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Lockdown Trauma Could Haunt Gambling's Post-COVID Recovery

US will emerge into new world of online gambling

Asian venues needing Chinese visitors suffer most

Europe moves forward with regulation amid pandemic

Even with a growing sense that the worst of the coronavirus pandemic is over, the worldwide gambling industry is facing its new normal with lingering uncertainty.

“Clearly, the town [of Las Vegas] is coming back, but just because you see the light at the end of the tunnel doesn’t mean you’re there,” said Joe Asher, CEO of William Hill US in Las Vegas.

On St Patrick’s Day next week, it will be one year since Democratic Governor Steve Sisolak of Nevada ordered the unimaginable: lights out on the Las Vegas Strip.

“It was interesting to navigate through ... cobbling together some international sports for people to bet on”, while American and European sports leagues were locked down from March to late June or July, Asher said.

March Madness, the men’s college basketball tournament which is perhaps the second most popular betting event in the US behind the Super Bowl, returns next week after an unprecedented cancellation in 2020.

In Illinois, tax revenue collected from the state’s ten operating casinos plunged by 68.8 percent, according to the state’s Commission on Government Forecasting and Accountability.

Beyond the jaw-dropping financial losses is the untold damage done to the psyches of Illinois casino employees who had to endure not just one, but two, lockdowns in the past year.

“This is absolutely the worst crisis I’ve ever seen and I think there will be long-term effects on the industry,” said Tom Swoik, the veteran executive director of the Illinois Casino Gaming

Association.

“I think it will take three months to maybe a year before people are really comfortable with how this [recovery] is going ... [and] whether the vaccines are working.”

Although the lockdown devastated brick-and-mortar casinos and other retail gambling establishments, the onset of the pandemic accelerated the gaming industry’s shift to digital platforms in various markets across the world, and perhaps nowhere more so than in the United States.

“COVID lockdown has been a boon to the online gambling industry,” said Jeremy Kleiman, a partner at the New Jersey law firm of Saiber, which represents internet gaming clients in Pennsylvania and other states.

As Atlantic City casinos suffered through a four-month shutdown, internet gaming and online sports betting in the Garden State surpassed a billion dollars in revenue in 2020, solidifying New Jersey’s status as one of the largest regulated markets in the world.

“Online gambling has introduced a whole new customer segment to the gaming industry — those who do not live in proximity to casinos or are not otherwise interested in the entertainment options of the integrated resort experience, but do like to gamble,” Kleiman said.

Twelve months on from the dizzying few days when gambling businesses were shut down en masse across the Americas, Europe and other parts of the world, it is apparent the pandemic has had differing impacts in different parts of the world, but with some common themes.

Gambling markets in Latin America have been hit especially hard, with harsh lockdowns enduring into late 2020 and restrictions since returning in parts of Mexico and in other countries.

Still, the pandemic helped accelerate a trend toward regulated online gambling that had already started before the pandemic hit, but is now spreading across the provinces of Argentina and into [Chile](#).

Asia

In Asia, the pandemic’s damage to the gaming industry has been amplified by casinos’ unique dependencies on travelling gamblers and goodwill from Beijing.

Tens of billions of dollars have been lopped from casino coffers across Macau, the Philippines and Singapore and larger properties in Malaysia, South Korea and Australia, as well as foreigner-

only casinos in Southeast and South Asia.

But Asian properties have proved resilient and avoided liquidation.

Flush with cash reserves and mindful of a looming casino concession tender, Macau's casinos remained open save for a brief shutdown in February 2020, to comply with government demands that staff stay on the books.

Despite a 79 percent **slide** in gross gaming revenue for 2020, analysts believe that Macau will bounce back, well aware of the cash and long lines of credit that the city's six concessionaires can deploy.

Macau's prognosis is steady, with operators now **reporting** positive EBITDA and officials keen to accelerate visitation from mainland China, its only essential source of business, as outbreaks decline.

But Macau may soon be the last gaming market in Asia — with the possible exception of Cambodia — that can capitalise on a dependency on Chinese visitors amid Beijing's **waning** tolerance of gambling.

Singapore, as befits a mature, stable and diversified market, is seeing Marina Bay Sands and Resorts World Sentosa finding their feet with improving EBITDA amid strong expatriate play.

Elsewhere in Asia, however, there are less comforting optics for 2021 and beyond.

The Philippines has been broadsided by a combination of property closures or disruption of land-based and online operations, as well as Beijing's **threats** to Chinese gamblers and online operators.

South Korea has reopened locals-access casino Kangwon Land, but that casino and a clutch of foreigners-only resorts lack a critical mass of visitation amid travel restrictions, minor outbreaks and Beijing's hostility to Chinese gambling.

In Southeast Asia, Cambodia's NagaWorld casino and several boutique Vietnamese properties are talking up prospects of travel bubbles amid lower infection metrics.

But as in other parts of the region, exposure to China and VIP high-rollers in particular remains a lucrative, high-risk Achilles' heel.

Australia's casinos are similarly set for major readjustment with the blocking of the pipeline for Chinese high-rollers, even though Australians remain per capita the biggest gambling spenders in the world.

Finally, the massive, insular markets of China (lotteries, sports betting), Japan (pachinko, sports betting, future integrated resorts) and India (lotteries, online games of skill, illegal sports betting) have been among the most resilient in the continent.

Although China has **constrained** market growth regardless of the pandemic, India's state governments have produced a spectrum of **responses** to aggressive demand for online gambling, with bans, regulation or a move to regulation all emerging in the last six months.

The pandemic will prove to be a catalyst for significant structural change in Asia, both within nations and across borders, but the new normals for Asian gaming are too unclear to compel a wager.

Europe

Pandemic or otherwise, Europe continues to march towards major regulatory changes in many markets, with the UK Gambling Act review **ongoing**, Dutch online licensing imminent, gambling becoming legal again in Ukraine and the looming introduction of the German Interstate Treaty.

Aggressive enforcement action has continued and in some instances even mirrored the industry's **shift towards** "digital-first", as players moved online during widespread lockdowns and the suspension of major sporting events.

Unlike the unrestrained growth of online gambling in the US, European policymakers responded to the pandemic with caution by imposing bans on marketing (Spain), deposit limits (Sweden) and heightened expectations around responsible gaming interventions (the UK).

With Spanish lockdown restrictions since enshrined into law in the form of a royal advertising decree, and a lockdown suspension on reverse withdrawals in the UK recently made permanent, all evidence suggests these tighter regulatory restrictions are set to endure beyond the pandemic.

But online operators remained nimble and have continued to perform well despite pandemic disruption and tougher rules.

"Whilst the brick and mortar side of business obviously took a huge hit, and is still doing so to date, online gambling businesses were able to quickly adapt," said legal & compliance consultant, and former Maltese regulator, Michele Magro.

Sportsbooks pivoted and when they were left with no sports to offer around Q2 of 2020 and virtual sports products and esports betting gained traction, Magro said.

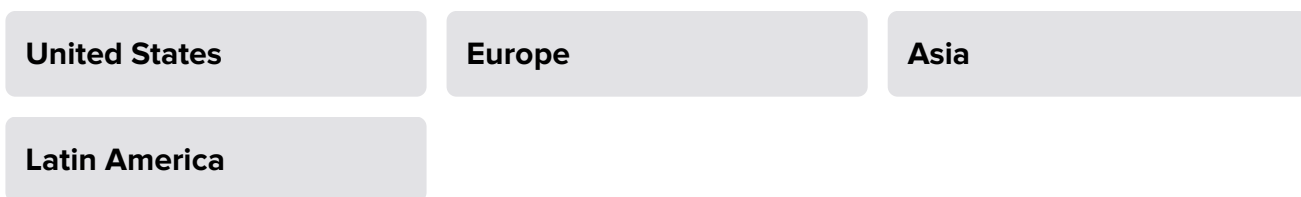
However footfall was significantly reduced across all retail sectors in Europe, whether due to numerous lockdown closures or changes to player behaviour caused by COVID-19.

Despite this, similar to trends seen in the US and Asia, state and national lotteries having proven their resilience, with several European **lotteries** able to grow traditional lottery sales in 2020 by leveraging online channels and benefiting from their retail presence in essential outlets such as supermarkets and convenience stores.

“Almost one year on from the UK going into lockdown, the National Lottery is in a better position than we could’ve anticipated,” said Richard Hickson, UK National Lottery operator Camelot’s head of policy and public affairs.

“Although we’ve seen a significant increase in online registrations and a bigger share of sales coming from the National Lottery website and apps, retail has recovered well in recent months,” Hickson said.

Jurisdictions



Sectors

