

THE BLESSING AND CURSE OF COVID-19

IMPACT US ONLINE GAMBLING

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Land-based casinos in the United States have been hit exceptionally hard by COVID-19 and the mandatory shut down orders imposed by near all U.S. states. Notably, the largest Las Vegas Strip properties in Nevada were each losing USD700,000 per day in lost gambling revenue in April, according to data from the Nevada Gaming Control Board. Of course, the large Las Vegas casinos are destination resorts, which means they had significant additional losses apart from gambling – canceled concerts, closed restaurants, bars and nightclubs, and tens of thousands of shuttered hotel rooms. The public health crisis has had a similar impact on other major U.S. casino markets.

Boost for Online Casino

While COVID-19 has been a curse to the land-based casino industry, it has been an absolute blessing to the nascent online gambling market in the U.S. – particularly online casino. Figures from the two largest, most mature online casino markets, New Jersey and Pennsylvania, demon-

strate that players flocked in large numbers to online product when the casinos closed. Data from the New Jersey Division of Gaming Enforcement show that, while total gaming revenue from January through April 2020 was down 19% over the prior year, online gambling revenue increased 78.5% during the same period, which reflects a significant uptick in the market even prior to the COVID-19 lockdown in mid-March. More startling is the fact that monthly online gambling gaming revenue in April reached USD80 million – a 118% increase over April 2019!

The State of Pennsylvania experienced a similar boost as a result of the shuttering of land-based casino. While overall gambling revenue was down 84% in April compared to April 2019 according to the Pennsylvania Gaming Control Board, monthly online gambling revenue in April jumped 73% over March. Revenue from slot games in particular more than doubled to USD27 million in one month!

Challenge and Creativity for Sports Betting

Despite the positive "COVID effect" on online casino gambling, the sports betting (retail and online) has been cursed. The near total shutdown of professional sports in the U.S. and other major markets has utterly deprived the operators of product. In New Jersey, for example, total sports wagering revenue (retail and online) decreased in April 2022 by nearly 87%. And in Pennsylvania, total sports betting revenue in April dropped 58% from the prior month. Without conventional betting markets, operators and regulators have worked together to allow new events and markets on which to offer betting. For example, the New Jersey regulator approved a number of betting markets on a temporary basis during COVID-19 that are not traditional markets in the US, or would not normally meet its integrity standards. Examples of expanded markets include: professional bull riding; hand-ball from Belarus, Sweden, Turkey, Ukraine; Belarusian hockey; Turkmenistan domestic football; and volley-ball from Belarus, Turkey and Russia. And in the State of Oregon, the State Lottery is considering allowing virtual sports betting.

Other regulatory changes have been spurred by COVID-19 as well. The State of Illinois, which recently authorized sports betting, initially required in-person registration to open an online betting account. With Illinois casinos ordered closed due to COVID-19, in-person registration was not possible. An Illinois Executive Order recently suspended in-person registration for online sports betting accounts, allowing punters to register and fund online accounts.

Conclusion

Despite the tragic human and economic damage caused by COVID-19 in the first half of the year, online casino in the US has been the industry's bright spot. Moreover, as professional sports slowly begin to resume, online sports betting revenue should continue to grow as well. And as the "social distancing" rules continue to impact land-based casinos by limiting casino capacity, hotel occupancy and entertainment venues for the foreseeable future, the gambling industry will rely on online gambling and betting revenue to fill the gap. Let's hope necessity continues to foster creativity as we adapt to the new reality focused on online and mobile gambling.