










Proposal Outline

1. Introduction: Touch on DraftKings' Initiatives and how LAFC helps DraftKings achieve them:

- a. According to DraftKings' Investor Day November 2023, Slide 36 discusses trends and initiatives for the future:

Mega Trends and DraftKings Positioning	
Mega Trends that Create Opportunity	DraftKings is Positioned to Capitalize
 Sports viewership transitioning quickly from legacy linear to digital streaming	 Database of highly engaged young and affluent customers
 Global trend towards regulating online gaming	 Recognizable and trusted brand
 Consumers looking for more interactive experiences and deepening engagement with favorite apps	 World-class product for iGaming and OSB
	 Ability to navigate complex regulatory environments

- b. MLS has an Apple TV Deal which touches on the Mega Trend of **digital streaming**
- c. LAFC has a [large social media presence](#) which touches on Mega Trend of **deepening engagement with favorite apps**
 - i. In 2022, LAFC had the highest average engagements, impressions, and post value in the MLS. Its engagements per post were at least 86.4% higher than any other team's average and more than doubled 12 of their 13 counterparts.
 - ii. LAFC exhibited the most yearly growth in total engagements and post value
- d. MLS boasts the youngest and most diverse fans in North American sports with the average fan age 37.4 years, 67% Gen Z and Millennial, 77% digitally native and 31% Hispanic which touches on Goal of having **"highly engaged young and affluent customers"**
- e. LAFC is committed to being a Force for Good in the LA community, allowing DraftKings to sway public opinion on the legalization of sports betting in California which touches on Goal of **"ability to navigate complex regulatory environment"** and **"recognizable and trusted brand"**



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- f. Additionally, areas of the stadium can be named after DraftKings which fall under the goal of **“recognizable and trusted brand”**.
- g. The last three pages touch on specific partnership concepts and how much we charge for the partnership



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2. Why LAFC? Explain why the MLS and why LAFC in particular

- a. MLS growth metrics according to an article published by [Forbes](#),
 - i. Attendance is up: For the eighth consecutive year excluding Covid-impacted years in 2020 and '21, MLS has rewritten the league's single-season attendance record. Currently at 10.4 million and on pace to finish at 10.9 million, attendance is up from 10 million in 2022 and 8.6 million in 2019.
 - ii. Increase in Social Media Presence: On the digital and social front, MLS witnessed a 26% increase in followers on TikTok and 50% more engagement on Instagram posts pre-Messi. Overall, the league has added 5.4 million followers, nearly six times more new followers than 2022, driven by TikTok (+2.2 million) and Instagram (+2 million), while traffic across club and league websites are up 55% in 2023
 - iii. Endless Opportunity: With the 2024 Copa América, 2025 FIFA Club World Cup, 2025 Concacaf Gold, 2026 FIFA World Cup and 2028 Olympics all coming to the country and continent, and potentially the 2027 FIFA Women's World Cup, MLS plans to continue to fuel football fandom for years to come.
 - 1. PrizePicks, a fantasy competitor, saw a growth in fantasy soccer activity during and after the 2022 FIFA World Cup games.
- b. Why LAFC in particular?
 - i. Large social media presence
 - 1. In 2022, LAFC had the highest average engagements, impressions, and post value in the MLS. Its engagements per post were at least 86.4% higher than any other team's average and more than doubled 12 of their 13 counterparts.
 - 2. LAFC exhibited the most yearly growth in total engagements and post value
 - ii. Location:
 - 1. Location in Downtown LA allows for DraftKings to establish itself in the California sports betting market before its legalization
 - 2. Celebrity superfans are frequently seen in the stands, with Justin Bieber and Wiz Khalifa attending the MLS Cup.
 - iii. Programs:
 - 1. DraftKings can take part in LAFC's 'Force for Good' programs to sway Californians opinion on the legalization of sports betting
 - iv. Market size and value:



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1. 2022, LAFC sold out every MLS regular season and playoff match since its first kickoff in 2018. And LAFC turned an estimated \$8 million operating profit on a league- high \$116 million in revenue last year.
2. Most valuable franchise at \$1 billion valuation

c. **LAFC is LA's team**

I thought including Reddit Posts was a great and effective way to show the opinions of why LAFC is more LA and a better choice than LA Galaxy

i.

LAFC is LA's Team

But just don't take it from us, take it from the people.

Is LAFC the more popular LA team? Shouldn't it be Galaxy?

Discussion

As someone who does not follow MLS whatsoever until this weekend, I have noticed in the last 5 years people wearing LAFC apparel. It's not a lot, but I do notice it. I thought LAFC winning the MLS was like the first MLS championship for the city of LA.

Nope!! Apparently the Galaxy are the Yankees of MLS and have won like 5x already. I have never seen ANYONE wear Galaxy gear. I don't know a single person who gives a shit about the Galaxy, but I know at least a handful of LAFC fans.

For a city that tends to like the alpha teams with more championships (e.g. Lakers, Dodgers, USC), why does LAFC feel more like the Lakers while the Galaxy feels more like the Clippers?

Is it cause if the branding (Galaxy sounds lame, LAFC sounds dope like UCLA)? Is it the stadium in DTLA? Is Carson like Anaheim? I means Rams play in Inglewood and Lakers used to play there too so IDK why being in central LA matters.

107

199

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jpejon • 1 yr. ago
Los Angeles FC

There are many different reasons for this, some of which you've already nailed on the head. From the onset and before there was a team or stadium, there were open discussions between the organization and the local community regarding team colors, team name, logo options etc, and an overall ethos of what people wanted out of an LA club that extended well beyond the 11 players on the field.

So people feel like this club is a part of them, because *it is*. I'm not a fan of knocking the Galaxy or what they've achieved since the league's inception, hats off to them, but the argument can be made that they never tapped into the intense football/soccer culture in the region like LAFC did.

There's certainly an aspect of being the new kid on the block, and there will inevitably be some rough patches and criticism during not-so-good seasons, some current "supporters" will jump ship, but I think you'll find that the underlying fanbase/culture that helped make LAFC what it is, is here to stay.

68 ↑ ↓ Reply Share ...

5 more replies



mkuz1000 • 1 yr. ago

Its really the Galaxy that dropped the ball, yes they had billboards in LA, but most of their events and marketing have been in the South Bay area since moving to Carson, that was mostly their market, for example their championship rally was in Hermosa Beach, or before that at their stadium, not in LA like the Coliseum where it would be more in the city. But I always felt Galaxy was always more of a South Bay team, it wasn't until LAFC came around they started marketing more in the city and started this cringe Since 96 campaign, they are the only original team that uses "Since 96", but failed to connect with city since then.

56 ↑ ↓ Reply Share ...

LAFC69 • 1 yr. ago
GET LOST

Thats another part. When Beckham came to the league, Gals focused on white OC, AYSO soccer families. No legwork in Latino communities. Since 96 campaign was a result of LAFC making a connection with Angelenos. Too late for them. Damage was done.

On a separate note, I wish crew would've kept the Crew 96 stuff because it went good with their branding. Just sounds nice.

48 ↑ ↓ Reply Share ...

Opinionated_Urbanist • 1 yr. ago

Several reasons:

- I can get to the games using the Metro. No car needed. Game days on the train are amazing because it's full of other fans and is such a vibe.
- The stadium is great. Light-years better than the one in Carson.
- The original black kit with the YouTube logo was fire. I still rock mine all the time, even though Flex is the new sponsor. Galaxy's kit looks stupid. Herbalife is an embarrassing sponsor to have.
- I prefer the ownership group behind LAFC than the faceless corporate suits at AEG. Love seeing Will Ferrell and Magic Johnson showing up and showing love at the games.
- The fan community behind LAFC feels more diverse and more positive. I see young people, older people. I see families, I see all races. I'm not saying Galaxy doesn't have that (this is LA after all). I'm just saying I see it more with LAFC. The club has consistently done a better job of pulling in a broader variety of supporters. Including many non traditional soccer fans.

50 ↑ ↓ Reply Share ...

ii. This quote demonstrates LAFC's emphasis on being part of the LA community:

"From the beginning, our ownership has been intentional about uniting the world's city through the world's game, and this partnership [partnership with Cal State Los Angeles] provides yet another deep and lasting connection in the heart of our great city. We are proud to be making this investment to benefit both the students of Cal State LA and the future of LAFC." ~ LAFC General Manager and EVP of Soccer Operations John Thorrington



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3. Go over three reasons for an Exclusive Category Partnership with LAFC

- a. Separation from Competition: Draft King has 31% of sports betting market share
 - i. Fan Duel: 30% of market share
 - ii. Fanatics and ESPN Bet: [Digital Sport by HPL](#) 70% of respondents envision that Fanatics and ESPN BET could earn a combined market share of 11-20% within two years
 - iii. PrizePicks:
 1. PrizePicks dominate fantasy betting currently due to their revolutionary idea of prop betting
 - a. In Arizona, for example, PrizePicks had \$28.2 million in entry fees this year through August, vastly outpacing fantasy products at DraftKings (\$14.6 million) and FanDuel (\$3.4 million).



- iv. **DraftKings can get ahead of the game and establish itself in the fastest growing and youngest sports league in North America through partnering with the largest and most influential franchise. If not, other competitors may swoop in.**

1. In addition, California and daily fantasy sports have an interesting relationship. DFS providers in California are the recipients of more contest entries and money than any other state, since sports betting is illegal. In a given year, they take in roughly \$200 million in entry fees.

b. Proposition 27

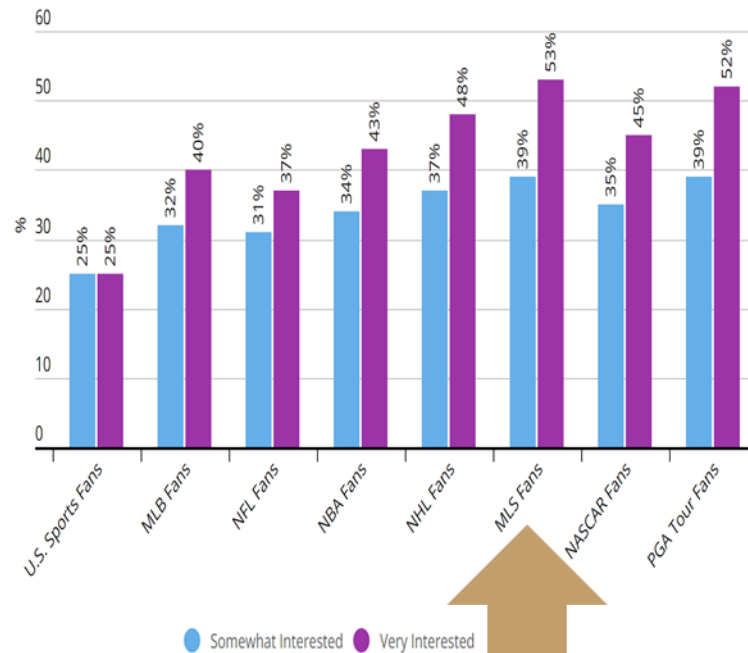
- i. Sports Betting is illegal in California. DraftKings has spent millions of dollars in an attempt to legalize sportsbetting through Proposition 27. **This proposition recently failed in 2022, with the next vote set for 2024.**



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- ii. California has the potential to be the largest legalized sports betting market in the country with an **estimated potential of \$60 billion in wagers and revenue of \$3 billion annually.**
- iii. **53 percent of MLS fans** say they are very interested in sports betting if legalized, the most of any other sports league in the United States

LIKLIHOOD TO GAMBLE IF BETTING IS LEGALIZED



Source: Nielsen Fan Insights

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- iv. From [DraftKings website on Prop 27](#): Proposition 27, the California Solutions to Homelessness and Mental Health Support Act, generates hundreds of millions of dollars annually for solutions to homelessness, mental health, and addiction by taxing and regulating online sports betting for adults 21+. Strict protections for minors and mandatory audits make sure that the money is spent effectively to reduce homelessness. It's



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why homeless service providers, bipartisan local leaders, and California tribes all say yes on 27. It's a win-win.

v. Californians don't believe that Proposition 27 will help homelessness.

1. "I know initiatives and folks will say anything. Perhaps that initiative will provide a few dollars," Governor Newsom said. "I'm not supporting or opposing it, I haven't given it a lot of thought, but it is not a homeless initiative. I know Angelenos can read between the lines and they know better."
2. The No on 27 committee said the proposal was based on deceptive promises and said the gaming companies behind it "didn't write it for the homeless, they wrote it for themselves."

vi. **Through working with LAFC's Force for Good Programs, DraftKings will prove to Californians that sports betting's state taxable revenue reduces homelessness.**

vii. New States are Becoming Profitable Faster, great trend to see for California. CFO Jason Park said that in states where DraftKings launched in 2022 and 2023, it is adding customers 4.5 times faster than it was in states where it launched in 2018 and 2019.

"Put simply, more recent states have citizens that are geared up and ready to go when their state finally launches online sports betting," Park said

c. Diversity: LAFC has one of the most diverse fanbases in the country, allowing DraftKings to tap into the influential and sizeable U.S. Hispanic market.

- i. Latinos comprise almost 64 million people, 19% of our population, and one out of every four births. At \$2.8 trillion in gross domestic product (GDP), the U.S. Latino economy is larger than all but five countries worldwide. This influential population is predicted to grow to account for over 30% of the total U.S. population, 132.8 million people, by 2050.

ii. **49 percent of LA is Hispanic or Latino**

- iii. Of Hispanic males, 94% identify as sports fans and more than half, 56%, are "avid" fans. Latinos tend to go to sporting events weekly about two times more than other fans. Latinos also feel more favorably about sponsorships than our general market counterparts, with around **41% feeling inclined to purchase from those sponsors. That loyalty extends to brands sponsoring sports, with 43% expressing a feeling of loyalty.**



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- iv. [A 2021 poll of 703 Hispanics](#) in the United States found that: 61% either bet or were interested in betting on sports.
- v. The Futbol Sites study found that Caliente, the sports betting leader in Mexico and a prominent Liga MX sponsor, dominated in terms of recognition with 57% of those surveyed familiar with the brand. Bet365 and Fox Bet were next at 15%. American-market leaders **DraftKings, FanDuel, and BetMGM registered in single digits.**
 - 1. Partnership with LAFC will increase the US Hispanic community's awareness of DraftKings
- vi. **DraftKings can increase awareness and capitalize off the Us. Hispanic Market through a partnership deal with LAFC.**



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4. Specific Partnership Concepts

- a. Integrate DraftKings into “Acción LAFC Con Armando Aquayo”, “Somos LAFC”, LAFC affiliated Spanish speaking radio channels, and other LAFC Spanish-speaking social media outlets.
 - i. This concept hits DraftKings’ objective of reaching a **highly engaged, young, and diverse audience and becoming a recognizable and trusted brand to the Hispanic community.**
 - ii. The integration of DraftKings into LAFC’s Spanish speaking services is important because [the data](#) shows that **Hispanic fans tend to feel loyal to brands which sponsor their sports teams, and the US-Hispanic market is huge.**
 - iii. **DraftKings can encourage interaction from fans through creative gamification with live trivia and giveaways via these Spanish-speaking services. Participants will have the opportunity to win DraftKings credit, Premium subscriptions, LAFC jerseys, suite/club tickets, and more.**
 1. [FanDuel](#) hosted live events/podcasts and generated 2M+ views across social media, 28M+ impressions across campaigns, and an average of 94% of users engaged in real time
 - iv. Perhaps DraftKings can be the official sponsor of a podcast
 1. I.E. we rename a podcast to **Acción LAFC Con Armando Aquayo Presentado Por DraftKings.**
 - v. Mutually Beneficial: Helps fund podcasts/media outlets, while allowing DraftKings to reach a Hispanic audience
- b. DraftKings and SkidRow
 - i. This concept achieves DraftKings’ objective of **ability to navigate complex regulatory environments**
 - ii. LAFC and its partners are actively involved with the homeless of LA through its ‘Force for Good’ programs and DraftKings can easily be integrated into these programs just as Chik-Fil-A, Ford, Chevron and more have done with other causes
 - iii. This is **important to achieving their goal of legalizing sports betting in California** because their main argument when arguing for sports betting in California was that the taxable revenue goes into helping and reducing homelessness.



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iv. Mutually Beneficial as LAFC can help their community while DraftKings can physically point to the work its done with LAFC to prove to voters that sports betting revenue does in fact make a difference in the homeless.

c. DraftKings Safe Standing Area:

- i. This concept achieves DraftKings' objective of being a recognizable and trusted brand**
- ii. We integrate DraftKings into BMO Stadium this way because DraftKings supports safe and responsible gambling just as LAFC supports safe and responsible standing sections. We build off the word safe.**
- iii. It is not something other teams can do because The Supporters Section is the only safe-standing section on the West Coast and the first safe standing rail seats in North America.
- iv. DraftKings promotes safe gambling: "[Per their website](#): From the second you open your account to the moment you collect your winnings, our number one priority is to make sure you're playing safely and responsibly. We provide our players with tools to set budgets, limits, and cool-off periods, and we always give you the option to self-exclude."
- v. Mutually beneficial because LAFC receives funding while DraftKings receives exposure and sense of legitimacy in California**

I chose to highlight the three most innovative ideas, but other ideas such as using LAFC's logo, halftime shows, and trips to performance centers are more basic ideas which can be included as well into the partnership deal.



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5. Valuation of Exclusive Category Partnership

- According to Navigate, a Data-driven consulting firm in sports and entertainment:

Deals Between Betting Companies & Major 5 Sports Teams			
	Average Annual Value of NEW Deal (\$M)	Average Length of NEW Deal (years)	Average total Value of NEW Deal (\$M)
 CAESARS ENTERTAINMENT.	3.0	3.0	11.3
 BETMGM	2.9	2.7	7.2
 DRAFTKINGS	2.7	3.4	13.6
 FANDUEL	2.3	2.2	4.8

NVGT.COM Source: GlobalData NAVIGATE

Deals Between Betting Companies & Major 5 Sports Leagues				
	Avg. Total Value of NEW Deal (\$M)	Avg. Total Value of RENEWED Deal (\$M)	Avg. Length of NEW Deal (years)	Avg. Length of RENEWED Deal (years)
	8.7	3.1	2.6	1.2
	6.5	4.1	2.4	1.1
	5.5	5.2	2.3	1.5
	5.8	3.0	2.5	1.5

NVGT.COM Source: GlobalData NAVIGATE



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Across all five major leagues, the average total value of new partnerships is \$6.1 million compared to \$3.4 million for renewed deals. New players like Fanatics and ESPN could reignite a bidding war driving these prices up.

In addition, we compare the price that rival PrizePick paid for its partnership deal with Atlanta United which was around \$250-500k, according to an [expert with industry knowledge](#). The deal places top PrizePick customers in suites at Atlanta United matches. Customers will be chosen based on how long they've used the platform, how actively they use it and how much money they've put into it. To my knowledge though, that is the extent of the deal. There is no renaming parts of the stadium, no participation in community programs, and no partnership of social media channels as with our deal.

In [February of 2023](#), DraftKings CEO said "DraftKings will continue to scale back on its partnerships with sports teams and leagues, calling it an inefficient part of the company's business. It's really part of an overall effort that we have to be more efficient as a company," Robins said on the call. "And I think that there is an opportunity in this category to get even better."

CFO Jason Park said that in states where DraftKings launched in 2022 and 2023, it is adding customers 4.5 times faster than it was in states where it launched in 2018 and 2019. "Put simply, more recent states have citizens that are geared up and ready to go when their state finally launches online sports betting," Park said

I believe that this exclusive, partnership deal with LAFC should be 2.5 million dollars a year for 3 years. The average deal for DraftKings is 2.7 million dollars a year while the average length is 3.4 years. Our deal is worth less than the average because of the CEO's desire to decrease spending on advertising and sports teams' partnerships. As of November, DraftKings is still EBITDA negative according to their Investor Day slides, and they hope to be in the positive this coming year through not increasing its spending. However, I still believe they will accept 2.5 million dollars for the reasons in the outline above. The partnership with LAFC is simply too valuable and lucrative to pass up. DraftKings previously had signed an exclusive fantasy sports deal with bottom EPL team Norwich City to expand into the UK market in 2022. LAFC achieves the same purpose but for the US-Hispanic market, all while being a much bigger brand and name. The length of the deal is 3 years long because the most probable time for California to legalize sports betting is in late 2026 as the 2024 polls seem unlikely to pass. The decision on whether to renew the deal may depend on this legalization, and I feel it is unlikely that a longer deal is accepted without certainty of legalization.