Chapter 14: Economy & Commercialization

# 14.1. Women’s professional team sports can’t get traction

Girls in North America grow up playing soccer and basketball. These are the two most popular sports for young women in high school and college. Parents watch their daughters play these sports. Brothers watch their sisters.

But neither women’s professional soccer or basketball have been able to gain traction in the North American professional sports lineup. Leagues have been created and nearly all have failed. The WNBA is an exception as it began its 24th season in 2020, but it continues to require subsidies from the NBA to survive.

However, a new 8-year Collective Bargaining Agreement (CBA) between the players and the league was signed in January 2020. It boosted salaries so that a “core player” on each team can make up to $215,000. The lowest minimum salary is now $57,000 and the average salary is $130,000. Travel and accommodations for players have been improved, there are new child-care benefits, a more liberal free agency system, revenue-sharing perks, and off-season opportunities for professional development. A major goal for the league when negotiating the CBA was to discourage players from signing with teams in other countries during the off-season and risking injuries in the process.

Over the past 35 years, there have been four professional basketball leagues that have failed after one or a few seasons. Before the mid-1990s, there were four attempts to establish professional women’s basketball leagues in the U.S. The most successful attempt – the Women’s Professional Basketball League (WPBL) – lasted three seasons from 1979 to 1981. It included seven teams and highlighted well-known players at the time, and a few well-known male coaches. The league enjoyed limited success but did not make enough profits to continue past the 1981 season.

In 1984, a six-team league was established under the name, Women’s American Basketball Association (WABA). The WABA played twenty-two games from October to December before financial troubles caused the league to discontinue its schedule.

The National Women’s Basketball Association (NWBA), which played games between October 1986 and February 1987, experienced a similar fate.

In early 1991 the Liberty Basketball Association (LBA) was formed. It was introduced in an exhibition in connection with an NBA game. The players were dressed in Lycra unitards and the rims of the baskets were shortened to 9’2” so the women could dunk and mimic the men’s game. However, sponsors and investors did not feel that spectator interest was high enough for them to continue funding the league.

Riding the success and popularity of the U.S. national women’s soccer team as it won the 1999 World Cup, the Women’s United Soccer Association played its first season in 2000 with the backing of a $100 million investment, but it folded in 2003 for lack of spectator interest.

After six years of trying to form another women’s league, the Women's Professional Soccer league (WPS) was formed and played its first season in 2009 with seven teams. Despite the publicity generated by soccer at the 2008 Olympic Games in Beijing and World Cups in 2007 and 2011, the WPS folded in 2012 due to legal problems, a lack of capital, no big sponsors, no media rights contract, and spotty attendance at games.

The games played by the U.S. and Canadian women’s teams during the 2012 Olympics generated media interest and reasonable ratings, but investors were doubtful that this interest would carry over to support a professional league.



***The USL W-League was a pro-amateur mixed league. It folded in 2015.***

When the WPS folded, a few of its teams and some of its players were absorbed into the Women’s Premier Soccer League Elite, which played a home-and-away double round-robin format followed by a post-season tournament. After playing a full season in 2013, two of the six teams did not return for the 2013 season and that league folded before the 2014 season.

Other WPS players went to the National Women’s Soccer League (NWSL) which played its first season in 2013 and currently has nine teams and is scheduled to play again in 2020. The NWSL began with a unique structure and financial support from the soccer federations in Canada, Mexico, and the United States. Player salaries were boosted in 2020 with each team being allowed to spend $650,000 on salaries. The maximum player salary is $50,000 per season with limited exceptions for signing players from outside the US and Canada. The minimum salary was boosted up to $20,000 for the 2020 season.

During its first season, each of the teams could carry 18-20 players on its roster. Up to three of the players could be from the U.S. national team, up to two could be Mexican national team players, and up to two could be Canadian national team players. There were three roster spots reserved for international players and the remaining slots had to be filled by players from the United States. Although the league has struggled in the past, the 2019 season was the most successful ever with attendance averaging 7,000 per game. The goal in 2020 and beyond is to build on that success and eventually have more revenues than expenses.

The goals were to represent all of North America on the teams, create media interest in all three countries, and develop players from the three countries. The success of this approach is yet to be determined.

One thing that all the soccer leagues have shared is low salaries – averaging $25,000 or less per player with some players paid as little as $200 per game. This has led many of the best players in North America to look to Europe and Asia for better deals. On both these continents, women’s soccer is more strongly supported than it is in the United States, despite the success and popularity of the US national team and its players.

Finally, there was a semi-professional organization named the USL W-League. Founded in 1995, it existed primarily to allow college players to play alongside international players without losing their collegiate eligibility. The United Soccer Leagues umbrella organization administered this league as well as the men’s USL Pro league and the USL Premier Development League for men. But the W-League folded in 2015.

Other women’s professional leagues have included the Canadian Women’s Hockey League (founded in 2007, folded in 2019), the National Ringette League (founded in 2004 and played on ice in Canada, but players are not paid), the National Pro Fastpitch league (only 6 teams as of 2020), and the Women’s Flat Track Derby Association (little or no pay and many personal expenses for players).

Research on this topic has made three things clear:

1. **Sports participation and watching sports don’t go hand-in-hand.** Millions of girls and women play soccer and basketball, but they are not eager to watch it on TV regularly or pay to watch it in person. At the same time, tackle football is played by far fewer young people and adults, but it is by far the most successful spectator sport in the United States.
2. **Women who play professional team sports in North America, better have a second job.** Salaries in these sports are very low. The combined payroll for all players during a season in any of these leagues does not amount to the salary of one substitute player on an NBA team, or the endorsement money that Nike pays to any one of the male athletes who put their names on basketball shoes or soccer cleats.
3. **Everyone who has invested in women’s team sports in the United States has lost most or all of the money invested.** To say that women’s teams have been a commercial failure is an understatement.

To explain the state of women’s team sports in North America and the United States, in particular, is a challenge. It appears that the association between masculinity and sport runs so deep in the culture that most people cannot wrap their heads or pocketbooks around the idea of an exciting women’s team sport.

On the one hand, this is surprising in a culture where women have made progress in other spheres of life. On the other hand, it signals that orthodox gender ideology still rules the day, especially when it comes to sports and the kinds of work women are expected to do.

This conclusion does not single out males and male attitudes. It refers to the attitudes of both males and females of all ages. Gender ideology has seeped into the very pores of our being, and even though it may be resisted by some people in some areas of their lives it is manifested in connection with commercial sports.

# 14.2. Turning spectacle into sport: Mixed martial arts

According to the claims of some people, mixed martial arts (MMA) is the fastest-growing spectator sport in North America and its popularity is spreading worldwide. It could be said that it is a product of globalization.

MMA is a form of one-on-one fighting that can be traced back to the ancient Greek Olympic sport of Pankration. The styles or disciplines from which it draws come from every continent except Antarctica. It combines moves from boxing**,** kickboxing**,** wrestling, jiu-jitsu, karate, judo, and muay Thai (from Thailand). Film stars such as Bruce Lee have paved the way for its commercial success today.

The International Mixed Martial Arts Federation (IMMAF) was created in Sweden in 2012 to provide an international governing body and legitimacy for the sport in the international arena. On the commercial side, the World Mixed Martial Arts Association (WMMAA) was created in Monaco in 2012 as an official organization of global promoters.

The Ultimate Fighting Championship (UFC) is the most well-known MMA promoter in North America. It hosts and controls many of the world’s top fighters as it produces money-making events worldwide. The UFC has become an entertainment monopoly that has outlasted, driven out of business, or inspired new competitors in recent years, including Strikeforce, DREAM, Elite XC, International Fight League, World Extreme cage fighting, and the Pride Fighting Championships.

But the UFC has some notable competitors including ONE Fighting Championships, a successful promotional organization based in Singapore; Bellator MMA, a California-based promotion company that sponsors tournaments; and the World Series of Fighting (WSOF), a promotion company in Las Vegas that has had events televised on the NBC Sports Network and on TV Esporte Interativo in Brazil, where MMA is extremely popular.

MMA is a predominantly male sport, although there are increasingly popular female fighters who are drawing more women into it. But the heavily promoted fights involving women have been limited to the United States and Japan, with a growing number of exceptions.

Although MMA has received only limited attention in the sociology of sport, it is a provocative sociological phenomenon. On the one hand, it can be viewed as a combination of sports from multiple continents that have been turned into an entertainment spectacle by clever promoters who know how to package and sell one-on-one fighting to people around the world.

On the other hand, it can be viewed as a spectacle – cage fighting – that has been turned into a sport that is officially regulated by most states in the United States, most provinces in Canada, and many other countries. However, it also is banned in many countries.

For North American males disillusioned about boxing with its incessant politics and corruption, MMA has become a viable alternative. It has also recruited fans from professional wrestling and its predictable melodramatic storylines. MMA began as a fringe sport at best, but it has made its way into the mainstream and shows no signs of leaving.

MMA events are highly profitable, the fighters are tightly controlled (to the point of exploitation) by promoters, and sponsors are willing to support it. It has become the most successful pay-per-view sport in this era, often collecting up to $50 per subscriber.

As MMA has been selective in buying expensive ads in major sport media publications, they have gained coverage from the journalists who work for these publications. This has propelled them from a special interest story in the sport sections of major newspapers to a regular news item to be taken seriously and covered.

It is an oversimplification to say that money has bought this coverage, but it certainly has not hurt the sport. Also important is that the fans represent an identifiable demographic that is sought by many companies with things to sell to young men. Edgy products that may find it difficult to buy time to advertise on mainstream sports find MMA a useful vehicle for delivering their messages.

Finally, even though MMA has a legitimate governing body trying to move it into the mainstream of global sports, it is organized, controlled, and marketed by promotional companies that are extremely good at what they do. They remind me of the companies that promote Las Vegas and everything that can be consumed there. They are straightforward, slick, and occasionally crude, but they know their audience and how to reach it.

For us in the sociology of sport, MMA and all its variations constitute a legitimate topic for research that will help us understand more about the cultures in which it thrives and the people who consume it and participate in it.

# 14.3. Red Bull and high-energy sports

Sports have long been an ideal advertising medium for beverages. This was true for hard liquor before restrictions were imposed on television advertising. Soft drinks and beer are constant sponsors of sports, and they are now joined by “energy drinks.”

Most of the new energy drinks are simply caffeine delivery agents. For example, 12 ounces of Red Bull delivers as much caffeine as 1.5 cups of coffee. As the company motto declares, “Red Bull gives you wings.”

Red Bull was launched in Austria in 1987 and 10 years later it entered the United States when it was introduced in California. Although it contains caffeine, taurine, glucuronolactone, B-group vitamins, sucrose, and glucose the recipe changes in different parts of the world and different product packages.

From the time the product hit the market, the target consumers were young men participating in extreme sports – any sport that involved speed and/or danger. Think motocross and cliff diving. Its advertising highlighted music and popular extreme sport athletes, and ads were included in video games played by the same young people who were attracted to extreme sports.

In 2020 Red Bulls sold in 171 countries. As the company grew, Red Bull attached its name to sport teams and then to events. Worldwide there are Red Bull soccer, basketball, ice hockey, and racing teams – Formula 1, motocross, motorcycle, NASCAR, and stock car.

To control its advertising narrative and context, Red Bull has followed the example of ESPN and produced its own sport events. This eliminates noise from other products and allows the company to use multiple strategies to push the consumption of ONLY its products. In this way, Red Bull is an inventor of sports, often combining extreme sport disciplines and presenting them in death-defying spectacles. For example, see the video of [Red Bull Rampage](https://nypost.com/2019/10/31/red-bull-rampage-is-the-wildest-extreme-sports-event-on-earth/).

Critics have argued that the company has crossed ethical lines with some of their events. There have been deaths in their events, and they have used marketing images that tout the extreme danger associated with their events. When marketing to young men insecure about their masculinity and desperate for status among their peers, encouraging them to do risky things is quite easy. This has led some to say that Red Bull pushes “action porn.”

Others have raised health concerns about energy drinks, especially when there are no warnings about the quantity that should be consumed and what may happen if consumption is combined with using other “performance enhancers.”

From the perspective of the sociology of sport, Red Bull is interesting in that it is on the cutting edge of the corporate creation of commercial sports in a quest for consumers. This is a new model for sport creation, quite different from the traditional model in which sports are created by people who recruit others to join them in a challenging or competitive physical activity.

The most insightful, if not critical research, on this approach is being done by people in marketing. This is why there is a need for sociology of sport research with a critical edge. As corporations influence more and more of our lives, it is useful to know when this creates problems and how to resist their power.

# 14.4. Why business and political leaders love new stadiums

Professional sport team owners and leagues use various strategies to obtain public funds to build stadiums and arenas. For example, they try to schedule votes on bond issues in political “off years,” so that voter turnout will be light and in their favor. They recommend the formation of stadium taxing districts that encompass white suburbs, where they can count on support at the polls, even if inner-city voters oppose subsidizing the wealthy. They set up “public support groups,” to which they donate large amounts of money, usually 100 times more than opponents can raise, to fund sophisticated advertising campaigns.

Sportswriters whose jobs are to cover the teams are encouraged to write supportive stories, sports anchors on the local news talk about the benefits of the team or stadium, and sports radio talk show hosts hype the subsidies, even though they usually support politically conservative fiscal policies and are against public subsidies to poor and homeless people.

In addition to facility subsidies, team owners have received other public support. For example, until 2019, the federal government allowed businesses to deduct 50 percent of the cost of game tickets and luxury suite leases as business expenses on their federal tax returns. When a corporation in New York City spent $200,000 on pro sport tickets, $100,000 was tax deductible. This saved the corporation about $44,000 on its federal and state taxes, so the ticket cost was about $156,000, with indirect government subsidies covering the rest.

This is why businesses have bought about 75 percent of all season tickets sold by top sport teams. Not only did they save on taxes while their executives and clients used company tickets to attend games, but they also helped teams sell out their seats. Of course, this also drove up ticket prices for local fans and decreased tax revenues. Now that the tax law has been changed, it is not known what its impact will be on sport entertainment revenues.

This change in the tax law affected certain political leaders who often received from wealthy individuals’ or corporations’ access to a luxury box and free tickets for games, a perk they even shared with family and friends. In this way, sports have long been a useful lobbying site for the wealthy and powerful.

# 14.5. Franchise values and making money in professional sports

The table below lists the franchise fees that current owners of major professional men’s sports teams in North America paid for their teams and then compares these fees with estimated franchise values in 1996. Current values indicate that paying to join one of these three men’s leagues is a good investment in nearly all cases.

The original owner of the Dallas Cowboys paid $600,000 to enter the NFL and the current value of the franchise is $4.8 billion – a nice return on investment over 60 years at about $80 million per year! And this does not include the annual income generated by the team.

The Florida Panthers in the NHL may have the “worst” return on investment. The original owner paid $50 million to enter the league in 1993, and the franchise is worth $310 million in 2019 – an increase of “only” about 500 percent, or an annual appreciation of $9 million.

In round figures, anyone who has bought into one of these leagues has enjoyed capital appreciation of $9-80 million annually. This does not include annual profits or losses; it is simple capital gains on which the owners pay a relatively low rate of taxes.

This list represents only a portion of the teams in these leagues. In most cases, the teams with the highest franchise values and rates of appreciation are those that were in their league before franchise fees were assessed as a condition of entry. So many team owners have become quite rich in sports.

**Increasing franchise fees and values for selected teams in the**

**NFL, NBA, NHL, and MLB: Original fee and fee date and values in 1996 and 2019**

| **League** | **Year** | **Franchise/Team** | **Franchise**  **fee in $millions** | **1996 Franchise value in $millions** | **2019**  **Franchise value**  **in $billions** |
| --- | --- | --- | --- | --- | --- |
| **NFL** | 1960 | Dallas Cowboys | .60 | $320 | 4.8 |
|  | 1961 | Minnesota Vikings | 1 | $186 | 2.4 |
|  | 1966 | Miami Dolphins | 7.5 | $242 | 2.58 |
|  | 1968 | Cincinnati Bengals | 7.5 | $188 | 1.68\* |
|  | 1976 | Tampa Bay Buccaneers | 160 | $187 | 1.8\* |
|  | 1976 | Seattle Seahawks | 16 | $171 | 2.58 |
|  | 1995 | Carolina Panthers | 140 | $240\* | 2.3 |
|  | 1995 | Jacksonville Jaguars | 140 | $239\* | 2.08 |
|  |  |  |  |  |  |
| **NBA** | 1966 | Chicago Bulls | 1.25 | $214 | 2.9 |
|  | 1967 | Oklahoma City Thunder\*\* | 1.75 | $137 | 1.31 |
|  | 1968 | Phoenix Suns | 2.00 | $220 | 1.2 |
|  | 1970 | Cleveland Cavaliers | 3.7 | $180 | 1.25 |
|  | 1974 | New Orleans/Utah Jazz | 6.15 | $163† | 1.5 |
|  | 1980 | Dallas Mavericks | 12 | $104 | 2.25 |
|  | 1988 | Miami Heat | 32.5 | $118 | 1.86 |
|  | 1988 | Orlando Magic | 32.5 | $156 | 1.5 |
|  | 1995 | Toronto Raptors | 125 | $138 | 2.75 |
|  | 1995 | Memphis Grizzlies^ | 125 | $127\* | 1.2 |
|  |  |  |  |  |  |
| **NHL** | 1967 | Los Angeles Kings | 2 | $83 | .85 |
|  | 1967 | Pittsburgh Penguins | 2 | $96 | .67 |
|  | 1970 | Vancouver Canucks | 6 | $91 | .74 |
|  | 1972 | New York Islanders | 6 | $74 | .52 |
|  | 1979 | Edmonton Oilers | 6 | $52 | .58 |
|  | 1979 | Carolina Hurricanes< | 6 | $48 | .45 |
|  | 1991 | San Jose Sharks | 50 | $104 | .54 |
|  | 1992 | Ottawa Senators | 50 | $67 | .45 |
|  | 1993 | Anaheim Mighty Ducks | 50 | $104 | .48 |
|  | 1993 | Florida Panthers | 50 | $67 | .31 |
|  |  |  |  |  |  |
| **MLB** | 1961 | Los Angeles Dodgers | 2.1 | $178 | 3.3 |
|  | 1962 | New York Mets | 1.8 | $144 | 2.3 |
|  | 1969 | Kansas City Royals | 5.5 | $88 | 1.03 |
|  | 1969 | Washington Nationals~ | 12.5 | $77 | 1.75 |
|  | 1977 | Toronto Blue Jays | 7 | $155 | 1.5 |
|  | 1977 | Seattle Mariners | 6.25 | $107 | 1.58 |
|  | 1993 | Florida/Miami Marlins | 95 | $123 | 1.0 |
|  | 1993 | Colorado Rockies | 95 | $184 | 1.23 |
|  | 1998 | Arizona Diamondbacks | 133§ | ‡ | 1.29 |
|  | 1998 | Tampa Bay Rays | 130§ | ‡ | .8 |
|  |  |  |  |  |  |

**Source:** [www.forbes.com](http://www.forbes.com)

\* These are 2017 values

~Formerly the Montreal Expos

\*\*Formerly Vancouver Grizzlies

>Formerly Seattle Supersonics

<Formerly Hartford Whalers.

# 14.6. A tale of two hockey lockouts

The inability of the team owners and players in a sport league to agree on working conditions often leads to a lockout or a strike. A ***lockout*** is a work stoppage in which the employer does not allow employees to work or receive their pay. A ***strike*** occurs when employees refuse to work because their demands for changes in salary or working conditions will not be met by their employer.

In the four major professional sport leagues in the U.S. (NFL, MLB, NBA, and NHL) work stoppages before the 1990s were more often due to strikes than lockouts, as players associations pushed to have about 50% of revenues dedicated to player salaries and to allow players to become free agents under conditions more favorable to them.

***Free agents*** in sports are players who have the right to sign a contract with the team that makes them the best offer. The majority of players in any of the leagues are not free agents because they are bound for a certain number of years to the team that drafted them into the league.

After the year 2000, work stoppages have been almost exclusively due to lockouts. This is because the leagues have received major increases in the rights fees that are paid to them by media companies, and the owners do not want to share these increases with players in a 50/50 split. The owners claim that their capital and operational expenses have increased to the point that they are not making as much as they think they should make.

The NHL provides two good examples of lockouts – one in 2004-05 and one in 2012-13. The former led to the cancellation of the entire 2004-05 season and the latter led to the cancellation of over half the games in the 2012-13 season.

When the owners and the NHL players association agreed in 2005, the new Collective Bargaining Agreement (CBA) was over 600 pages long. There were 8 major points and hundreds of minor points in the agreement. The major points were the following:

1. Player costs could not exceed 54 percent of hockey-related revenue collected by all the teams, and if contracted salaries were greater than 54 percent, salaries were to be cut proportionately to meet the limit.
2. The ten teams that earned the most money had to share some of their income with the ten teams that earned the least money (this concerned the players because this form of sharing revenues, gives owners less incentive to pay high salaries to good players).
3. Rookie players could not be paid more than $850,000; a veteran player was not allowed to make over 20% of his team’s payroll (this amounted to a maximum salary of $7.8 million in 2005–2006); and the minimum salary was $450,000—an important issue because 15-25% of all players in all pro leagues receive the minimum salary during any given year.
4. A player had to be thirty-one years old to become an unrestricted free agent in 2005–2006. This age would decrease by one year each season until the 2008–2009 season when a player had to be twenty-seven years old *or* have a minimum of seven years of experience in the league to become a free agent.
5. The total payroll for teams during the 2005–2006 season was to be no higher than $39 million (this is called a “hard salary cap,” which means there are no exceptions for any team; a “soft cap” means that teams may exceed the maximum under certain conditions by paying a fine that goes into a pool of money that is divided among “poorer” teams).
6. The total payroll for teams during the 2005–2006 season was to be no lower than $21.5 million.
7. Players *and* teams may request salary or contract arbitration (in other leagues, only players can request arbitration).
8. Hockey rules changed to limit violent body contact during games, which also increased the pace or speed of the games and increased scoring opportunities for teams; another change was to institute “shootouts” to reduce the number of games ending in a tie.

When this agreement was signed nearly everyone said that the players lost big time in the negotiations. But they entered negotiations at a disadvantage because some NHL teams were losing money before they locked out the players in 2004. The players knew that changes were needed, so they agreed to an across the board 24% cut in salaries in addition to the other points.

But something unexpected occurred after the CBA was signed. The new rules limiting body contact and establishing shootouts to eliminate ties created much interest and excitement among fans. Attendance and income for the teams increased so much that the players quickly made back the 24 percent cut they had taken. Their salaries increased because team income increased, which boosted the hard salary cap significantly. Plus, the players gained more control over their careers as the age for becoming a free agent declined.

This frustrated the owners so much that they called another lockout in 2012. Basically, they wanted to renegotiate the 2005 CBA so things would be better for them. They were upset most about the fact that the total of all players’ salaries amounted to 57% of the total income for the league. This, they said, was too much.

The players knew they had a sweet deal, so they quickly agreed that no more than 50% of league income should go to players’ salaries. But other issues separated the two sides. When they signed the new CBA in 2012, the six major points included the following:

1. It was a **10-year agreement that went through the end of the** 2021-22 season, but either side may end it after eight years to initiate bargaining for the next agreement.
2. A **50/50 split** of annual NHL revenues was established.
3. The hard **salary cap** for the first year was $70.2 million, and the minimum team payroll was $44 million. In year two the salary cap dropped to $64.3 million and the minimum stayed at $44 million.
4. The **maximum length for players’ contracts is seven years** or eight years for current players who remain with their teams.
5. Before the 2013-14 season, each team was allowed to buy out the contracts of two highly paid players without counting the buyout amounts toward the salary cap. This would ease the transition to the lower salary cap.
6. Over the life of a player contract, year-to-year **salary variation can be no greater than plus or minus 35% and the final year must be within 50% of the first year.**

As you can see, CBAs cover several issues that escape the attention of most fans. Money is important in CBAs, but it is certainly not the only important issue brought to the negotiating table. Overall, players and owners negotiate over the total conditions of work. Those with the fortitude to read the full 600-pages in the CBAs would discover that money is only one among the dozens of issues that are discussed.

# 14.7. Fantasy sports & esports: New commercial frontiers

Fantasy sports and esports, neither of which are considered to be sports by many people, have become major players in the “sports entertainment” sphere. Their current commercial value is significant and it will increase when betting is widely allowed in connection with each of them (Fisher, 2019; Legal Sports Report, 2020).

About 60 percent of fantasy sports participants bet on fantasy sports, and about 60 percent of betters play fantasy sports. This is why the major fantasy sports organizations, such as FanDuel and DraftKings were scrambling after a New York State appeals court overturned a law that authorized daily fantasy sports. The court ruled that the law was unconstitutional. However, participation in fantasy sports continued while the state appealed the ruling.

According to the Fantasy Sports and Gaming Association, there are an estimated 59 million people who play fantasy sport in the US and Canada (in 2017), and each user, mostly young men, spent an average of $653 annually on fantasy sports sites. About $390 million in revenue was generated by fantasy sports in 2019, and New York state was one of the top three fantasy sports markets in the US; Texas and California are the other two.

There are similarities and differences in the realm of esports. The betting options for most esports competitions are nearly endless and they are global. Las Vegas casinos were among the first to see the synergy between esports and gambling. Additions to several casinos and floor redesigns are being made to accommodate the esports interests of Vegas casino customers.

As of early 2020, gambling on esports remained illegal in the United States, although it occurred widely through offshore bookies and informal betting networks, and it is legal in many countries. Casino owners in the U.S. are powerful. They have the ears of state and federal legislators and are lobbying to make betting on esports legal. Esports are games of skill rather than games of chance, and that makes it more likely that betting will eventually be allowed.

The legalization of gambling on esports will create problems for high schools and colleges where there are school-sponsored esports teams. For example, who will determine rules for college students and even the players on teams? What will occur if adults are allowed to bet on the esports played by high school students? This will be a major issue for school administrators and team coaches. Will members of college teams be allowed to participate in global sports tournaments for which there are millions of dollars in prizes? How about high school students?

Fantasy sports and esports are rapidly growing commercial enterprises. Learning to live with and regulate them will create challenges in many realms from the U.S. Supreme Court to your local high school.

Fisher, Eric. 2019. Research details heavy crossover between fantasy sports, wagering. *SportBusiness.com* (June 28)

Legal Sports Report. 2020. Esports betting – Overview of the esports gambling vertical. *LegalSportsReport.com* (February 7): <https://www.legalsportsreport.com/esports-betting/>.