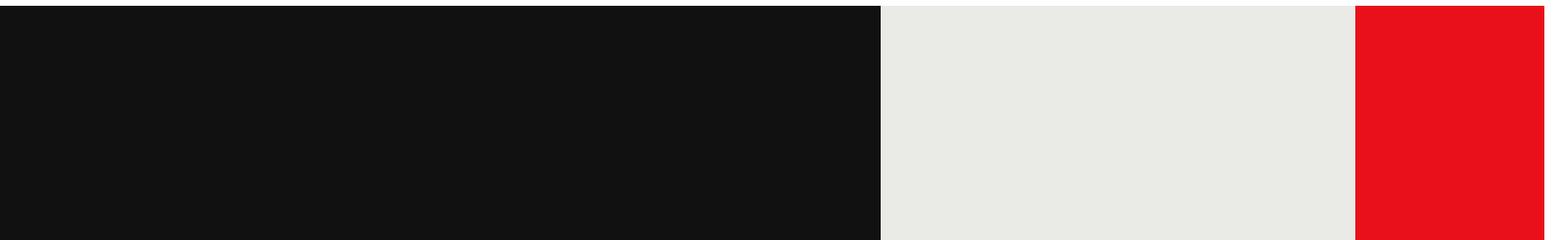


The Daily: US sports betting's explosion, how people feel about owning crypto, and Substack's new Notes feature

Audio



On today's episode, we discuss how sports betting in the US became an overnight market and how many folks will own cryptocurrency going forward. "In Other News," we talk about Substack's new tweet-like feature "Notes" and how YouTube is pricing NFL Sunday Ticket. Tune in to the discussion with our director of forecasting Peter Newman and analyst Andrew Spink.

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Episode Transcript:

Marcus Johnson:

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Peter Newman:

These are the people who are both more knowledgeable, but also more invested in the space. These are people who chose to be using crypto for this kind of thing. And so it's not really correlated with the overall market in a lot of ways. It's people have themselves deeply enmeshed already.

Marcus Johnson:

Hey, gang. It's Monday, April 17th. Peter, Drew and listeners, welcome to the Behind the Numbers Daily, an e-marketer podcast made possible by Cint. I'm Marcus. Today, I'm joined by two folks. Let's meet them. We start by introducing one of our directors of forecasting. Based out of New York, it's Peter Newman.

Peter Newman:

Hey, Marcus. Great seeing you again.

Marcus Johnson:

Hey, fellow. Thank you so much for hanging out today. We're also joined by someone else on the forecasting team. He's one of our forecasting analysts based out of New York as well. Welcome to the show, ladies and gentlemen. It's Andrew Spink.

Andrew Spink:

Hey, Marcus. Thanks for having me.

Marcus Johnson:

Hey, fellow. Pleasure. Thank you so much for hanging out with me and Peter to talk about some of the stuff you guys have been working on. But we start, of course, with today's fact. A referee once issued how many red cards in a single match? You guys want to guess? What's the record?

Andrew Spink:

I'd say seven.

Peter Newman:

Yeah. Oh.

Marcus Johnson:

Okay.

Peter Newman:

[inaudible 00:01:39]. Great minds think alike.

Marcus Johnson:

You're thinking seven too?

Peter Newman:

I was thinking seven too.

Marcus Johnson:

Times it by five and add one. So a referee once issued 36 red cards in one match. And yes, there are only 11 people per side.

Peter Newman:

Is that both sides and the whole sub bench?

Andrew Spink:

Yeah. [inaudible 00:01:54].

Marcus Johnson:

Yes. Pretty much. And yeah, pretty much everybody he could have possibly issued one to. So in 2011, the referee set the record by showing 36 red cards in a single game dismissing all the players, subs and coaches. This was noted in the British newspaper, The Independent. The crazy scenes occurred in the fifth tier of Argentinian football between rival teams, Claypole and Victoriano Arenas. With two players already dismissed in the first half, the second half descended into chaos when players went lunging into tackles and there were repeated

standoffs between them. It boiled over when a mass brawl erupted and saw the managers and coaches enter the pitch throwing punches. Some fans also joined in. Referee Damian Rubino would later file his match report in which he saw fit to serve every player with a red card along with the 14 other people including subs and coaches. And if you're wondering what this mayhem looked like, you can find out on YouTube. Of course you can.

Peter Newman:

That sounds like a fun one to watch.

Andrew Spink:

Yeah. I might look that up after.

Marcus Johnson:

It's madness. Anyway, today's real topic, crypto and sports betting. So in today's episode first the lead, we'll cover sports betting numbers and cryptocurrency expectations. Then in other news, we'll discuss Substack's new tweet-like feature and the new NFL Sunday Ticket price. But of course we start with the lead. Today we're talking about some new numbers our forecasting team has put together. And every month pretty much, almost every week, these guys are not only updating existing forecast but putting out brand new numbers coming up with brand new breakouts by demographic, breakouts by age, breakouts by gender, breakouts by income, breakouts for different companies we haven't yet broken out. There are so many different metrics that these guys put out. And so we wanted to cover a couple of the newest ones that they've been working on. And so we're going to be talking about some brand new sports betting estimates and some fresh cryptocurrency figures.

We'll start with cryptocurrency. Peter, you're going to be helping us out with this one. So we all know how much of a tough time, let's put it mildly, crypto has had recently. So based on your revision of this forecast, are folks out on crypto according to our numbers, and we're looking at crypto owners and crypto payment users as well. We don't measure the crypto market right, Peter, because it is just too volatile you were telling me.

Peter Newman:

That's right. Yeah. Crypto is... It seems like it's always in flux, but the flux has only really gone one way for a year or so. This is the second time that we've done this forecast. We looked at this first last year in February, and we just updated these numbers. And the picture couldn't be

more starkly different. We're seeing the number of people we're estimating 18+ who own any cryptocurrency. We had originally thought last year when we look at this there would be about 37 million people in the US owning crypto. We've reduced that by over 13 million. So growth rate-

Marcus Johnson:

This year, right? So last year when we were looking at 2023 versus is this year looking at 2023, our revision is down 13 million?

Peter Newman:

Yes.

Marcus Johnson:

Wow.

Peter Newman:

So we thought growth was going to tail off a little bit because the hype was dying down somewhat or couldn't continue, but instead, parts of the crypto market spent the second half of 2022 mired in scandal. There have been investigations and other nefarious things going on that soured many people. We also saw the market itself, the valuations tumbling, down, which prompted people to exit the market. And so crypto ownership has basically taken a nosedive.

Marcus Johnson:

So it has fallen. So last year looking at the number of cryptocurrency owners, it fell by 1 million last year to 28 million. That's about 10% of the population. We expect it to fall, as Peter was saying, a further 4 million this year to reach 24 million. So 28 last year, 24 this year. Is that continuing to go down in the future, in 2024 and beyond?

Peter Newman:

No. We think there's going to be something of a recovery. There are still a large number of really reputable companies in the space, players like Coinbase. You have other large financial institutions that are also still investigating and seeking a regulatory framework to allow them to really be active in the crypto space in an institutional sense, so to offer safe regulated investments in this. So that's why we think there's going to be something of a recovery next

year. We expect there to be about 9% growth next year, back up to 26 million, but that's still going to be below levels we saw in 2021.

Marcus Johnson:

Interesting. Okay. And so a lot of this being driven by the young folks as a lot of trends often are driven by cryptocurrency owners. When you look at by age, just under 20% of those 25 to 44 year olds, so slightly younger folks. For 25 to 44 year olds, just under 20% of them are crypto owners this year. And it's 1%, around 1%, for over 65. So such a huge difference. There's always a difference in ages, but the question is how big of a difference. And this is one of the starkest contrasts I can remember seeing with our numbers when you look at age. We also have some crypto payment user figures. How many folks are using crypto to pay for things, Peter?

Peter Newman:

So crypto has a much smaller use space for payments. It's mainly been used so far as a way to hold currency rather than to sort of spend it. But our numbers show about 3.3 million people in this year who will use crypto at one point in the year to pay for something. And this number interestingly is up nearly 20% on last year. So 2023, that number's up about half a million users, about 20% compared to 2022. And we expect for growth next year to be about 16%. So another half a million basically added onto that to bring it up to 3.8 million. The reason why this is growing while the market itself was on the way down last year and this year is because these are the people who are both more knowledgeable but also more invested in the space. These are people who chose to be using crypto for this kind of thing. And so it's not really correlated with the overall market in a lot of ways. It's people who have themselves deeply enmeshed already.

Marcus Johnson:

So just over 3 million this year. That would come out to about 1% of the population, about 14% of crypto owners using crypto to pay for things. Final question on the crypto stuff, Peter. We have new crypto by household income numbers. How do they look?

Peter Newman:

Yes, we do. So this is actually one of the first things that we've broken out by household income. We added these base numbers last year, because this is something, especially for our

financial services coverage, that people in banks, at that financial institutions really are looking for. And crypto is something that is actually very skewed towards the wealthier, towards people in wealthier households. So this year just over a third of crypto owners are going to be in households that have more than \$125,000 annual income. And the next largest bucket in that with nearly 20% of owners is in those making 100 to 125,000. So it's something that really over-indexes towards those... Well, I guess it makes sense. It's over-indexed towards those who have disposable income, towards those who are able to make investments at all.

Marcus Johnson:

So over half of cryptocurrency owners making over \$100,000 or more.

Peter Newman:

That's right.

Marcus Johnson:

There's plenty more breakouts. So if you guys want to check out the full forecast, you can head to insiderintelligence.com to see all the numbers we have on cryptocurrency. Let's move to sports betting. We've got some new figures here, brand new. And Drew, you worked on these for us. Sports betting to me is an interesting one because if you look at our forecast, you can notice quite quickly that sports betting as a market didn't pretty much exist before the pandemic. Drew, how has sports betting become a market almost overnight? I mean, it's been three or four years, but it feels like overnight.

Andrew Spink:

Sure. Yeah. So we can roll back a little bit of why it even started in 2018 in the first place. So we'd have to roll all the way back to 1992 when the Supreme Court ruled in the Amateur Sports Protection Act that was put into place basically made it so that states and its subdivisions weren't allowed to sponsor, operate, advertise, promote, license or authorize any betting or [inaudible 00:10:33] schemes around competitive sporting events in their individual states except for Nevada. And this act was put into place as a safeguard in order to protect the integrity of sports and to try and squash gambling around the sports that had existed prior all through American history. And part of that was there had been a lot of scandals such as Boston College fixing games with the mafia in the late '70s, too many basketball players

shaving points in 1985. And then Pete Rose in 1989 getting banned from baseball for life for betting on sports.

So the Supreme Court ruled in 1992 that no states except for Nevada were allowed to do it. That got revisited in 2018. And the judges deemed that that was infringement on state rights. So many states were poised, like New Jersey, to open up casinos and sports books starting late 2018, going into 2019. So that's how we got this starting point that is really only five years ago. And what we have learned in those last five years is that not only do Americans love sports, but they love to gamble on sports. Yes. And sports betting makes watching sports more fun for the average sports viewer because usually say I'm a Seahawks fan, for example, and I will watch Seahawks games every week [inaudible 00:11:47] -

Marcus Johnson:

Unforgivable. Victoria, did you know this? Why is he on the show? [inaudible 00:11:52].

Andrew Spink:

But now there are options for me to watch any other team and be able to bet on those teams as well with many different types of parlays, prop bets, money line bets, anything you want to do. So it allows for the average sports viewer to be more interested in every type of sport or game. And the sports books know that. So like sports books such as FanDuel, DraftKings, BetMGM are all trying to get in on this space. And that's why we're seeing heavy investing in their marketing on [inaudible 00:12:25] podcasts, sporting events, sports bars, arenas, college campuses with the goal to attract customers with free bets, promos, signing bonuses and an attempt to get their customer's attention and be their primary book for bets going forward.

Marcus Johnson:

Yeah. You mentioned people betting on sports illegally. There's great documentary on Netflix. Have you seen Operation Flagrant Foul?

Andrew Spink:

I actually haven't.

Marcus Johnson:

Oh, it's incredible. Tim Donaghy, who's an NBA ref and the scandal surrounding him and match fixing, betting on games. It's fascinating. Okay. So we didn't have a market. We now have a

market. How big of a market is sports betting in the US?

Andrew Spink:

So as of 2023, online sports betting is legal in 23 states and DC and total sports betting, being online and retail, is legal in 33 states and DC. And also last year in 2022, Americans bet over \$94 billion on sports. And that number is expected to pass 136 billion this year in 2023 and it's expected to surpass 230 billion by 2025.

Marcus Johnson:

Wow. And so when we say total sports betting, we're talking about... You call it total sports betting handle. Explain that for us.

Andrew Spink:

That just means the amount of money that people are wagering.

Marcus Johnson:

Right. Right. So 137 billion this year. Going up 45% this year is what we expect and hitting that 330 mark, \$230 billion, in total sports betting handle in the US by 2025. We also have total sports betting revenues, 11 billion this year, right, Drew? And then nearly doubling by 2025 as well.

Andrew Spink:

Yep.

Marcus Johnson:

We have numbers by state as well. That's for betting handle, right? Which state bets the most on sports?

Andrew Spink:

So that's interesting to look at. So 2018 to 2021, that title was New Jersey the entire time. And last year they took up 19% of that entire market because they offered both online and offline betting resources. But the beginning of 2022, legislation winning to effect for New York to have online sports betting and their handle jumped 8000% from 197 million up to 16.2

billion, which is now accounts for 17% of that entire market. And they have moved into the number one spot.

Marcus Johnson:

Wow. So give me the top three.

Andrew Spink:

Top three would be New York, New Jersey, and then Illinois.

Marcus Johnson:

Okay. And we also have some numbers on betters. How many online sports betters are there in America?

Andrew Spink:

So through the end of 2022, we estimated 25 million and this year we expect that number to grow to 29 million and then 36 million by 2025.

Marcus Johnson:

Wow. Not no one. About a 10%, growing to 14% of the population this year to 2025.

Peter Newman:

It really has entered the media coverage too. Just watching an NBA game now, there's just so much coverage of the lines, the props you can do. Yeah. It's just permeating everywhere.

Marcus Johnson:

Yeah. That's a good point. So we've got time for the lead. It's time, of course, for the halftime report. All right, gents. Takeaways from you, please. Peter, I'll start with you if you can hit me with a takeaway about cryptocurrency.

Peter Newman:

Sure. Crypto's winter is not over just yet, but payments are still rising and the true believers are embedding themselves even further in the ecosystem.

Marcus Johnson:

And, Drew, if you could hit me with a takeaway for the listeners with regards to sports betting in the US.

Andrew Spink:

Yeah. This market is exploding and it's not planning on stopping any time soon with 10 states that have active legislation moving forward. And this year in 2023, Americans are expected to bet over 130 billion on sports and by 2025, that number is expected to surpass 230 billion.

Marcus Johnson:

All right. Time for the second half of the show. Today in other news, Substack is getting a new tweet-like feature called Notes and YouTube makes NFL Sunday Ticket a whole lot more expensive. Story one, "Substack is getting a new tweet-like feature called Notes," writes Jay Peters of the Verge. He explains that the tweet-like posts will have their own dedicated feed and could be a good Twitter alternative, especially for Substack creators. Folks can publish small posts about things like posts, quotes, comments, images and links. But Peter, the most important line in this article is what and why?

Peter Newman:

The line that really sticks out to me is that Substack's founders say its platform offers incentives to post quality content instead of things that are optimized to go viral. So Substack is a subscription platform without any advertising. It's got a completely different model. And it's poised to potentially, I think, succeed because it's already got a lot of prominent folks on there in various spaces. It's got key economists, journalists, newsmakers in a whole load of different places. It's where a lot of people start to follow those who want to basically... The replacement for blogs in many ways. And without needing to work the algorithm, people are probably going to find a lot of what they loved in Twitter in Substack instead.

Marcus Johnson:

Story two, "YouTube makes Sunday Ticket a whole lot more expensive than it used to be. Writes Insider Intelligence's briefings analyst, Daniel Konstantinovic. YouTube recently bought the rights to Sunday Ticket for the next seven years, paying about 2 billion per year for those rights. NFL Sunday Ticket will now cost users \$350 for the season. That's 50 bucks more than DIRECTV priced it. And that's \$350 for folks who already pay the \$73 a month for YouTube

TV. Non-YouTube TV users will have to fork out 450. But Drew, the most important line in this article is what and why?

Andrew Spink:

Yeah. So I think the most important line here is just the price difference that we talk about between DIRECTV and YouTube. DIRECTV's base being 65. YouTube TV's being 72.99. And then DIRECTV charging \$300 for the package and YouTube TV now charging 349 and 449 for the packages. Those are big jumps for the entire season. And the consumer will feel that hit. The NFL viewership took a 3% hit last year in 2022, partly due to Amazon's purchase of Thursday Night Football, which led to some weird issues with linear TV and people trying to switch over to the streaming platform and pay for that anyway. So I think in the short-term, YouTube TV is going to see that as well. They're going to see some weird short-term gains problems, but in the long-term, the NFL is still the most popular sport in America and people will switch over eventually, which will drive YouTube TV's growth.

Marcus Johnson:

Yeah. You mentioned the most popular sport. And they are really banking on that popularity. Daniel was noting in his piece that the NFL accounted for 88 of the 100 most viewed TV broadcasts. 88 of the 100 most viewed TV broadcasts of 2022 was the NFL. So was really hoping that popularity can convince people to spend a lot of money. That's what we've got time for this episode. Thank you so much to my guests. Thank you to Peter.

Peter Newman:

Hey. Thanks, Marcus. It was a lot of fun.

Marcus Johnson:

Yes, sir. Thank you to Drew.

Andrew Spink:

Yeah. Thanks, Marcus. Great being here.

Marcus Johnson:

Absolutely, sir. And thank you to Victoria as well, who edits the show, James, who copy edits it, and Stuart who runs the team. Thanks to everyone listening in. We'll see you tomorrow

hopefully for the Behind the Numbers Daily, [inaudible 00:19:47] marketer podcast made possible by Cint.