



# *Proving TV Is No Gamble:* How Daily Fantasy Sports Became A Big Winner With Millennials

January 2016



# Television's Effectiveness Turns The Daily Fantasy Sports Category Into A Major Player



- Daily Fantasy Sports (DFS) went largely under the radar with consumers for its first eight years of existence until capital investment made it possible for the major websites to spend significantly in TV
- The results from the two main players - FanDuel & DraftKings - spending \$300+ million collectively in TV over the last three years speak for themselves:

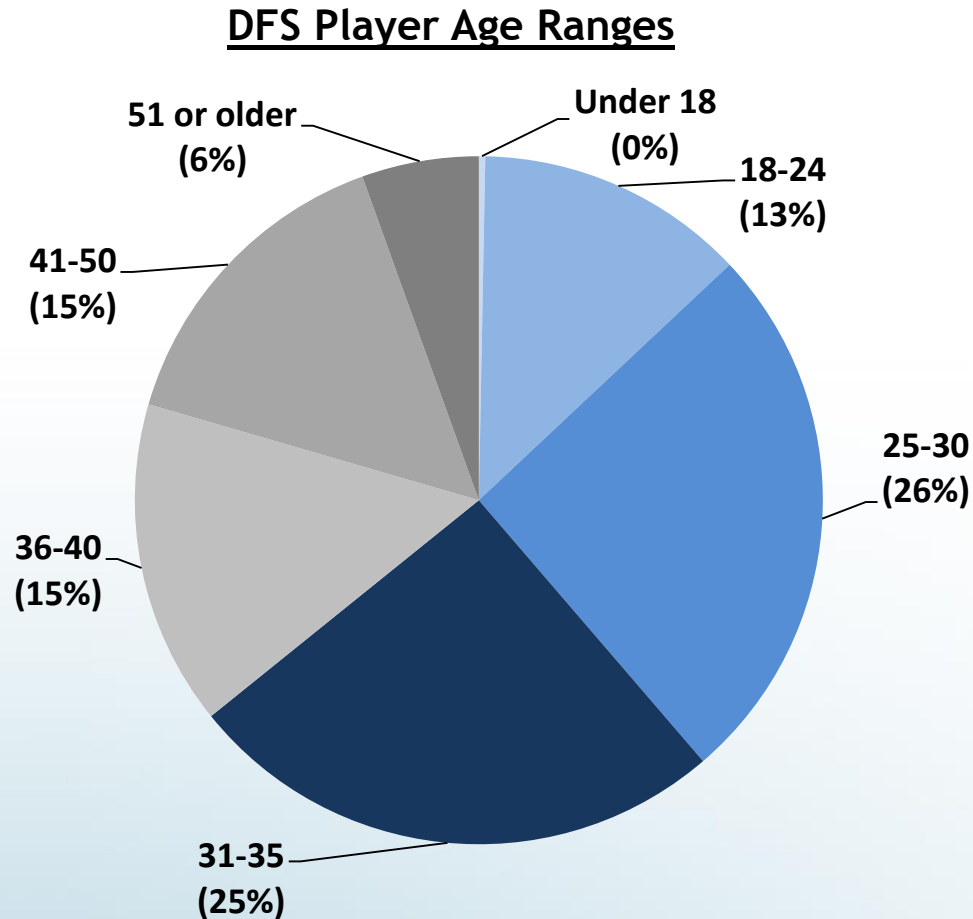
## Scouting Report

- *Monthly unique website visitors have increased exponentially to 32.1MM in September '15 from 67K in March '13*
- *Player engagement (avg mins per visitor) has increased 38% YOY during the football season*
- *Total minutes spent on their websites have increased five-fold between Sept '15 & Sept '14*
- *Average amount spent annually per DFS player increased to \$257 in 2015 from \$5 in 2012*
- *Revenues increased dramatically to an estimated \$330MM+ in 2015 from \$5MM in 2012*
- *Total user spending on DFS sites is projected to increase five-fold over the next five years to \$17.7 billion*

- It's clear that the above results would not have happened without the category's immense, deep push into TV to reach their primary target, Millennials

# DFS Players Are Overwhelmingly Millennials

2 out of every 3 DFS player is between the age of 18-35; with over 50% between 25-35



# Two Major Players Have Emerged In The DFS Category Thanks To Their Significant TV Ad Investment

Although there have been many players in the daily fantasy sports space over the last 10 years, two have clearly risen to the top (combined 96% market share) primarily through dominant TV spending

## All-Stars : Current Dominant Players



**FanDuel**

Jan 2009  
(\$113.4MM)



Jan 2012  
(\$210.8MM)



## Starters: Current Second Tier Players

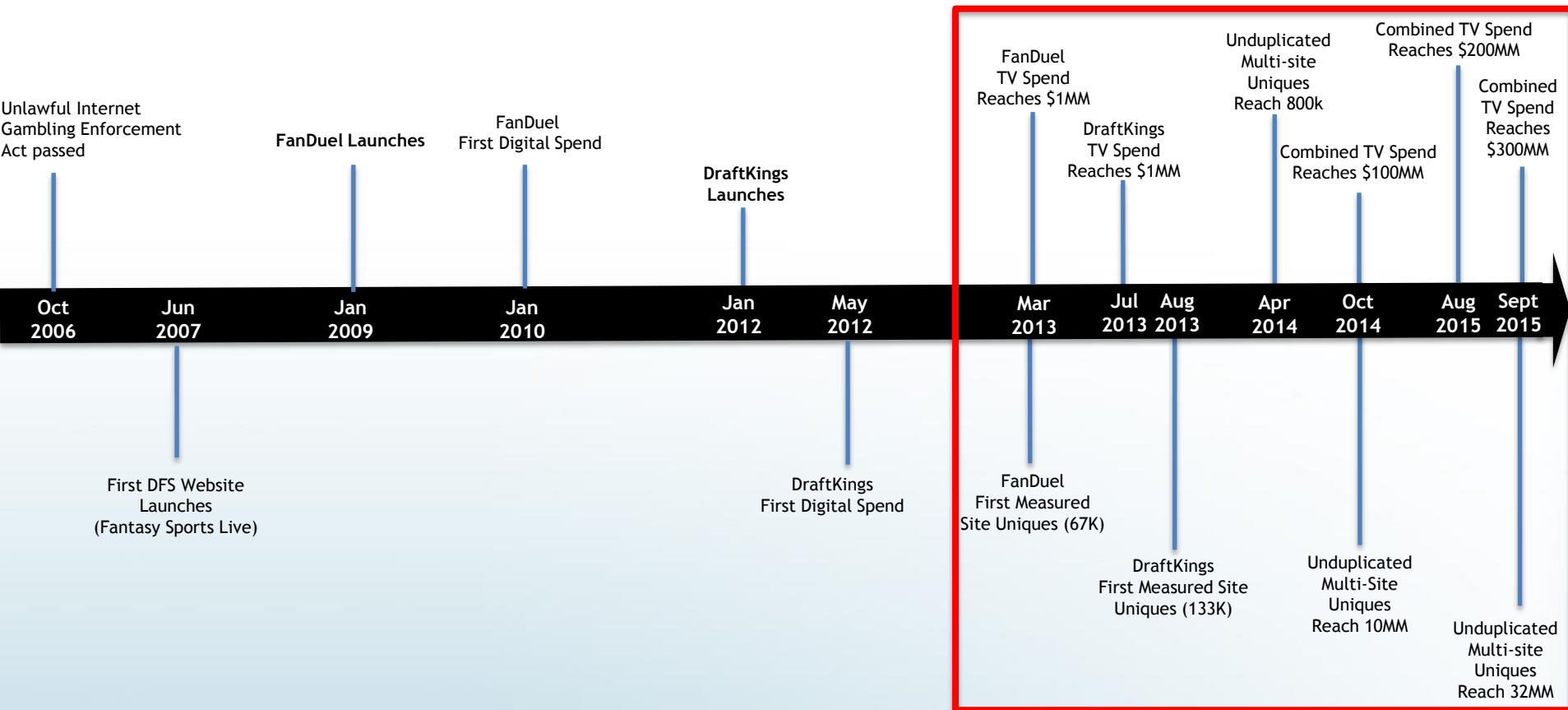
March 2012	April 2012	Oct 2012	Jan 2013	March 2013	2014	2014
June 2014	August 2014	August 2014	Sept 2011	July 2015	Sept 2015	

## Retired Players: No Longer Operating, Acquired, or Merged

June 2007 - June 2013	Sept 2007 - August 2008	Dec 2009 - Sept 2012	August 2010 - July 2014 (\$4.4MM)	August 2010 - May 2013	June 2011 - July 2013	July 2013 - Sept 2014

# A History of The DFS Category: TV Rapidly Accelerates Growth

- Although the DFS category has been around for almost 10 years, it has only just recently exploded with the launch of major TV campaigns from the two big players - FanDuel & DraftKings
- Interestingly enough, both sites only began being measured by comScore once their TV investment reached \$1MM even though they were advertising digitally for many months prior

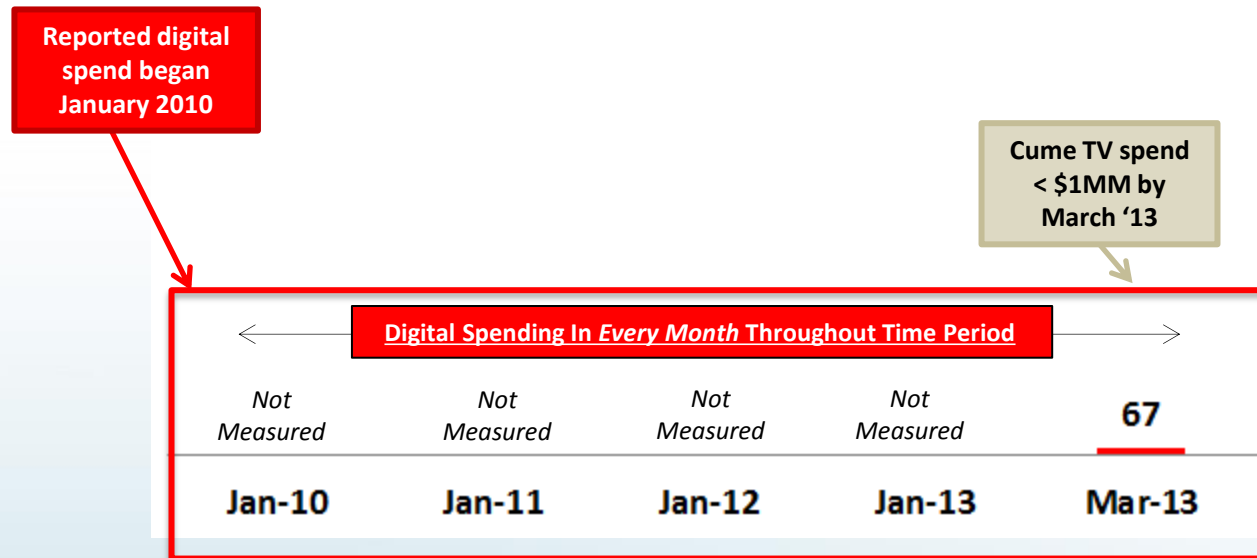


The **Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA)** regulates online gambling. The UIGEA "prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the Internet and that is unlawful under any federal or state law." The act specifically excludes fantasy sports that meet certain requirements which paved the way for the launch of DFS websites.

# Digital Media Launched First But Achieved Only Modest Results For FanDuel Over The First Three Years Of Activity

DraftKings launched a few years later than FanDuel, in January '12, but still wasn't comScore measured in March '13 even though their first reported digital spend was in May '12

## FanDuel Unique Website Visitors (000)



# Eventually, An Influx Of Major Capital Investment Enabled The Two Main DFS Sites To Launch High-Reach TV Campaigns

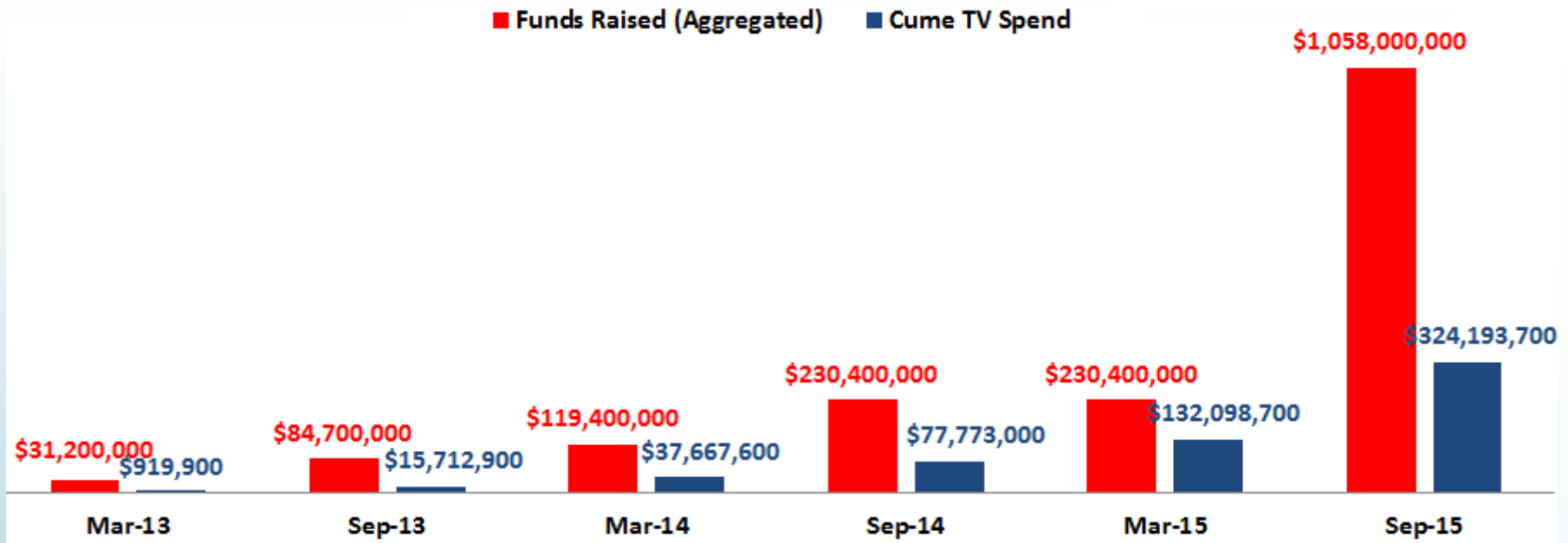
In fact some investors, looking for both quick and sustainable ROI, made their funding contingent on guaranteed TV spend by the DFS sites in order to drive growth and generate more revenue

Over **\$300 Million** has been invested in TV in only the last three years; **\$200 million of which was spent in 2015**

## FanDuel & DraftKings: Investor Funds Raised Vs. TV Expenditures

March 2013 - September 2015

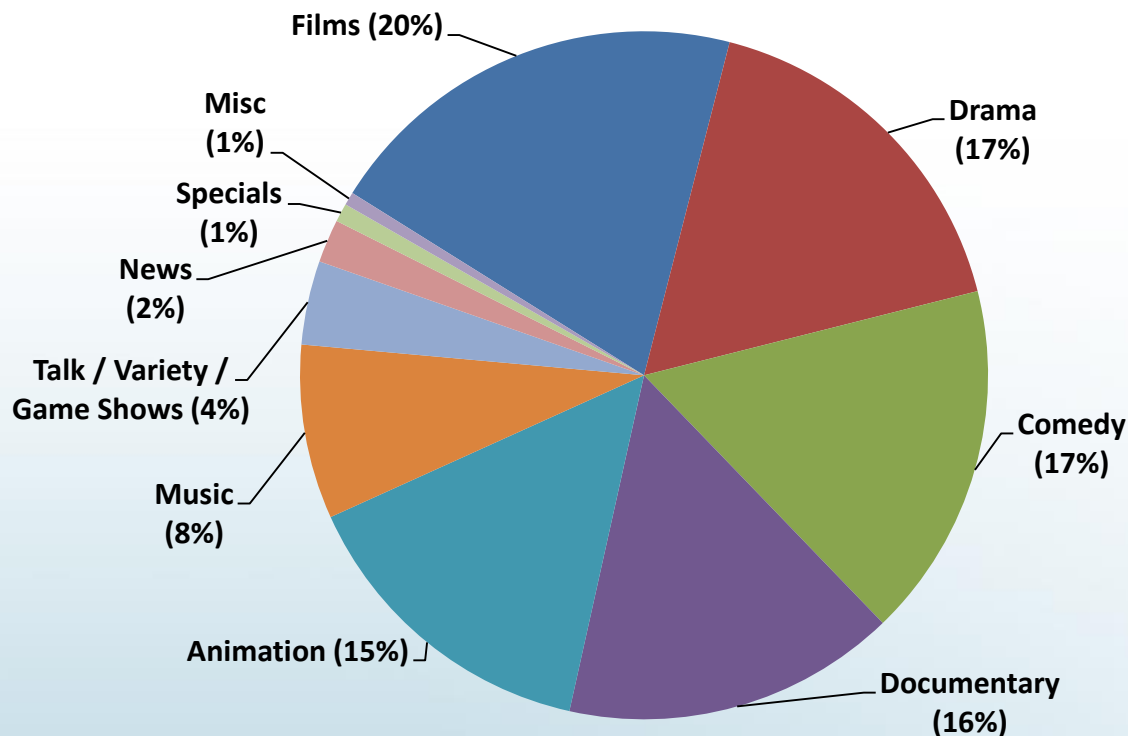
*Rolling / Aggregated Totals*



# Both Major DFS Sites Have Diversified TV Buys, Well Beyond Just Sports Programming

Although Sports is their primary genre by far (\$225MM+), FanDuel & DraftKings have also collectively spent over **\$75 million** in entertainment and news programming between 2013 - Sept. 2015

## FanDuel & Draftkings: % of TV Spending by Entertainment & News Genre 2013 - Sept 2015



To maximize reach, the websites **buy deep** for both Sports & Entertainment/News:

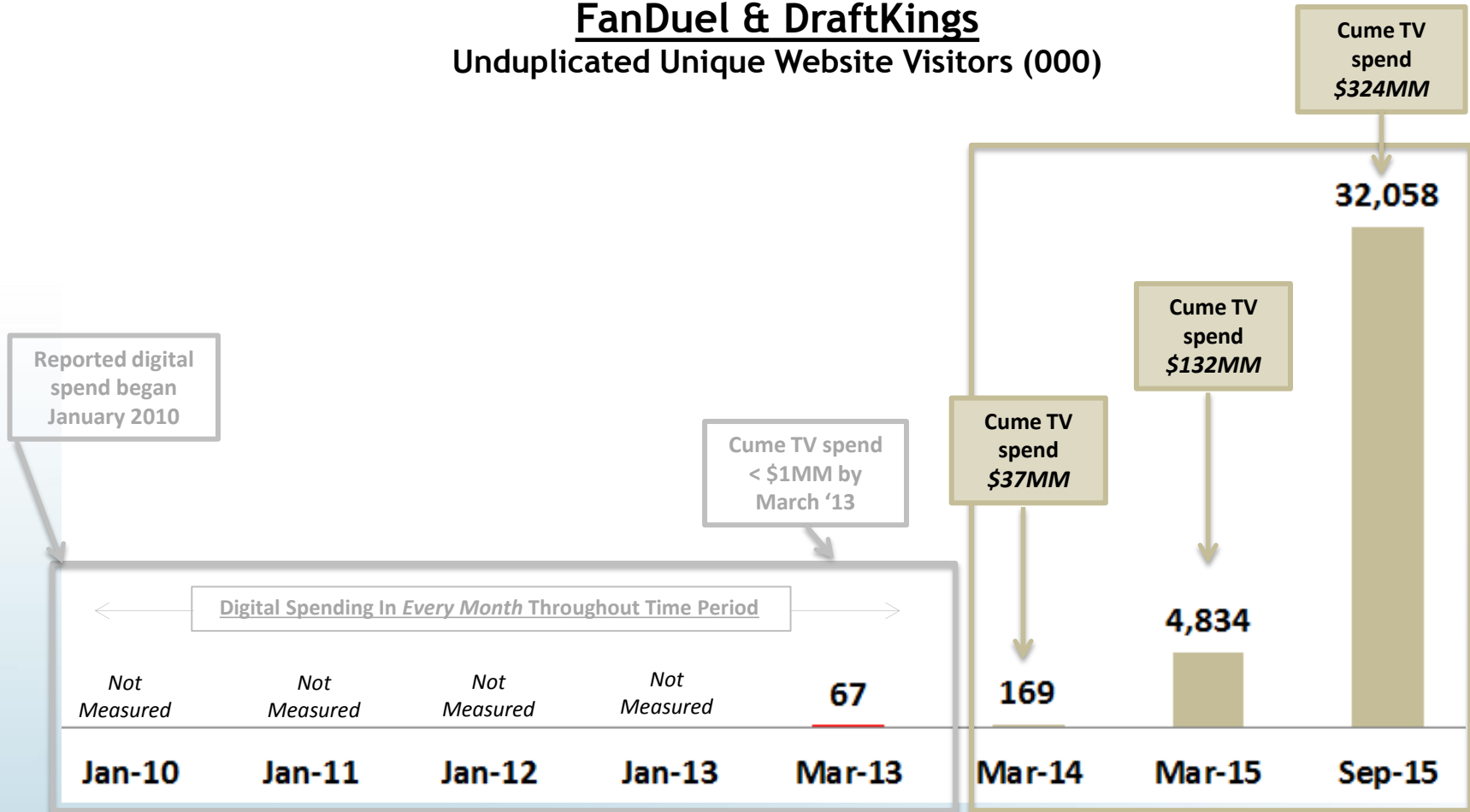
- Collectively aired on **81** TV networks since 2013
  - **37** nets had sports programs
- Active on **71** networks in 2015 alone
  - **33** nets had sports programs



# Aggressive TV Investment Led to Explosive User Growth Over A Very Short Period Of Time

Although digital spend was happening for years, key website metrics did not explode until there was meaningful TV investment

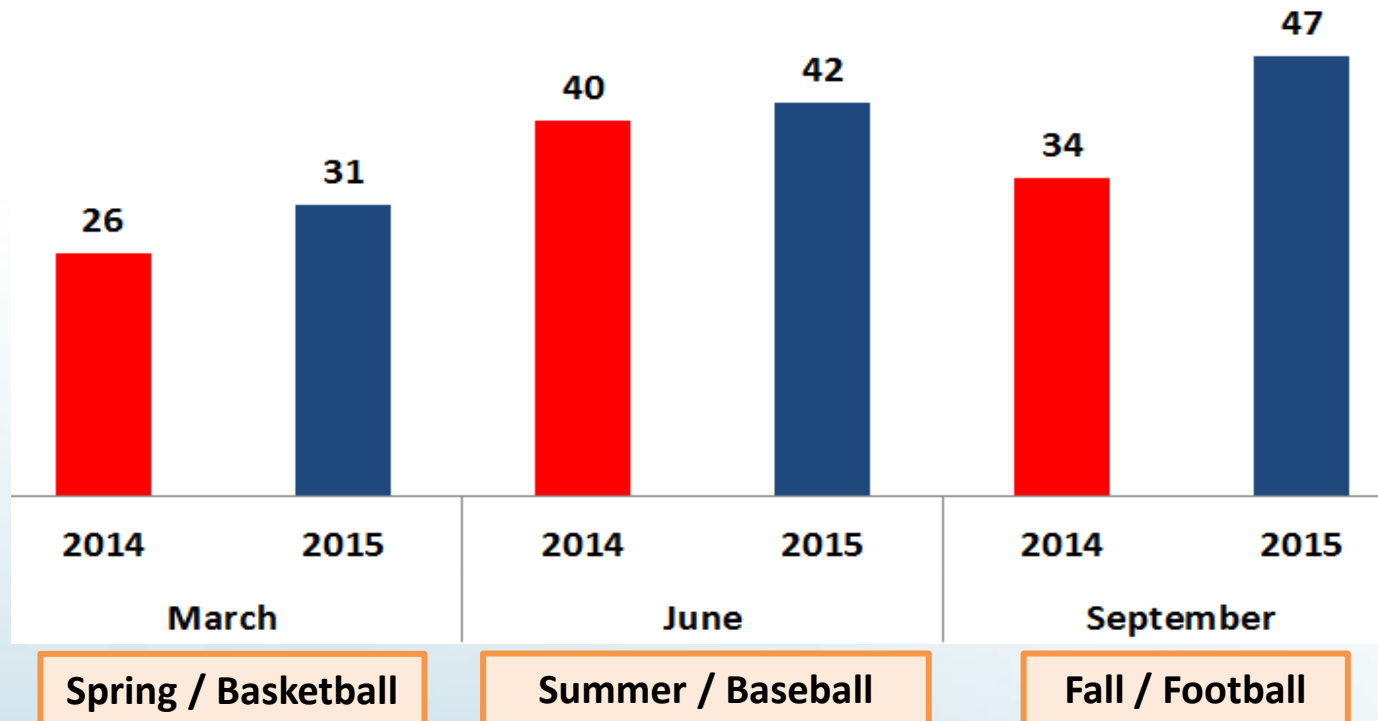
## FanDuel & DraftKings Unduplicated Unique Website Visitors (000)



# Player Engagement Has Also Increased Throughout The Year, Regardless Of Sports Season

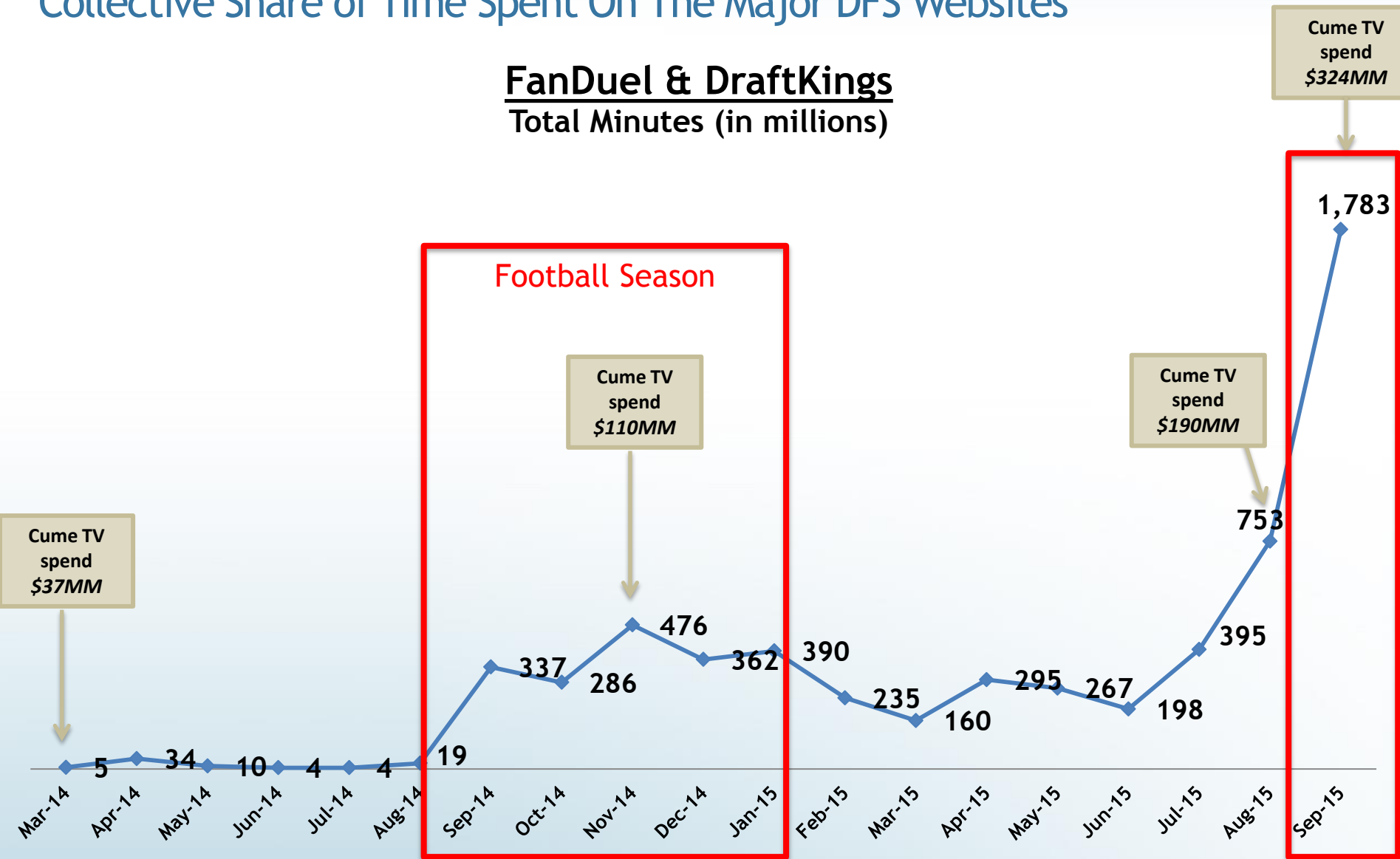
Even with the exponential growth in users, average minutes per player spent on the main DFS websites continues to climb

**FanDuel & DraftKings**  
Average Monthly Minutes Per Visitor



# Increased Player Engagement Has Led to Huge Growth in The Collective Share of Time Spent On The Major DFS Websites

## FanDuel & DraftKings Total Minutes (in millions)



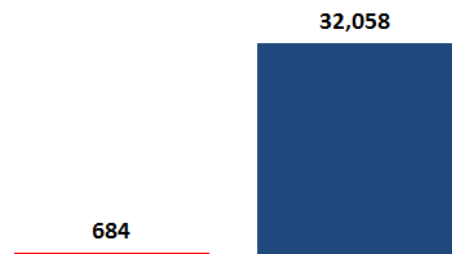
# TV's Impact On Key Website Metrics Are Undisputed

A two year comparison of key metrics between when the media buy was prominently digital (2013) and now when it's heavy TV (2015) shows just how much growth has skyrocketed

## FanDuel & DraftKings Key Website Metrics

September 2013 vs. 2015

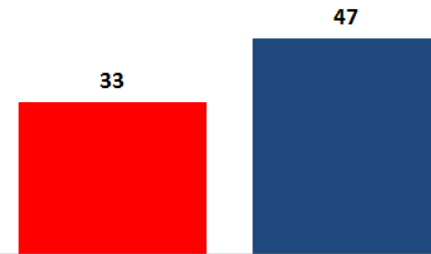
Combined Total Unique Visitors (000)



Total Minutes (MM)



Average Minutes Per Visitor



<u>Metric</u>	<u>Two-Year Increase*</u>
<b>Funds Raised =</b>	<b>12x</b>
<b>TV Spend =</b>	<b>21x</b>
<b>Unduplicated Unique Visitors =</b>	<b>47x</b>
<b>Total Minutes (MM) =</b>	<b>71x</b>
<b>Average Minutes Per Visitor =</b>	<b>1.4x</b>

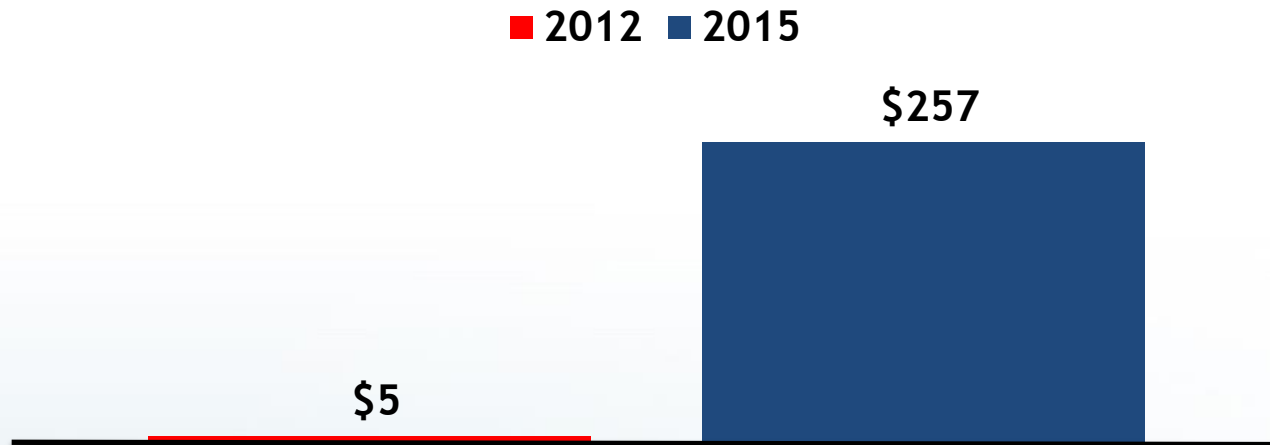
Cume TV Spend  
by Sept '13: \$15.7MM  
by Sept '15: \$324.2MM

\*Sept'15 vs. Sept'13

# The Desire Generated by Heavy TV Advertising Has Also Led Players To Significantly Increase Their Spending

Over three short years, the DFS consumer base has evolved from “experimental one-offs” to a more active, engaged and consistent player...

## Average Amount Spent Annually Per DFS Player



...TV advertising has also led to “Top-Of-Mind” awareness for DFS within the overarching fantasy sports gaming category:

Not only are people spending more time on DFS but there’s also more people playing it exclusively - 17% of DFS players play it as their only fantasy sports game, up from 8% in 2013

# Revenues Also Skyrocketed In 2015 As More Players Joined And Spent More Money Per Player Than Ever Before

The investment spend in TV over the last couple of years is the engine that drives accelerated revenue growth now and into the future as the sites build on their increased user bases

## FanDuel & DraftKings Combined Estimated Annual Revenue (in millions)



“DraftKings signed up more than 1MM new fantasy sport players after a major TV buy in September which was part of a marketing campaign that saw a 10x increase in the number of customers signed up vs. YAG” – NY Post 9/15/15

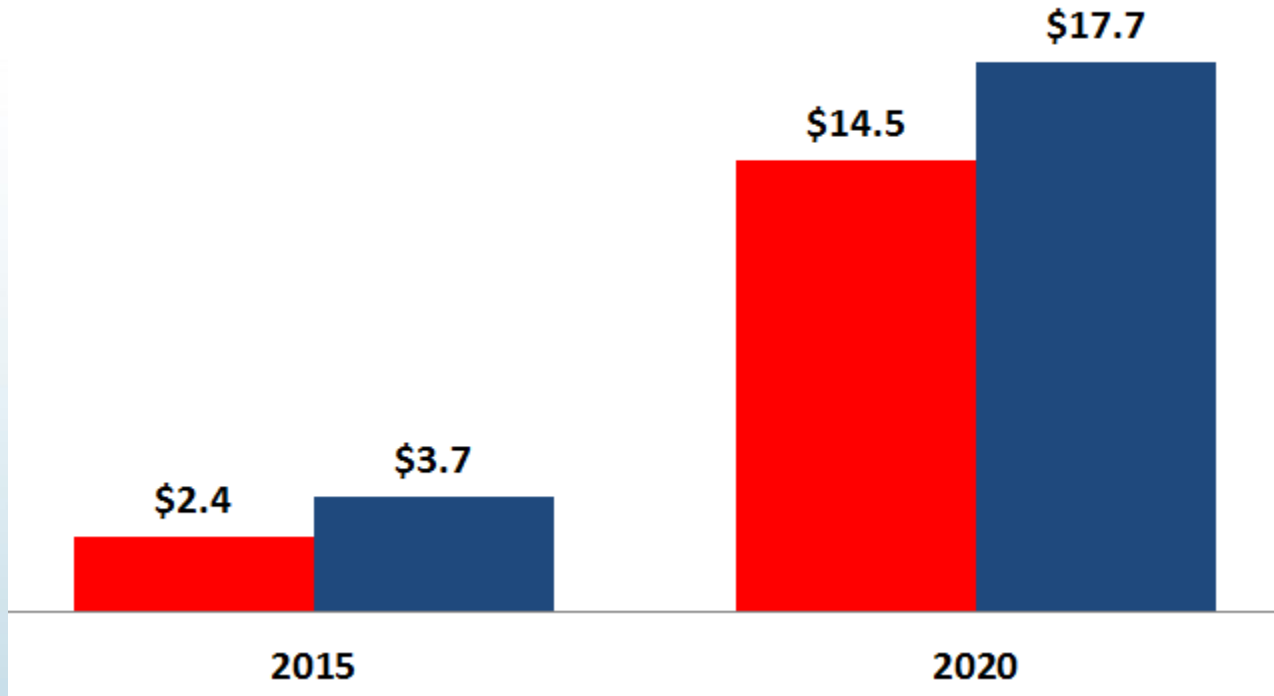
# Over The Next Five Years, Total Player Spending On DFS Sites Is Projected To Increase Five-Fold

Not only that, but a respected gaming research firm revised both their current & future projections upwards in September 2015, coinciding with a huge influx of TV spending by the major DFS sites

## DFS Consumer Spending Projections

(in billions)

■ Original Forecast ■ Revised Forecast





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