

126 OHIO ST*		159 PENN ST	
127 KENT ST*	-24.5	160 MINNESOTA	
128 TEMPLE*		161 MICH ST	
129 BALL ST	-5.5	162 MICHIGAN	-17
130			
131			-15
132			PIC
133			
134			
135			-6
136			
137			-6
138			-6
139 S DIEGO S		171 S CAR	
140 BYU	-27	172 KENTUCKY	
141 RICE	-2	173 BAYLOR	
142 TULANE		174 COLORADO	-5
143 NAVY		175 NEBRASKA	-6
144 AIR FORCE	-3	176 IOWA ST	
145 STANFORD		177 MEMPHIS	
146 NTRE DAME	-32	178 ALA-BIRM	-6
147 W VIRGINI	-26	179 MISSOURI	
148 MISS ST		180 TEX TECH	-3
149 LSU	-2	181 WEST MICH	-3
150 FLORIDA		182 OHIO	
151 WASH ST	-4	183 VANDY	-1
152 OREGON ST		184 OLE MISS	

In-Person Registration For Online Sports Betting

A Quantitative And Qualitative Analysis



Eilers & Krejcik
Gaming

Overview

As legal sports betting spreads across the U.S., individual states are charting their own courses on a number of key policy planks. One area where states have shown significant diversity is the question of how consumers are able to access legal sports betting.

This paper explores the potential ramifications of one approach to access: **In-person registration requirements for online sports betting accounts.**

In this approach, consumers are required to show up at a retail facility (generally a casino or racetrack) in order to register or otherwise activate their online sports betting account. After completing the in-person registration step, consumers are then free to place bets using their online betting account from anywhere within the state.

Following our analysis of the issue, we conclude that in-person registration is likely to significantly restrict the revenue potential of legal online sports betting, the competitiveness of legal markets, and the tax revenue that flows to state governments. Policymakers should carefully weigh these harms against any perceived benefits of an in-person registration requirement for online sports betting.

Our analysis is based on a proprietary survey of sports bettors in Iowa (the largest active market to require in-person registration) conducted exclusively for this report, findings from a variety of other consumer surveys, and a survey of comparable domestic and international sports betting markets.

Key Findings

<p>Convenience has been core to success in first-wave sports betting markets. The early verdict among first-wave sports betting states is clear: The states providing the most convenient, competitive product are the states generating the most revenue on a per-adult basis. This dynamic strongly suggests that states where in-person registration is required will lag behind states where consumers can open an account without making the extra trip.</p>	<p>2.1x <i>The multiple by which New Jersey is outperforming states that do not offer an online sports betting product.</i></p>
<p>Many consumers found in-person registration to be inconvenient at best and prohibitive at worst. Our survey results consistently painted a negative picture of consumer attitudes toward in-person registration. Those attitudes are especially concerning given the relative ease of creating and betting with an illegal online sportsbook account.</p>	<p>13% <i>Percentage of bettors who would refuse to drive any distance to open an online sports betting account.</i></p>
<p>Consumers both want and support remote registration. The ability to register for a legal online sports betting account without having to make an extra trip was far and away the most suggested improvement in our survey results. And a vast majority of those surveyed support the underlying concept of remote registration.</p>	<p>76% <i>Percentage of bettors saying sports bettors should be able to create online accounts without in-person registration.</i></p>
<p>In-person registration requirements decrease competition. Consumers are generally unwilling to drive any meaningful distance to create an online sports betting account. That reality will likely decrease competition by decreasing the number of accounts a typical bettor is willing to make, in turn decreasing the overall competitiveness of the market as operators rely on convenience rather than quality to attract customers.</p>	<p>80% <i>Percentage of bettors who would only be willing to drive an hour or less to create an online sports betting account.</i></p>
<p>In-person registration requirements risk increasing demand for illegal sports betting. The introduction of legal sports betting will create new consumer interest in sports betting, but the inconvenience of in-person registration could drive some of those new bettors to illegal online sportsbooks.</p>	
<p>In-person registration is not standard in comparable markets or with comparable products. Across dozens of legal sports betting markets both in the U.S. and abroad, remote registration is the standard. A surface analysis of products with similar regulatory and compliance concerns (e.g., banking) also revealed a lack of in-person registration requirements. Taken together, the two findings suggest that there are few, if any, outstanding security or compliance issues solved by an in-person registration requirement.</p>	

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About Eilers & Krejcik Gaming

Eilers & Krejcik Gaming LLC is an independent research and consulting firm with branches in Orange County, California and Las Vegas, Nevada. The firm's focus is on product, market, and policy analysis related to the global regulated gambling market. Clients include operators, suppliers, private equity and venture capital firms, institutional investors, and state governments.

The firm's work on the U.S. regulated sports betting issue includes a series of 50-state projections that have become the widely accepted basis for discussion of the U.S. market's potential. Recent state-governmental engagements have included West Virginia and Indiana, for which Eilers & Krejcik Gaming provided comprehensive market projections, economic impact projections, and fiscal analyses relating to sports betting and online gambling.

§1

Convenience Core To Success In First-Wave U.S. Markets

In the early innings of regulated U.S. sports betting, where is the activity performing best, and why?

As Table 1.1 below shows, the New Jersey sports betting market is meaningfully outperforming other first-wave markets on a revenue per adult basis¹.

Table 1.1: Comparing The Performance Of Select First-Wave Sports Betting Markets

State	Trailing 12-Month Sports Betting Revenue Per Adult	Online Sports Betting Allowed?	In-Person Registration Required For Online Sports Betting?	Notes And Caveats On Market Performance
DE	\$19.15	No	N/A	Low-convenience market: bettors must place wagers at a DE casino or lottery retailer. High effective tax rates, the absence of online distribution, and restrictions on collegiate betting events are acting as in-built limiters on market performance.
MS	\$19.58	No	N/A	Low-convenience market: bettors must place wagers at a MS casino. The absence of online distribution and restrictions on collegiate event bet types are acting as in-built limiters on market performance.
NJ	\$40.68	Yes	No	High-convenience market: bettors can register their online accounts, and wager, from anywhere within the state. Low / moderate tax rates, the presence of online distribution, and policy allowing up to 42 online sports betting brands—in tandem with fully remote account registration—have made NJ the most competitive and top-performing first-wave market.
PA	\$7.73	Yes	No	High-convenience market: bettors can register their online accounts, and wager, from anywhere within the state. High tax rates, however, are acting as an in-built limiter on market performance. The relatively slow rollout of retail sports betting has also negatively impacted performance. Also of note, the state's revenue per adult value includes only five full months' worth of online sports betting contributions.
RI	\$16.61	Yes	Yes	Moderate-convenience market: bettors must activate their online accounts at a RI casino. High effective tax rates and limits on collegiate betting events—together with in-person registration requirements for online sports betting—are acting as in-built limiters on market performance. Also of note, the state's revenue per adult value includes only one full month of online sports betting contributions.
WV	\$13.92	Yes	No	High convenience market: bettors can register their online accounts, and wager, from anywhere within the state. Low tax rates, the presence of online distribution, and policy allowing up to 15 online sports betting brands should boost market performance, which has thus far been negatively impacted by online launch delays; the suspension of retail sports betting at one casino; and the temporary suspension of online sports betting operations between March and July of 2019.

Source: State Regulators / Eilers & Krejcik Gaming, LLC

As mentioned in Table 1.1, New Jersey’s success to date has been driven in large part by its online sports betting vertical, which has generated 78% of handle and 76% of revenue since launch.

Table 1.2: Online vs. Retail Handle In New Jersey (Since Launch)

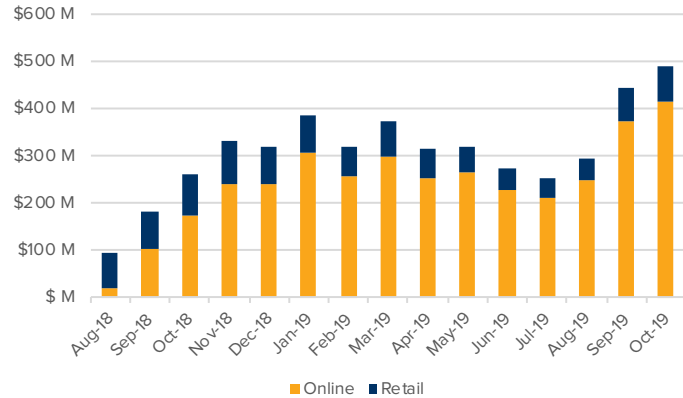
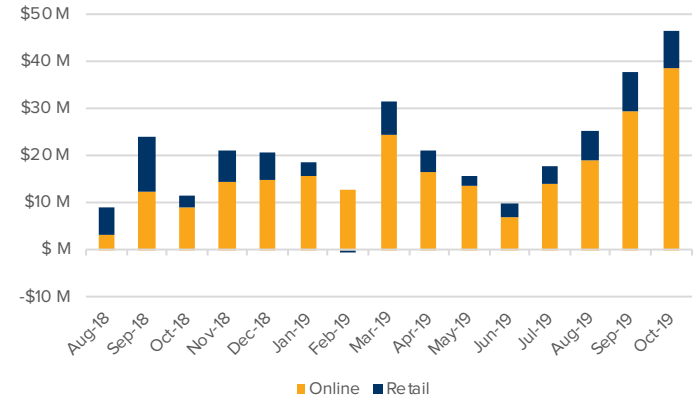


Table 1.3: Online vs. Retail Revenue In New Jersey (Since Launch)



Of note, the trend toward online sports betting in New Jersey is echoed in other first- and second-wave markets. In Pennsylvania, for example, online sports betting—now in its fifth full month of operations—has accounted for 77% of handle and 69% of revenue since launch.

Source: State Regulators / Eilers & Krejcik Gaming, LLC

Critically, commentary from New Jersey market participants interviewed for this report indicates that the early success of the state’s online sports betting vertical has been driven in part by—and been very tightly linked to—the convenience of online sports betting.

As seen in Table 1.1, New Jersey allows online bettors to register and fund their sports betting accounts remotely from anywhere in the state—a policy decision that has maximized market participants’ ability to leverage convenience.

The convenience of remote registration, market participants said, has been all-important to their efforts to acquire new online bettors and lure existing bettors away from illegal offshore betting sites, which remain easily accessible in New Jersey (or any U.S. state). We discuss the relationship between convenience and illegal market recapture in further detail in Section 4 of this report.

In sum, early data from first-wave sports betting markets and commentary from New Jersey market participants indicate that:

- Online sports betting will be essential to the success of state-regulated sports betting
- The success of online sports betting will depend heavily on the convenience of such betting
- Remote registration maximizes the convenience of online sports betting

§2

In-Person Registration In Iowa: Key Consumer Survey Findings

In May 2019, Iowa became the 11th U.S. jurisdiction to legalize sports betting. Retail and online sports betting, which are operated by Iowa's 19 commercial casinos, began in August 2019.

As part of its sports betting law, Iowa enacted a provision that requires patrons to register for online sports betting accounts in-person at Iowa casinos through January 2021.

In order to better understand consumer attitudes toward in-person registration, Eilers & Krejci Gaming conducted a survey of gambling-age Iowa residents between Oct. 8, 2019, and Oct. 23, 2019. To qualify for inclusion in the survey, potential respondents had to be active sports bettors² or persons considering placing bets at Iowa's legal sportsbooks in the near future now that it is legal to do so.

The online quantitative survey collected a total of 400 completed responses and survey respondents were grouped into the following segments:

1. **Registered Mobile Account Holders:** Iowa residents who had recently opened legal online sports betting accounts at brick and mortar casinos (n = 77)
2. **Active Bettors (Open To Registering):** Iowa residents who actively bet on sports and had not yet opened accounts at the casinos but might be open to doing so in the future (n = 57)
3. **Potential Bettors (Open To Registering):** Iowa residents who do not currently bet on sports but are considering placing bets at Iowa's legal sportsbooks in the near future (n = 266)

In this section, we highlight the survey's key findings regarding in-person registration. A complete version of the survey, which includes a more in-depth discussion of its findings and methodology, can be found in Appendix 1 of this report.

Summary of Key Findings

35% Of Registered Account Holders Say In-Person Registration Is Inconvenient

Among Registered Mobile Account Holders, 35% found the in-person registration process to be somewhat or very inconvenient. While a highly motivated cohort of Account Holders (17%) found that process to be very convenient, survey responses suggest that outside of that cohort, in-person registration requirements could significantly dampen the ability of regulated sports betting markets to capture customers.

Potential Bettors Show Lowest Interest In Driving To Register An Account

Overall, Potential Bettors show less interest than Active Bettors and Registered Mobile Account Holders in driving to a casino to register their online sports betting accounts. That finding suggests that the in-person registration process may discourage Potential Bettors from participating in legal wagering.

Nearly 15% Of Potential Bettors Would Not Drive To A Casino To Register

We estimate that there are approximately 740,000 Potential Bettors in Iowa. Critically, the survey data indicates that 13% (or 96,000) of such bettors would not drive to register their online sports betting account—a significant blow to the regulated market.

Respondents Want To Have Multiple Sports Betting Accounts

A strong majority of survey participants indicated that they would open more than one online sports betting account if they were not required to travel to a casino to do so. Markets where consumers can easily create accounts with multiple sports betting operators tend to be more competitive, creating a superior value environment for consumers.

Among All Respondents, Strong Support For Remote Registration

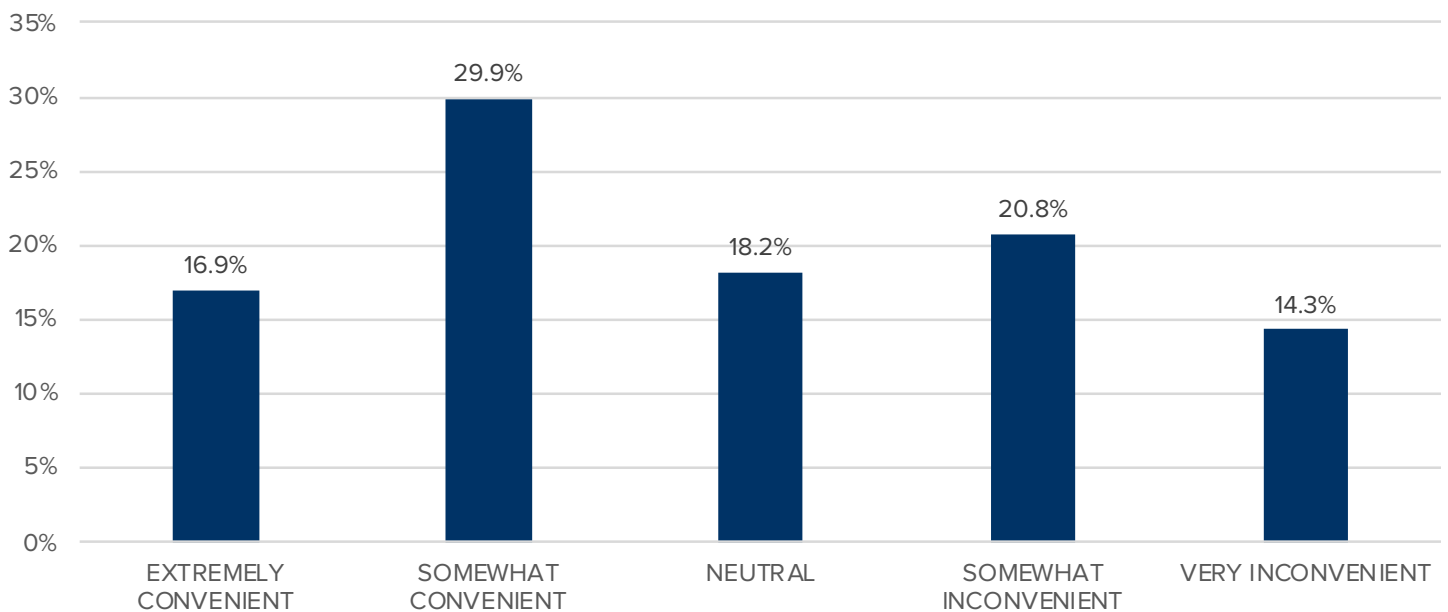
More than 75% of all respondents agree with the statement, “consumers should be able to create online sports betting accounts from their homes instead of having to visit a casino to register for an online account.”

Finding 1: 35% Of Registered Mobile Account Holders Say In-Person Registration Is Inconvenient

Among Registered Mobile Account Holders, 35% found the in-person registration process to be somewhat or very inconvenient. While a highly motivated cohort of Account Holders (17%) found that process to be extremely convenient, survey responses suggest that outside of that cohort, in-person registration requirements could significantly dampen the ability of regulated sports betting markets to capture customers. Of note, verbatim survey comments indicate that many among the 17% who found the in-person registration process to be extremely convenient live within easy driving distance of a nearby casino.

Table 2.1: Registration Process Perceptions

Survey question: How would you rate the convenience of being required to register for an online sports betting account at the casino?



Survey Segment: Registered Mobile Account Holders (n = 77)

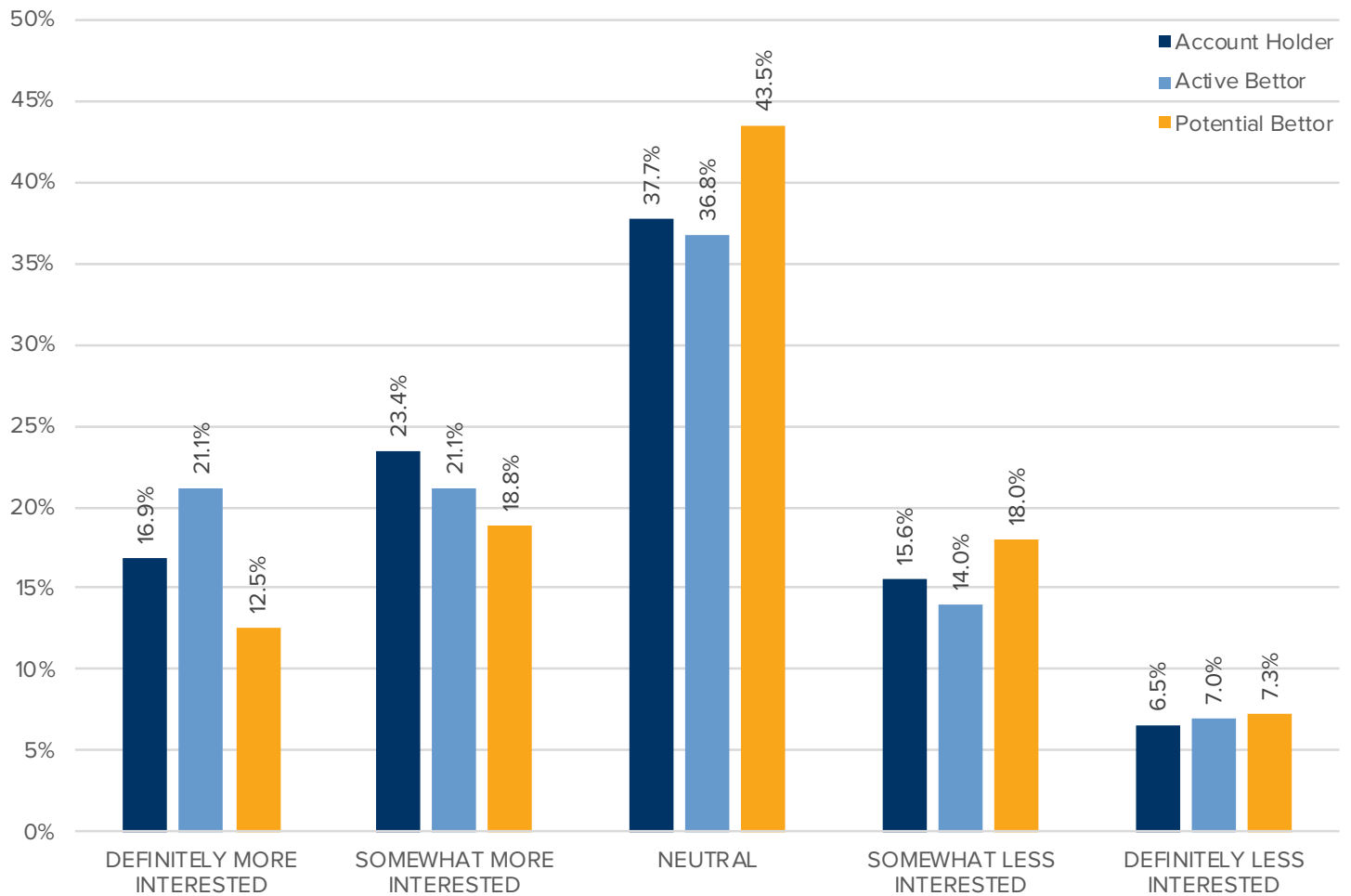
Source: Eilers & Krejcik Gaming, LLC

Finding 2: Potential Bettors Show Lowest Interest In Driving To Register An Account

The level of interest in traveling to a casino to establish an online sports betting account is lowest among Potential Bettors. Although the data demonstrates that legal sports betting is influencing Active Bettors to migrate their activity to regulated channels, it also shows that the in-person registration process may be discouraging Potential Bettors from participating in legal sports wagering.

Table 2.2 Registration Requirement Perceptions

Survey question: Did the requirement to visit a casino in-person to create your online sports betting account make you more or less interested in creating your online sports betting account?



Survey Segment: All Respondents (n = 400)

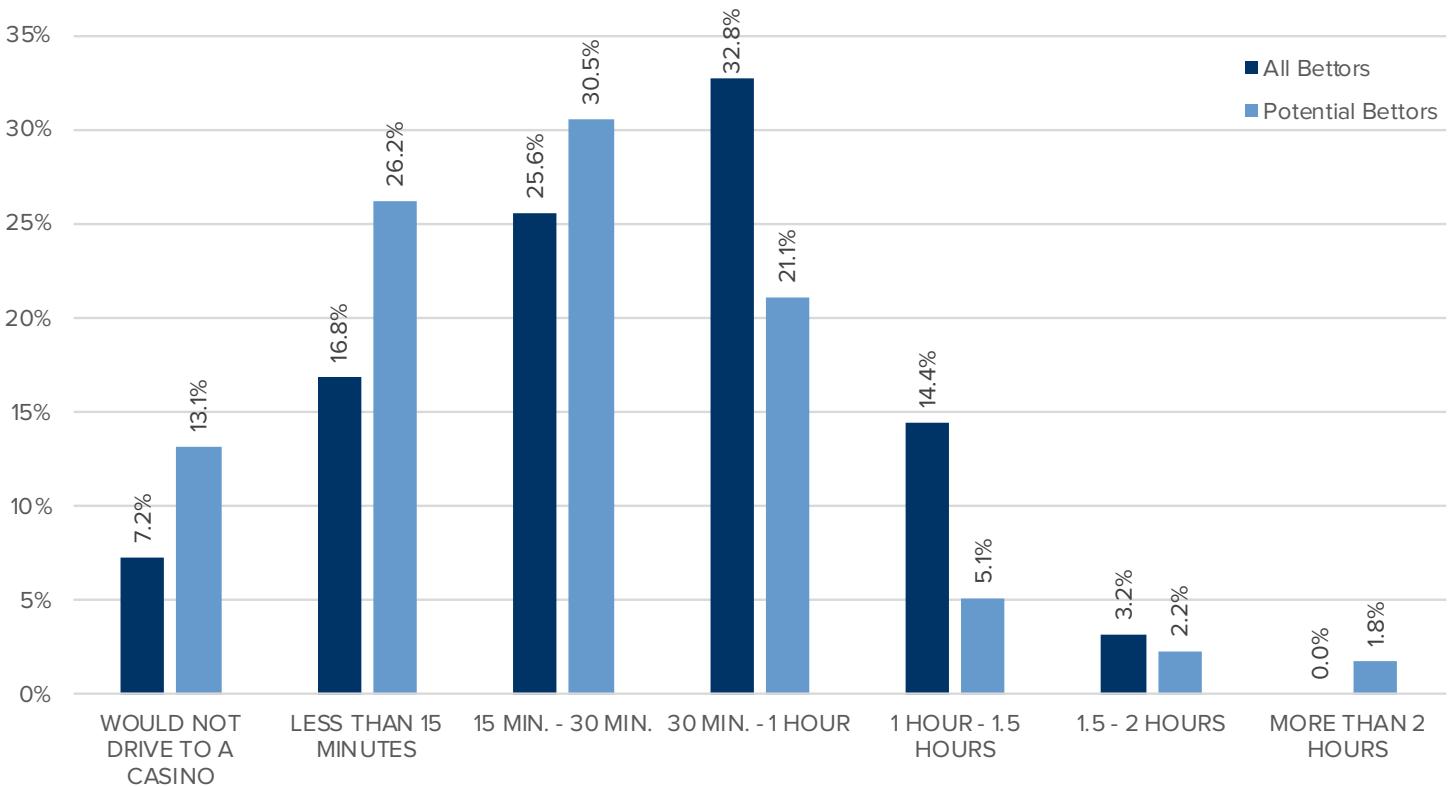
Source: Eilers & Krejcik Gaming, LLC

Finding 3: Nearly 15% Of Potential Bettors Would Not Drive To A Casino To Register

Thirteen percent of Potential Bettors say that they would not drive to a casino to register an online sports betting account, while a further 26% say that they would drive less than 15 minutes to do so. We estimate that there are approximately 740,000³ Potential Bettors in Iowa. Critically, the survey data indicates that 13% (or 96,000) of such bettors would not drive to register their online sports betting account—a significant blow to the regulated market.

Table 2.3 Drive Time Tolerance

Survey question: What’s the maximum amount of time you would be willing to drive to create an online sports betting account at one of Iowa’s casinos?



Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

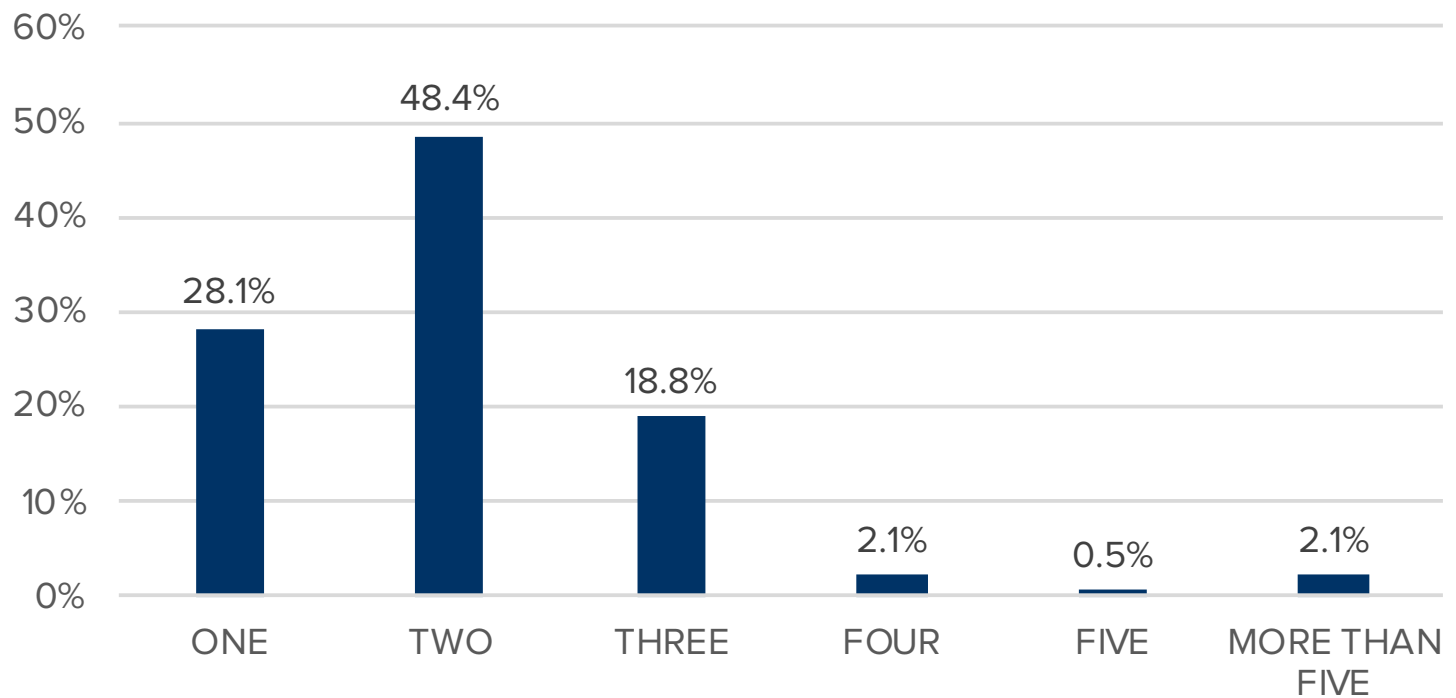
Finding 4: Respondents Want To Have Multiple Sports Betting Accounts

A strong majority of survey participants indicated that they would open more than one online sports betting account if they were not required to travel to a casino to do so. Of note, almost half would open two accounts and almost one-fifth would open three.

The ability of consumers to create multiple sports betting accounts tends to have a few knock-on impacts on the market at large. Markets where consumers can easily create accounts with multiple sports betting operators tend to be more competitive, creating a superior-value environment for consumers. Such markets also tend to generate a larger overall tax base for the state as a result of engaging more consumers and driving a higher betting volume per consumer.

Table 2.4 Number Of Multiple Accounts Opened In Absence Of In-Person Registration

Survey question: If you didn't have to visit the casino to create your account, how many accounts would you create?



Survey Segment: All Respondents (n = 400)

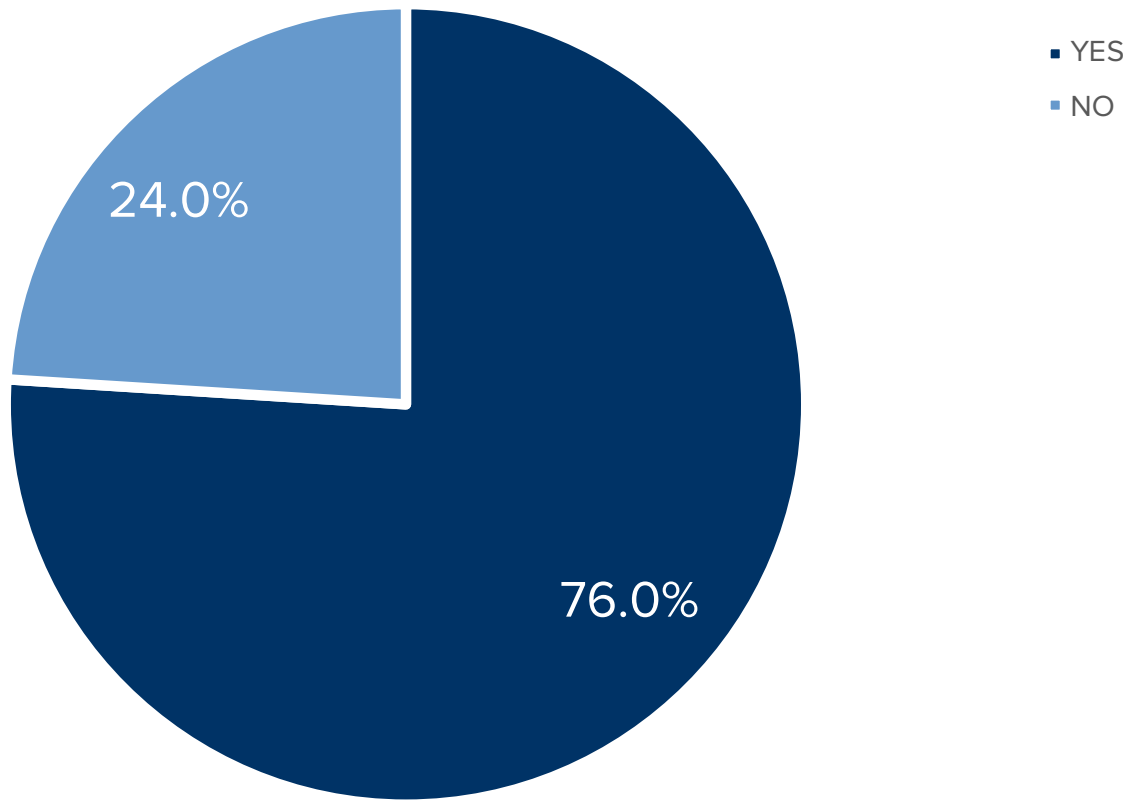
Source: Eilers & Krejcik Gaming, LLC

Finding 5: Among All Respondents, Strong Support For Remote Registration

All survey participants were asked whether consumers should be able to create online sports betting accounts from their homes instead of having to visit a casino to register for an online account. Results show that more than three-quarters of respondents agree with that statement and believe they should have the ability to register for online accounts from home.

Table 2.5 Opinions Of Allowing Online Registration From Home

Survey question: Do you think that consumers should be able to create online sports betting accounts from their homes instead of having to visit a casino in order to create an online sports betting account?



Survey Segment: All Respondents (n = 400)

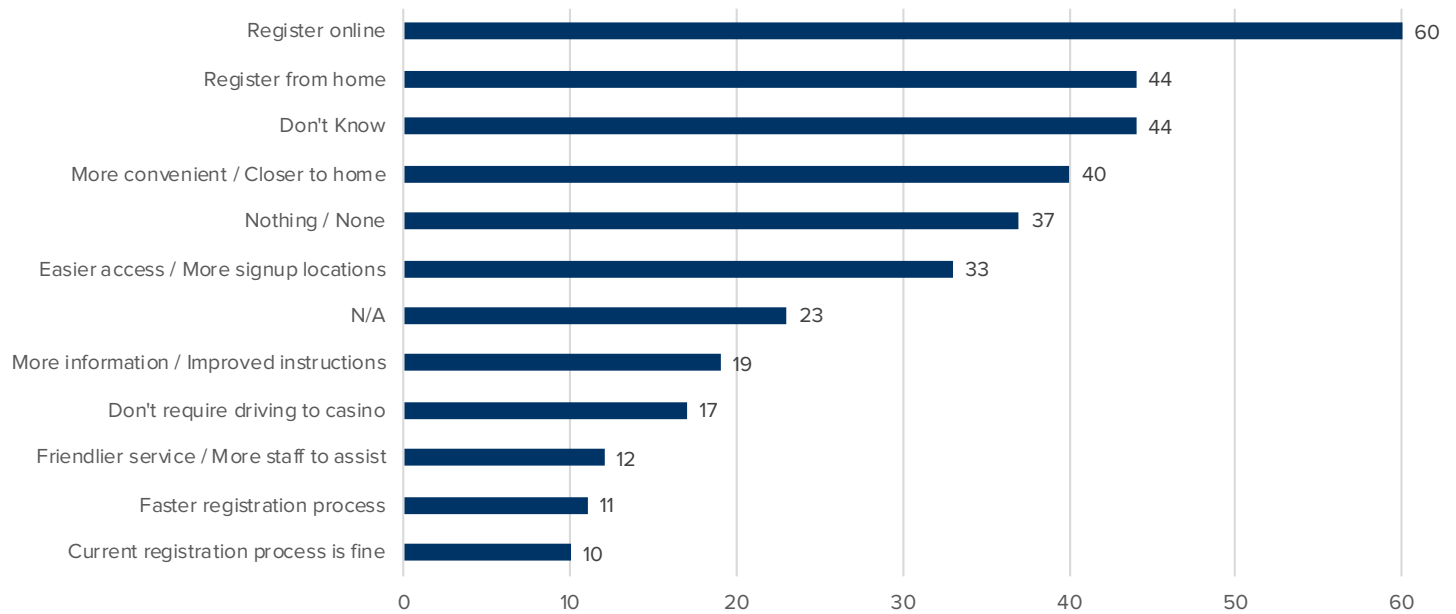
Source: Eilers & Krejcik Gaming, LLC

Finding 6: The Most Frequent Recommended Improvement: “Register Online”

All 400 survey respondents were polled for their ideas on how to improve the current registration process. The most frequent improvement suggestions were to move the process online or allow it to be done from home. Other frequent suggestions include providing more locations at which to register, easier access closer to home, instituting a simpler, faster, and more convenient registration process, or providing more information regarding registration procedures and requirements.

Table 2.6 Recommended Improvements

Survey question: What one or two things would you recommend to improve Iowa’s sports betting registration process?



Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

§3

Case Study: Rhode Island's In-Person Registration Program

Data from the Rhode Island market, where in-person registration is required for online sports betting, provides an early glimpse of how such registration is performing.

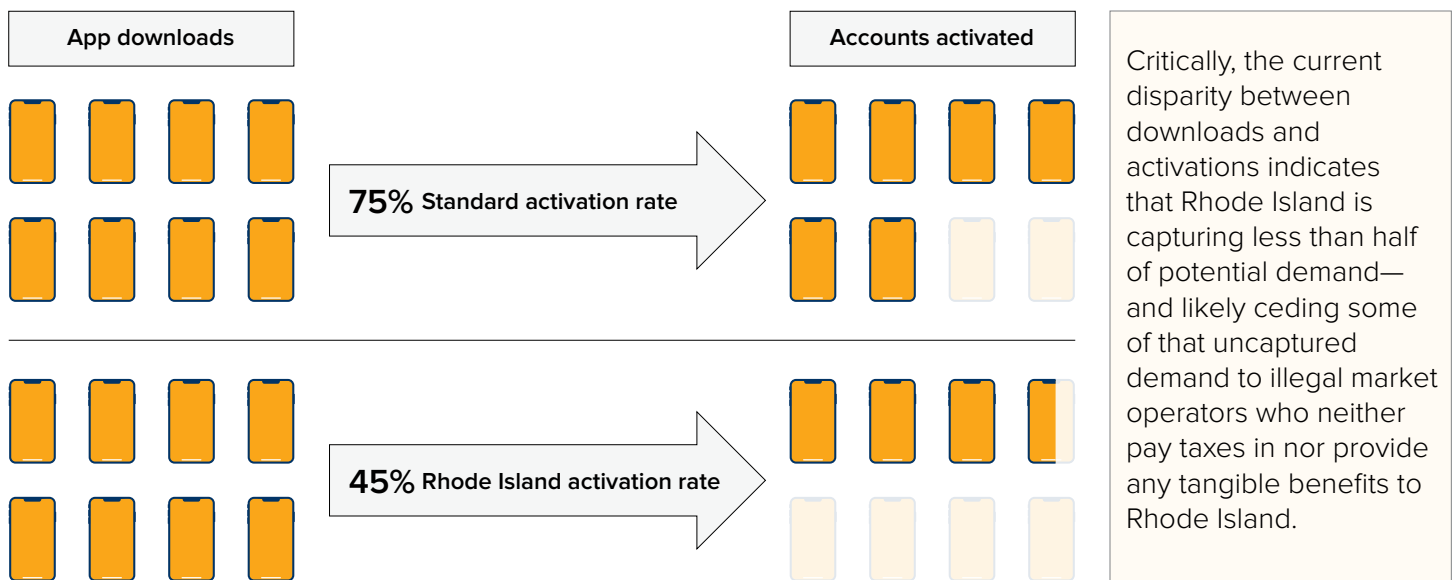
Per Rhode Island law, interested bettors must complete a three-step process prior to betting online:

- 1 **Register** within Sportsbook Rhode Island, the Rhode Island Lottery’s mobile sports betting app, by providing full name, date of birth, phone number, residential address (no PO boxes), and the last 4 digits of the bettor’s social security number.
- 2 **Confirm** the account using a valid email address.
- 3 **Activate** the account by presenting a valid, government-issued ID at one of the two casinos in the state.

As shown below in Table 3.1, over 12,000 interested bettors downloaded the Sportsbook Rhode Island app between September 2019 (when online sports betting launched) and October 2019, according to data provided by the Rhode Island Lottery⁴. During that same period, only 45% of interested bettors traveled to a Rhode Island casino to activate their accounts.

That’s in contrast to New Jersey’s online gambling market, where remote registration is allowed and where about 75% of bettors⁵ who register accounts pass the Know Your Customer checks that are required to activate an account. The materially higher account activation rate in New Jersey strongly suggests that Rhode Island’s in-person registration requirement is negatively impacting account activations. Further, the state’s sub-50% activation rate to date is particularly striking given that most Rhode Island residents live within an hour’s drive of a Rhode Island casino.

Table 3.1: Standard Account Activation Rate vs. Rhode Island Account Activation Rate



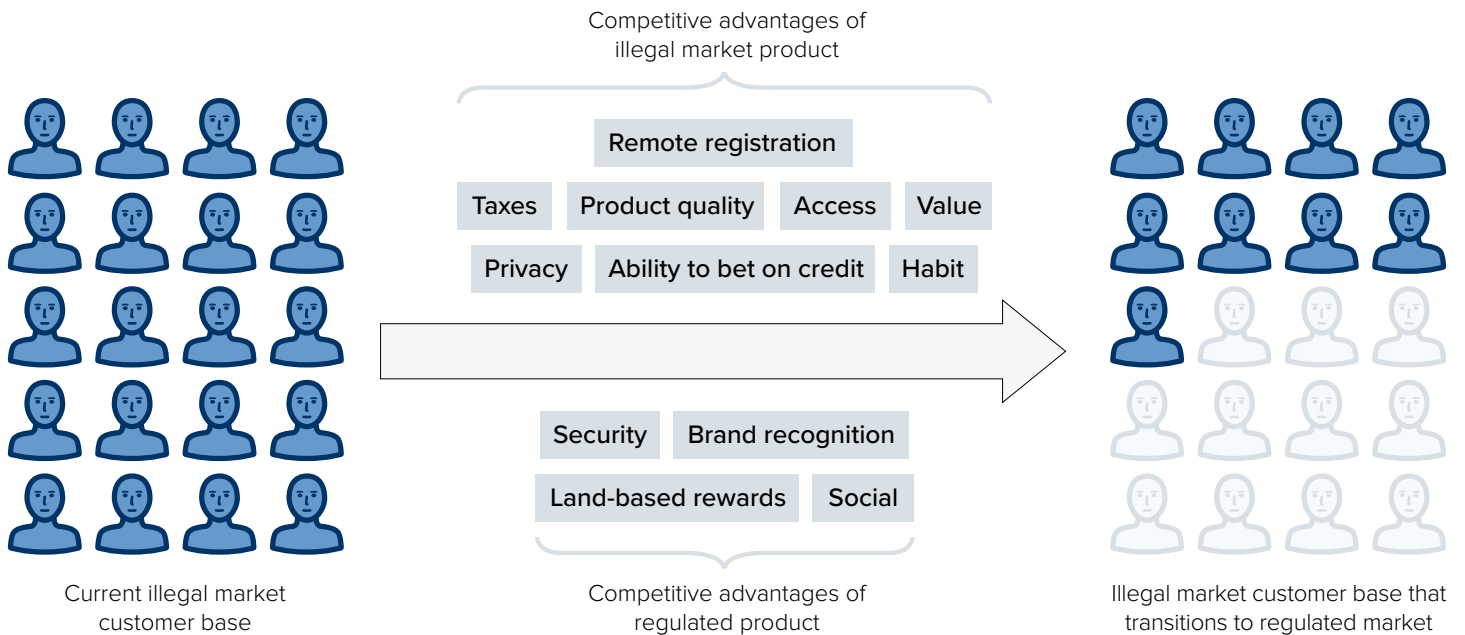
Source: Rhode Island Lottery / Eilers & Krejcik Gaming, LLC

§4

Illegal Market Capture In A Retail Registration Environment

The illegal market offers a number of advantages that the legal market will be hard pressed to match. As the illustration below shows, the legal market will compete on inherently asymmetric terms and is therefore at a structural disadvantage to the illegal market. Adding in-person registration to the mix adds significant additional weight to a scale that is already tipped in favor of illegal sports betting operators.

Table 5.1: The Illegal Sports Betting Market: The Consumer Perspective



Source: Eilers & Krejcik Gaming, LLC

Risk one: in-person registration reduces illegal market capture. As the survey results from our Iowa sample demonstrate, a material number of currently active bettors are somewhere between unlikely and unwilling to move their action from illegal to legal sites if in-person registration is required. In this scenario, in-person registration helps to preserve demand for illegal sportsbooks by making the legal product less convenient and therefore less attractive to currently active bettors.

Risk two: in-person registration drives additional demand to the illegal market. The press and marketing surrounding legal sports betting is broadly expected to generate interest in betting among consumers who are not currently active bettors. These consumers may not fully appreciate the difference between legal and illegal sportsbooks. They may also be more prone to favor convenience given their relatively casual interest in betting. In this scenario, the introduction of legal sports betting creates new consumer interest in sports betting, but the inconvenience of in-person registration drives some of those new bettors to illegal sportsbooks.

§5

Account Registration Policies In European Markets

On the question of online sports betting account registration, what lessons do Europe’s more mature regulated sports betting markets have to offer their less mature counterparts in the U.S.?

Perhaps the most salient lesson is that major regulated European markets widely allow⁶ bettors to register their online sports betting accounts remotely. In fact, we were able to find only one European jurisdiction—the Czech Republic—where in-person registration is required; according to published reports⁷, however, the country is debating whether to repeal its in-person registration requirement.

Further, the widespread availability of remote registration in regulated European markets indicates that the underlying technologies market participants use to verify online sports betting accounts—a blend of ID verification, age verification, and location verification—are proven and effective.

Of note, those same technologies, which are discussed further in Table 4.1 below, have been stress-tested and successfully deployed in 14 U.S. online gambling markets including Kentucky and Michigan (where online lottery is legal), Delaware and Pennsylvania (where online casino and poker is legal), and New Jersey and Oregon (where online sports betting is legal).

Table 4.1: Discussion Of Technologies Used To Verify Online Sports Betting Accounts

<p>ID Verification</p>	<p>Online gambling operators in jurisdictions such as New Jersey utilize a number of methods to verify the identity of a patron. The signup process typically requires a meaningful amount of personal information, including part or all of the patron’s Social Security number. Operators employ additional identity verification tactics commonly used in the banking and loan sectors. Finally, operators benefit from a secondary level of identity verification during the deposit and withdrawal processes. This multilayered approach draws together resources from the operator, third-party Know Your Customer (KYC) technologies, and the payments industry. It should be further noted that retail gambling operators are already required to have significant KYC functions in-house, meaning much of this is familiar terrain for operators.</p>
<p>Age Verification</p>	<p>ID verification provides an initial guard against underage access. Additional age verification technology, including tools that help a verified patron block access to their account, provide a secondary layer of assurance. Age verification technology has satisfied policymakers in over a dozen states that have authorized online gambling. In addition, state lotteries in both Pennsylvania and Michigan are convinced that age verification technology is sufficient to prevent underage access to the state’s online lottery games. Regulators in active jurisdictions have reported de minimis instances of underage patrons gaining access to games.</p>
<p>Geolocation</p>	<p>Geolocation services are utilized in a broad range of industries. Geolocation has been deployed in the regulated U.S. online gambling market since 2013 with the launch of online casino and poker in states such as Delaware, Nevada, and New Jersey. The technology, which utilizes a multi-factor approach to verifying the current location of a patron placing a wager, is understood to be accurate down to the meter and has been stress-tested in states with significant bordering population density (e.g., New Jersey). Policymakers and lottery officials in over a dozen states have been satisfied by the efficacy of the technology, and reports of deficiencies in the technology to date have been minimal.</p>

Source: Eilers & Krejcik Gaming, LLC

Account Registration Policies In Highly Regulated Adjacent Industries

Online sports betting isn't the only online industry that necessitates the verification of a customer's identity in order to ensure a legitimate business relationship between a company and that customer. Know Your Customer (KYC) procedures are also employed by other companies providing heavily regulated goods or services, including financial products, insurance products, and alcohol.

Despite the need for rigorous identity verification in those industries, companies' KYC requirements tend not to include in-person verification as a condition of account registration or of doing business online.

An exhaustive 50-state analysis of financial services, insurance, and alcohol laws was beyond the scope of this report. But in Table 6.1 below, which covers five states in which online sports betting is legal, we show whether companies in the financial services, insurance, and alcohol industries have a legal obligation to verify a customer's identity in person before transacting with them.

In the states we surveyed, online sports betting is the only industry—even amongst the industries with the strictest KYC requirements—that consistently maintains in-person registration as a condition for a company to do business with its customers.

Note: Many states, including Iowa, Oregon, and West Virginia, do require the signature of an over-21 adult for the delivery of contents containing alcohol to be completed. Rhode Island, for its part, prohibits direct to consumer shipments, requiring purchases to be made on site.

Table 6.1: What Can Consumers Do Online Without In-Person Registration?

	Personal Bank Account	Home Mortgage	Auto / Home Insurance	Alcohol*	Online Sports Betting
Iowa	✓	✓	✓	✓	✗
Nevada	✓	✓	✓	✓	✗
Oregon	✓	✓	✓	✓	✓
Rhode Island	✓	✓	✓	✗	✗
West Virginia	✓	✓	✓	✓	✓

*Online alcohol sales are limited in some states due to various alcohol shipping laws. Online alcohol shipments are limited to wine-only in Iowa and West Virginia

Source: Eilers & Krejcik Gaming, LLC

Questions For Future Research

In this section, we set out questions for future research regarding in-person registration in online sports betting and gambling.

- 1 Due to the recency of legalized sports betting in Iowa, the universe of Registered Mobile Account Holders was limited at the time of the survey. Will future surveys of consumer attitudes toward in-person registration find that Account Holder views of such registration are similarly distributed—that is, with a highly motivated minority of Account Holders rating the process as extremely convenient, but with more than a third of such holders rating the process as somewhat or very inconvenient?
- 2 Do incentives positively impact the willingness of consumers to consider in-person registration? If so, what level of incentive is sufficient to impact consumers, and how, if at all, should tax and regulatory approaches be altered to accommodate the need for such incentives?
- 3 What, if any, impact does the in-person registration requirement have in terms of generating incremental revenue for casinos?
- 4 What, if any, impact does the in-person registration requirement have on the willingness of casinos to market their sportsbooks? This question is especially relevant given the direct connection between marketing budgets and overall market performance. The less spent on marketing, the smaller the market, and the smaller the resulting tax base for the state.
- 5 Do in-person registration requirements uniquely advantage some sports betting operators at the expense of others?

- 1 Revenue per adult—that is, how much sports betting revenue each state is generating per gambling-age adult—allows us to compare meaningfully the productivity of sports betting across states.
- 2 Active sports betting behavior was defined as having placed a sports wager for real money on some type of commercial gambling platform within the past 12 months. Betting channels include placing bets with a bookie or sales representative, over the Internet on a betting website, or via a mobile device. Persons who had placed bets on sporting events through less formal channels such as office pools, between friends, or at charity events were not included in this group which we titled the “Active Bettors” segment.
- 3 The American Gaming Association’s (AGA) recent nationwide survey documents that 39% of U.S. residents are interested in sports betting. The state of Iowa has a total population of 3,156,145 and an over 21 population estimated at 2,342,561. Applying the AGA statistic yields an interested proportion (39%) equal to 913,599.

Our survey targeted Iowa residents interested in opening an account to bet on sports now that it is legal in the state. Based on survey results, where to date only 19% of participants have signed up for an account, those who express an interest in registering but have not yet done so make up 81% of the survey population.

Transferring this statistic to the interested state population quantifies the currently unrealized opportunity and sizes the Potential Bettor segment (those interested in betting but yet to register - 81%) at a total of 740,015 Iowans within a margin of error of +/- 5%.”

For additional detail regarding the AGA survey, see <https://www.americangaming.org/wp-content/uploads/2019/03/Consumer-Research-One-Pager.pdf>

- 4 Ted Nesi, “Over 12,000 Sign Up For RI Mobile Sports Betting,” WPRI.com, Oct. 21, 2019: <https://www.wpri.com/business-news/over-12000-sign-up-for-ri-mobile-sports-betting/>.
- 5 Per information gathered from interviews with New Jersey online gambling market participants.
- 6 We surveyed the policies of a dozen European online gambling markets, including the United Kingdom, Sweden, Denmark, Germany, Belgium, Switzerland, and Italy. Of note, none of those jurisdictions require bettors to register their accounts in-person at a land-based gaming facility.
- 7 Joe Ewens, “Czech Republic Considers Reforms To Attract Spurned Offshore Industry, *Gambling Compliance*, March 13, 2019: https://gamblingcompliance.com/premium-content/insights_analysis/czech-republic-considers-reforms-attract-spurned-offshore-industry.

APPENDIX:

Attitudes Toward In-Person Registration In Iowa

A Quantitative Study



Eilers & Krejcik
Gaming

1. STUDY BACKGROUND

Eilers & Krejcik Gaming conducted a short survey designed to sample the opinions of Iowa residents regarding the newly legalized practice of sports betting. Three population segments were surveyed. The first was Iowa residents who had recently opened legal sports betting accounts at brick and mortar casinos. The second was Iowa residents who actively bet on sports and had not yet opened accounts at the casinos but might be open to doing so in the future. The third was Iowa residents who do not currently bet on sports but are considering placing bets at Iowa's legal sportsbooks in the near future. Data collection commenced on Oct. 8 and concluded Oct. 23, 2019. The online quantitative study collected a total of 400 completed responses, 77 of which were interviews with Iowa residents who had previously signed up for online/mobile accounts at a retail location in a land-based casino. The remaining 323 responses were a combination of active sports bettors who have not yet opened an account at a land-based casino, and residents who did not qualify as active sports bettors but expressed an interest in opening a sports betting account now that it has become legal in Iowa.

In order to qualify for inclusion in this survey, potential respondents had to be active sports bettors or persons considering placing bets at Iowa's legal sportsbooks in the near future now that it is legal to do so. Active sports betting behavior was defined as having placed a sports wager for real money on some type of commercial gambling platform within the past 12 months. Betting channels include placing bets with a bookie or sales representative, over the Internet on a betting website, or via a mobile device. Persons who had placed bets on sporting events through less formal channels such as office pools, between friends, or at charity events were not included in this group which we titled the "Active Bettors" segment.

Within the Active Bettor population we further targeted people who had recently opened accounts for legal sports betting via mobile/online channels and administered additional questions regarding the convenience, suitability, and improvement potential of the registration process. In addition, the study sampled people who did not meet our criteria for having placed a real-money wager on a sporting event within the past 12 months but are considering placing bets at Iowa's legal sportsbooks in the near future now that it is legal to do so. This segment was titled Potential Bettors and many in this group have placed bets between friends or in office pools. For reporting purposes the three segments were titled Registered Mobile Account Holders, Active Bettors, and Potential Bettors. The major survey segments are listed below, along with the number of completed surveys.

Iowa Survey Segments	
Registered Mobile Account Holders	n = 77
Active Bettors (Open to Registering)	n = 57
Potential Bettors (Open to Registering)	n = 266
Full Survey Total	n = 400

2. KEY FINDINGS

Iowa became the 11th state in the U.S. to offer legal sports wagering to adults 21 and older on May 13, 2019 and sports betting operations began at Iowa casinos on August 15, 2019.¹ Eight of the 18 Iowa licensed commercial casinos launched retail sports books on opening day, 15 were operational in September, and all were operating retail sports books by October 2019.²

The intrastate regulatory model adopted in Iowa allows for both retail and mobile/online wagering but requires patrons to register for mobile wagering accounts in-person at Iowa casinos through January 2021. This requirement is designed to bolster know your customer (KYC) regulations by assuring that the people who sign up present full identification and can be personally identified and proven to be of legal age by casino staff. This survey is designed to sample the opinions and reactions of Iowa residents who have experienced the retail registration process as well as the perceptions of residents who have not yet registered but are considering doing so now that legal sports betting has come to Iowa.

The survey interviewed a total of 77 Iowa residents who traveled to a casino and signed up in person to open a mobile/online wagering account (Registered Mobile Account Holders). In addition another 333 Iowa residents were interviewed who have not yet signed up for a mobile account but are considering doing so in the near future (Potential Bettors). Within the Potential Bettor segment a total of 57 residents are currently wagering on commercial sports betting platforms outside of legal channels (Active Bettors).

Key Findings:

- Legal sports betting in Iowa appears to be attracting wagering activity from previous underground, unregulated, and untaxed channels.
- A majority of survey participants who have not yet signed up for a mobile sports wagering account are considering doing so, and almost one-third (29%) are definitely considering placing bets at Iowa's legal sports books in the near future.
- Only a minority of those who have experienced the online account registration process characterize it as convenient, and more than one-third rate the process as inconvenient.
- Verbatim comments from those who have experienced the physical registration process are mixed and often unfavorable: [Continued on next page]

¹ Danny Lawhon, "Iowa sports betting: What to do now that it's legal to wager", Des Moines Register, July 30, 2019, <https://www.desmoinesregister.com/story/sports/2019/07/30/iowa-sport-betting-start-date-legal-sports-gambling-app-ncaa-college-football-spread-rule-how-to-bet/1857134001/>.

² Danny Lawhon, "Iowa casinos take nearly \$40 million of wagers in first full month of legal sports gambling", Des Moines Register, October 11, 2019, <https://www.desmoinesregister.com/story/sports/2019/10/11/iowa-sports-betting-casinos-40-million-handle-wagers-mobile-gambling/3946424002/>.

2. KEY FINDINGS

- Positive reactions mention the added security of in-person age verification to prevent underage gambling and the excitement being able to participate in legal sports betting.
- Neutral reactions cite minor inconvenience or the fact that they are nearby a casino or were planning to visit the casino anyway.
- Negative reactions speak of the long drives, unnecessary inconvenience, and personal frustration that Iowa residents are not allowed to register for a mobile account on their mobile phones.
- Less than one-third of all respondents say that the regulatory requirement for physically visiting a casino in order to register for an online account makes them more interested in opening an account and one-quarter say they are less interested in opening an account because of the physical visitation requirement.
- Almost half of all respondents would sign up for more than one account if they did not have to visit a casino in order to do so.
 - Half would open two accounts and one-fifth would open three.
- Potential Bettors, or people who currently do not bet on sports but are considering opening an account now that it has become legal in Iowa, are the population segment least interested in visiting a casino in order to open an online sports wagering account.
- More than three-quarters of all respondents believe that consumers should be able to create online sports betting accounts from their homes instead of having to visit a casino.
- Respondents polled for their ideas on how to improve the current registration process most frequently suggest:
 - Allow online registration.
 - Allow registration from home.
 - Provide more locations at which to register
 - Provide easier access closer to home.
 - Institute a simpler more convenient registration process.

[Continued on next page]

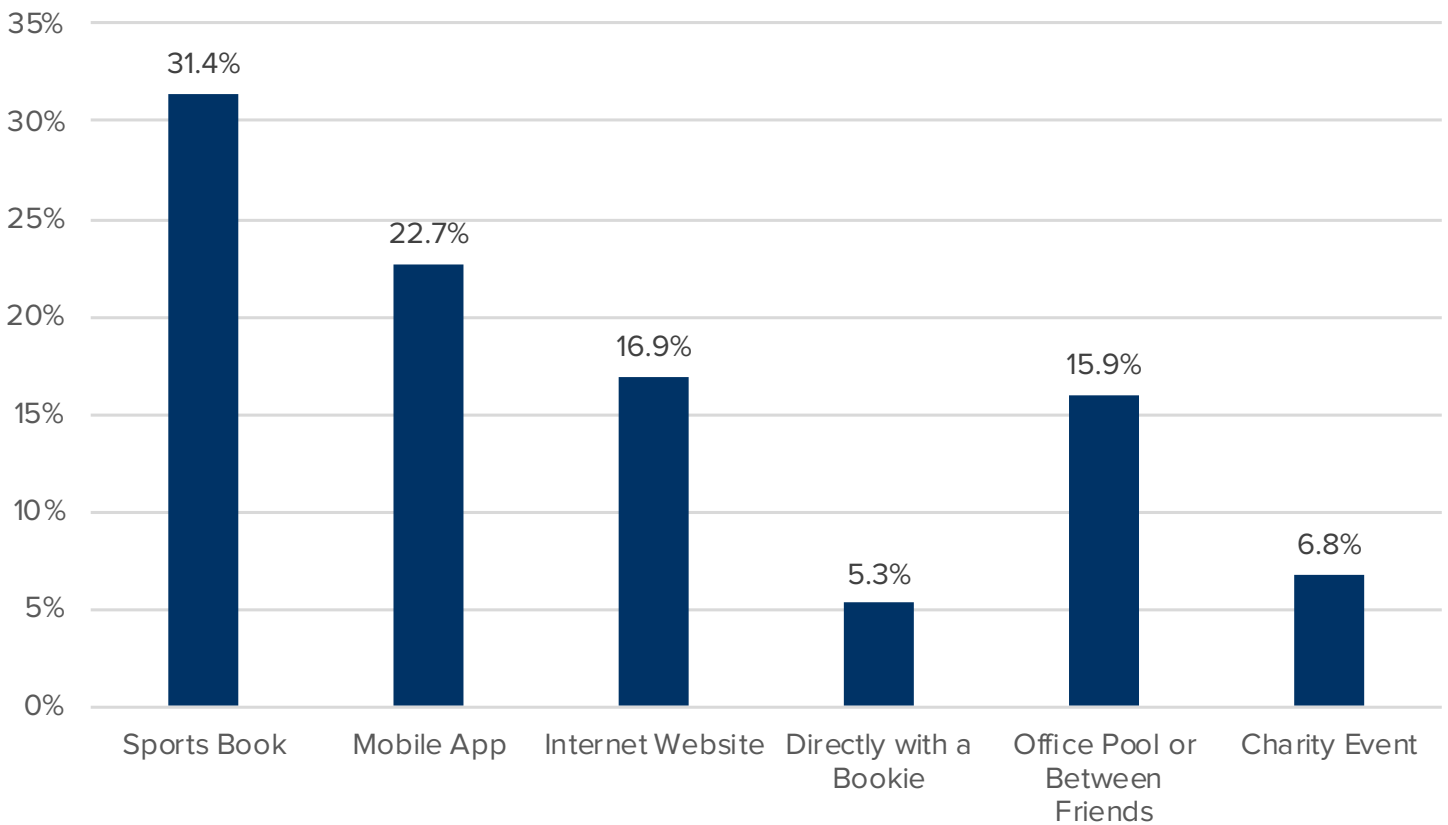
2. KEY FINDINGS [continued]

- More than three-quarters of respondents would not drive longer than an hour to a casino in order to register for a mobile account, and 10% would not drive any distance.
 - Potential Bettors are less likely to drive to a casino than Active Bettors.
- Active Bettors as a whole tend to be more male, younger, better educated, and higher income than Potential Bettors.
 - Registered Mobile Account Holders are the segment most likely to display these demographic attributes.
- Demographic data indicates that Iowa sports books are already attracting the most promising early adopter bettor segment while the much more numerous prospective bettor demographic segments have yet to engage in legal sports wagering in Iowa.

3. SPORTS BETTING BEHAVIOR

Among the survey participants who have placed a real money bet in the past 12 months (Registered Mobile Account Holders and Active Bettors), the most frequent single betting channel is legal, retail sports books, followed by mobile applications and Internet websites. This data shows that retail sports books are the primary channel at this stage of Iowa's rollout. Consistent with our targeting of Registered Mobile Account Holders, however, the combined responses for mobile apps and Internet websites account for about 40% of all responses—a total which surpasses the total for the retail channel (31%). This data also presents strong evidence that legalized sports betting in Iowa is attracting previous sports betting activity, conducted via underground, unregulated, and untaxed channels to legal, regulated, and taxed outlets.

Table 1: Sports Betting Channels



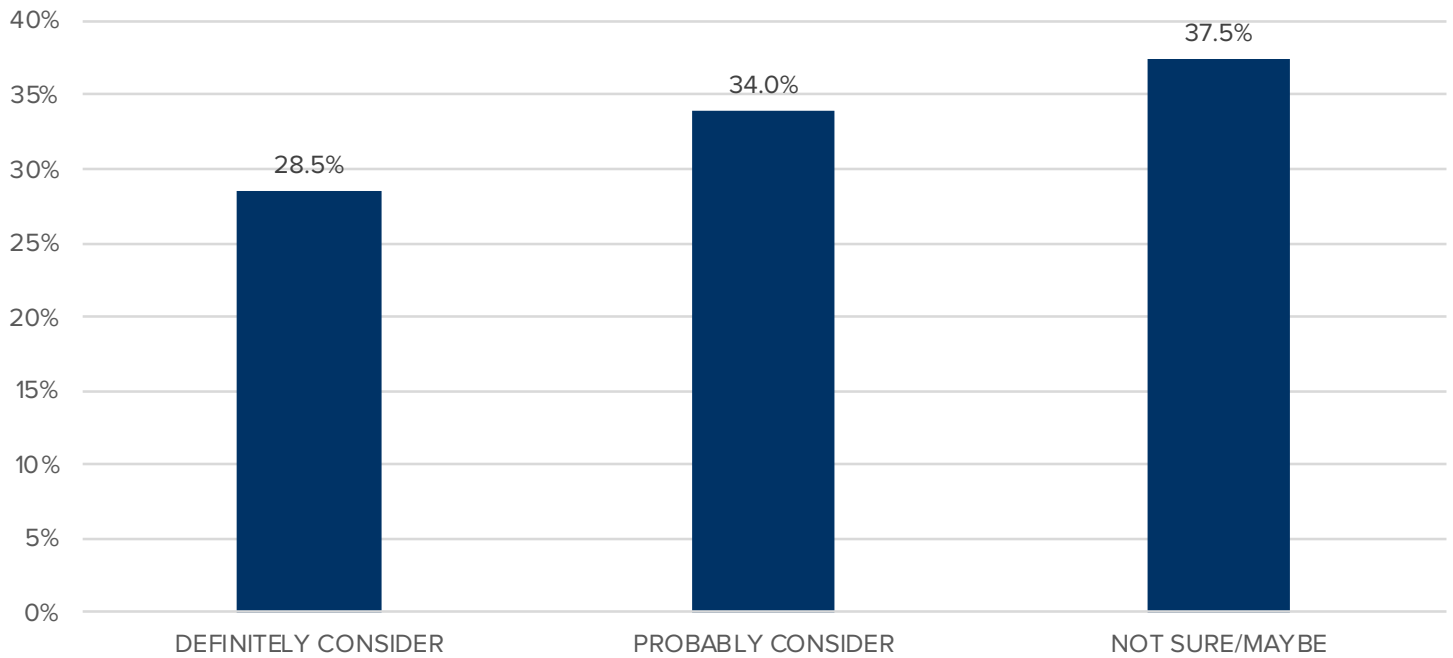
Survey Segments: Account Holders (n = 77), Active Bettors (n = 57)

Source: Eilers & Krejcik Gaming, LLC

Among the majority of survey respondents who have not yet signed up for a mobile sports wagering account (Potential Bettors), more than one-quarter are definitely considering placing bets at Iowa's legal sports books in the near future, more than one-third will probably consider it, and almost two-fifths are unsure but open to consideration for legal sports betting.

Table 2: Consideration Of Placing Legal Bets In Iowa

Survey question: Are you considering placing bets at Iowa's legal sportsbooks in the near future?



Survey Segment: Potential Bettors (n = 266)

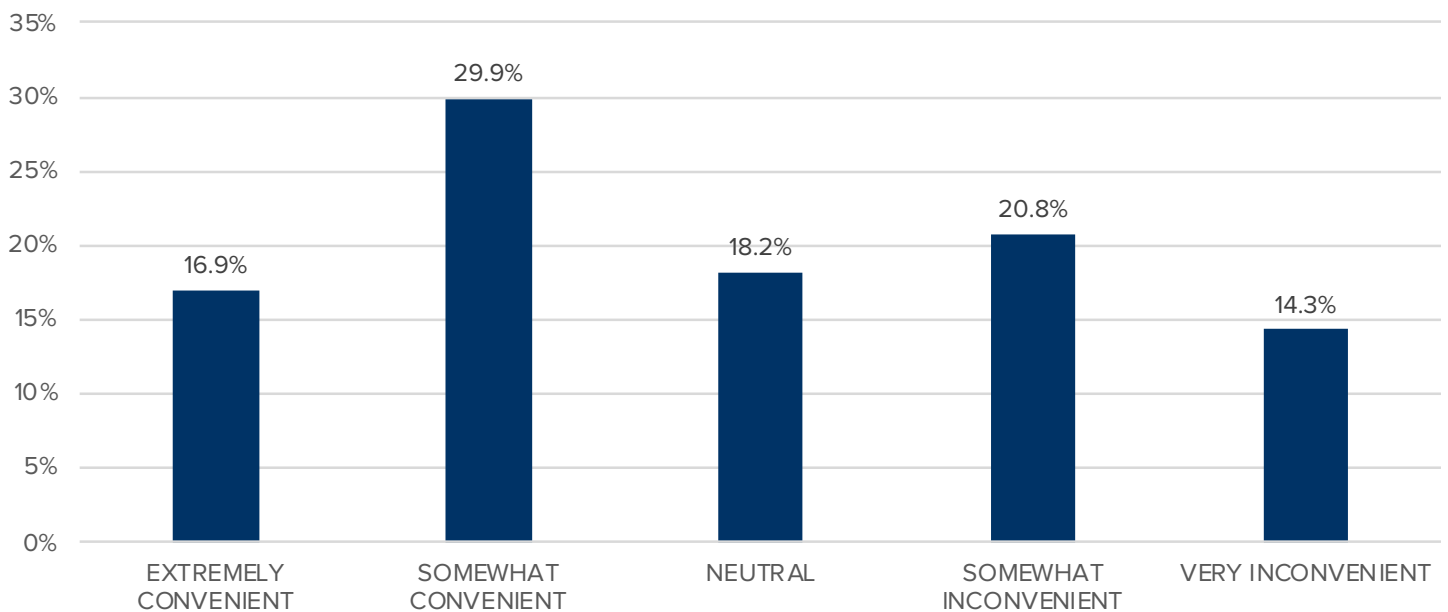
Source: Eilers & Krejcik Gaming, LLC

3.1 PERCEPTIONS OF RETAIL REGISTRATION PROCESS

Among Registered Mobile Account Holders, 35% found the in-person registration process to be somewhat or very inconvenient. While a highly motivated cohort of Account Holders (17%) found that process to be very convenient, survey responses suggest that outside of that cohort, in-person registration requirements could significantly dampen the ability of regulated sports betting markets to capture customers. Of note, verbatim survey comments indicate that many among the 17% who found the in-person registration process to be extremely convenient live within easy driving distance of a nearby casino.

Table 3: Registration Process Perceptions

Survey question: How would you rate the convenience of being required to register for an online sports betting account at the casino?



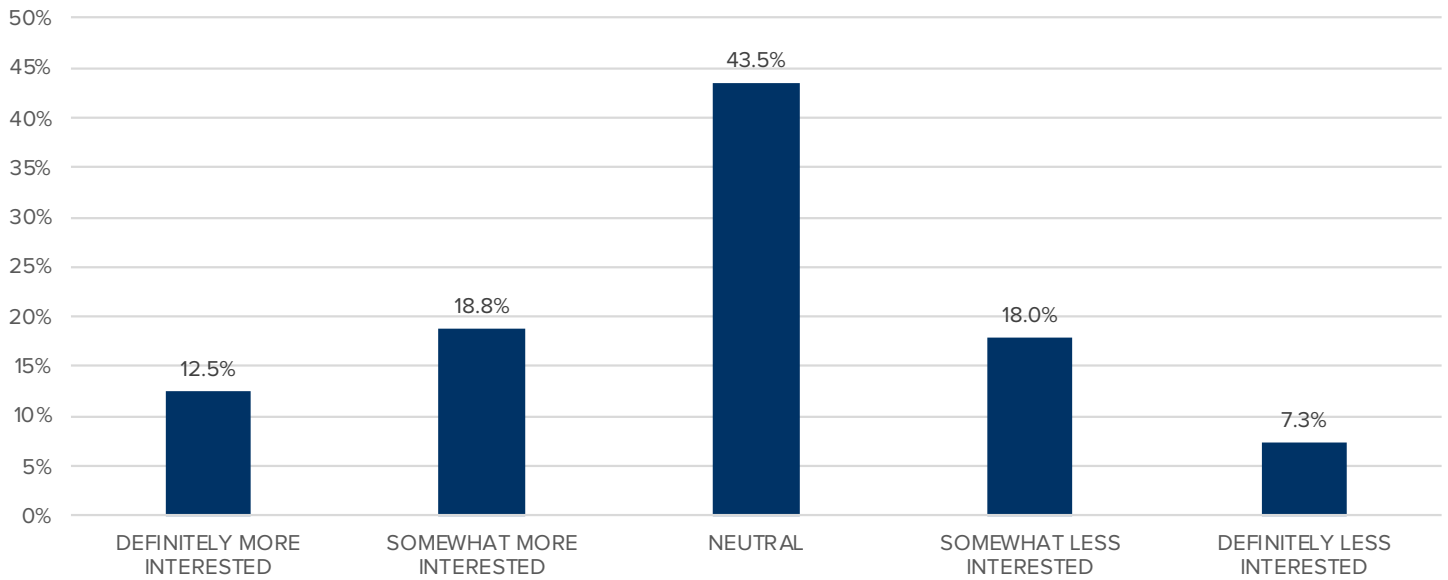
Survey Segment: Registered Mobile Account Holders (n = 77)

Source: Eilers & Krejcik Gaming, LLC

The requirement to visit a casino in order to register does not make a critical mass of survey respondents interested in creating their own online or mobile sports betting accounts. Only one-eighth say that this requirement makes them definitely more interested in opening an account, less than one-third are more interested overall, and fully one-quarter say that the in-person registration requirement makes them less interested in opening an account.

Table 4: Registration Requirement Perceptions

Survey question: Did the requirement to visit a casino in-person to create your online sports betting account make you more or less interested in creating your online sports betting account?



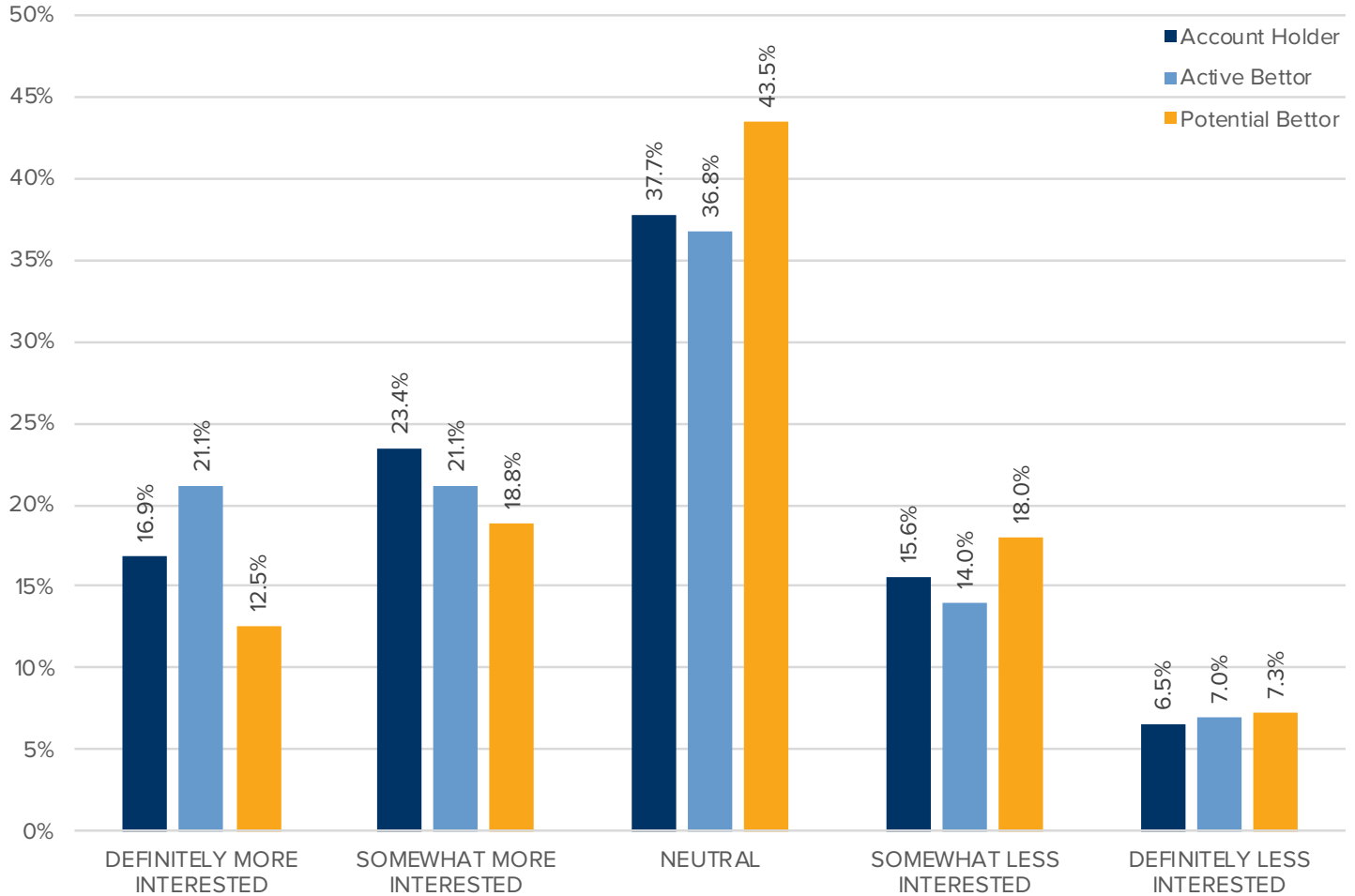
Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

The level of interest in traveling to a casino to establish an online sports betting account is lowest among Potential Bettors. Although the data demonstrates that legal sports betting is influencing Active Bettors to migrate their activity to regulated channels, it also shows that the in-person registration process may be discouraging Potential Bettors from participating in legal sports wagering.

Table 5: Registration Requirement Perceptions

Survey question: Did the requirement to visit a casino in-person to create your online sports betting account make you more or less interested in creating your online sports betting account?



Survey Segment: All Respondents (n = 400)

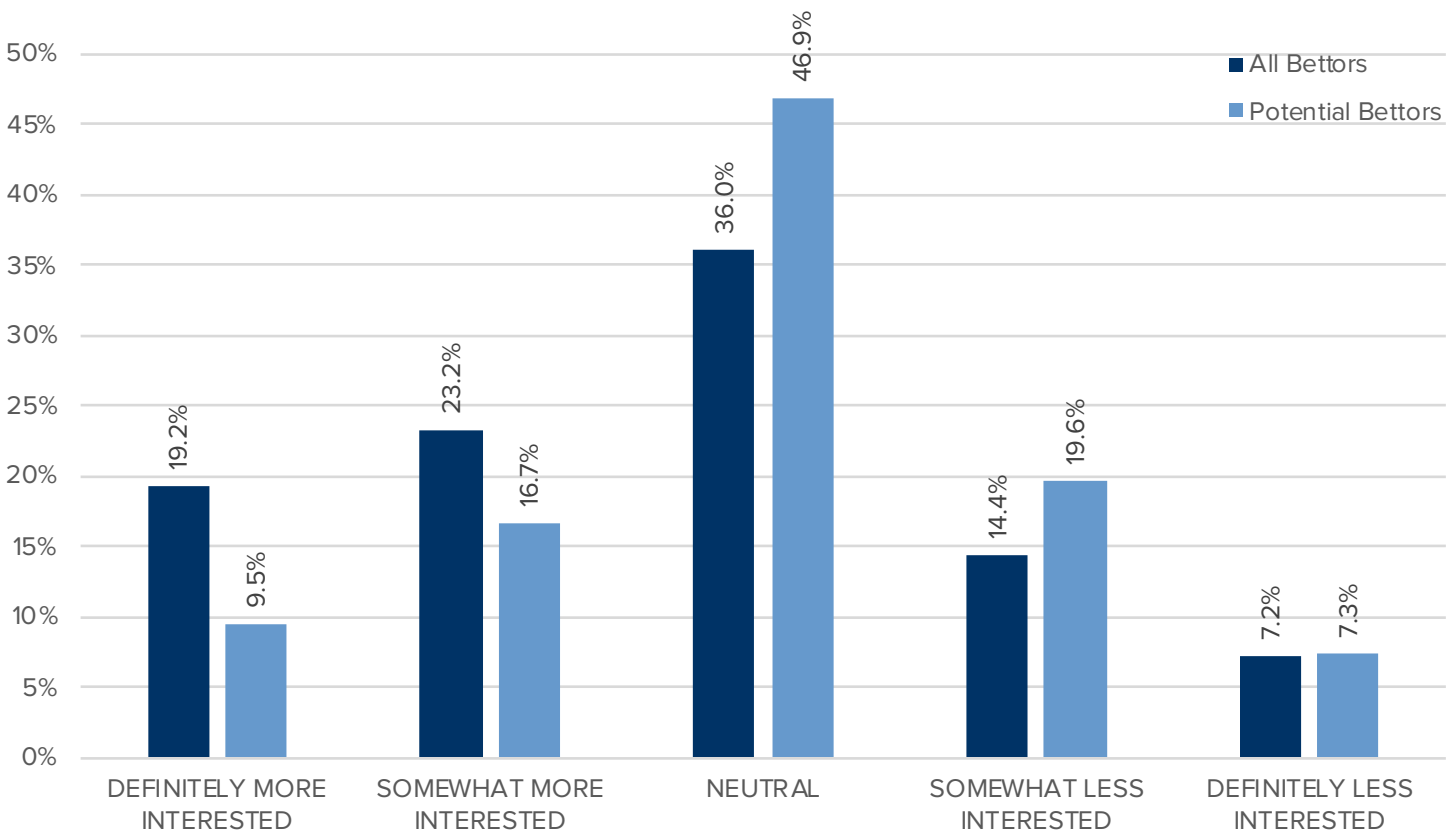
Source: Eilers & Krejcik Gaming, LLC

The previous chart can be simplified by condensing the two active bettor segments (Registered Mobile Account Holders and Active Bettors) into a single group (All Bettors). The following chart demonstrates that those who have placed a real money bet with a commercial sports betting provider over the past 12 months are significantly more interested in traveling to a casino to register for an online account than Potential Bettors, or those who do not currently wager on sports but are interested in doing so now that it is legal in Iowa.

This data once again demonstrates that legalized sports betting in Iowa is influencing active bettors to migrate their activity to regulated channels. Importantly however, it also shows that the in-person account registration process may be discouraging the much more numerous Potential Bettors from participating in legal sports wagering in Iowa.

Table 6: Registration Requirement Perceptions

Survey question: Did the requirement to visit a casino in-person to create your online sports betting account make you more or less interested in creating your online sports betting account?



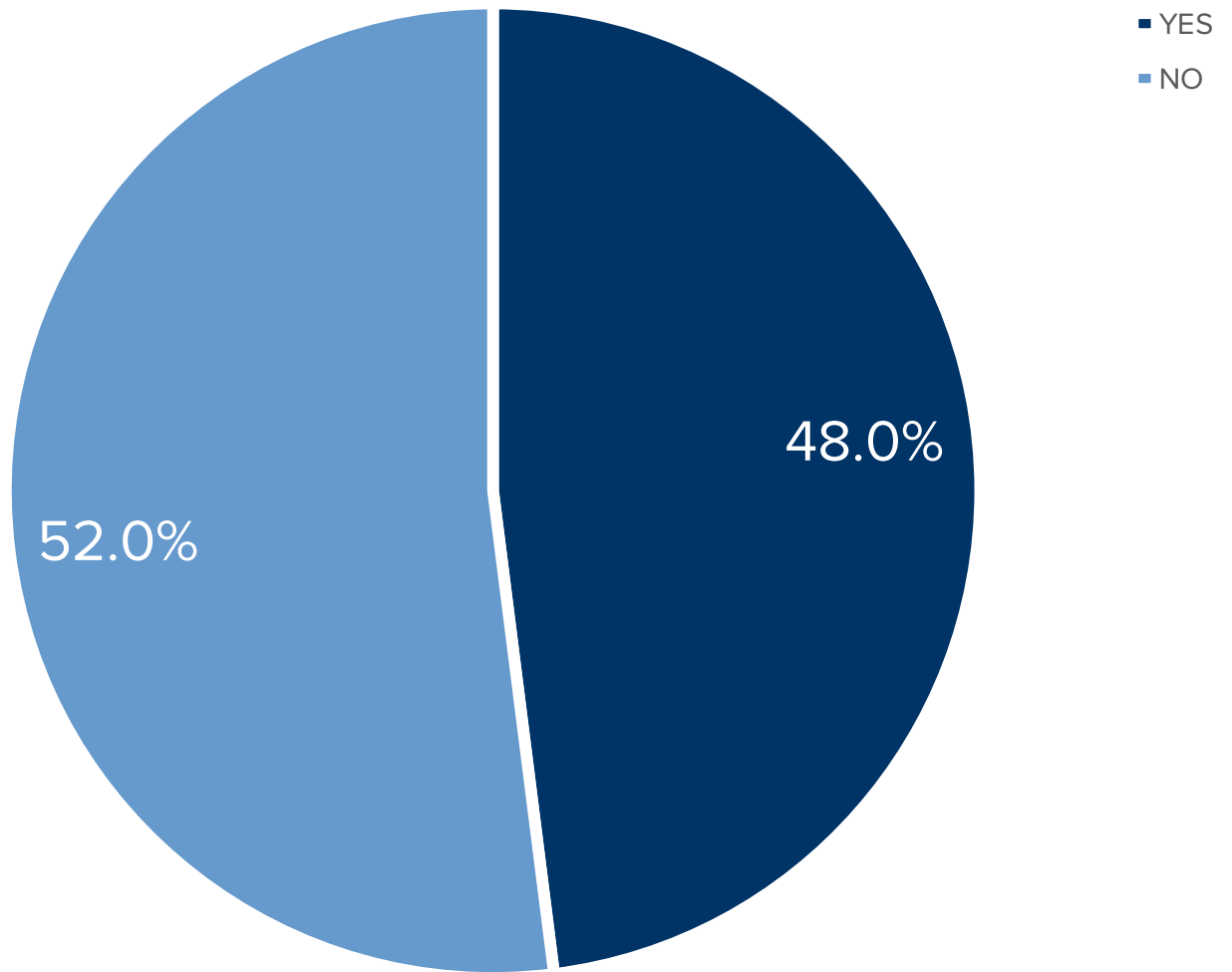
Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

All survey respondents were asked whether they would consider signing up for more than one account if they were not required to visit a casino in person to open a mobile wagering account. Responses show that almost half of all participants would open multiple accounts.

Table 7: Openness To Multiple Accounts In Absence Of In-Person Registration

Survey question: If you didn't have to visit the casino to create your account, would you sign up for more than one account?



Survey Segment: All Respondents (n = 400)

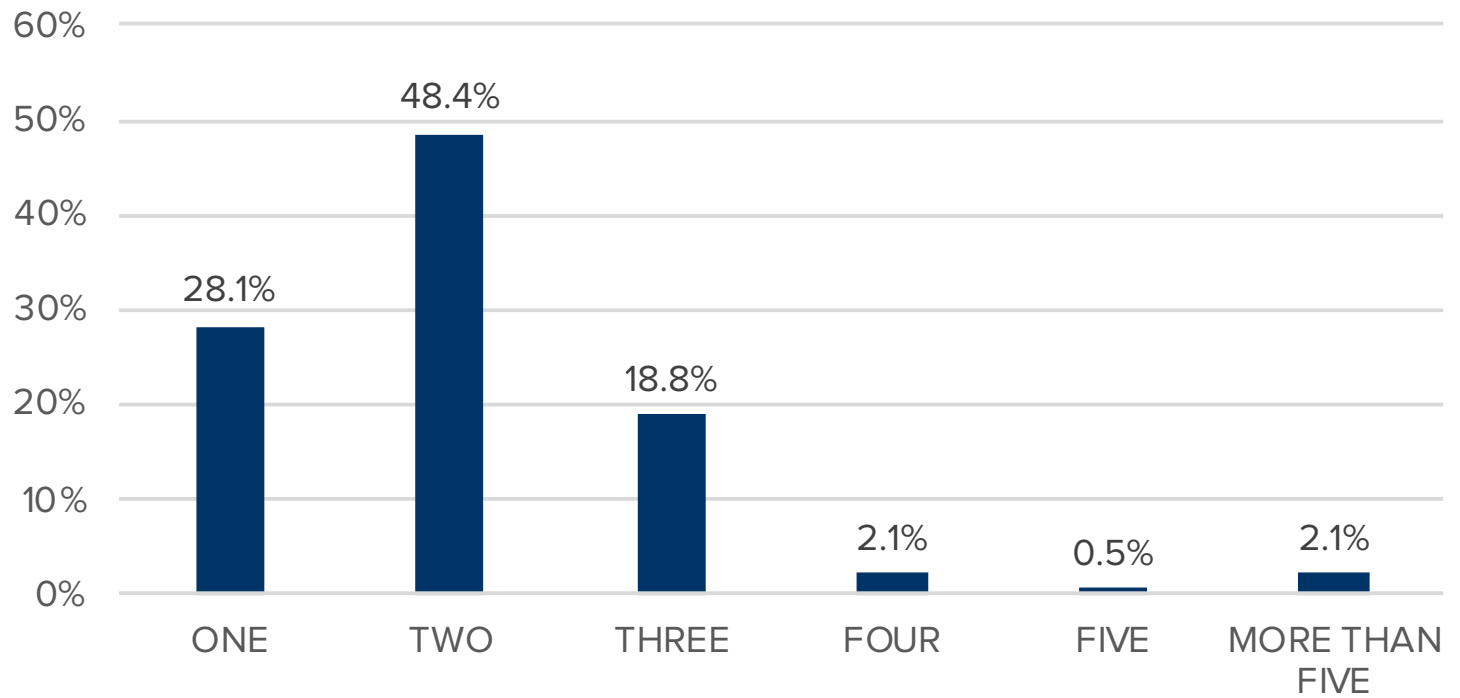
Source: Eilers & Krejcik Gaming, LLC

Probed to determine the number of accounts that they would prefer to open, a strong majority of survey participants indicated that they would open more than one account. Almost half would open two accounts and almost one-fifth would open three.

The ability of consumers to create multiple sports betting account tends to have a few knock-on impacts on the market at large. Markets where consumers can easily create accounts with multiple sports betting operators tend to be more competitive, creating a superior value environment for consumers. Such markets also tend to generate a larger overall tax base for the state as a result of engaging more consumers and driving more betting volume per consumer.

Table 8: Number Of Multiple Accounts Opened In Absence Of In-Person Registration

Survey question: If you didn't have to visit the casino to create your account, how many accounts would you create?



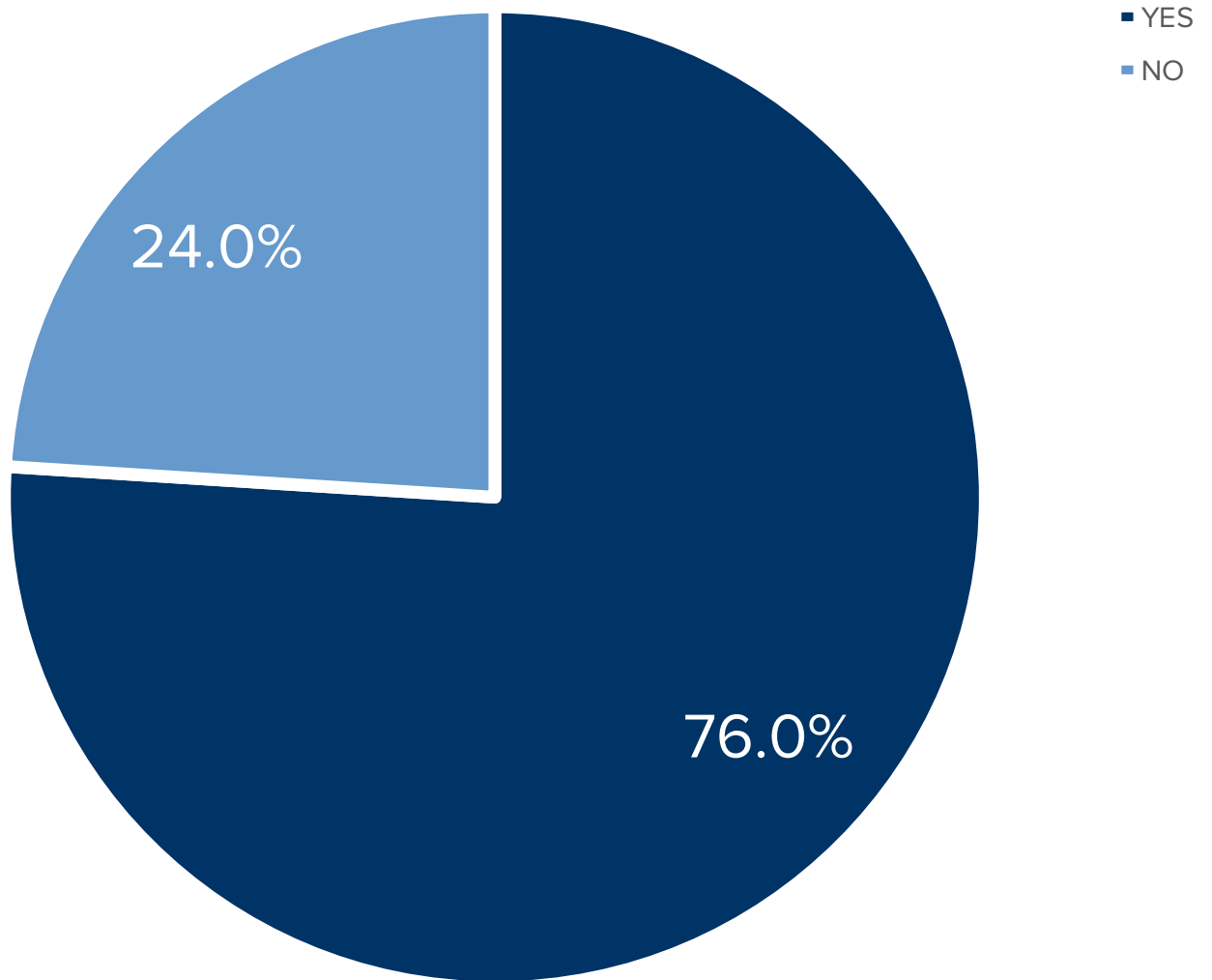
Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

All survey participants were asked whether consumers should be able to create online sports betting accounts from their homes instead of having to visit a casino to register for an online account. Results show that more than three-quarters of respondents agree with that statement and believe they should have the ability to register for online accounts from home.

Table 9: Opinions Of Allowing Online Registration From Home

Survey question: Do you think that consumers should be able to create online sports betting accounts from their homes instead of having to visit a casino in order to create an online sports betting account?



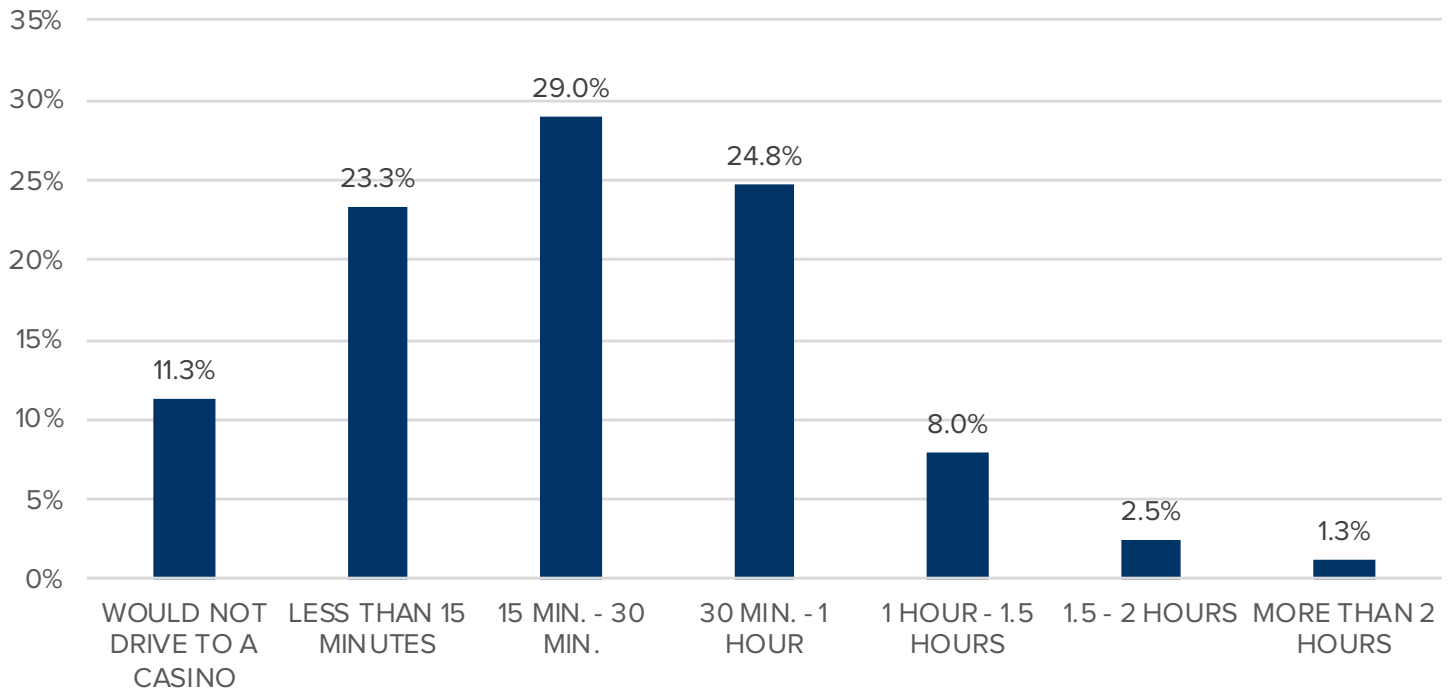
Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

All survey participants were further asked to estimate the maximum amount of time they would be willing to drive to create an online sports betting account at one of Iowa’s casinos. Responses to this question show that more than one in ten would prefer not to drive any distance to a casino in order to open an account, almost one-quarter would only drive a maximum of 15 minutes, and more than three-quarters would drive no longer than one hour to a casino in order to register for a mobile account.

Table 10: Drive Time Tolerance

Survey question: What’s the maximum amount of time you would be willing to drive to create an online sports betting account at one of Iowa’s casinos?



Survey Segment: All Respondents (n = 400)

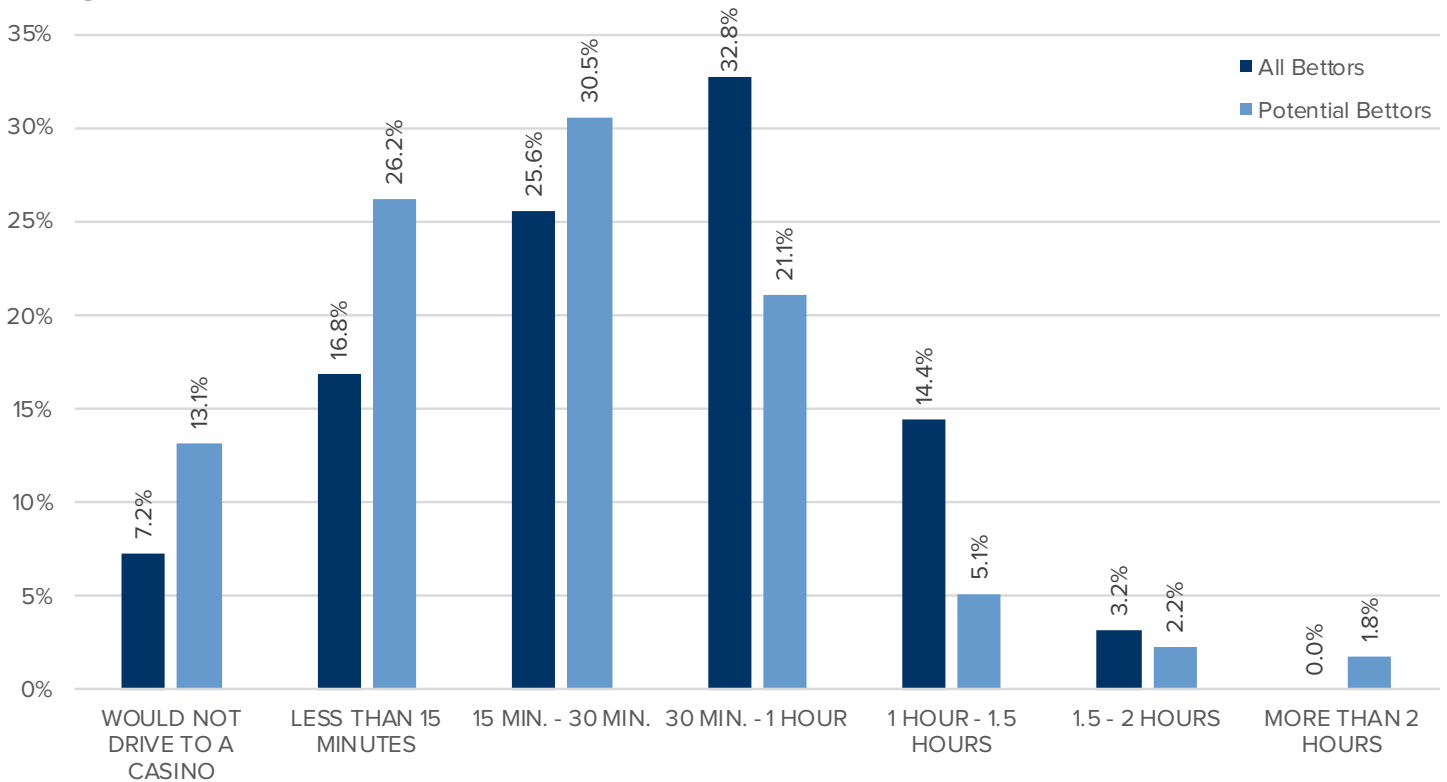
Source: Eilers & Krejcik Gaming, LLC

Splitting these responses out by segment reveals that participants who are actively wagering on commercial sports betting platforms (Registered Mobile Account Holders and Active Bettors) are significantly more likely to drive for a longer time to open an account at an Iowa casino than Potential Bettors.

Of note, just over one-eighth of Potential Bettors say that they would not drive to a casino to register an online sports betting account, while slightly more than a quarter say that they would drive less than 15 minutes to do so. We estimate that there are approximately 740,000 Potential Bettors in Iowa. Critically, the survey data indicates that 13% (or 96,000) of such bettors would not drive to register their online sports betting account—a significant blow to the regulated market.

Table 11: Drive Time Tolerance

Survey question: What’s the maximum amount of time you would be willing to drive to create an online sports betting account at one of Iowa’s casinos?



Survey Segment: All Respondents (n = 400)

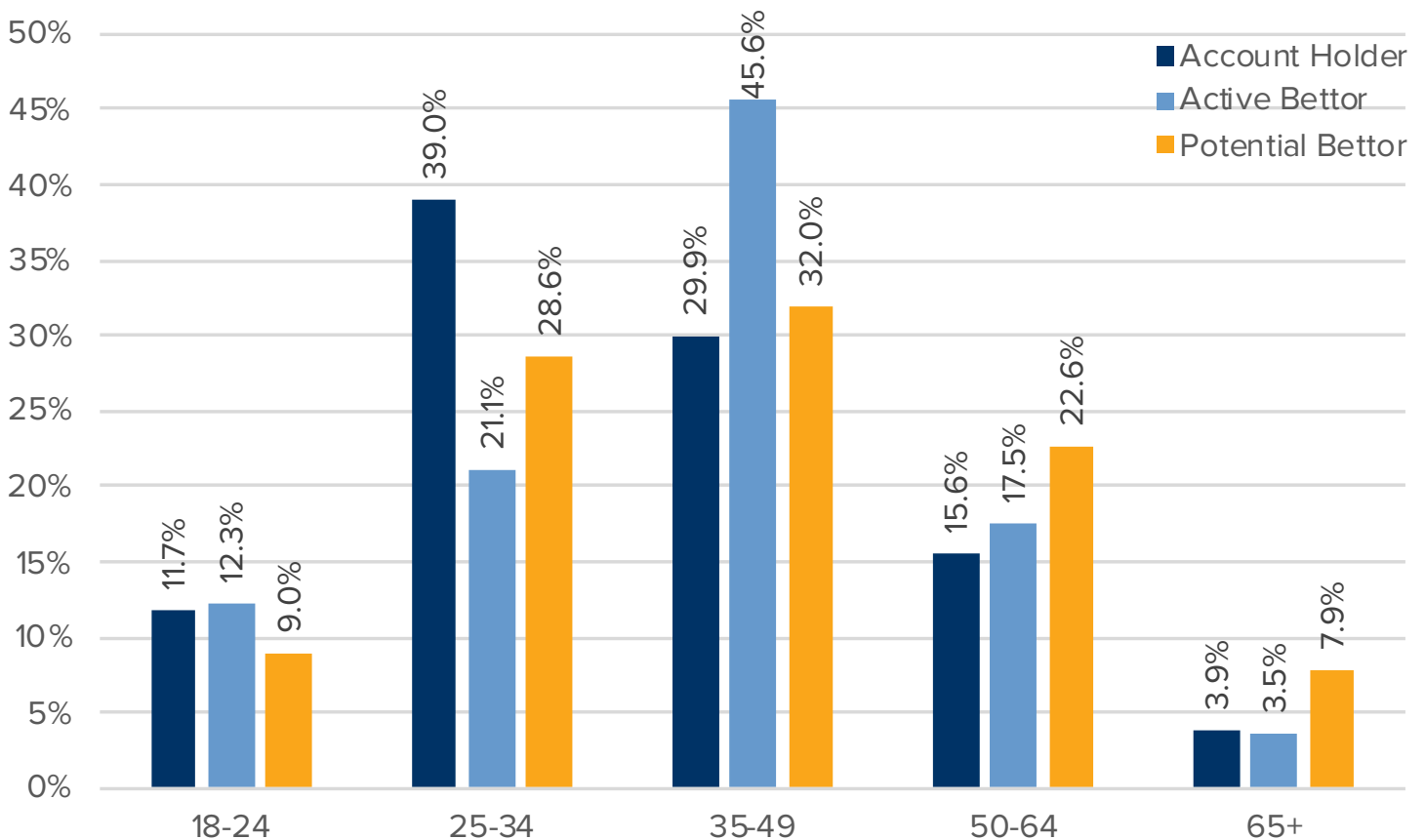
Source: Eilers & Krejcik Gaming, LLC

4. DEMOGRAPHICS

Active Bettors as a whole tend to be more male, younger, better educated, and higher income than Potential Bettors. Within that grouping Registered Mobile Account Holders are even likelier to display those demographic attributes. This data indicates that Iowa sports books are already attracting the most promising prospective bettor segment while the more numerous prospective bettor demographic segments have yet to engage in legal sports wagering in Iowa.

As illustrated in the chart below, Account Holders who have already registered for an online sports wagering account are most strongly represented in the 25-34 year old age group. Active Bettors who have not yet registered for an online account are most strongly represented in the 35-49 year old age group. Potential Bettors, who are considering opening a mobile sports wagering account, are more strongly represented than the other groups in the 50-64 year old age cohort.

Table 12: Age — By Segment

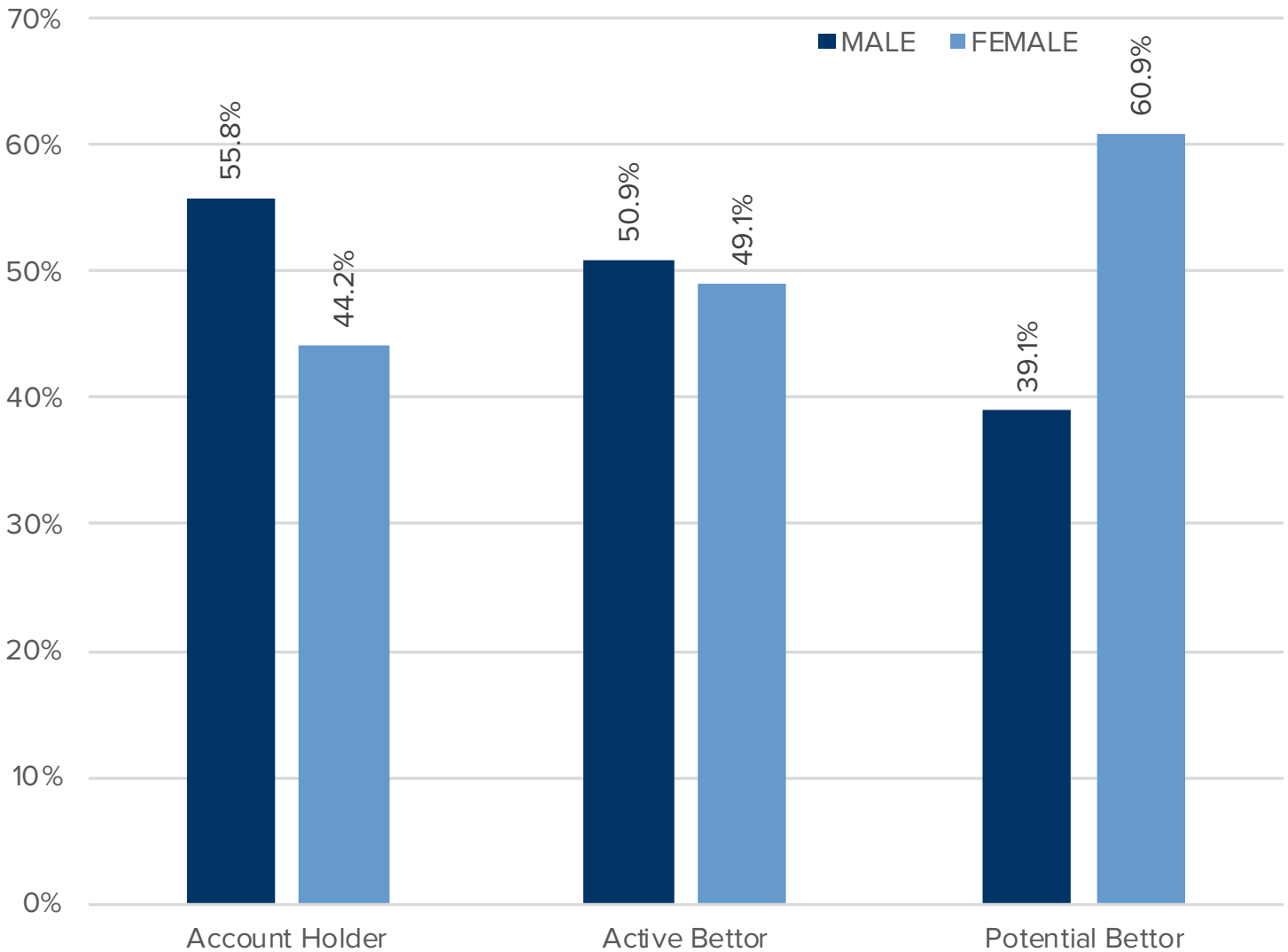


Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

The full survey population is predominantly female, slightly outweighing males 56% to 44%. Viewing gender by betting segment reveals that Account Holders, those who have already registered for an online sports wagering account, are the segment which is most strongly male (56%), while Active Bettors who have not yet signed up for an account are only slightly more male than female as a segment. Potential Bettors who are considering opening a mobile sports wagering account are a strongly female survey segment displaying a 61% representation of women.

Table 13: Gender — By Segment

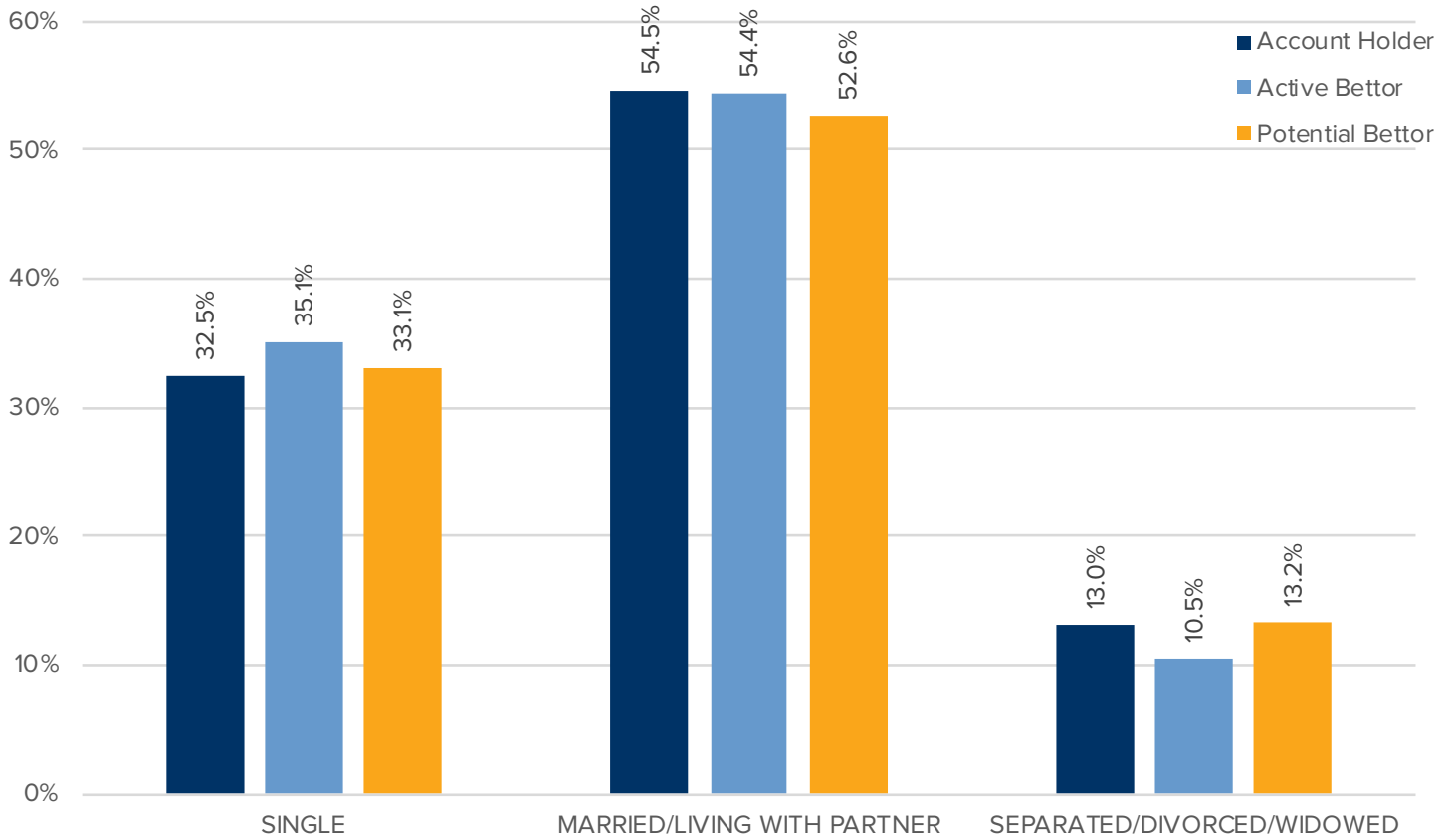


Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

Marital status is remarkably consistent across all three betting segments represented in the survey with a majority married or living with a partner and roughly one-third being single.

Table 14: Marital Status — By Segment

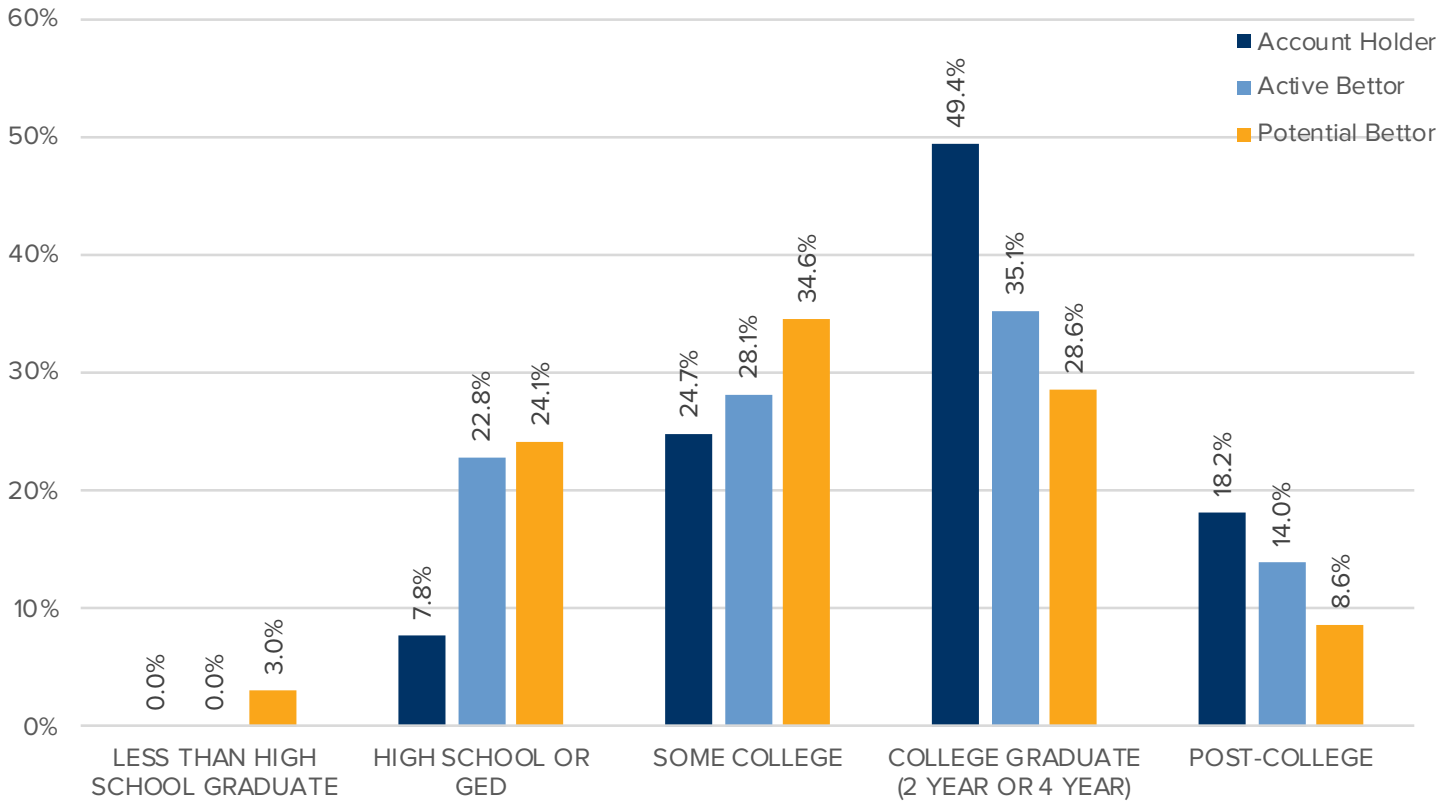


Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

Profiling education level by betting segment discloses that Account Holders as a group are significantly better educated than other segments and that Potential Bettors are the least well educated survey segment.

Table 15: Education Level — By Segment

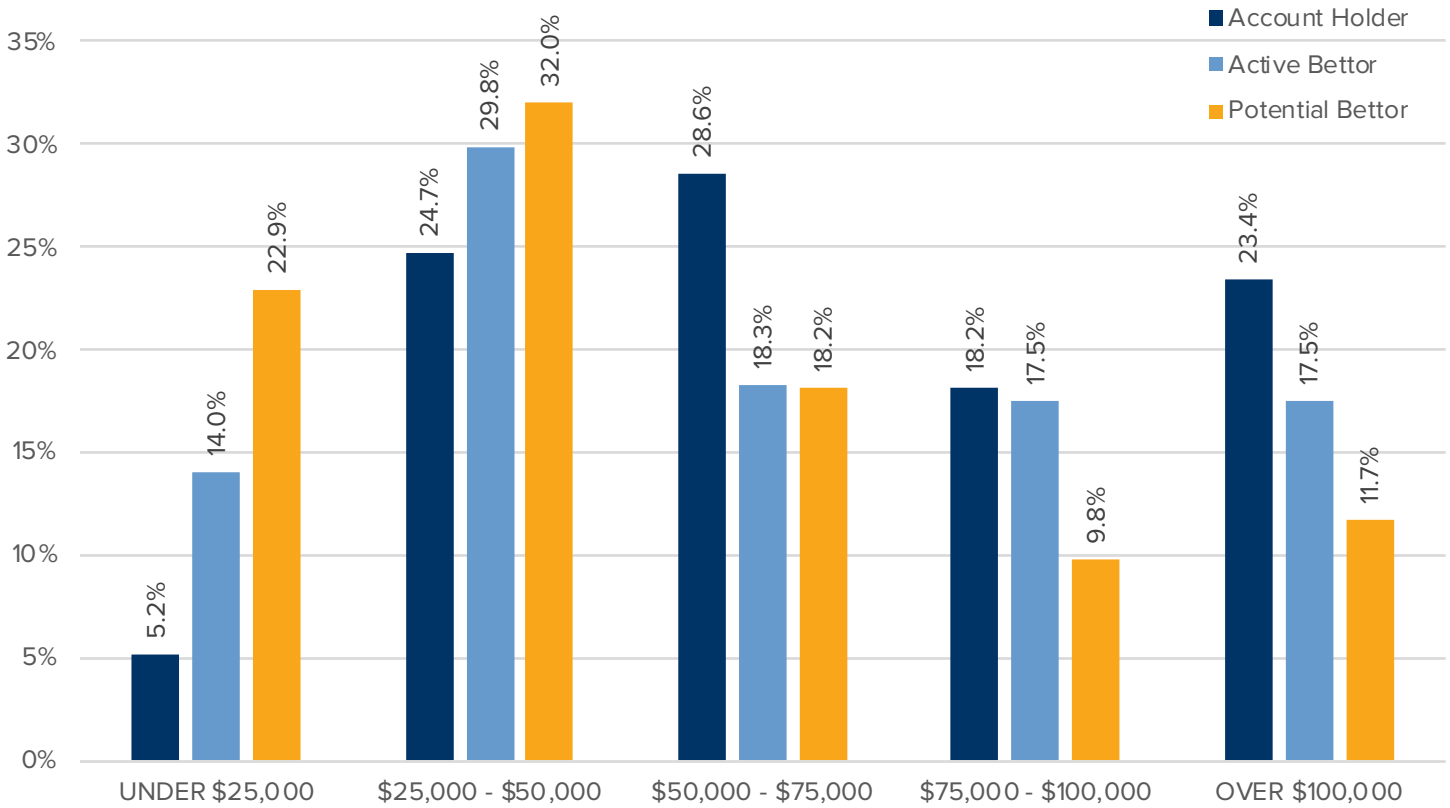


Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

Account Holders display significantly higher household income levels than other survey segments. Nearly one-quarter of those who have already opened online sports wagering accounts at Iowa casinos earn more than \$100,000 annually while Potential Bettors are most strongly represented in the \$25,000 to \$50,000 annual household income category.

Table 16: Household Income — By Segment



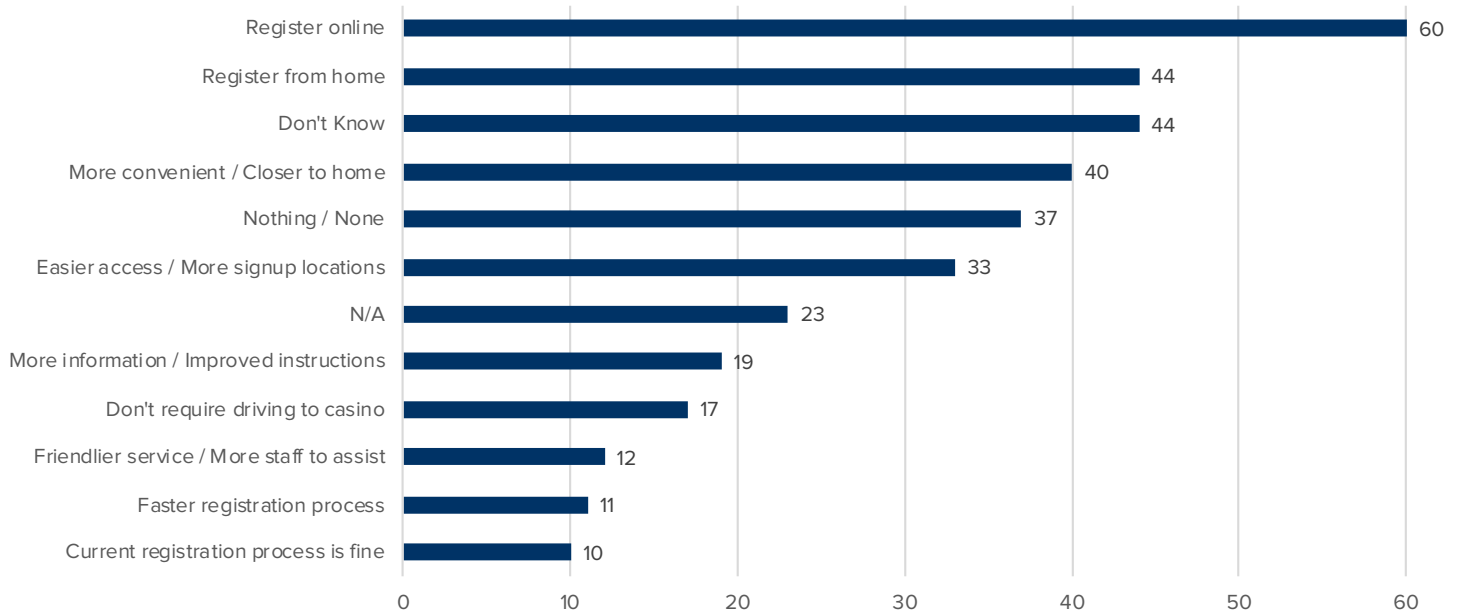
Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

All 400 survey respondents were polled for their ideas on how to improve the current registration process. The most frequent improvement suggestions were to move the process online or allow it to be done from home. Other frequent suggestions include providing more locations at which to register, easier access closer to home, instituting a simpler, faster, and more convenient registration process, or providing more information regarding registration procedures and requirements. Verbatim comments coded into categories are illustrated in the following chart.

Table 17: Recommended Improvements

Survey question: What one or two things would you recommend to improve Iowa's sports betting registration process?



Survey Segment: All Respondents (n = 400)

Source: Eilers & Krejcik Gaming, LLC

25	BAL GREEN			158	TEXAS
26	OHIO ST*	-34.5		159	PENN ST
27	KENT ST*	-24.5		160	MINNESOTA
28	TEMPLE*			161	MICH ST
29	BALL ST	-5.5		162	MICHIGAN
30	BUFFALO			163	UNLV
31	ARKANSAS			164	COL ST
32	AUBURN	-16		165	N MEX ST
33	DUKE*			166	IDAHO
34	ALABAMA*	-29		167	VIRGINIA
35	OKLA ST	-3		168	E CAROLINA
36	KANSAS ST			169	AKRON
37	TEXAS A&M	-1.5		170	CINCINNATI
38	KANSAS			171	S CAR
39	S DIEGO S				



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