



TFA  
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Newsletter

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IN THE NEWS

**Sports Betting and the Super Bowl**

By William Newby

After an incredible—and improbable—three weekends of NFL football playoff games it’s hard to imagine how it could get any better. And yet, with less than a week to go before an historic Super Bowl pitting two unlikely opponents in the Cincinnati *Bengals* and the Los Angeles *Rams*, there are clear expectations that the February 13<sup>th</sup> contest at SoFi Stadium in Inglewood, California, could be one for the ages.

With sports betting now legal in twenty-two states, DC and Puerto Rico—including a number of those with sports betting through only Tribal operations—analysts forecast that as much as \$1 Billion will be wagered in legal markets on the game. The American Gaming Association estimates that a total of \$7.6 Billion will be wagered when including illegal markets and social gambling (i.e. pools and squares). Wow!

But behind all of the fanfare, game day hysteria and hype, there is a real business. To better understand what goes into the business of sports betting we asked **BetMGM’s Senior Business Development Manager, Patrick Tarnay**, a few questions about the business, the Super Bowl and how it all comes together in the days leading up to the game.

We began our discussion with Pat on the topic of **Sports Betting and the Super Bowl**.

TFA: Through the first two weekends of the NFL

playoffs, including the innovative “Wild Card Weekend” of three days and the crazy second weekend Divisional Round games it seems as if the level of interest in the playoffs is unprecedented. Has that translated in increased sports betting activity (in States where it was legal last season and prior)?

BetMGM: Indeed, we’re seeing increased handle and interest in all markets. The parity of the playoff teams has translated into some of the most exciting games we’ve ever seen. Overtime games allow for extended betting which translates to higher handle.

TFA: In the newer jurisdictions, for example Arizona, has the volume of betting on the playoffs been what you expected? Lower? Higher?

BetMGM: Higher overall, our partnership with the **Arizona Cardinals** and **Gila River Indian Community**, along with the recent opening of the Arizona market generally, has seen a pent-up demand for sports betting.

TFA: With the crazy second weekend did you experience any unusual betting as the games progressed (bets shifting to the remaining underdogs, etc).

BetMGM: In general, the public usually trends towards favorites, and the playoffs are no

Sports Business Over \$777 million Bet Through Legal Sports Betting Apps in Arizona

1/4/22 – [bizjournals.com](http://bizjournals.com)

New York State Will Allow Online Sports Betting to Begin Saturday

1/5/22 – [espn.com](http://espn.com)

U.S. Department of the Treasury State Small Business Credit Initiative (SSBCI) Program Application Deadlines Extended for Tribal Governments

1/10/22 – [treasury.gov](http://treasury.gov)

Oklahoma Lawmaker Files Bill to Legalize Sports Betting

1/11/22 – [koco.com](http://koco.com)

Tribal Housing Grants Benefit 74 Tribes

1/19/22 – [indiancountrytoday.com](http://indiancountrytoday.com)

U.S. Sports Betting Doubled in 2021, Surpassing \$52B

1/23/22 – [frontofficesports.com](http://frontofficesports.com)

California Gives Go-Ahead to Latest Sports Betting Petition Drive

1/31/22— [gamingtoday.com](http://gamingtoday.com)

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exception to this rule. The **Totals** (total points in the game) market have definitely been crazy. The Bills/Chiefs game was sitting **Under** with two minutes remaining in the game. Then all heck broke loose with three lead changes in those final two minutes of regulation, and there were 25 points scored over that stretch. Everyone alive knows what then happened following the coin toss and overtime...the result was that the **Total** flew **Over** by 24 points.

**TFA:** Thinking of the Super Bowl in less than a week, when would you expect to set the line?

**BetMGM:** We set the line immediately following the completion of the NFC Championship game. We've stayed steady between **Rams -4** or **-4.5**. The **Total** market has also remained rather steady at **48.5** points

**TFA:** When do you expect to see the highest level of activity (number of bets and \$'s waged)?

**BetMGM:** Bettors like to wait until the markets are most liquid, so we expect an onslaught of wagering in the last 48 hours prior to kickoff.

**TFA:** How has online sport wagering changed the mix of prop bets vs straight bets? Is in-game wagering popular and what's the future expectation? How many prop bets are expected for the Super Bowl? How does this compare to 5 years ago?

**BetMGM:** Online has enhanced the in-game betting experience for sure. In-game requires quick transaction by the bettor as in-game markets open and close rather swiftly. Of course, navigating the hundreds of prop bets is much easier on a mobile app versus the over-the-counter experience. We are expecting to post over 1,000 prop markets for the Big Game.

**TFA:** Parlay bets: Have they been widely accepted by bettors, and has parlay activity translated to higher revenue to the book? Have there been opportunities for parlay bets specific to the playoffs?

**BetMGM:** The demand for parlay betting has been overwhelming to say the least. Although they've been very popular in Nevada for decades, the acceptance of parlay wagering by the novice has flourished. Parlay wagering carries a higher margin for the operators but can affect your bottom line when bettors are successfully cashing multi-leg win-



(BetMGM Sportsbook at Emerald Queen Casino)

ners. It's a fantastic back and forth between the two.

**With the expectation of very active, high dollar wagering on the Game, we asked Pat about Games and Risk Management:**

**TFA:** With a large National footprint covering substantially all of the legal jurisdictions, how does BetMGM manage the bottom line risk between markets, especially if there is legal in-market betting and the "home town favorites" are playing?

**BetMGM:** This is a popular question and requires an answer with multiple layers. In the end, an operator needs to be on the proper market number. For an operator and a bettor, sports betting is 52-week marathon, not a weekend sprint. Yes, home teams cover, but if you're on the proper price, the home team only covers 50% of their games, thus "balancing" your books at the end of the year.

Also bear in mind that an increasing percentage of bets are now being placed in-game. With in-game wagering, the operator relies on proprietary algorithms to out put the proper prices. Given the speed of play and the "real time" aspect of in-game wagering, there isn't the time to try and skew numbers to reflect local teams bias.

**TFA:** How does BetMGM's risk management philosophy benefit partner organizations (Tribes, sports franchises, etc.)?

**BetMGM:** We don't profit unless our partners profit, so we're holding hands together as we take the plunge. As previously mentioned, as long as our risk management is focused on

long-run profitability, not short-run, we'll always be successful.

**TFA:** Comparatively, how much greater is sports betting volume in jurisdictions where both retail and full statewide mobile are available (as opposed to those states with only retail)?

**BetMGM:** There is already clear evidence that a multi-channel approach by states has been the winning way toward producing maximum revenue for both the operator and host states. While Retail alone does indeed produce meaningful new revenues, there is no argument as to which scenario produces more.

**TFA:** What proportions of bettors are retail vs mobile? Both?

**BetMGM:** We're seeing a wide range depending on many factors including both regional player preferences as well as local regulatory rules and restrictions. 80/20 (retail) seems to be the sweet-spot in some states, but we've seen the spectrum range from 50/50 to 90/10.

**The late Speaker of the House Tip O'Neill was fond of saying that "all politics is local" and to a degree, so too is sports betting. We asked Pat how local dynamics effect sports betting and specifically, the Super Bowl.**

**TFA:** Do you have any expectations for Nevada betting volume as a consequence of having a team in neighboring California in the Super Bowl? Higher/lower than a year in which a "local" team is playing?

**BetMGM:** Indeed. Reno/Tahoe has historically seen an influx of San Francisco team

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(BetMGM Sportsbook at Spirit Mountain Casino)

wagering throughout the years. Las Vegas always sees upticks in LA team wagering on weekends. Vegas books always root against the Lakers.

TFA: Anecdotally perhaps, how much does the host casino benefit—aside from direct sports betting revenue—from having a retail sports book present on site?

BetMGM: We’re seeing an uptick of 10%-15% in Food & Beverage in casinos that have launched a sportsbook over the past three years. Of course, the ancillary spend by sports bettors in other gaming like table games and slots are happening as we speak. Casinos can expect new faces entering their facility to bet on sports. They can also expect a longer stay & play by sports bettors as they place their bets, watch games, and enjoy the property’s amenities.

TFA: BetMGM is partnered with three prominent Tribes in each of Arizona (Gila River), Oregon (Grand Ronde) and Washington (Puyallup) which serve, in order, Phoenix, Portland and Tacoma/Seattle. Each Tribe’s sports book is relatively new with both Gila River (Wild Horse Pass, Vee Quiva and Lone Butte) and Puyallup (Emerald Queen) enjoying their first NFL playoffs.

What can you tell us, thus far, about the sports betting experience in each of those locations?

BetMGM: Grand Ronde’s Spirit Mountain opened just before the 2020 football season,

directly in the middle of COVID. Despite that, the numbers were immediately astounding. The appetite for retail betting far exceeded our expectations. As a reminder, mobile wagering is available in Oregon through the state’s lottery monopoly which makes Spirit Mountain’s performance—with Statewide competition from the Lottery—even more remarkable!

Our partnership in Arizona is a three-way deal between Gila River Indian Community and the Arizona Cardinals. Arizona is very unique in that it is an unprecedented mix of Tribal and commercial licenses, but all parties have aligned nicely, a tribute the Tribes and the Arizona Department of Gaming.

Our partnership with Emerald Queen in Tacoma Washington launched with amazing success. The property itself is a spectacular newly built facility and the masses have made their way to both the EQ and once there, to the sportsbook in droves. We are very thankful the Puyallup Tribe put their faith in our collective vision.

TFA: Given the nascent nature of sports betting in each of those three markets (albeit sports betting was technically legal in Oregon prior to PASPA) what have you observed regarding player sophistication with sports betting as well as overall acceptance?

BetMGM: Customer education has been a key factor in our success in these three jurisdictions. Yes, some customers have been to Vegas before and understand the concept, but they often times are not familiar with the secondary games that have been introduced into the market place. In-game wagering and cash-out functionality are new to the US market and greatly enhance the customer’s choices.

TFA: At Spirit Mountain (Grand Ronde), Emerald Queen (Puyallup), and Gila River’s three casinos in Arizona, the new BetMGM sports books were collaboratively designed by the Tribes and BetMGM. What can you tell us about each facility which makes them unique and value added to overall player experience?

BetMGM: We are very proud of all of our Partners’ locations. Rather than wax eloquent on all of them, we have included a few pictures of each...after all, a picture is worth a thousand words!

TFA: Thank you, Pat. Before we let you go, we have one last question for you: what are your predictions for the Super Bowl?

BetMGM: I expect a close game as Cincinnati appears to be firing on all cylinders, but Rams are very well balanced. Take the Over 48.5 on total points.



(BetMGM Sportsbook at Gila River Resorts & Casinos Casino)

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