

Chapter 10

The Sport Gaming Nexus: A Paradox in the Active Economy

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ABSTRACT

Historically, sports gaming has existed primarily in brick-and-mortar venues such as casinos. This was the case until the internet created the conditions for a dramatic change in the supply of gaming opportunities in live sports. In 2018, a United States Supreme Court ruling legalized sports gaming, which triggered the tabling of similar legislation in Canada. This chapter examines how stakeholders form a network of relationships referred to as the sports gaming nexus. The authors argue that sports gaming presents a paradox – sports gaming will increase revenues and fan engagement for many actors within the sports culture and economy, but will the benefits outweigh potential negative consequences? This question is examined from the active economy, network system perspective. This chapter is informed by current debates in more mature gaming markets such as the United Kingdom and France.

INTRODUCTION

Sports gaming is an understudied area of sport scholarship. Gaming has played a central role in relatively marginal sports such as horse racing (Huggins, 2000), but not in mainstream sports with large markets such as American football and basketball (Pradier, 2019). Historically, sports gaming existed primarily in brick-and-mortar

DOI: 10.4018/978-1-7998-7939-8.ch010

venues such as casinos. This was the case until the internet gave sports gaming a global reach. The internet created the conditions for a dramatic change in the supply of gaming opportunities, particularly in live sports. In 2018, a United States Supreme Court ruled for the legalization of sports gaming, triggering a gold rush in North America that has been having an impact on all aspects of the sports economy and sports culture. Indeed, this paper argues that sports gaming presents a paradox – sports gaming will increase revenues for many actors within the sports culture and economy, but will the benefits outweigh potential negative consequences? What do current debates on this question in more mature gaming markets such as the United Kingdom tell us? To explore these questions, this chapter examines sports gaming through an active economy lens.

As described in the first chapter, the active economy incorporates several disciplines that include sport performance, sport business, recreation, tourism, physical activity, urban planning, leisure, health, and wellness, among others. It is generally accepted by scholars that in an active economy analysis, each individual sector should be studied as a network of interdependent areas rather than individual self-contained objects. This viewpoint is founded on the economic concept of the cluster – a spatial metaphor used to characterize a concentration of primarily small- and medium-sized enterprises that exist in both complementary and competitive relationships (Porter, 1998). Other scholars conceptualize the active economy as a social construction (Granovetter, 2002). In the active economy, individual sectors within sport business evolve together through a combination of economic, social, and historical factors that transcend simple spatial proximity. These factors may include, among others: socioeconomic proximity and social interaction (Gerke & Prai, 2017, Gilly & Torre, 2000).

Within the active economy, a nexus is defined as a sub-network of organizations (Parung & Bititci, 2006). Changes in one part of the network may affect other parts. In an active economy systems-based approach, organizations involved in sport are in relationships with one another within the larger network – the sport economic ecosystem. Indeed, they act as interdependent parts of a subsystem – the nexus – within the sport economic network.

In this chapter, we will specifically examine the sports gaming nexus within the larger sport economic network. This subsystem includes five main stakeholders in the sport gambling ecosystem:

1. Gaming operators
2. Governments and regulation
3. The sports property
4. Sport media and sponsors
5. Society

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