

ACTION NETWORK – FINAL REPORT

BACKGROUND

Publication History

Action Network is a sports media publication that provides news, analysis and data for sports betting. The company was launched in October 2017 by The Chernin Group through the acquisition and combination of three companies: Sports Insights (a pro betting terminal), FantasyLabs (a daily fantasy modeling platform) and SportsAction (a bet tracking and scores app). With the increasing popularity and legalization of sports betting in the United States, Action Network aimed to become a leading source of "premium" information and entertainment.

The company executives all had great experiences working at renowned sports-related media outlets prior to joining Action Network, which gave the company a significant advantage. Chad Millman, the chief content officer, was previously the editor-in-chief for ESPN. Patrick Keane, the CEO, was a former board member at Bleacher Report and a company investor himself. Ari Borod, the Chief Commercial Officer, was the former Vice President of Fantasy Sports and Legal & Business Affairs at FanDuel.

Due to the wide range of industries that the publication covers and its diverse formats, Action Network has experienced one legal implication. In 2019, an MLB umpire filed a lawsuit against Action Network for a comment that former MLB player Paul Lo Duca made on a podcast carried by Action Network.

Publication Category

Action Network provides tools for various demographics of sports bettors through articles, podcasts, radio shows, illustrations and videos, offering in-depth data analytics, tracking tools and expert opinions. Action Network not only offers content on its own website but also has diverse partnerships with other media companies to reach a wider range of audiences through various forms of content, including "I'll Take That Bet" on ESPN, a daily sports betting show on SiriusXM, a sports gambling podcast on Cadence13 and articles in The New York Post and The Philadelphia Inquirer.

Scope of Coverage

Action Network's scope of coverage aims to serve the needs of all US sports bettors. First, in terms of sports coverage, Action Network reports on 16 different sports ranging from

popular American sports like the NFL to smaller-scale sports such as horse racing. Second, Action Network employs multiple content mediums to engage their users such as stories, videos, podcasts, social media posts and notifications. Examples of this content include featured game previews and picks, podcasts about the top bets for the MLB league championship, and top parlays for Thursday night football.

To appeal to the entire US sports betting market, Action Network provides value for sports bettors of all experience levels. The network aims to guide novices in making informed picks with simple-to-understand charts. For the seasoned sports bettor, the network also provides data-heavy reports that assist more strategic and complex bets. Action Network has monetization strategies for both audiences as well. The network scatters affiliate links across their site to assist novice sports bettors in getting started with BetMGM, while providing a premium subscription for experienced bettors seeking more detailed insights through Action PRO. This comprehensive strategy to content and monetization allows Action Network to ensure high customer lifetime value and continuous engagement with their brand.

Target Audience

Action Network's primary target audience primarily consists of passionate and highly engaged sports bettors, but also includes super sports fans and fantasy league players who immerse themselves in professional and collegiate sports. To be more specific, their target demographic is primarily American males within the ages of 25-44.

A psychographic analysis of Action Network's target audience would revolve around the user's dedication to sports betting as a serious hobby or side hustle. Unlike the one-time sports bettor, the serious bettor would actively seek constant updates and information about sports picks to craft the smartest bet. Most importantly, these serious bettors are loyal to a brand if they believe it is trustworthy and helping them make money. Targeting these serious bettors allows Action Network to maximize their audience engagement and create a loyal and engaged user base.

Action Network has additional incentives to target serious sports bettors. Action Network site features many affiliate links from betting websites such as BetMGM and FanDuel. Not only will Action Network earn revenue through bettors clicking the affiliate links, but they can charge a higher price per lead. This is due to the fact that betting sites recognize that Action Network's user base consists of dedicated bettors, equating to higher quality leads. Even if the betting sites make fewer impressions, they recognize that these impressions are more likely to convert to dedicated, engaged bettors.

Circulation

Action Network primarily operates as a digital publication, without physical production and distribution of newspapers or magazines.

Action Network has reported over three million monthly website users, with an estimated bounce rate of 60.4%, an average of 2.95 pages per visit, and an average visit duration of two minutes and thirty seconds.

Action Network also has several means of reaching an audience beyond their website. They are present on YouTube and podcast platforms, social media, and they have an app. Action Network also has a free email newsletter.

In addition to their individual multimedia work, Action Network also has a number of notable partnerships. They are partnered with the New York Post and The Philadelphia Inquirer, providing both outlets with sports betting content. Action Network also produces a daily show on ESPN+.

Circulation Trends

The main marketing channels for Action Network's desktop visits are unpaid organic search traffic, accounting for 59.74% of visits, and direct marketing, which makes up 34.22% of visits. Almost none of its traffic comes from paid search.

Action Network's circulation depends heavily on the sports season schedule. As the sports season begins in late summer and fall, the total visits to Action Network for the past three months have seen a significant increase, with a 96.4% rise in the past month.

Action Network prides itself in user engagement. In September 2021, they reported that nearly 45% of their paying subscribers visited Action Network every single day in a week. In addition, the qualified audience of their email newsletter grew from 25,000 to 150,000 from April 2021 to September 2021, and 54.2% of people who downloaded their app in August of 2021 continued to use the app the following month.

Lean Canvas: Publications

Designed for:
Action Network

Designed by:
Team 4

Date:
12/1/2023

Version:
2

<p>Problem What problems does the publication solve for its audience? Highly fragmented market – there are limitless options. Sports betting can be financially risky without guidance. Expert advice can be hard to access / costly.</p>	<p>Solution How does it solve problems for its customers? Provides users with info, data and analysis using real-time odds across market and sports. Expert betting advice and recommendations. Provides financial management strategies for sports betting.</p>	<p>Unique Value Proposition Single, clear and compelling message that states why the publication is worth buying/paying for Provides the most accurate and reliable picks for both seasoned and amateur sports bettors.</p>	<p>Differentiation How does the publication differentiate itself from competitors? What makes it stand out? More analytical / detailed than its competitors. Filled with graphics and expert picks. Transparent with their revenue streams by being sponsored by nonpartisan betting sites.</p>	<p>Customer Segments Who is the target audience for the publication? Be as specific as possible and if there is more than one, prioritize the audience in terms of importance. Primary: Serious sports bettors that want analytical articles focused on betting. Additional: Amateur bettors and sports fanatics seeking data-driven sports articles.</p>
<p>Existing Alternatives What other publications or alternatives does the publication compete with? CBS sports, the Athletic, USA Today Sportsbook Wire, Sports Illustrated, Bleacher Report, ESPN</p>	<p>Key Metrics What key activities does the publication measure to monitor and optimize its performance? Frequency and volume of bets made by readers. Articles: number of reads, unique reads, impression click-through rate, impressions Video: unique viewers, subscribers gained, time length of view watched</p>	<p>Growth Challenges What are the current challenges your publication faces in terms of increasing reach/audience growth/profitability/other? Weak social media presence, low engagement. Trouble reaching more female readers. Trouble reaching international audiences.</p>	<p>Channels How does the publication reach its audience? Website (actionnetwork.com), podcast platforms, YouTube, app, partnerships with New York Post and Philadelphia Inquirer, show on ESPN+, social media, free email newsletter</p>	<p>Early Adopters List the characteristics of your ideal customers. Regular sports bettors (often young adult to middle aged men), avid fantasy sports players, professional sports fanatics</p>
<p>Cost Structure List fixed and variable costs, including but not limited to: Cost of marketing, cost of editorial, operational costs, distribution costs Hosting People Etc. Fixed: NYC Studio (5% of budget), marketing initiatives (5% of budget), consulting (5-10% of budget) Variable: Employee salaries (around 50 employees), travel costs (minimal)</p>		<p>Revenue Structure List sources of revenue for the publication. Go as deep and broad as you can. \$15 million of revenue in the year 2020 before its acquisition by Better Collective. Following the acquisition, Better Collective surpassed \$100 million in revenue in 2022, a growth of 52%. Affiliate marketing - 70% Sponsorships - 20% Subscription - 10% - The subscription is \$34.99/month for a monthly plan or \$12.99/month for a yearly plan.</p>		

ANALYSIS

Publication's Goals & Objectives

Action Network wants to establish themselves as the sports betting information market leaders over the next 5 years. In order to do that, they estimate that they'll need to increase their average view per content by 2-5% annually for each of the next five years. As Action Network establishes themselves as the market leader for sports betting information, they will be able to generate even more revenue from affiliate marketing and sponsorships because affiliates and

sponsors will value their platform more and more as Action Network aggregates a larger audience of readers.

The Action Network operates in a highly fragmented, lucrative market. The online sports betting industry is poised for significant growth – 17.33% over the next four years amounting to a projected market volume of \$14.4 billion in 2027. However, there are many other publications competing with the Action Network for the attention and trust of sports bettors. These publications include CBS Sports, Sportsbook Wire and Sports Illustrated – all of which have designated sports betting pages.

After speaking with Action Network leadership and conducting research into the sports betting publication market, becoming the market leader seems feasible for Action Network for three reasons:

1) Action Network has built the infrastructure and branding as a sports betting information source more effectively, in our opinion, than any other publication—they are in the process of hitting the ground running and if they can continue this momentum they should be able to be market leaders;

2) They've signed some of the top talent in the space, including Chief Content Officer Chad Millman, who have helped lead market leaders in the sports media space like ESPN and Fox Sports

3) Action Network's tone of voice—less formal than ESPN, but written with the same professionalism and expertise as leading sports media companies—helps them aggregate an audience that wants to engage with their content; Young adult men generally do not want to read the formal editorial styles of ESPN and other leading sports media companies that are stuck in the past and continue to hesitate to lean into the sports betting information industry.

While the market is saturated with many publications guiding online sports bettors, the Action Network's messaging positions itself as the go-to resource for the serious sports bettor. They offer the unrivaled value with reliable insights, constant updates and engagement, and data-driven reports that their competitors lack.

Cost Analysis

Action Network's biggest cost is paying its employees. Action Network employs about 50 people. The highest cost comes from talent. Action Network employs journalists, creators and handicappers (sports betting predictors). They aim to hire talent with a wide pre-existing

influence. For example, Action Network currently employs senior executive producer Darren Rovell (ESPN, ABC, CNBC) and analyst and executive Chad Millman (ESPN). Action Network also has a leadership team and several behind-the-scenes employees.

Because Action Network's value proposition is to provide the most accurate and reliable sports betting picks, it makes sense that their biggest cost is employing people with decades of experience in the field and recognized names. This helps build trust with their audience. In addition, hiring big names also expands Action Network's audience. For example, if a person watched Chad Millman on ESPN and liked him, they might follow him to Action Network.

Action Network's marketing initiatives consume 5% of its overall budget. Action Network is able to spend little on marketing because their audience is a community, and they have so many channels to reach their audience. Action Network's audience is engaged sports bettors, a community that is in contact with each other. Therefore, if a bettor has a positive experience with Action Network, it is natural that more will follow. In addition, Action Network has many channels to reach their audience. Even if you never search "Action Network" on Google, you could find them through social media, podcast platforms, other publications, and more. Action Network has done a good job at building a robust presence in the sports betting world.

Because Action Network focuses primarily on betting in contrast to original reporting, travel costs are low. This is a smart decision by Action Network because the market for original, on-the-ground sports reporting is extremely saturated and taken up by big names such as ESPN. By focusing on analysis, Action Network is able to get ahead of other publications while also cutting costs.

Action Network also hires consultants for market research, due diligence and budget allocation, which consumes 5-10% of its budget.

Action Network's largest physical cost is its New York City studio, which houses equipment for the team such as cameras and computers. This hardware uses around 5% of Action Network's overall budget.

Revenue Analysis

Action Network primarily operates as a digital publication, without physical production and distribution of newspapers or magazines.

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Action Network also has several means of reaching an audience beyond their website. They are present on YouTube and podcast platforms, social media, and they have an app. Action Network also has a free email newsletter.

In addition to their individual multimedia work, Action Network also has a number of notable partnerships. They are partnered with the New York Post and The Philadelphia Inquirer, providing both outlets with sports betting content. Action Network also produces a daily show on ESPN+. These partnerships help Action Network build a larger audience, as readers of these publications and viewers of ESPN may turn their attention to Action Network for their sports betting needs.

Because Action Network is focused on growth over the next couple years, they have several channels in order to reach the widest audience possible. They want to position themselves as leaders in the industry. In order to do so, they want to be available in any format that a consumer might prefer. For example, some consumers don't like reading articles. Those consumers still have several options to choose from, from podcasts to videos. Channel diversification is especially vital in the modern day, when consumers are easily bored with traditional content structures.

Action Network's strategy seems to be working. Action Network brought in \$15 million of revenue in the year 2020 before its acquisition by Better Collective. Following the acquisition, Better Collective surpassed \$100 million in revenue in 2022, a growth of 52%. Action Network's revenue comes from several revenue streams.

The largest is affiliate marketing, which accounts for 70% of annual revenue. Affiliate marketing drives first-time bettors to operators (books). Action Network is currently moving into a revenue model in which books will share revenue depending on how much the consumer spends on the operator's handle. For example, if a consumer clicked on an affiliate link to DraftKings and spent money there, Action Network would get a cut.

Affiliate marketing is core to the success of Action Network. The ample revenue that Action Network realizes through affiliate marketing reflects the organization's ability to effectively aggregate an audience. As Action can draw the right eyeballs to their content — frequent sports bettors — sportsbooks are willing to pay tremendous amounts of money to have their books advertised and made easily accessible through Action Network's platforms.

Action Network also has sponsorships, which account for 20% of revenue. For example, Action Network podcasts will often have a sponsor such as DraftKings. Similar to affiliate marketing, operators will pay money for sponsorships to reach Action Network's aggregated

audience of frequent sports bettors. Operators value activity and engagement, as they want to drive more bettors to their site.

Finally, Action Network has a subscription service, which accounts for 10% of revenue. The subscription is \$34.99/month for a monthly plan or \$12.99/month for a yearly plan. It includes money percentages, PRO system picks, premium articles, projections, custom bet tracking and more.

This added offering is logical for Action Network to provide on its platforms because of the type of reader that engages with Action Network's content. Frequent bettors engage with Action Network to find reliable sports betting information so they can make better informed betting decisions. With Action Network's subscription service, they can access even more information, often model or mathematically driven insights, so they can make the best betting decisions possible. Action Network's subscription service may be an area of revenue growth for the future. As Action Network reaches a larger and larger audience, they will be able to grow their subscription base.

Audience Analysis

Action Network's website traffic remains stagnant, with a slight increase in visits from August to September, due to the start of various sports seasons.

The average visit lasts about two minutes and 38 seconds. A significant number of visitors leave after viewing just one page, with a bounce rate of 59.12%. On average, users view 2.67 pages per visit, indicating that they are not reading extensive content or multiple articles. This indicates that users are primarily looking for quick and concise information. They seek brief analyses, statistics, and recommendations.

Action Network primarily attracts users from the United States, making up about 81.51% of its audience. Given its focus on US sports, this demographic distribution is not surprising. However, it presents an opportunity for expansion as many US sports have a large amount of international viewership as well. Better marketing of the existing coverage of international sports, such as soccer, could help it attract a broader global audience, which could diversify its user base.

A majority of Action Network's users are male. This could be more reflective of differences in sports interests rather than a deliberate strategy.

One noteworthy aspect of the user demographics is the age distribution. The largest age group among Action Network visitors falls in the 35-44 range, which is relatively older in the context of the sports betting market; the highest percentage of sports bettors in the US falls in

the 18-34 age bracket, making up 30% of the market. This suggests that Action Network has an opportunity to engage a younger audience actively.

Action Network has a presence on Instagram and TikTok, with approximately 100,000 followers on each platform, indicating an attempt to reach a broader audience, particularly those aged 18-34. However, the engagement rate for posts on these platforms remains relatively low. This raises questions about whether the content posted on social media aligns with the preferences of the platform's target demographic.

To expand its reach and appeal to a younger audience, Action Network may consider a strategic shift. Sharing viral sports content on social media, including breaking news, injury updates, highlights, and sports-related memes, could be an effective approach. Furthermore, even for its older users, shorter information on existing content on social media might also be preferred, as reflected by the user behavior described in earlier paragraphs. This may not only increase its user satisfaction but also aggregate new audiences. Diversifying content on its main website and app beyond betting recommendations and including feature-type content could also spark interest in a diverse audience.

Additionally, as Action Network continues to build a reputation in the sports betting world, they may be able to cut costs on hiring talent. Right now, one of their main strategies is to hire talent with pre-existing influence. However, as Action Network's name and brand become more recognizable, they may be able to cut some of those costs and instead work on developing young talent themselves.

Recommendations

The Action Network allocates 5% of its budget to marketing initiatives, one of which is paid search. However, paid search has yielded a meager 0.01% of their site traffic, suggesting that this avenue may not be worth continued investment. Instead, reallocating these resources toward strengthening their social media presence, particularly on platforms like Instagram and Twitter, could prove to be a more promising strategy.

It's worth noting that a substantial portion of their page visits, accounting for 60%, comes from unpaid organic search. This indicates that there is a sizable audience intrinsically interested in sports betting, yet the Action Network has room to enhance its reach within this demographic. This leads to the conclusion that a significant surge in page visitors could be attained by effectively harnessing their social media channels.

The money previously allocated to paid search, which contributed minimally to site traffic, can be channeled into the development of engaging content on platforms like Instagram

and Twitter. The aim would be to captivate individuals who are already passionate about sports, even if they are not yet active bettors. By offering content primarily focused on sports with occasional references to betting, the network can work on converting sports fans into Action Network readers.

Furthermore, given that a substantial portion of their free content caters to novice or potential bettors, it makes strategic sense to target the channels frequented by these segments of the audience. Additionally, considering that their affiliate links are based on user acquisition for betting sites like BetMGM, a focus on nurturing potential bettors becomes not only user-centric but also revenue-focused.

Recommendation 1:

Action Network's success is intricately tied to the engagement of its audience and their betting activity. Action Network's affiliate sponsorships rely on the number of active bettors interacting with the publication, placing a premium on user engagement. Enhancing the user experience holds the potential to not only retain readers but also stimulate increased betting activity. The implementation of personalized features, designed to align with individual preferences and betting habits, emerges as a compelling strategy to elevate user engagement.

These personalized features should be limited to signed-in users and users of Action Network's app to incentivize long-term engagement. A crucial improvement would be the introduction of a personalized homepage, customized to the user's team and sport preferences. A similar personalization can be extended to newsletters, phone app widgets and even favorite betting calculators to streamline the research process and sustain user engagement off the app.

Each of these personalization features improve the Action Network user experience. With the personalized betting calculators, users would have the ability to toggle specific betting calculators on and off while reading articles, allowing for quick calculations and informed bets. This feature caters to the individual preferences of serious bettors and streamlines their decision-making process.

A personalized phone app widget would display the top bets to make based on the user's betting history, allowing them to access the top picks as soon as they open their phone. Similarly, personalized newsletters would push the most relevant sports news and picks based on the user's favorite sports, location and other relevant parameters. This would offer users a curated selection of information, enhancing their overall experience. Both of these features would keep users engaged even while the app or site are closed.

This emphasis on personalization permits Action Network to harness its users' betting habits for a more streamlined user experience. Given that bettors often specialize in specific sports, prioritizing content according to unique user interests diminishes the need for time-consuming searches to find desired articles and picks. Users can select their preferred sports and teams immediately after signing up, with the platform progressively learning from user interactions and suggesting relevant content based on their interests. This content algorithm facilitates the creation of user profiles, understanding their inclinations for sports, teams, cities and players.

User profiles are especially important for Action Network, given their practice of audience aggregation. While their target audience consists of serious sports bettors, Action Network actively appeals to amateur bettors as well as pure sports enthusiasts. By segmenting their aggregated audience, the network can better analyze their user base and provide unique value to their sponsorship companies. Action Network user profiles provide an opportunity for sponsorship companies to reach a highly specific, targeted audience, differentiating Action Network's value proposition for sponsorship companies. For example, if a sponsorship company wants to market toward amateur football bettors in the Chicago area, user profiles allow the network to efficiently identify those users. By understanding individual user preferences and location, these companies can strategically place their advertisements and promotions to Action Network users, increasing the chances of conversion and customer acquisition. This will allow for more targeted advertising that leads to more efficient ad spending by sponsorship companies. This precision in ad placement is a valuable asset that distinguishes Action Network from other sports betting publications.

Ultimately, this heightened understanding of their user base enables the Action Network to both acquire and upsell sponsorship companies by providing value that other betting publications cannot match. Not only will personalization improve their user experience, but also lay the foundation for an improved revenue model.

Recommendation 2:

Sports fans have historically been thought of as tight-knit, spirited, and possessing a strong sense of community. This is why professional sports fans are known to be heavily identified with their teams. Action Network, operating in the sports industry, could take advantage of this fact and bring together sports fans who are interested in either sports betting or game analysis. As they unite more audiences, word of mouth can help them build a larger and stronger community of subscribers and readers.

Therefore, another way for Action Network to increase revenue, build a stronger fanbase, and potentially reach a more diverse audience is by creating a chat feature for subscribed users. This way, users can discuss whether they agree or disagree with articles that feature expert opinions and can make more informed decisions. Furthermore, users with similar interests in certain sports or sports betting can build a community through Action Network, allowing the website to maintain a long-term and robust fanbase. This applies to international users, as discussed in previous sections as a recommendation to diversify its demographics.

Source List

Chad Millman – Action Network Chief Content Officer

Katie Richcreek – Action Network Director of Talent Recruitment & Content Strategy

Avery Zimmerman – Action Network General Editor

Action Network — actionnetwork.com

Sports Handle — <https://sportshandle.com/better-collective-action-network/>

Legal Sports Report —

<https://www.legalsportsreport.com/51297/better-collective-action-network-acquisition/#:~:text=Binding%20war%20for%20The%20Action%20Network&text=That%20competition%20might%20help%20explain,per%20the%20Wall%20Street%20Journal>.

The Philadelphia Inquirer — <https://www.inquirer.com/sports/betting/>

New York Post — <https://nypost.com/author/action-network/>

SBC Americas — <https://sbcamericas.com/2023/02/06/better-collective-us-revenue-2022/>

Similar Web — <https://www.similarweb.com/website/actionnetwork.com/#overview>