

DAILY FANTASY TALK



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DFS INDUSTRY

Daily fantasy sites racing to colonize overseas markets, but does DFS hunger exist abroad?

By [Brent Holloway](#) on August 18, 2015 at 3:34 pm [@thebholloway](#)

Flush with cash and finding unending ways of spending it in search of continued growth, DraftKings has turned its sights beyond North America.

One half of the market-dominating duopoly in daily fantasy sports, the three-year-old Boston-based company [received its gambling license](#) in the United Kingdom this week and plans to be operational with a functioning London office before the end of the year.

Up next: the rest of Europe, Asia, and Latin America.

Though DraftKings is the largest operator to push beyond the continental borders, it's not alone in its pursuit.

Soccer-only site MondoGoal launched a little more than a year ago and has been busy since then establishing [a leadership role](#) in the UK and Ireland.

Yahoo recently partnered with MondoGoal in [a revenue-sharing deal](#) that allows the tech giant to bypass the UK's licensing requirements while gaining exposure to the market. And though it hasn't launched yet, Amaya's international presence and pre-existing market penetration could be leveraged for quick gains abroad when StarsDraft goes live—reportedly [within the next month](#).

All of which begs the question: How much potential for daily fantasy sports exists in the United Kingdom and beyond?

On that matter, there's no shortage of opinions.

Potential for growth

As in most of the world, soccer is the most popular sport in the UK by a wide margin, and the accompanying season-long fantasy game is well-established. Estimates on the number of traditional fantasy players range from 3 to 6 million, and MongoGoal CEO Shergul Arshad guessed that the number in Europe was in the "tens of millions" in [a January interview](#) with SportBusiness International.

That's likely much less than the 56 million or so fantasy players in North America, but it's still a significant player base. And similar to the US market, only about 3 to 5 percent of traditional fantasy players are estimated to be playing daily fantasy, [says Marc Saba](#), co-founder of UK-based DFS site Football Fanager.

So the theoretical room for gains is clear.

There may also be opportunities for success beyond soccer in the UK. In [an article](#) posted Monday, DailyFantasyLobby.com explains:

***NFL** – Yes, we Brits have fallen in love with NFL. We have Redzone and games on from 6 p.m. Sunday night UK time until the final game ends around 4 a.m. on Monday morning, plus of course MNF and TNF too. ...*

***Golf** – The UK is a nation of golf nuts. The PGA tour has full coverage ...*

The article further states "these people are crying out to play some GPPs," a wish DraftKings will likely accommodate soon. Also to consider: the existing sports betting market in the UK, which is a matter of some division when it comes to its potential effect on DFS.

Site operators see potential customers in the sector and are enthusiastically wooing bettors.

"Online betting and gaming exists, and season-long fantasy football exists. Having the weekly or daily 'sit and go' fantasy format, similar to online poker, for European and global football, is a natural hybrid – more so than in the United States," Arshad told SportBusiness International.

Others are not as optimistic about what the sports betting industry in the UK may mean for daily fantasy sports.

Barriers to growth

UK gambling industry legal expert David Clifton cited the well-established sports betting market as **a significant damper** on the potential for DFS in the United Kingdom.

DailyFantasyLobby's article echoed that line of thinking.

Why do people bet on sports? They bet because the game is either on TV and they want an added sweat, or because they have a particular affiliation with the teams or players involved and want to back this loyalty with hard cash.

All of these needs can currently be met by betting with one of the dozens of licensed UK operators, all of whom have been advertising on TV for a number of years, have trusted brand names and offer a huge choice of bet types such as props, parlays and player related action. ...

I don't see any deep need that isn't currently being filled by sports betting that will suddenly be delivered by DFS.

Perhaps more importantly, gaming operators in the UK are also faced with a 15 percent **Point of Consumption Tax**, which prompted several companies to leave the market last year.

In **an editorial** written for iGamingBusiness.com, Dave McDowell, the CEO of fantasy and sportsbook operator FSB, argues that the tax is "strangling innovation and creativity as risk averse operators reach for sure-fire winners to protect their bottom line."

What next?

It will likely take a while before a clear picture begins to form and the UK market for daily fantasy sports begins to mature.

Before it does, expansion will have moved on to the next front. DraftKings CEO Jason Robins has said that he plans to take the company into the rest of Europe and Asia quickly, with expansion into Latin America to follow. MondoGoal is pursuing similar plans in Europe, and is already operational in Brazil.

Meanwhile, FanDuel remains notably absent. Despite getting its start in Scotland and recently taking over an Edinburgh development company, the industry co-leader said last month it has **no plans** to pursue a UK gambling license in the near future.