



FROM VISION TO FRUITION

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G2E ASIA 2016 TAKEAWAYS

The Innovation Group came away with countless invaluable takeaways from our time at G2E Asia. Together, our top lessons learned include:

- Limited development opportunities will be available in established markets over the next three to five years. We expect emerging gaming markets to present more favorable development opportunities over the same time period.
- As emerging gaming markets begin to be developed, the periphery areas of India, in particular, present a significant opportunity to tap into an underserved gaming population.
- Consumers are moving away from mega resort environments in favor of a collection of fluid but focused smaller-scale experiences with relevant cultural ties. New Integrated Resorts (IRs) must adapt to satisfy the changing consumer demands.
- The consumption patterns of Chinese consumers are evolving quickly and may become more aligned with Western consumers faster than industry pundits originally expected.
- As Macau's customer segmentation continues to shift toward mass patrons, even with increased visitation, the market's gaming revenue is expected to remain relatively stable. This increase in visitation will likely put stress on the area's infrastructure and labor market.
- Over the next five to seven years, the number of casinos in Asia-Pacific is estimated to increase to approximately 230 from 200. While new developments may satisfy demand specific areas of the market, industry experts agree with The Innovation Group that this is not enough to satiate the region's strong demand for gaming.
- Don't hold your breath for a widespread deployment of skill-based games. Gaming developers such as IGT, Aristocrat, and Bally are dedicating significant Research & Development spend to the category. However, they remain focused on older gamer demographics (50 years of age and older) and do not see a large portion of gaming floors being dedicated to skill-based any time soon, if ever.
- Asian electronic gaming products are becoming more engaging from both a visual and

content perspective. On top of this, these products are encouraging more group play.

- New technologies focused on Virtual and Augmented Reality, with a plethora of products coming to market and significant recent investment.
- Annual competitive eSports events and prize pools have been nearly doubling every year since 2012 and could reach \$10 billion by 2018. eSports and video gaming are what millennials are growing up with and the next big betting opportunity.
- From our partners at Asia Gaming Brief who produced the iGaming Summit at G2E Asia, online legislation is not making much headway in Asia, though all jurisdictions are looking at it. Russia is busy ruining the market with potential new rules. India is making progress with regulating skill based games. There is hope that China's online & mobile lottery market will open up again, though no one has any idea when that might be.

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