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A NEW CATEGORY

# Predictainment.

*Category Thesis*

*Where prediction meets entertainment.*

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## Executive Summary

Two of the fastest-growing sectors in global entertainment are on a collision course. *Online sports betting*, projected at \$50–75 billion globally by 2026, and *prediction markets*, with a total addressable market exceeding \$325 billion, are both scaling rapidly. But both face the same existential challenge: their business models are structurally dependent on a small number of high-intensity users whose behaviour increasingly attracts regulatory scrutiny, public backlash, and political intervention.

The data is clear. Across established markets, **no more than 5–6% of active players deliver 85%+ of operator revenue**. In the United States, a market 3–5 years behind the regulatory maturity of the UK, operators are only now waking up to the consequences of this concentration. The UK’s experience—tightening affordability checks, VIP programme restrictions, advertising bans, and licence reviews—is a preview of what US operators will face as state-level and federal regulators follow the same trajectory.

The industry needs a new engagement model. One that drives revenue from the **casual majority** rather than the vulnerable minority. One that wraps prediction and wagering in genuine entertainment value—making the experience worth following even without a financial stake.

**That model is Predictainment. *Entertainment position is power.***

Predictainment is the convergence of prediction intelligence and entertainment—where data-driven signals are delivered through compelling storytelling, episodic narratives, and character-driven content. It transforms raw probability into something people want to follow, share, and talk about. It is not a product. It is a category—one that is emerging naturally at the intersection of AI content creation, prediction market growth, and the entertainment-first demands of a new generation of sports fans.

There is a deeper structural truth beneath these markets that most retail participants do not see. A significant majority of prediction market volume is driven by market-making entities—sophisticated operators who have built proprietary predictive models (often referred to internally as “the number”). These models are grounded in quantitative analytics, refined through years of trading experience and positive results, and designed to reduce emotion to just another variable. Historical performance drives every trading decision.

This creates an asymmetry that is largely invisible to the consumer. Market makers need retail volume to trade against—without it, the markets cannot function at scale. The entire prediction market ecosystem depends on a sufficient flow of retail participants to match against institutional and market-maker volume. **Predictainment is the mechanism that delivers that retail volume**—by making prediction markets entertaining, accessible, and worth following for the casual majority, it ensures that the market asymmetry that makes these platforms viable becomes real and sustainable.

This document makes the case for why Predictainment is inevitable, why the timing is now, and what the opportunity looks like for the operators, platforms, and investors positioned to move first.

# 1. The Structural Problem

## The Revenue Concentration Trap

The economics of online sports betting contain a structural tension that the industry has long understood internally but is only now being forced to confront publicly.

The vast majority of operator revenue—consistently 85% or more across mature markets—is generated by a small cohort of high-frequency, high-stakes players. These are typically classified as VIP or premium-tier customers. They represent no more than 5–6% of the active player base.

The remaining 94–95% of players—the casual base—generate a disproportionately small share of revenue. They bet occasionally, engage around major events, and treat sports betting as social entertainment rather than a habitual activity.

This creates a fundamental misalignment between the *public face* of the industry (fun, entertainment, social, casual) and its *commercial engine* (high-intensity activity by a small group that disproportionately includes problem gamblers). Every responsible gambling debate, every regulatory review, and every media investigation circles back to this same structural reality.

### REVENUE CONCENTRATION IN ONLINE SPORTS BETTING

Segment	% of Active Players	% of Revenue	Regulatory Risk
VIP / High-Intensity	5–6%	85%+	Extreme
Regular Active	15–20%	10–12%	Moderate
Casual / Social	75–80%	3–5%	Low

## The UK Precedent

The United Kingdom represents the gold standard—and the cautionary tale—for every market that follows. Over the past decade, the UK Gambling Commission has progressively tightened the operating environment in direct response to the revenue concentration problem:

- Mandatory affordability checks for customers exceeding defined loss thresholds, requiring operators to verify that high-spending customers can afford their activity
- Restrictions and ultimately the effective dismantling of VIP and loyalty programmes that incentivised high-intensity play
- A ban on gambling advertising during live sport broadcasts and pre-watershed television, with ongoing pressure to extend restrictions to digital channels
- Enhanced licence conditions requiring operators to demonstrate proactive identification and intervention with at-risk players

- The Gambling Act 2005 review (the White Paper) introducing a statutory levy, an ombudsman, and stake limits on online slots

The pattern is unmistakable: regulators follow the revenue. When public attention focuses on gambling harm, the regulatory response consistently targets the mechanisms that drive concentrated revenue from vulnerable users.

## The US Trajectory

The United States legalised sports betting at scale following the 2018 PASPA repeal. In the seven years since, the market has followed an accelerated version of the UK playbook: aggressive customer acquisition, promotional subsidies to build market share, and an increasing reliance on high-value depositors to move toward profitability.

US operators are now 3–5 years behind the UK in regulatory maturity. The early signs of the same tightening cycle are already visible: state-level responsible gambling legislation, growing scrutiny of promotional offers, advertising restrictions in multiple jurisdictions, and Congressional interest in federal oversight of both sports betting and prediction markets.

Prediction markets—most prominently Kalshi and Polymarket—face a parallel challenge. As these platforms scale beyond early adopters into mainstream audiences, they will encounter the same revenue concentration dynamics. The CFTC’s evolving position on event contracts and the political sensitivity of election-related markets suggest that regulatory attention is intensifying, not receding.

**The conclusion is straightforward: operators across both sports betting and prediction markets need to diversify their engagement models away from high-intensity dependency and toward sustainable, entertainment-driven casual engagement.**

## 2. The Category: Predictainment

### Defining Predictainment

**Predictainment is the convergence of prediction intelligence and entertainment**—the practice of transforming data-driven predictions into compelling, story-led content experiences that engage casual audiences on their own terms.

Where traditional sports betting and prediction markets ask users to *place a stake*, Predictainment asks them to *follow a story*. The wager is optional. The entertainment value is not.

This distinction matters because it fundamentally changes the engagement model. A Predictainment audience member might follow an AI-generated character’s analysis of the Super Bowl over a six-week episodic arc, debate the character’s predictions with friends, share content on social media, and feel emotionally invested in the outcome—all without placing a single bet. The content is the product. The prediction is the narrative engine.

Predictainment is not a feature to be bolted onto existing platforms. It is a new category that sits at the intersection of three converging forces:

- **The explosion of prediction markets and sports betting**, creating a massive base of prediction-literate consumers who understand odds, probabilities, and market movements
- **The maturation of AI-driven content creation**, enabling personalised, character-driven storytelling at scale—something that was prohibitively expensive even three years ago
- **A generational shift in media consumption**, where audiences raised on YouTube, TikTok, and podcasts expect entertainment-first formats, not static data tables or traditional tipster content

### Why Now

Category emergence is not random. Predictainment is becoming possible—and necessary—because of specific, time-bound market conditions:

**Regulatory pressure is accelerating.** Every major gambling jurisdiction is moving toward tighter controls on high-intensity activity. Operators who build their growth strategy solely around VIP economics face increasing margin compression and compliance costs.

**AI content tools have crossed the quality threshold.** The cost of producing character-driven, narrative content at scale has collapsed. What would have required a studio and a writing room in 2020 can now be produced by a small team with AI-native workflows—voice synthesis, character generation, automated scripting, and personalised delivery.

**Prediction markets are going mainstream.** Polymarket’s breakout during the 2024 US election cycle proved that prediction markets can capture mass-market attention. But that attention was event-specific

and transient. Predictainment offers the missing retention layer—ongoing narrative that keeps audiences engaged between events.

**The casual audience is underserved.** 75–80% of sports betting users generate only 3–5% of revenue because the industry has not built products for them. These users are not underperforming—they are *underserved*. They want engagement, community, and entertainment. Predictainment is designed for exactly this audience.

## 3. The Economic Opportunity

### Market Sizing

Predictainment does not replace sports betting or prediction markets—it sits alongside them as a complementary engagement and monetisation layer. The addressable opportunity can be framed through two lenses:

**The convergence lens.** Online sports betting (\$50–75B, 2026) and prediction markets (\$325B+ TAM) are two industries converging around the same consumer behaviour: people making predictions about real-world outcomes. Predictainment is the content and entertainment layer that connects them. Even capturing a small percentage of the combined engagement surface represents a significant opportunity.

**The casual audience lens.** If 75–80% of sports betting users are generating only 3–5% of revenue, that is not a ceiling—it is a failure of product-market fit. Predictainment offers a fundamentally different value exchange for this audience: entertainment and social currency rather than wagering utility. The revenue model shifts from stake-driven GGR to subscription, content monetisation, and attention-based economics.

### Revenue Models

Predictainment opens revenue streams that are structurally different from traditional gambling economics:

- **Subscription content:** Premium access to AI character-driven prediction narratives, episodic arcs, and behind-the-signal analysis
- **Operator licensing:** White-label Predictainment content layers that operators embed in their platforms to drive casual engagement and retention
- **Advertising and sponsorship:** Brand-safe, entertainment-first content that advertisers can associate with—unlike traditional betting content, which many brands avoid
- **Affiliate and referral economics:** Predictainment as a top-of-funnel engagement layer that drives qualified, entertainment-motivated users toward operator platforms

Critically, none of these revenue models depend on high-intensity wagering behaviour. This is the strategic advantage: Predictainment economics are **structurally aligned with responsible gambling outcomes**, not in tension with them.

## 4. What Predictainment Looks Like

### The Content Model

Predictainment content is built on a simple principle: **predictions are data, but Predictainment is story.** Every prediction market movement, every odds shift, every statistical edge is a narrative waiting to be told. The question is not whether the data is interesting—it is whether anyone is telling the story well enough for a casual audience to care.

A Predictainment content experience might work like this: an AI character—with a distinct personality, analytical style, and track record—builds a narrative arc around the Super Bowl over six weeks. Each episode combines genuine prediction signals (market data, model outputs, sentiment analysis) with storytelling craft: rivalry, surprise, contrarian takes, and emotional stakes. The audience follows the character, debates the predictions, and experiences the outcome as a shared story rather than a solitary transaction.

This is fundamentally different from tipster culture, statistical dashboards, or social media hot-takes. It is closer to HBO than it is to a betting slip.

### The Technology Enablers

Predictainment is made possible by a specific convergence of AI capabilities that have reached production quality simultaneously:

- **Large language models** capable of generating nuanced, personality-consistent narrative content at scale
- **AI voice synthesis** enabling characters to speak with distinctive, consistent voices across hundreds of content pieces
- **AI video and avatar generation** creating visual character identities that audiences can recognise and build relationships with
- **Real-time data integration** connecting prediction models, market feeds, and sentiment analysis to content generation pipelines
- **Personalisation engines** adapting content tone, depth, and format to individual audience preferences

None of these capabilities are new individually. What is new is their simultaneous availability at a quality level that makes character-driven prediction content indistinguishable from (or more engaging than) human-produced alternatives, at a fraction of the cost.

## 5. Strategic Implications

### For Operators

Sports betting operators and prediction market platforms face a strategic choice. They can continue to optimise for high-intensity users and accept increasing regulatory and reputational risk. Or they can invest in casual-first engagement models that diversify their revenue base and demonstrate responsible gambling leadership.

Predictainment offers operators a way to do the second without cannibalising the first. It is an additive engagement layer—one that brings new audiences into the ecosystem, increases time-on-platform for existing casual users, and creates content that is genuinely brand-safe for advertising and sponsorship partnerships.

The operators who move first into Predictainment will have a meaningful advantage: they will own the narrative positioning of “entertainment-first” in a market where every competitor is scrambling to demonstrate responsible gambling credentials.

### For Media Companies

Sports media is already moving toward predictions as a content vertical—from ESPN’s betting-adjacent content to The Athletic’s predictions coverage. But most of this content is still produced in traditional editorial formats: articles, podcasts, and panel discussions.

Predictainment represents the next evolution: AI-native, character-driven, episodic prediction content that can be produced at scale and personalised to audience segments. For media companies, this is both an editorial opportunity and a technology play.

### For Investors

The investment thesis for Predictainment rests on three pillars:

- **Category timing:** Prediction markets and sports betting are scaling simultaneously, creating a convergence window that will define the category for the next decade
- **Structural demand:** Regulatory pressure on VIP-dependent models creates a pull toward entertainment-first alternatives—this is not a discretionary market trend, it is an industry survival imperative
- **AI-enabled economics:** The cost structure of character-driven content production has fundamentally shifted, making it possible for small teams to produce content at a quality and volume that previously required studio infrastructure

The companies that define and lead the Predictainment category will be positioned at the intersection of two multi-hundred-billion-dollar markets with a product that both regulators and consumers want to see succeed. That is a rare alignment of commercial opportunity and regulatory tailwind.

## 6. Enabling Predictainment

Predictainment is a category, not a product. Its success depends on an ecosystem of enablers—companies that build the infrastructure, content engines, and distribution channels to bring Predictainment experiences to market.

The core enabling capabilities required to deliver Predictainment at scale include:

- **Prediction methodology:** A rigorous, transparent approach to generating prediction signals—combining market data, sentiment analysis, historical pattern recognition, and model-based forecasting. Credibility is the foundation; without defensible signals, Predictainment becomes fiction rather than intelligent entertainment
- **Character and narrative architecture:** A system for creating and managing AI characters that serve as trusted, personality-consistent interfaces between raw data and audience experience. These characters are intellectual property assets, not decorative features
- **AI content production pipeline:** An integrated workflow spanning language generation, voice synthesis, video production, and distribution—enabling episodic content at scale without linear cost scaling
- **Operator integration capability:** The ability to deliver Predictainment as a white-label or embedded content layer within existing betting and prediction market platforms, adapting to different audiences, regulatory environments, and brand requirements

The companies that build these capabilities first—and prove them with audience engagement data—will define the category. The window is open now, while AI production tools are mature but the market has not yet consolidated around a dominant Predictainment model.

## 7. Conclusion

The **gambling and prediction market industries** face a reckoning. The business models that built them—**concentrated revenue from high-intensity users**—are increasingly incompatible with the **regulatory, social, and political environments** in which they operate. The US market, following the UK’s well-documented trajectory, has perhaps 3–5 years before the same constraints bind.

**Predictainment** is not a solution to this problem—it is a **response** to the opportunity it creates. When an industry is forced to pivot from high-intensity extraction to broad-based entertainment, the companies that have already built entertainment-first products and proven casual audience engagement will be the natural acquirers, partners, and category leaders.

The convergence of **prediction markets, sports betting, and AI-native content creation** has opened a category window. **Predictainment is what sits in that window.**

The question is not whether Predictainment will emerge as a category. The **market forces are too strong** and too aligned for it not to.

The question is **who will define it**, who will build for it, and **who will be positioned to lead** when the rest of the industry follows.

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