

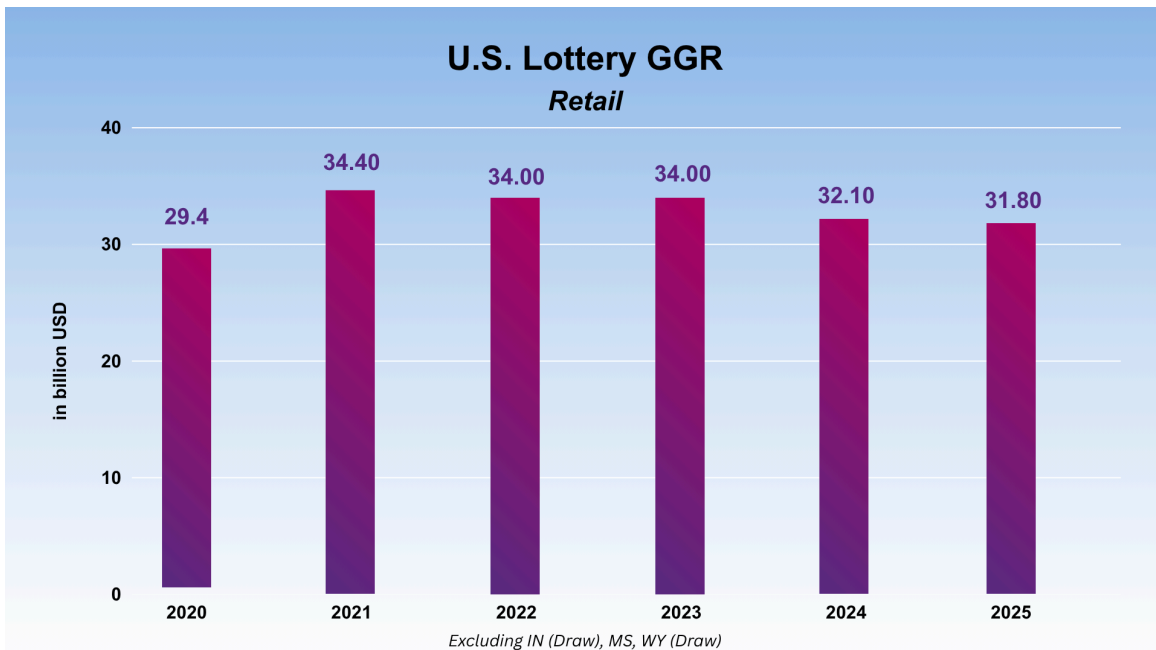
May 20, 2026

The Expanding Competitive Landscape: Sports Betting

In October 2024, [Data in Motion examined](#) sports betting legalization trends, projected revenue, and bettor behavior in the U.S.¹ This edition updates that analysis and continues the competition series introduced earlier this year in our Prediction Markets edition by examining sports betting — an increasingly influential adjacent category competing with traditional lottery for player attention, timing, and share of wallet.

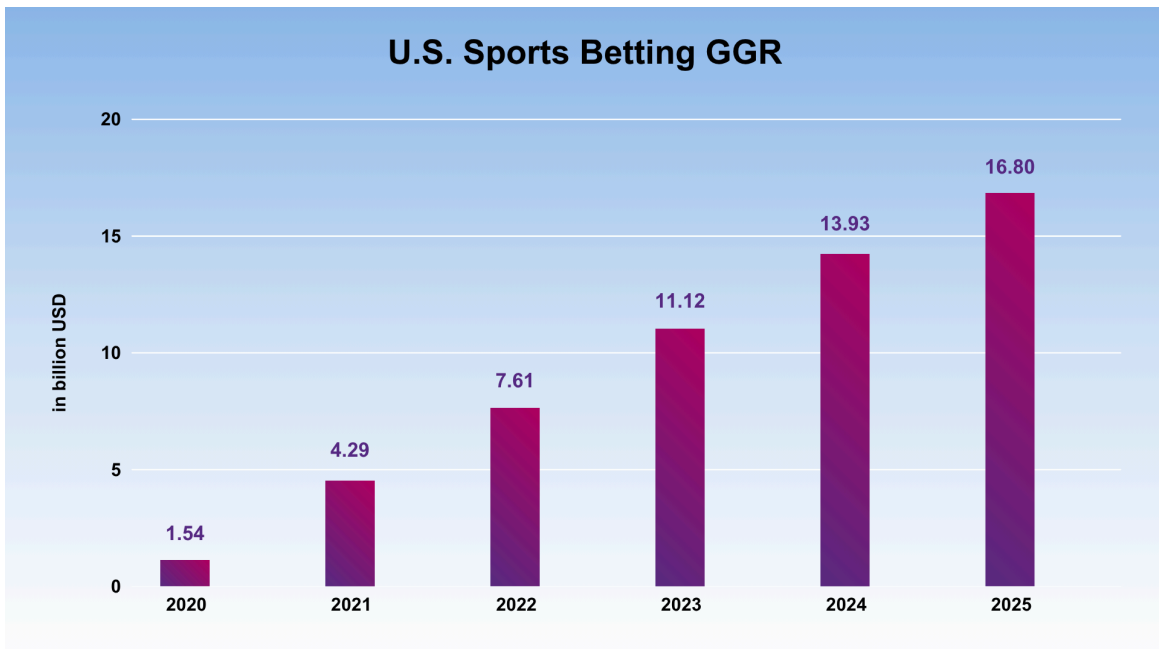
Reshaping the U.S. Gaming Landscape

Annual sports betting gross gaming revenue (GGR) in 2025 increased about 21% year-over-year², while U.S. lottery GGR declined 1% over the same period.³



Source: INFUSE™, Scientific Games' Business Intelligence Platform, May 2026

Click the image to enlarge the graph.



Source: Research Ground, *U.S. Sports Betting Revenue & Statistics*, Updated May 10, 2026

Click the image to enlarge the graph.

Sports Betting Competes for Moments, Not Just Money

Sports betting’s biggest competitive strength is its ability to capture high-attention live moments, especially where live betting is legal. Digitally native players are often drawn to real-time outcomes, interactive wagering, and mobile-first platforms. “These real-time options add excitement and can cater to bettors who enjoy fast-paced decision-making.”⁴

The Census Bureau typically reports higher sports-betting revenue in the winter⁵, corresponding with major sporting events such as:

- *Super Bowl LX - \$1.76 billion in legal wagers⁶*
 - *2026 NCAA March Madness Men’s and Women’s tournaments - \$3.3 billion in legal wagers⁷*
-

Sports betting also differs from lottery in perceived payout potential. Traditional straight sports wagers generally return a higher percentage of player spend than lottery products, although sportsbook margins vary considerably by wager type or event outcome. According to *MarketWatch*, sportsbooks theoretically hold approximately 5% on traditional straight bets, implying a long-term player payout of roughly 95%. Sportsbooks typically hold between 15% and 25% on parlays, equating to player payouts of approximately 75%–85%.⁸ By comparison,

aggregate U.S. instant scratch product payouts were 73.6% in CY25.³

These differing payout structures reflect fundamentally different entertainment models and player expectations. Sports betting often emphasizes perceived skill, live engagement, and frequent outcomes, while lottery products continue to differentiate through accessibility, jackpot potential, and purpose-driven funding.

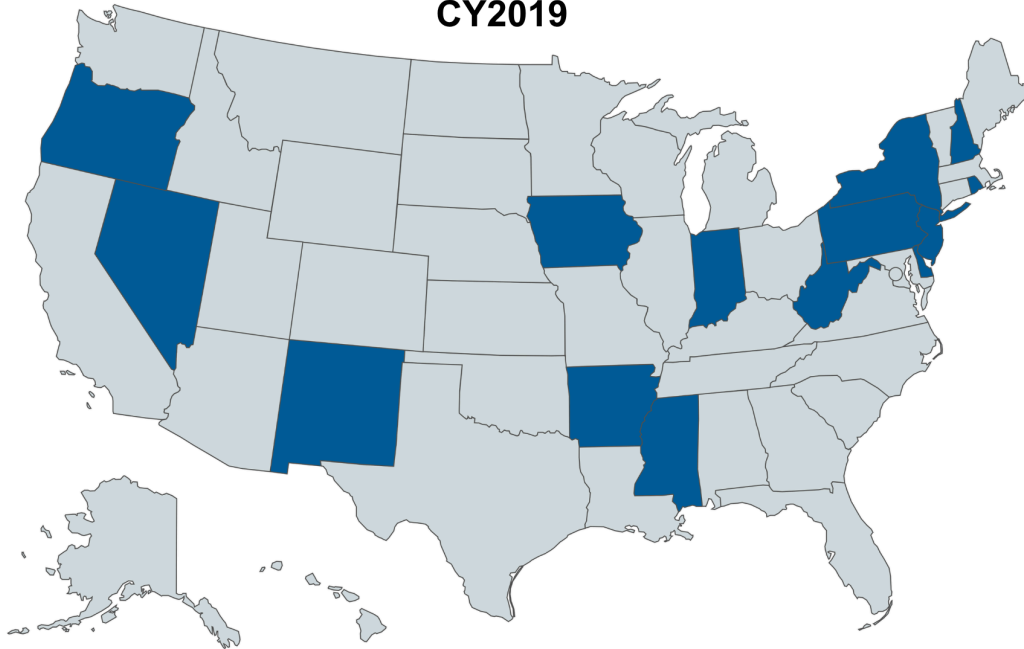
Lotteries don't need to create a one-for-one sportsbook experience to compete effectively. Instead, the opportunity is to modernize the lottery experience, leaning into its established strengths – low-friction play, ubiquity, trusted brands, and purpose-driven funding for good causes.

Footprint Growth

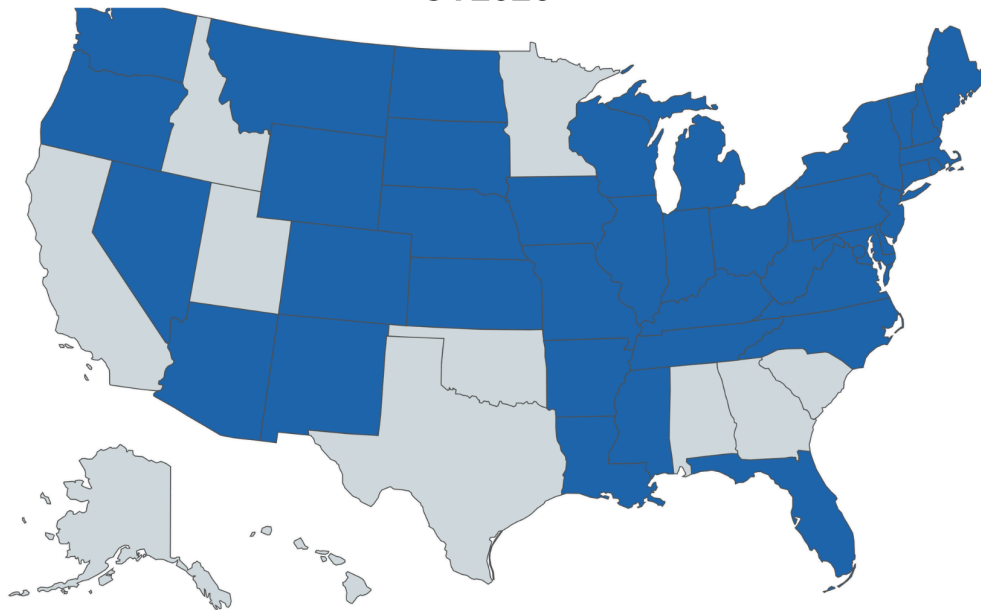
The clearest signal of sports betting's continued expansion is the pace of legalization. According to the AGA, only 14 U.S. states had legal sports betting in 2019.⁹ Today, legal sports betting is available in 39 states and Washington DC.¹⁰ Twelve state lotteries currently regulate sports betting.¹¹

Live Legal Sports Betting

CY2019



CY2026



Sources: AGA, 2020 State of the States; Fox Sports, Sports Betting States Where It's Legal, May 2026

Final Word

Sports betting is one of the clearest adjacent competitors to the lottery industry because it creates wagering “moments” and increasingly shapes where digital play starts. For lotteries, that makes connected retail, loyalty, and mobile integration more important than ever. The goal is not to replicate sportsbook

behavior, but to ensure lottery remains relevant in a gaming environment increasingly shaped by digital engagement, real-time entertainment, and personalized player experiences.

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