer of financial risk inherent in each advertisement campaign of such companies.

Betting across most sporting events has been legalised by Australia since 1980, the first being on-track race. While there are some sports one cannot bet on, most professional sports are open to it. However, at the same time, the Australian government established a code of practice for industry players with regards to promotions and advertisement to protect children. Australia's sports betting expenditure has crossed \$1 Billion/yr.



DIFFERENT SHAREHOLDERS



1. GOVERNMENT

India has a huge middle-class population. In fact, around 55% of our population works day in and day out to earn somewhere between Rs. 8000-Rs. 12000 per month. At the same time, we as Indians, are extremely passionate about sports. Especially, when it comes to cricket, this passion has no bounds. It cuts across communities and binds us together.

Thus, a huge middle-class population hoping to improve their lot by earning some extra bucks coupled with a deep passion for sports, makes a huge sports-betting market in India. Surveys indicate that over 40% of internet users in India like to gamble online.

The sports betting industry in India is just shy of reaching the gigantic \$100 B market size mark. However, around 80% of this is still illegal i.e. outside the ambit of what the legal machinery perceives to be valid/ lawful. Let's understand how this works-

The basis of segmentation in terms of being deemed as legal or illegal by Indian law lies in the classification of the sport/game as a "game of skill" versus "game of chance". A game of wits is primarily all those games where the results are determined in a large way by the mental and physical skills of the players playing them, rather than stars aligning in their favour. These games are where fantasy sports platforms operate. Supreme Court defines them as those games where:

- "Success depends principally upon the superior knowledge, training, attention, experience and adroitness of the player." It is also noted by the Supreme Court that a Game of Skill will have a predominance of Skill Factor.
- The principal legislation governing gambling in India is the Public Gambling Act, 1867 (PGA). The PGA criminalises the act of 'gambling' in a public forum and the keeping of a 'common gaming house'. The PGA, however, creates an important exception in favour of games of skill, by stating that the provisions of the PGA shall [not] be held to apply to any 'game of mere skill' wherever played.



Games of Chance are defined in a negative manner as being those games where the results are independent of the control of parties involved in the game. Thus, they are in the nature of a wager.

This is what is actually called 'betting' and is illegal and actually constitutes 80% of the industry. The proportion of fantasy sports is obviously minuscule compared to this. The government hasn't made a concerted effort to regulate the activities of these betting platforms. Some of the major reasons of these being unregulated are as follows -

- Since, a large portion of betting still continues in black markets, which are outside government purview, any attempts to curb the organised segment would not have much effect since the activities shall continue unabated in black markets.
- These platforms act as a huge tax revenue source for the government. The gains of these platforms are taxed at flat 30%, which is huge given the growing potential of the betting industry. Consequently, banning such platforms would mean doing away with this revenue.

However, the government has also taken certain steps so that there are certain checks on the power of these platforms. Some of these steps include-

- 1.No FDI is allowed by the government in this sector. Thus, clearly displaying a discouraging attitude of the government towards this sector.
- 2.Government has mandated all such platforms to have a necessary disclaimer warning to be given to potential users across advertisement campaigns, apprising them of the financial risk involved in such activities.

Some states such as Assam, Sikkim, Nagaland, Odisha, Telangana, Karnataka and Andhra Pradesh have even gone so far as to ban certain esports betting platforms, displaying a clear commitment of non-allowance.



2.SPORTS BODIES & AUTHORITIES, BROADCASTERS & MEDIA

Given the huge popularity that these fantasy sports platforms enjoy, they have, to an extent, benefitted even sports bodies, tournament broadcasters and media. Since, these platforms allow people with the ages 18-24 to bet on sports without it being illegal, it helps broadcasters and sports authorities by increasing their viewer base as well as the hours



viewed per device. These games are fundamentally based on the actual performance of the sportspersons which in turn, determines the result. Thus, audiences become glued to their devices watching matches. This increased interest and engagement has benefitted all stakeholders involved in sports content distribution-

- **Sports Authorities-** With increased viewership for their respective leagues, these authorities gain bargaining power and are in a better position to negotiate with title sponsors for sponsorship rights. No wonder, the Indian Cricket Team Jersey bears the name of 'MPL' while 'Dream11' was the title sponsor for IPL. These boards also are able to sell the broadcasting rights at a higher price. We have witnessed how heated bidding for these rights has become over the years. Sometimes, the sports authorities may also demand a cut from the total money bet on the sport that they deal in as an 'integrity fee'. For example, NBA and MLB (Major League Basketball) demand a 1% cut from these platforms. As this space grows and matures, it may not be surprising to see Indian Bodies like BCCI, FIH etc. demand their share as well.
- **Broadcaster-** With broadcasters generating huge viewership, they naturally attract a lot of brands to advertise their products in the Ad-breaks. As a result, even a 20 seconds ad would cost crores of rupees. In fact, we have seen a lot of fantasy sports platforms like Dream 11, My Circle 11, Betway etc. have huge ad run-times, especially during tournaments like IPL, BBL and ICC tournaments. To put this idea in number:- Star Sports earns upwards of Rs. 3600 Crores from Ad-revenues from IPL alone. Same is the case for other broadcasters.
- **OTT Platforms-** Off late, since a lot of these OTT platforms have begun offering live match experience on their apps, they have witnessed increased subscriptions to their platforms. Since a lot of people are commuting or in places where television is not available, they have no option except to subscribe to these platforms such as Hotstar and SonyLiv. In fact, Hotstar owns a large portion of its 46 million subscribers to IPL and other ICC Tournaments, which actually helped it to become the best-performing OTT Platform in India.



3. SPORTS BETTING COMPANIES

The sports betting industry has taken off in recent years and one of the most impacted stakeholders would be sports betting companies. Most legally recognised companies that carry out this sort of betting conduct their activities online, under the provisions of the



Public Gaming Act, 1867. According to one of the most reputed sites for betting information in India, the most popular and trusted betting sites are 1XBet, ComeOn, Dafabet, Betwinner, 22Bet, Bet365, and Betway, among many others.

Revenue

With an increase in online betting, these companies have taken over the betting industry. The revenue of these companies has gone up substantially as the betting industry flourished in India. With the massive size of Indian sports viewership, it is estimated that every time the Indian national cricket team plays an ODI, an estimated USD 200 million is placed as bets. Although according to research, only approximately 23 million of the India population is financially capable of betting on sports, these figures are enough to bring in revenue for these companies, and these numbers will only grow with an increase in the purchasing power of the citizens.

Untapped market

The Indian Sports Betting Industry is largely untapped as a majority of betting is illegal under the governing provisions. Due to its untouched nature, sports betting companies see a lot of potential in the Indian market for the growth of the industry and a subsequent increase in their profits. Regulation of this industry will help these betting companies improve their revenues.

Scope of the industry

Betting companies have used technology to their advantage by making online betting easy, accessible and user-friendly. Using aggressive marketing techniques, involving ads that use phrases like “risk-free”, “no brainer”, and so on, has increased public confidence in betting.

Sports betting companies have also found loopholes in the laws that govern sports betting in India to broaden the horizon of this industry, leading to higher profits for these companies.



4. USERS

Among online betting activities, sports betting takes the majority 40% share worldwide. The users of sports betting sites contribute to this large number. In India, with a sports audience of 464 million unique visitors, where 40% of these users engage in sports betting activities, approximately 185 million viewers bet on sports.

According to a survey by Statista, 42% of men are avid watchers of sports and only a



15% of the female population accounts for avid watchers of sports. Another survey shows the age category 35-44 years old watches the most sports.

These users bet on different types of sports from cricket, football, to field hockey. The large number of bettors in India, makes them a major stakeholder in this industry.

Reasons for increase in sports betting user base:

Usage of phone

Smartphones, in recent times, have become much more accessible. The time spent by users on their phone has increased substantially. This has led to an increase in usage of applications, such as betting apps.

Cricket and Football

Sports like cricket and football have given a major boost to the betting industry as they bring the most number of viewers, and hence the most number of bettors.

Legalisation of the industry

Betting is a grey area in India. Yet a lot of online betting sites operated from overseas have become people. The base of bettors has also expanded in the past few years. The large number of users might make the dream of legalisation of sports betting a reality.

Positive impact:

Source of income

Betting entails financial risk, but at the same time, has a lot of scope to make profits. Sports betting, on a large or small scale, acts as a good source of income for the users.

Entertainment value

The risk factor and monetary value associated with betting increases the entertainment value sports provides. With a direct impact of the game, bettors are more interested in the sport.

Negative impact:

Loss in productivity of bettors

Betting may sometimes lead to addiction which may have harmful impacts on the users. It may lead to wastage of time on betting activity, health problems, psychological problems, and so on.

Financial loss

There is a large financial risk associated with betting. The uncertain nature of sports may lead to large financial losses for the users, which may lead to bankruptcy or other financial woes, and subsequently mental and psychological burden.



FANTASY SPORTS

Prior to the emergence of fantasy sports, sports entertainment for fans was mostly restricted to viewing the matches from their living homes or at times, stadiums. However, fantasy sports have given the opportunity to the fans to be active participants in the games, instead of a passive viewer, keeping them much more engrossed in the game than ever before.

Fantasy sports are online prediction games wherein the users put together their virtual team of real players of a professional sport such as Cricket, Football, Basketball, etc. The users making their own team are called 'managers' and form a team of players in a specific league like IPL or a specific match like CSK vs MI. The managers earn fantasy points on the basis of the real-life performance of the players in the sport. Each manager plays against other managers on the platform. They manage their team by buying, selling or trading the players.

There are broadly 2 main types of fantasy sports that are prevalent:

- **Season-Long:** Picking players from for an entire season of the tournament and managers earn points according to the performance of the players in the whole season.
- **Daily:** Picking players for a particular match of the tournament and managers earn points on the basis of the performance of players in the day's match. This is the format mostly followed by platforms in India.

Basis of Score:

The points earned by the players differ from sport to sport, sometimes from one platform to another. For example, with a total credit cap of 100, the user creates a team of 11 player from both the teams, with usually a maximum of 7 from one team, in case of cricket and football, As for basketball, the user creates a team of 8, with a maximum of 5 per side. The player combinations and scoring systems for different sports are as follows:



CRICKET

1-4 Wicket-keepers, 3-6 Batters, 1-4 All-Rounders, 3-6 bowlers

Point(s) for: each run and boundary scored, wickets taken, catches taken, run-outs done, milestones achieved like century, 5 wicket hauls etc. by the players. Negative scoring as well, for example, if a player gets out for a duck, batsman maintains a poor strike-rate, or a bowler has a high economy rate, etc.



FOOTBALL

1 goalkeeper, 3-5 defenders, 3-5 midfielders, 1-3 forwards.

Point(s) for: each goal scored by a player, goal assists/chances, tackles won, goals saved etc. Negative scoring for yellow or red cards received, own goals, goals conceded by the keeper/defender, or penalty missed.



BASKETBALL

1-4 players of each category: Point guard, shooting guard, small forward, power forward, centre.

Point(s) for: each point scored, rebounds, assists, steals/blocks, with a negative scoring for turnovers.

Out of all the players chosen by the users, they can select a Captain and a Vice-Captain. The captain earns 2x points, whereas the vice-captain earns 1.5x points.

Most platforms like Dream11 allow managers to enter the contests through an entry fee. The entry fee of all the contest participants is pooled in together to decide the winning amount. On the basis of the performance of the various teams, the managers i.e. the users are ranked and their winnings are ultimately decided.

THE INDUSTRY



GLOBAL SCENARIO

Valued at US\$ 20.36 billion in 2020, the global fantasy sports market is predicted to grow at a CAGR (Compounded Annual Growth Rate) of 14.7% to \$38.6 billion in 2025.



The main factors responsible for growth are:

- Increasing youth population
- Increased penetration of the internet and smartphones, popularity of sports
- Launch of multiple fantasy sports platforms and features.

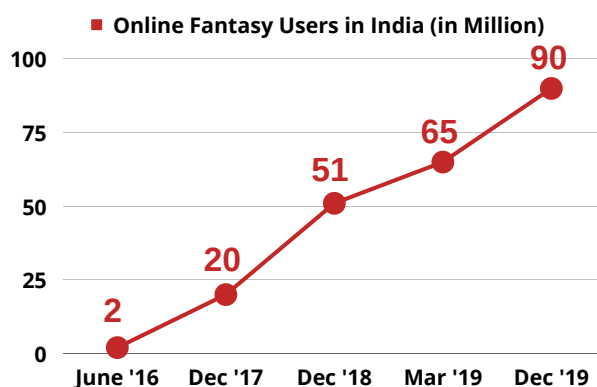


The largest market currently is North America. However, the Asia-Pacific region is expected to be the fastest-growing market in the future.

INDIAN SCENARIO

India has a huge fan following for various sports. Cricket sits right at the top, which is essentially next to religion here. Other sports like football, kabaddi, basketball (NBA) are also gaining popularity.

The Indian Fantasy Sports industry witnessed a major boost in 2016-17 due to increased internet and smartphone penetration, increased adoption of digital payments like digital wallets and UPI, and cheaper data rates. This can be supported with the following facts:

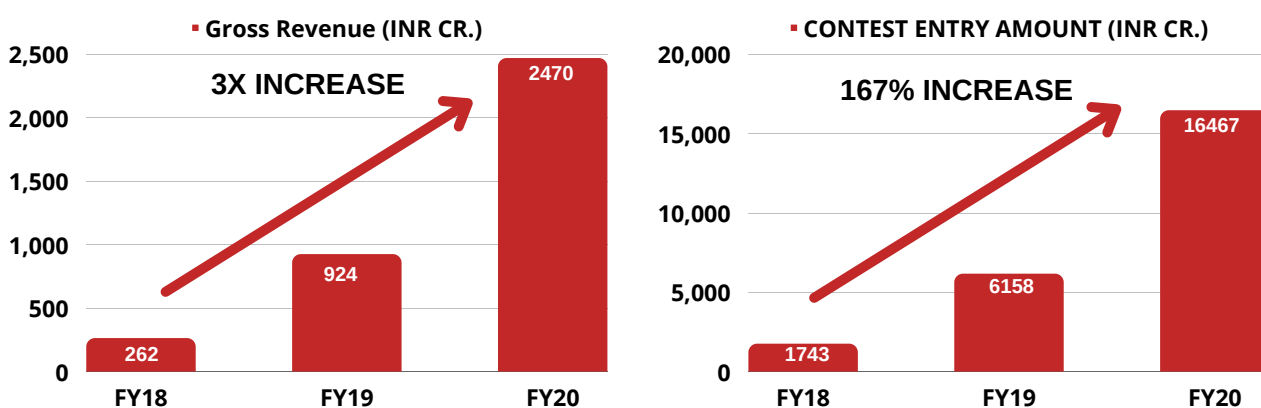




- Launch of new platforms. From less than 10 platforms before 2016 to over 140 by the end of 2019.
- Growth of user base from 2 million in 2016 to 90 million in 2019.

The Indian fantasy sports industry is expected to be worth US\$ 3.7 billion by 2024, creating a huge opportunity for new entrants.

After the inception of IPL in 2008, many other sports leagues have come up in India: Pro Kabaddi League, Indian Super League (Football), Hockey India League, Ultimate Table Tennis, Premier Badminton League, etc. With the help of sponsors, participation of international players and celebrity endorsements, the viewership of sports leagues has increased manifold. Due to increased traction, fantasy sports platforms have expanded to include these leagues and enhance consumer engagement on their platforms.



Regulation

With the rapid increase of the industry in the past few years and the number of stakeholders including both businesses and users, it was imperative to have a regulatory body that would govern and keep a check on this industry. Founded in 2017, The Federation of Indian Fantasy Sports (FIFS) is a self-regulatory body that aims at protecting consumer interests and standardised practices for the scope of industry in India. The FIFS has over 35 of the largest sports fantasy platforms as members catering to 99% of the users.

Functions of FIFS:

- Policy Advocacy:
 - Create opportunities to provide a forum for advocacy for the sports gaming industry's issues, difficulties, and opportunities.
 - Serve as a way for state and central government representation.
 - Improve the industry's competitiveness by developing a consistent and coordinated voice that can be conveyed to important stakeholders including bureaucrats, legal advisers, influencers, media, etc.
- Research and Information:
 - Conduct and publish reports on market trends and recent developments.
 - create outlets for members to exchange and trade information and expert opinions on legal, operational, tax, etc. on a regular basis.



- Complaints and Redressals
- Implementation of FairPlay policies and honest communication with the users to address their grievances. For example: Sports-gaming operations, contest-related problems, misleading advertisements, etc.

Viewership

Sports festivals like IPL serve as an opportunity for Fantasy sports platforms like Dream 11 to attract and retain the audience. During these festivals, Dream 11 enjoys a boom in viewership. However, it becomes a challenge for the largest fantasy sports platform to retain its viewership throughout the year. Dream 11 team has to send personalised messages to its 30 million+ user base to prompt them to launch the app.

Dream11 uses cohort analysis to analyse various factors like customer retention rate, type of viewers, average engagement time, etc.. to run various user-friendly campaigns in order to impart value to the customers. Using this analysis, it was discovered that the customers who participated in previous matches are also likely to participate in future matches. Hence, it becomes important to tap such users in order to enhance viewership. In order to attract a new mob and to create a user-friendly environment, Dream 11 uses flows to understand how users navigate through their app. Flows provide various insights which are useful to adopt new features and identify friction points in their UX.

CASE STUDY - DREAM11



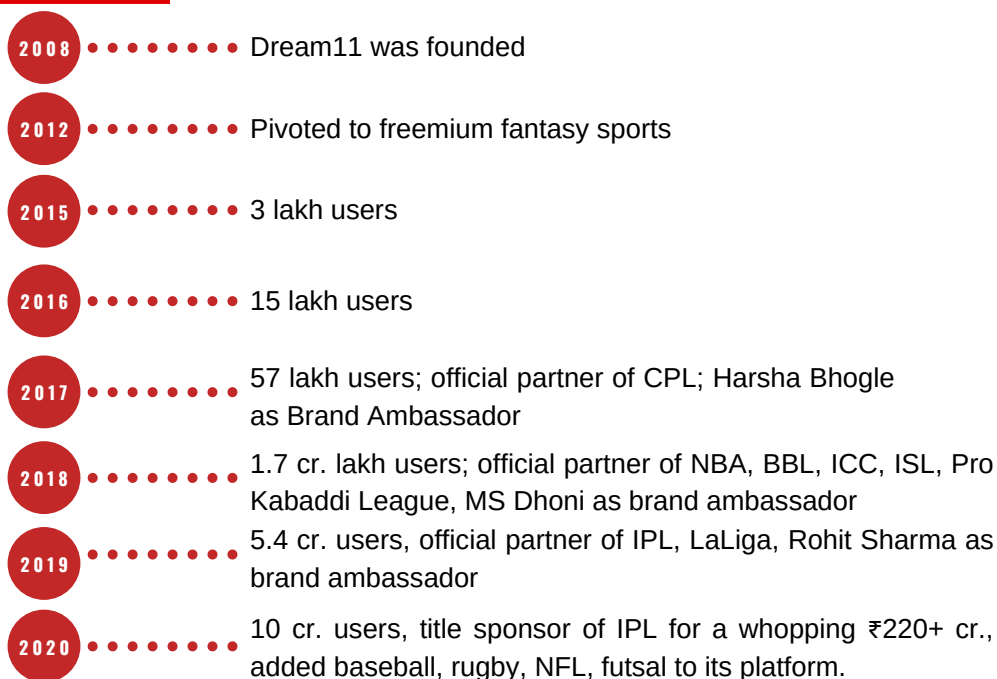
Largest online fantasy sports platform in India.

Over 12 crore users, 40 sports associations and leagues as official partners and over 10,000 matches per year.

Title sponsor of the Indian Premier League in 2020.

Founders: Harsh Jain and Bhavit Seth

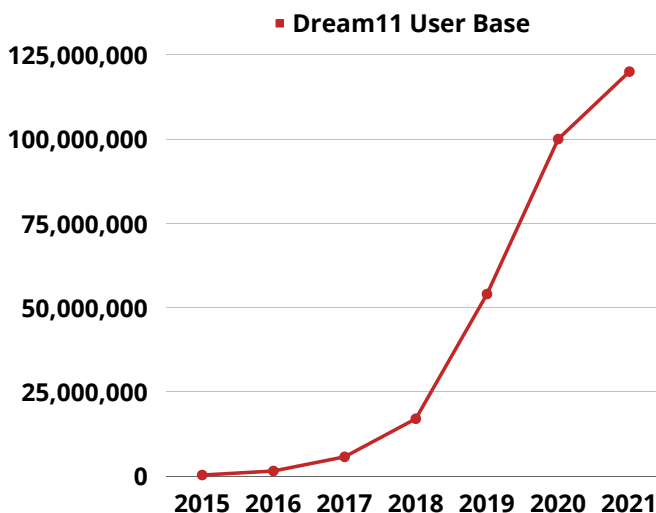
Headquarters: Mumbai, Maharashtra





WHAT MADE DREAM11 the most successful fantasy sports platform?





- Associations with sports leagues around the world including IPL, ICC, LaLiga, CPL T20, NZ cricket, T10 league etc.
- Excellent marketing strategies: Different ad campaigns run by Dream11 such as 'Khelo dimaag se', 'Yeh game hai mahaan', 'Game hai toh mazza hai' showing cricketers like Rohit Sharma, etc. playing gully cricket and running them



them aggressively across TV, social media, especially during IPL appealed to the sentiment of the users and helped it gain popularity.

- Best choices of Brand ambassadors: Roping in of MS Dhoni, Rishabh Pant, Shreyas Iyer, Rohit Sharma, and many more domestic and international players.
- The brand's social media platforms are very active, and they feature their top players who have won first prizes worth millions of rupees. They also congratulate winners at a post-match presentation ceremony, which raises customer expectations and engagement.

Even with the presence of so many other players in the fantasy sports arena, the right choices made by Dream11 helped it achieve a dominant position over others and the first choice for users.

FANTASY SPORTS PLATFORM	YEAR STARTED	SPORTS OFFERED	USER BASE
	2008	Cricket, Basketball, Football, Kabaddi, Hockey, Volleyball, Baseball, Handball	120 million+
	2016	Cricket, Basketball, Football, Kabaddi, Hockey, Volleyball, Baseball, Handball, Rugby	18 million+
	2019	Cricket, Football	17 million+
	2016	Cricket, Football, Kabaddi	10 million+



MOVING FORWARD, THE FUTURE INDUSTRY

Drawing allusion from the ancient epics like Mahabharata to current rising trends in the betting industry in the markets across the world ; playing cards for recreation to use of skills in order to make money out of uncertainty in sports; betting with friends on a pity event for a toffee to a more professionalised one involving lakhs of rupees; it is quite evident that betting is a natural human instinct that tries to materialise itself in one way or another. Thus, betting, especially in industries like sports where tides can turn anytime, carries a huge potential.

Due to factors like advancement in the technology, a sudden shift towards the use of online platforms, legalisation of sports betting in many countries and higher trust of gamblers paying online, this industry has registered a tremendous growth in the past few years. As per a data report published by Statista, the market size of online gambling in 2018 was roughly around 59 billion USD. It is anticipated that the industry will register a two fold growth in a span of few years and is projected to be valued at more than 92.9 billion U.S. dollars in 2023 spanning across the globe.

Many European countries were involved in the trait of online gambling much before the US. But as said, “ When the US sneezes, the rest of the world catches cold.” This industry gained momentum after the landmark judgement passed by the Supreme Court of US in 2018 which legalised online sports betting. The increasing trends of market capitalisation and revenue generation observed after the enactment of this legislation are enough to prove that this industry is a boon and holds a huge potential.

The introduction of new technologies have also paved the way forward .Nowadays, professional gamblers use technologies like AI and Machine Learning to develop and use algorithms that can predict results with a standard level of accuracy. This helps gamblers to spread their risk and bet on multiple matches thereby, earning a constant revenue. Micro betting i.e. betting on individual moments of a match irrespective of the final result, goes hand in hand with the availability of technology that handles the real time odds quickly on various sportsbook platforms. On a darker shade, gamblers use blockchain technology and crypto currency to make payments to the online sportsbooks, especially in the countries where sports betting is prohibited.

Indian Scenario:

Reports suggest that, in India, the industry has registered an annual growth rate of 40% and will be worth about \$2.8 billion by the end of 2022. However, Sports betting involves multiple dimensions which makes it quite ambiguous.. As previously discussed, Betting and Gambling is a subject of state list and different states have different legislations for the same. These ambiguous laws limit the potential of sports betting industries in our country. .There is a dearth of trustworthy betting platforms and huge loss of revenue in



the form of taxes to the state governments. Realising the need of the hour, politician Shashi Tharoor has introduced 'Online Gaming and Prevention of Fraud' bill in the parliament to rule out this ambiguity and legalise sports betting in India.

As per current scenario, we observe that it is quite difficult for people to resist their passive involvement in sports by the way of betting. It is always better for the government to collect the revenue from this industry rather than letting it go off in the hands of the parallel economy. For people who allege that betting and gambling are unethical, this argumentation is a one stop answer to them.

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