

Comparing Online And Land-Based Casino Gaming

How The Growing Online Segment Impacts Land-Based Performance

New report reveals positive impact of iGaming on land-based casino revenue.

We recently authored a detailed economic analysis of land-based casino revenues since the legalization of online casinos. We analyzed data from casinos, regulators, and state governments over a 16-year period to assess the impact of iGaming introduction on land-based casino revenues. Our key findings are:

- 1) **Online casinos have a positive impact on land-based casino revenue** (gross gaming revenue, or GGR).

We compared the growth rate of land-based casino revenue before and after the introduction of iGaming in all six states, which currently operate land-based and online gaming. All six states showed a positive impact on land-based casino revenue from the introduction of online casinos, with an average quarterly revenue increase of +2.44%.

Casino markets with iGaming performed better than land-based-only casino states. In each of the six states with land-based and online casinos, we compared their revenue performance before and after their respective introductions of online casinos with the performance of seven other states where only land-based casinos operate. Five out of those six states outperformed the land based-only states in terms of their directional change using the same time periods.

- 2) **Online casinos attract different customers vs. land-based casinos.** Online casino players tend to be moderately younger and are more likely to be male than patrons of land-based establishments.

Online casinos grow the overall tax revenue collected by states - and not just because of new online revenue. Land-based casino revenues have been positively impacted by the introduction of online casinos, which attract a different demographic to the property.

- 3) **We predict the typical state would boost casino revenue by 1.7% annually after introducing iGaming,** using advanced mathematical modeling techniques to study the potential impact of the introduction of iGaming in land-based casino states that have yet to legalize the online channel.

Previous research for Maryland used flawed methodology.

Our experts analyzed the methodology for the November 2023 report ‘iGaming in Maryland’, which was prepared for the Maryland Lottery. Key methodological flaws include:

- The report **arbitrarily compares performance between 2019 and 2022 for all states regardless of when they introduced online casinos.** For example, New Jersey and Delaware launched online casinos in 2013. In our view, any potential cannibalistic effect of online casinos would have happened well before 2019.
- **Four states included in the study launched online casinos after the start of the 2019 comparison period,** meaning some portion of the change in performance happened before the existence of online casinos in those markets.

For example, the study shows online revenue declined by \$139 million between 2019 and 2022 in Connecticut. Our analysis shows that 83.4% of that decline happened by 2021 and online casinos were not even available until October of that year.

The study would yield vastly different results if it used reasonable periods of time for its comparisons.

- **The study erroneously double-counts population growth** which inflates its results, and it includes minors as part of the potential gambling population.

Eilers & Krejcik Gaming LLC is an independent research and consulting firm with branches in Orange County, California and Las Vegas, Nevada. The firm’s focus is on product, market, and policy analysis related to the global regulated gambling market. Clients include operators, suppliers, private equity and venture capital firms, institutional investors, and state governments.

The firm’s work on the U.S. regulated sports betting issue includes a series of 50-state projections that have become the widely accepted basis for discussion of the U.S. market’s potential. Recent state-governmental engagements have included West Virginia and Indiana, for which Eilers & Krejcik Gaming provided comprehensive market projections, economic impact projections, and fiscal analyses relating to sports betting and online gambling.