

DIVERSITY IN SPORTS BETTING

A study for the Massachusetts Gaming Commission

University of
Massachusetts
Amherst



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2025

July 1,

Sports Betting Legalization in Massachusetts

NOVEMBER
2011



Massachusetts
legalized casino
gambling under
the Expanded
Gaming Act

MAY
2018



U.S. Supreme
Court strikes down
federal sports
betting ban

JULY
2020



Massachusetts
House of
Representatives
passes first bill
proposing sports
betting legalization

APRIL
2022



Massachusetts
Senate passes their
own bill proposing
legalization

AUGUST
2022



Senate and House
compromise and
send final bill to
Governor's desk,
signed August 10

JANUARY
2023



Retail sportsbooks
go live on January
31

MARCH
2023



Online
sportsbooks
launch March 10

What is this research about?

- The Massachusetts legislature required the MGC to conduct a study concerning diverse participation within the sports wagering industry
- This study provides findings about the participation of MBE, WBE, and VBE, and about the participation of minority, women, and veteran workers, in the sports wagering industry in the Commonwealth
- The purpose of this research is to inform the MGC of ways to expand employee and vendor diversity within the industry

What did the researchers do?

Defining key players in the space



Operators

- Offer retail and online sports wagering activities
 - Category 1: Retail Operators
 - Category 3: Mobile/Online Operators



Massachusetts Gaming Commission

- Regulate the industry



Advertising and Marketing Firms

- Provide a range of professional goods and services to the sports wagering industry

Operator License Types

Mass. General Laws c.23N created three different license categories based on the type of operator

Category 1

for licensed casinos to offer in-person sports wagering

Encore Boston Harbor

MGM Springfield

Plainridge Park Casino

Category 2

for certain racetracks and/or simulcast centers to offer in-person sports wagering

No licensees

Category 3

for online/mobile operators to offer online sports wagering

BetMGM

Caesars Sportsbook

Fanatics Betting & Gaming

ESPN Bet

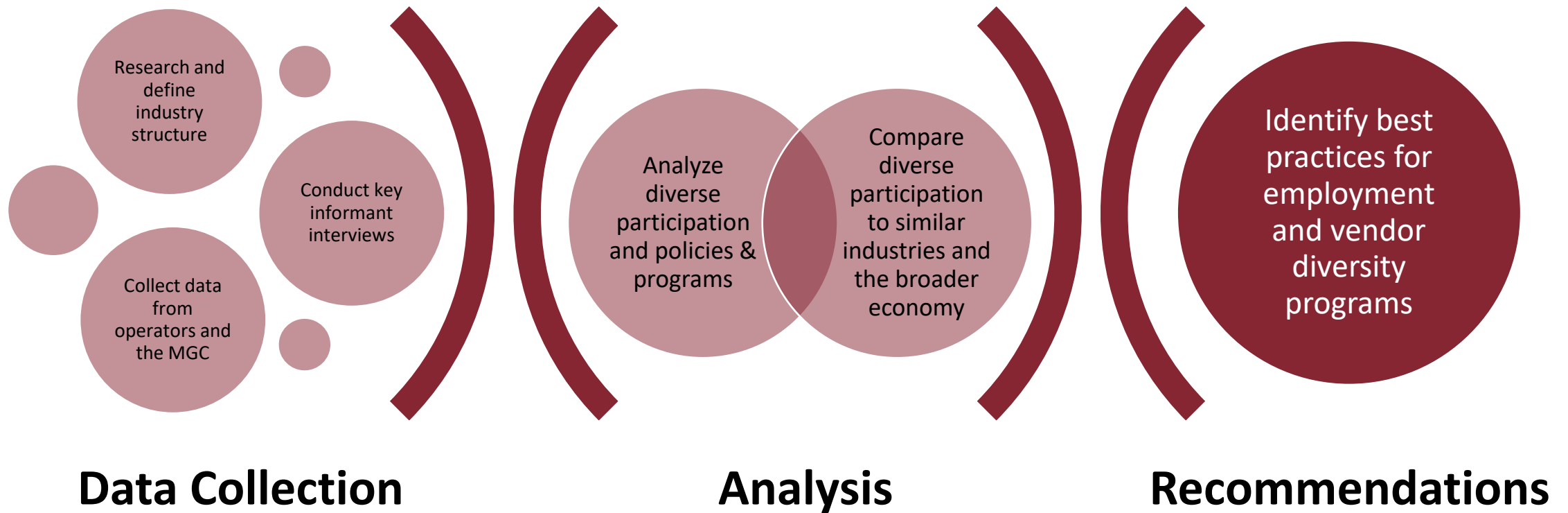
DraftKings

FanDuel

Betr

WynnBet

Research Strategy



Data Collection

Qualitative

- Operator questionnaire
 - Informs programs and policies regarding workforce and vendor diversity, spending related to expansion into Massachusetts, and assumptions regarding the mobile sports betting industry
- Key industry informant interviews
 - Informs strategies and implementation of diversity programs and policies and industry perspectives

Quantitative

- Workforce demographic and payroll data
 - Informs participation of diverse employees, compensation, job levels and geographic location
- Vendor spending data
 - Informs participation of diverse vendors, spending to diverse vendors, and spending on advertising and marketing

What did the researchers find?

Qualitative Findings

- The small size of the sports wagering industry in Massachusetts limits the number of diversity initiatives and policies at both employee and vendor levels
- Popular perceptions of the industry as oriented toward young, White male customers limits recruitment and retention of diverse employees
 - Employee resource groups that promote a diverse workforce and encourage advancement may contribute to retention of diverse employees
- The primary barrier to contracting with diverse vendors is the limited number of significant purchases, which beyond advertising and marketing tend to be specialized and sole-sourced
- Additional barriers to contracting with diverse vendors are the cumbersome processes of certifying as a diverse-owned company in Massachusetts and as a licensed MGC vendor

Quantitative Findings

- Sports wagering in Massachusetts is a relatively small industry in terms of employment and vendor spending in the state
- The national industry compares well to similar industries in terms of diversity and average compensation though the industry is comparatively less diverse within Massachusetts
 - Women and minority workers and vendors participate at higher rates than veterans
- Despite operators and the MGC maintaining policies to build and maintain a diverse supplier base, vendor spending with diverse firms is very small

Industry Overview

Programs, Policies & Perspectives

Programs and Policies

- All license holders and the MGC have programs, policies, and practices in place related to solicitation of and contracting with minority, women, and veteran-owned business enterprises
- Retail sportsbook operators and the MGC universally have programs and policies to increase levels of engagement, volume, and scale with these businesses, as do nearly all mobile sports wagering operators

Industry Perspectives

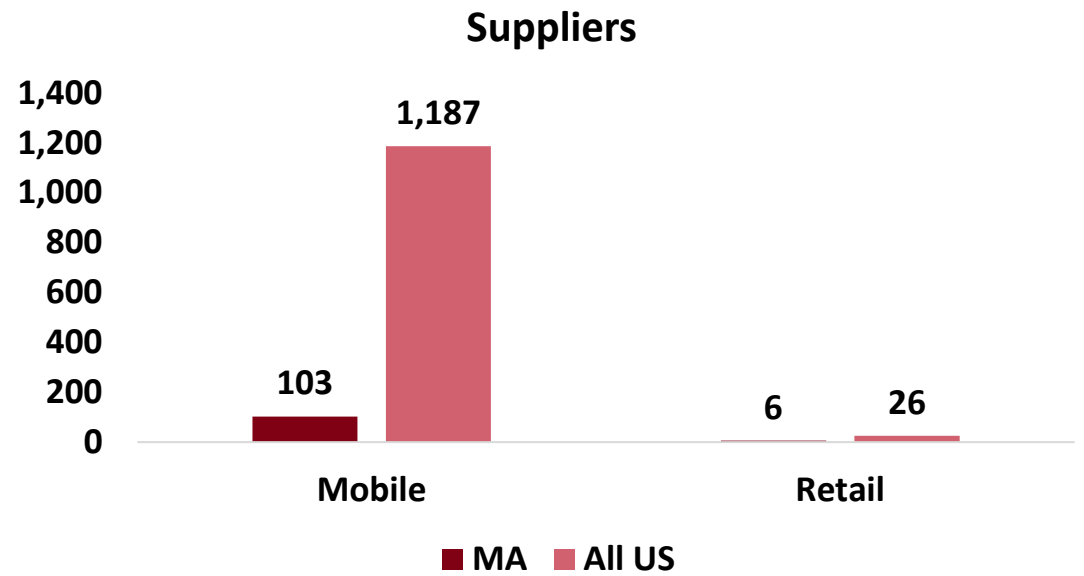
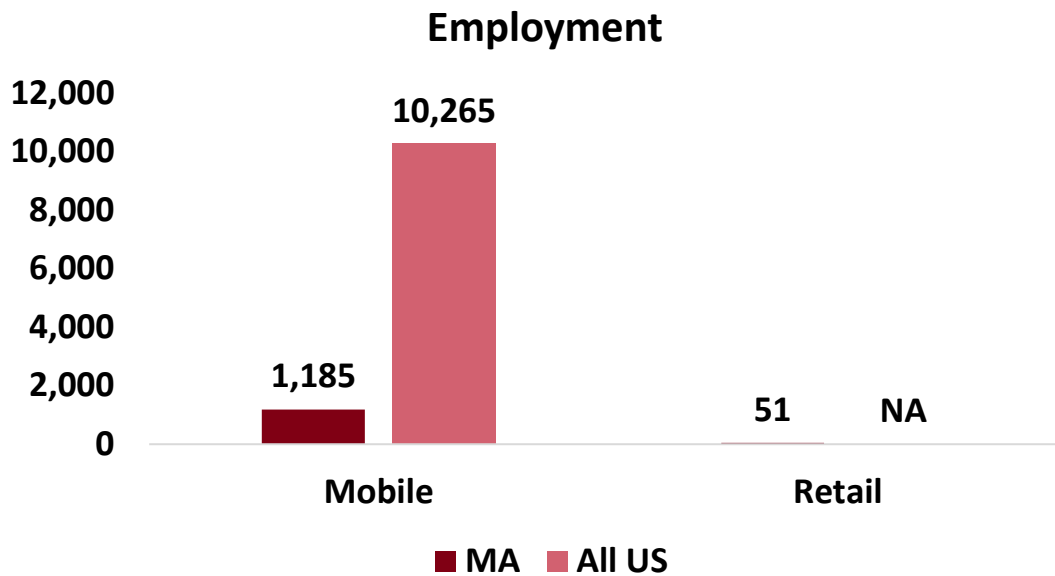
- Regarding low vendors spending with diverse firms, operators emphasized that vendor spending was generally limited to a few specialized companies and that there wasn't much opportunity to diversify their spending on diverse businesses

Industry Overview

Participation – Average Quarterly Employment and Suppliers

Mobile operators have much higher employment in the state than retail operators, most of which predate legalization of sports betting due to the presence of a large operator headquartered in the state.

Mobile operators contract with MA vendors at a much higher rate, paying nearly \$30m to over 100 vendors in an average quarter. Across the US, spending increases to nearly \$560m to just under 1,200 vendors.

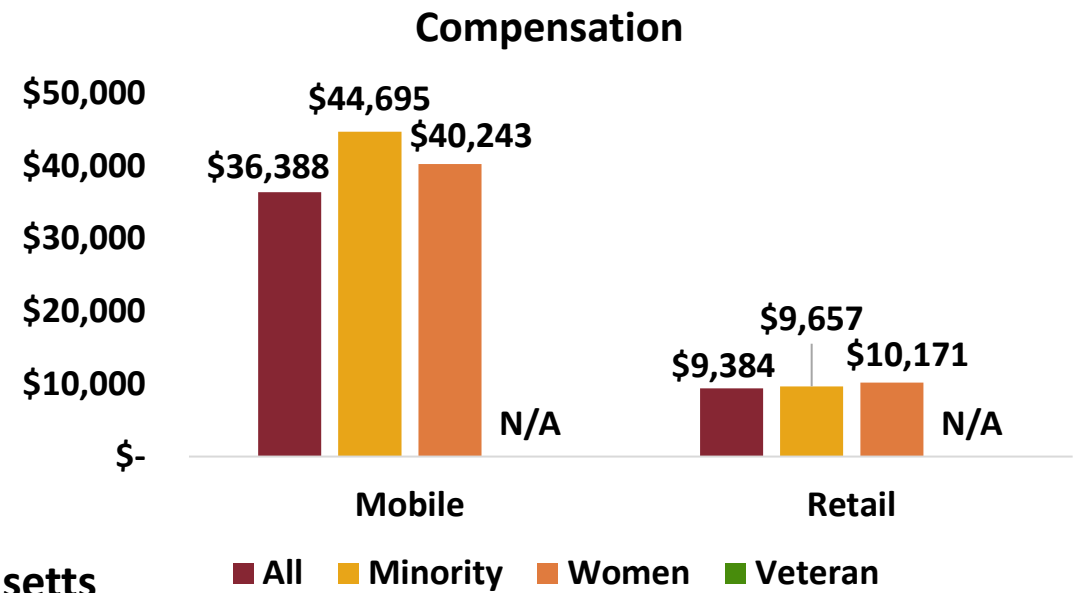
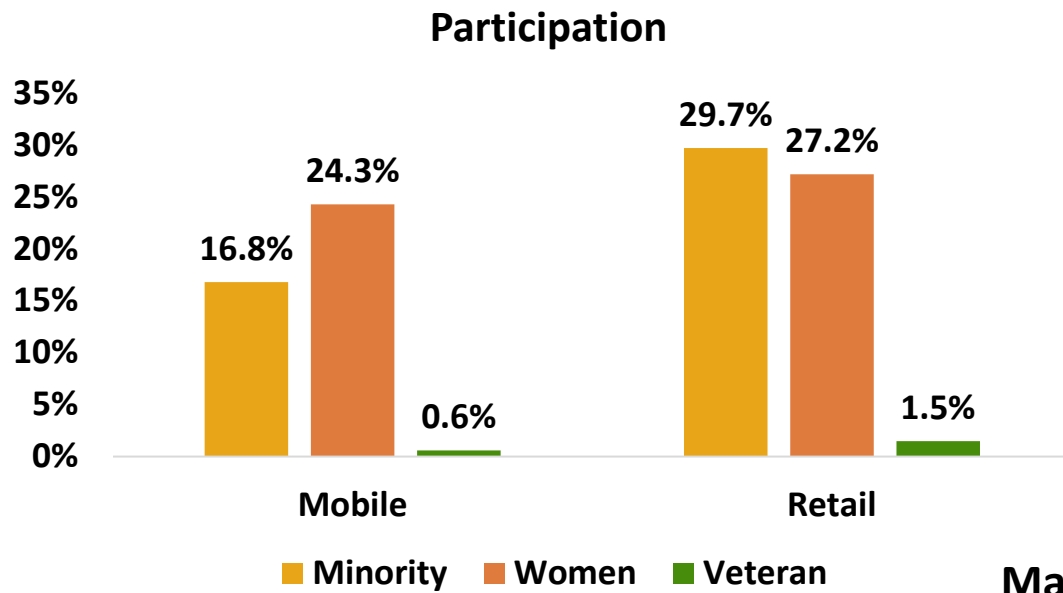


Workforce Diversity

Participation and Compensation

Women and minority workers participate at higher rates than veteran workers in both mobile and retail operations, though women participate at higher rates for mobile operators

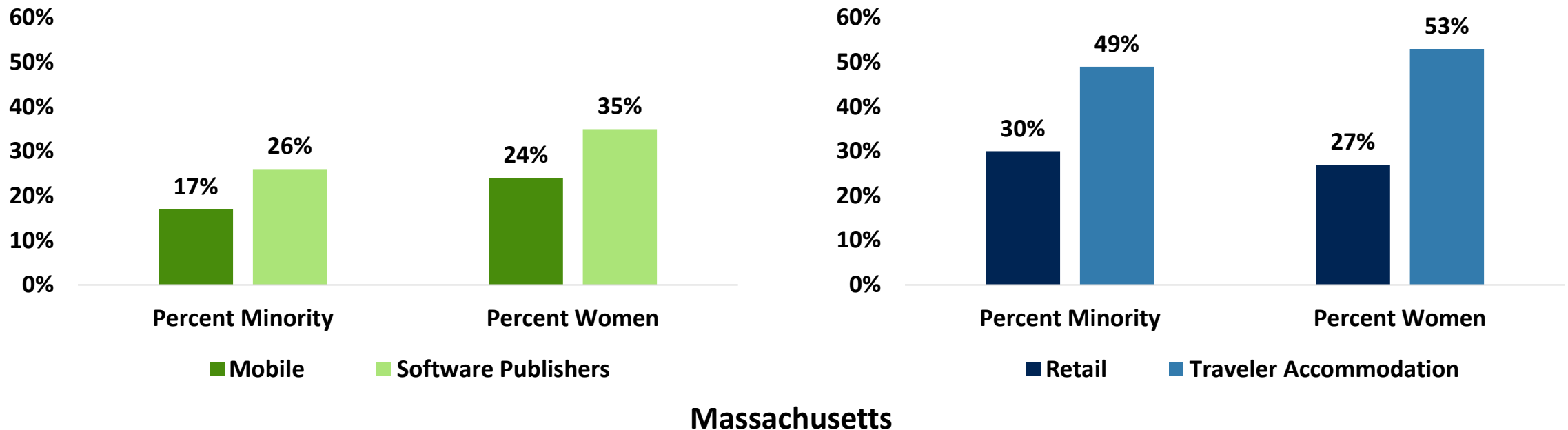
Compensation for jobs in retail sportsbook operations is lower than that of mobile operations due to the nature of the work and the occupations involved



Workforce Diversity

Comparison to Similar Industries

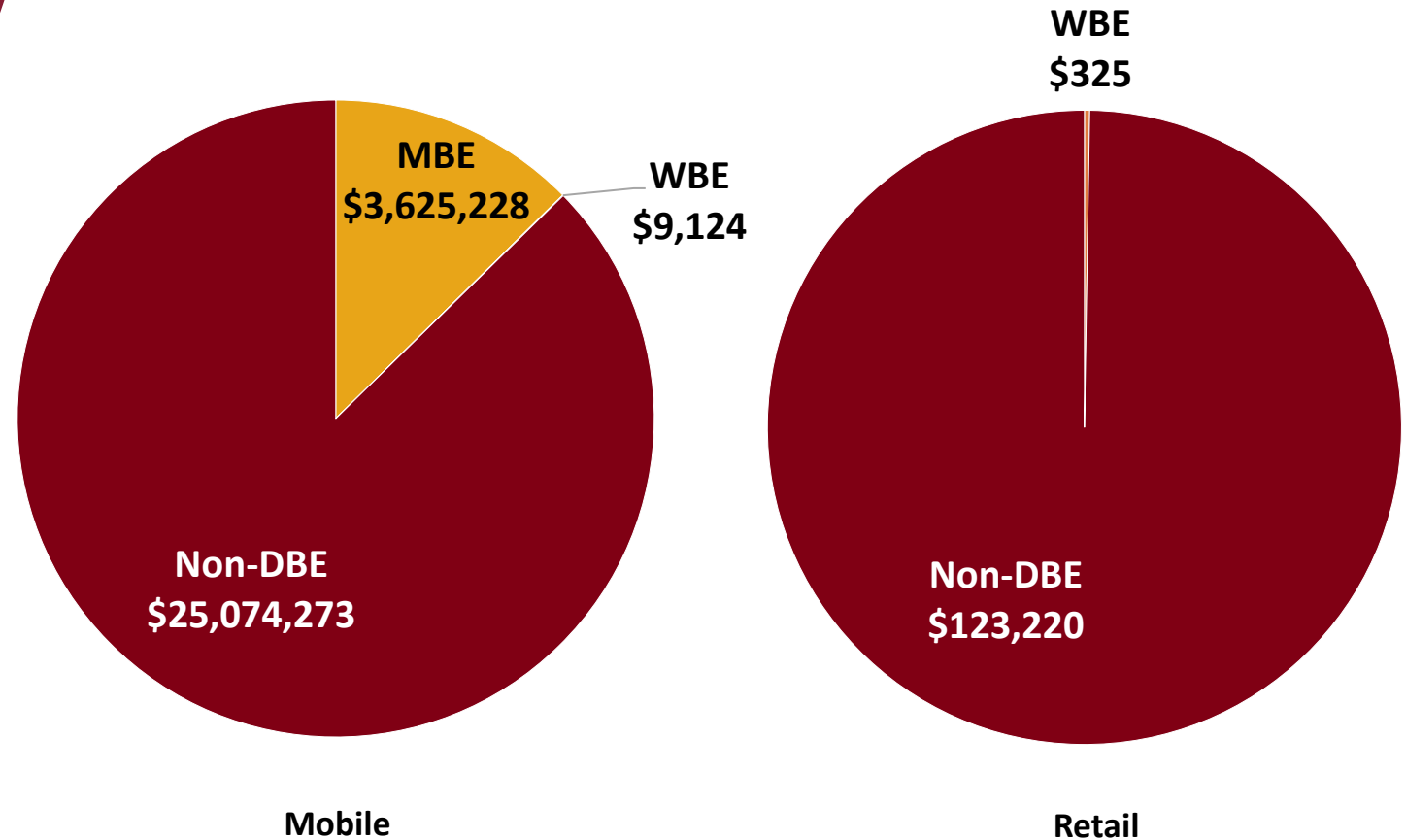
A significant portion of the Massachusetts sports wagering industry comes from diverse backgrounds but lags behind similar industries in the state for both mobile and retail operators



Vendor Diversity

Participation and Spending

The scarcity of certified diverse businesses in the economy generally, and in the top spending sectors for sports wagering operators, provides an explanation for the low levels of diverse business participation in the sports wagering industry



Massachusetts Spending

Vendor Diversity

Advertising and Marketing

Just under 40 percent of retail vendors are Marketing and Advertising firms...



...but they account for 90 percent of spending



Just under 30 percent of mobile vendors are Marketing and Advertising firms...

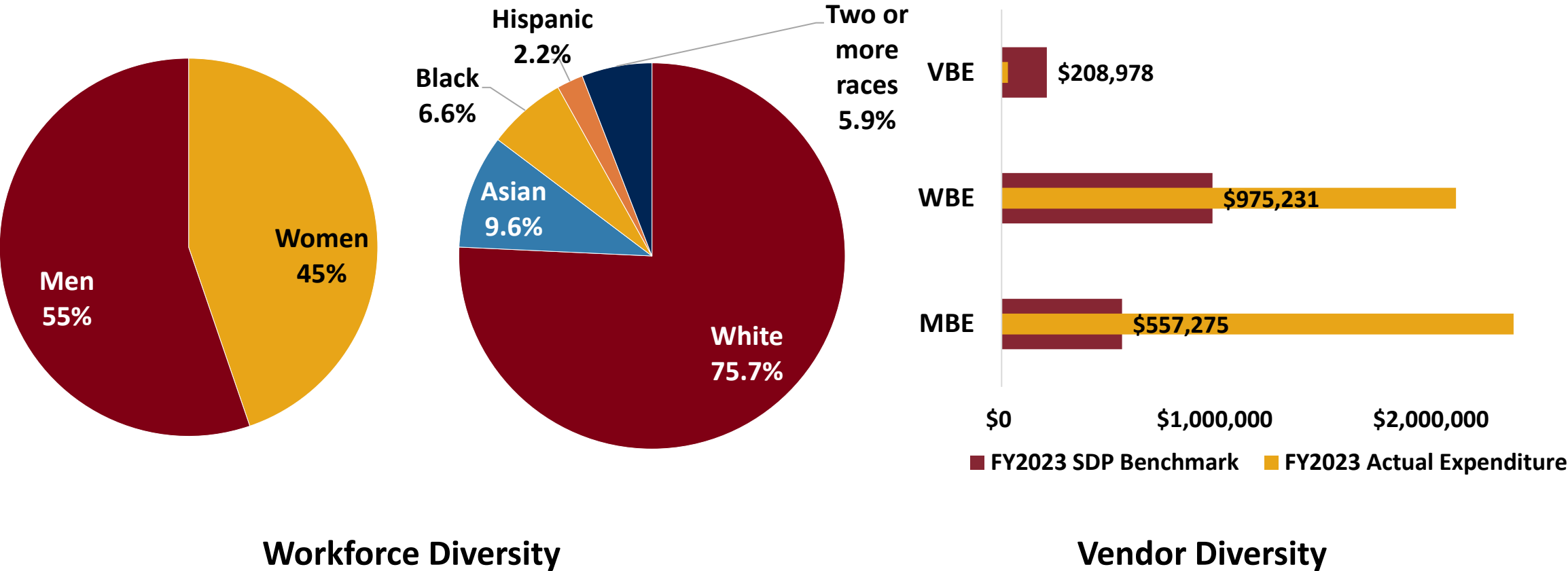


...but they account for 50 percent of spending



MGC Diversity

Workforce and Vendor Diversity



Recommendations

Recommendations for Operators

Workforce Diversity

1. Encourage development of workforce diversity goals and standardized metrics for mobile sports wagering operators

Supplier Diversity

1. Encourage operators to create strategies and measurable targets to increase the participation of diverse vendors
2. Partner with the Massachusetts Supplier Diversity Office (SDO) to extend outreach resources to sports wagering operators

Recommendations for the MGC

Diverse Business Support

1. Support businesses to apply for SDO diverse business certification and Small Business Purchasing Program while registering as suppliers in the gaming industry
2. Create and maintain a marketing directory to provide broader exposure for businesses with relationships to the industry, including those that have diverse ownership
3. Broaden diversity requirements to accept alternative types of diverse ownership certification

Recommendations for State Government

Sports Wagering Taxes

1. Direct sports wagering tax revenue to support workforce development
2. Direct sports wagering tax revenue towards organizations, programs, and initiatives that support diverse-owned businesses
3. Use sports wagering taxes to create a permanent and significant funding stream for small business development technical assistance

Thank you

UMass Donahue Institute, Economic and Public Policy Research

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