

THE INNOVATION GROUP MARKET INTELLIGENCE

The Innovation Group (TIG) has been following COVID-19 and its impact on the gaming industry since the pandemic emerged. In April we released [Coronavirus Recovery Analysis: A Gaming Industry White Paper](#) which projected potential casino recovery patterns by region based on the best economic and consumer data available at the time. Over the last month, we have been refining the regional recovery forecast based on new economic data and information from properties as they reopen with social distancing and other constraints in place. The Innovation Group has also conducted consumer survey research with valuable information about player expectations in a new gaming environment, including their views on casino gaming in comparison to other entertainment options.

The collective results of The Innovation Group's in-depth consumer survey and up-to-date economic and gaming market data will be incorporated into our regional recovery model as a critical mass of gaming properties open over the next few weeks. In the meantime, we are releasing the key survey findings today which illuminate player expectation as we move into a new era for the gaming industry.

Coronavirus Recovery Consumer Research – Casino Gaming

- Preview -

As casinos across the country begin to welcome back guests, we are seeing a steady flow of customers willing to feel out the “new normal”, but gaming operators face challenging questions. How will guests feel comfortable on gaming floors? What safety precautions do they expect? Will non-gaming amenities have the same appeal they did before COVID-19? To what extent will the economic downturn sparked by virus-related shutdowns impact entertainment and gambling budgets? These questions have broad operational implications for casinos affecting everything from what parts of the casino to reopen and staffing levels, to budgets and guest service standards.

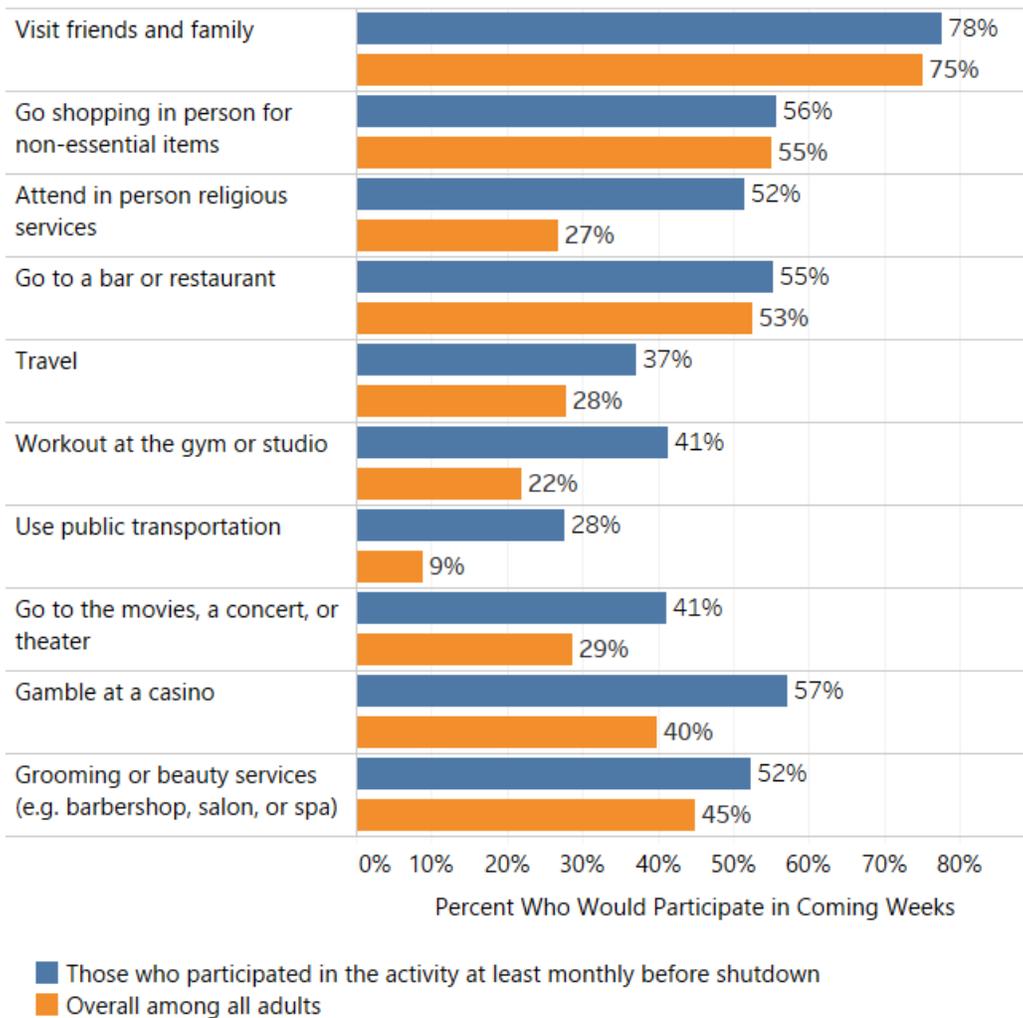
To help answer these questions, The Innovation Group obtained responses to these questions from a diverse cross-section of casino-goers across the United States. Respondents represented a multitude of gaming budgets and frequencies, age ranges, and political affiliations. Each respondent had indicated gambling as an interest, and all reported having been to a casino in the last 12 months. A summary of our key findings follows. For more information on the full survey results or customized data cuts please contact The Innovation Group President Michael Soll (msoll@theinnovationgroup.com) or Partner Brian Wyman (bwyman@theinnovationgroup.com) who heads Innovation Analytics.

Sample Survey Results

In this section, we summarize some high-level insights from our survey data.

- Returning to Social Places.** While a majority of respondents are ready for smaller scale social experience, like visiting friends and family (75%), shopping for non-essential items (55%), and visiting a bar or restaurant (53%), only 40% of all surveyed casino-goers are ready to resume casino visitation in the coming weeks. However, this percentage increases to 57% when considering only those who visited casinos at least monthly before the shutdown.

If these activities were allowed in the next few weeks, which of the following would you personally do?

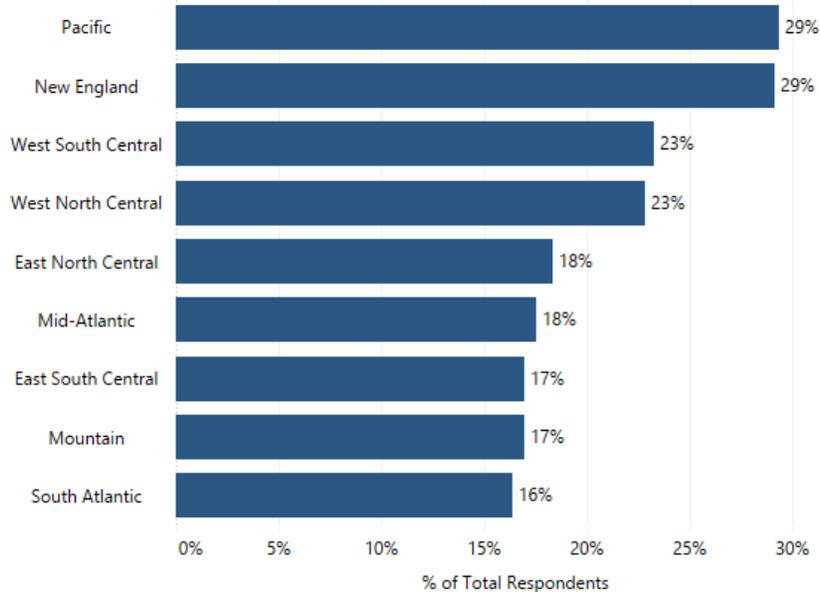


One area we're intently watching is travel. With only 28% of respondents willing to travel if allowed and 37% of frequent travelers willing to travel if allowed, we believe that local and regional markets are likely to have a very different recovery pattern than destination markets.

- Views on a Vaccine.** Approximately 80% of guests say they will return to a casino before a vaccine or reliable treatment is available. The first wave who will return in the coming weeks, and the second wave who will return in the pre-vaccine months to follow, are of about equal size, around 40% each.

Respondents waiting for a vaccine tended to skew older, have lower visitation frequency, and have a higher number of at-risk (60+ or immunocompromised) persons in their household. Regional differences are evident here. For example, the Pacific and New England regions approach 30% of respondents who will not return until a vaccine or treatment is available, while only 16%-17% of the Mountain region, South Atlantic will wait for a vaccine.

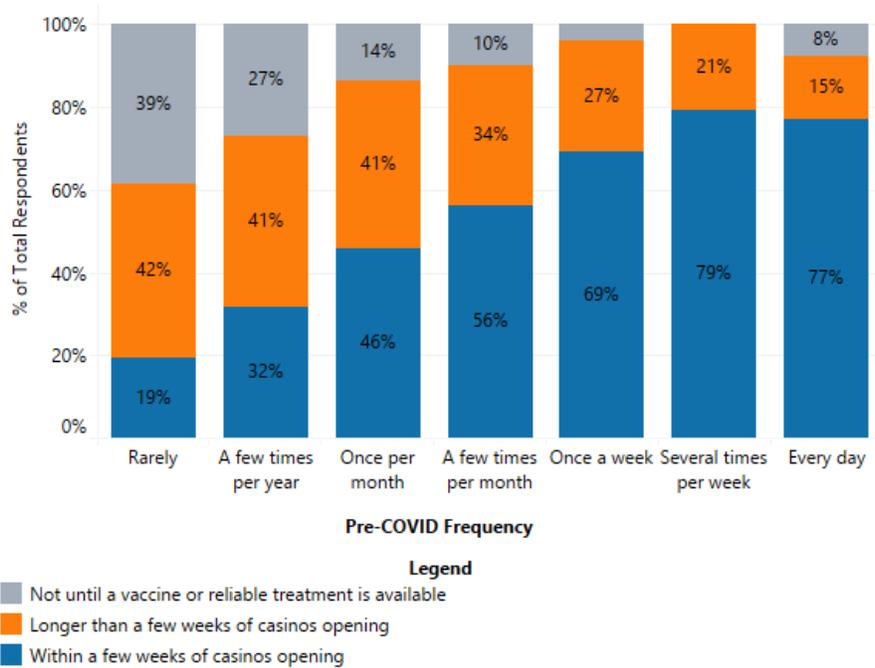
Percent of respondents who will not return to a casino until vaccine or reliable treatment is available



3. **Frequency of Visitation and Budget.** Higher frequency and higher budget guests are more likely to come back quickly. If there is a silver lining in all of this, it's that while guest counts will be reduced throughout a prolonged recovery period, many of the industry's best guests are excited to return.

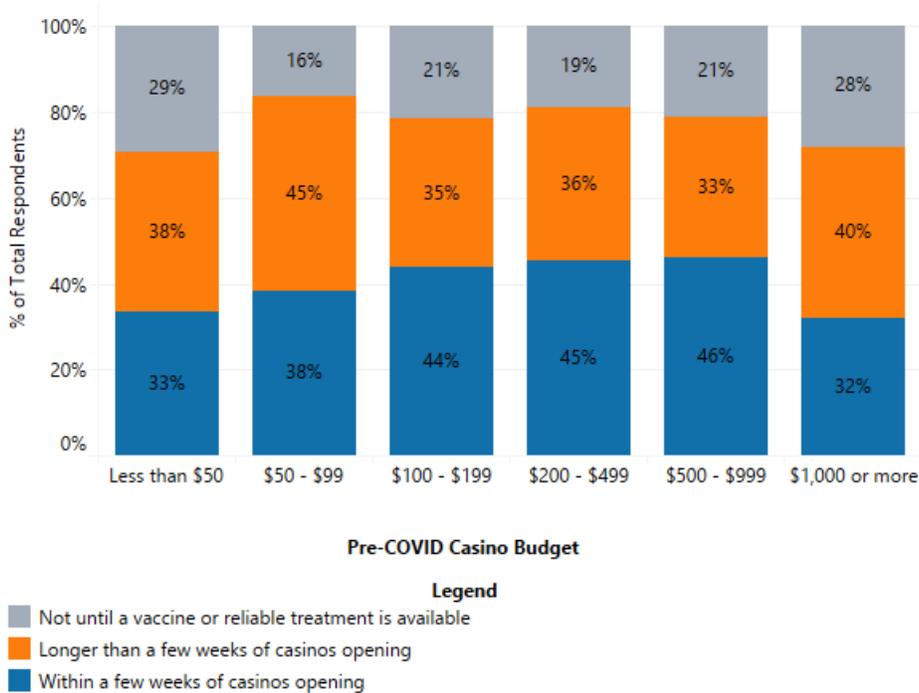
Nearly 80% of the highest frequency gamers and 70% of weekly gamers are planning to visit in the first few weeks after reopening, compared to only 19% of "visit rarely" and 32% of "few times a year" respondents. Of gamers who visit more than once a month, 10% or less are planning to wait for a vaccine, compared to nearly 30% to 40% of infrequent gamers.

First Post-COVID Casino Visit by Pre-COVID Frequency



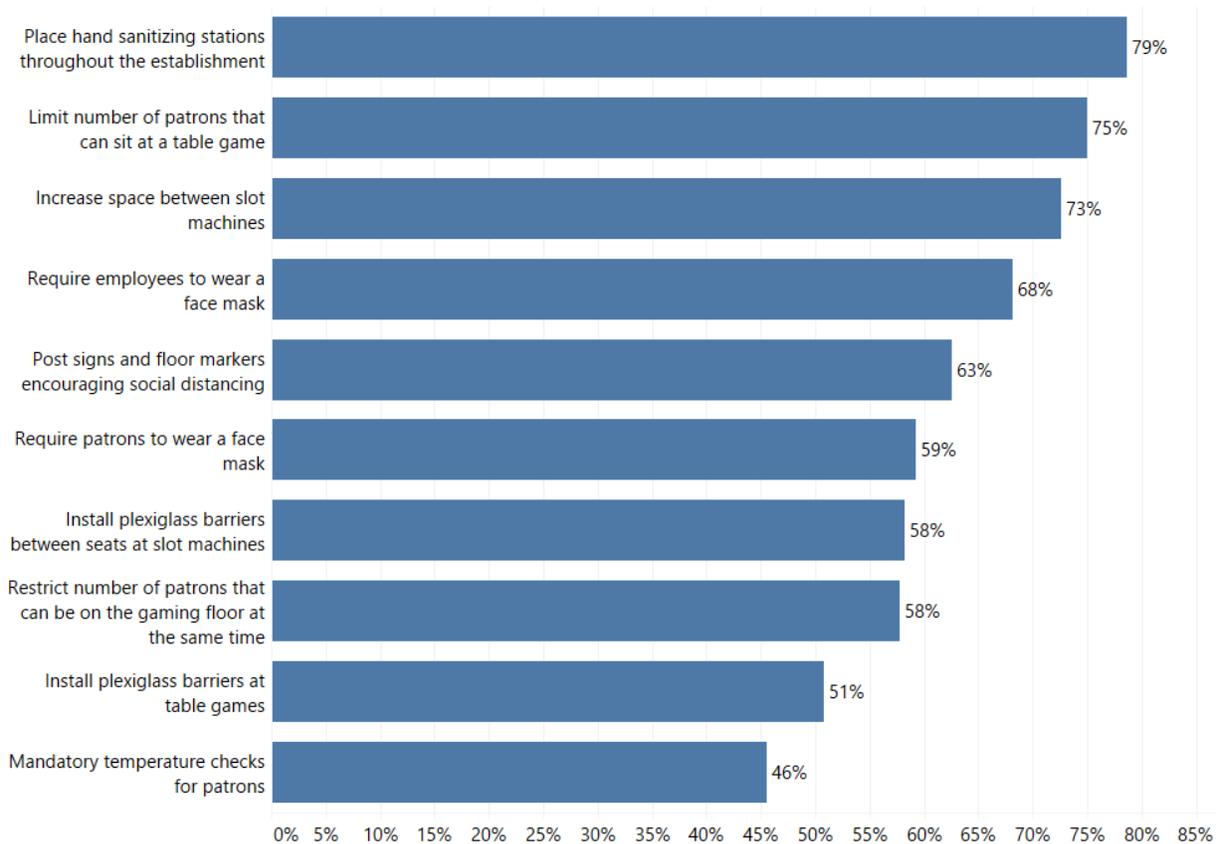
Segmenting instead by trip budget, we see that the proportion of guests planning to return in early stages generally increases with trip budget, with 33% of those with a \$50 or lower budget returning in the first few weeks and increasing to 46% of the \$500-\$1,000 segment. The \$1,000+ segment breaks with this trend, and while we are examining this further, we note there are only 26 respondents in that segment.

First Post-COVID Casino Visit by Pre-COVID Casino Budget



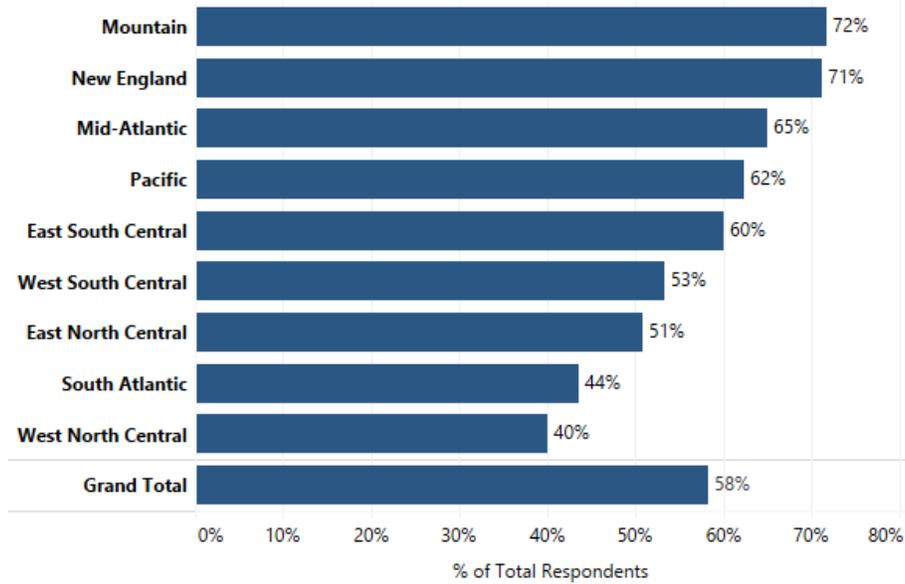
4. **Safety Measures and Regional Differentiation.** There are regional differences in sentiment about precautionary measures. Overall, guests support precautionary measures. Nearly 80% support readily available hand sanitizer, and more than 70% support social distancing via reduced occupancy at tables and increased space between slots. However, fewer than 50% of respondents support mandatory temperature checks for guests.

Which of the following safety measures should casinos implement when reopening from COVID-related closures?

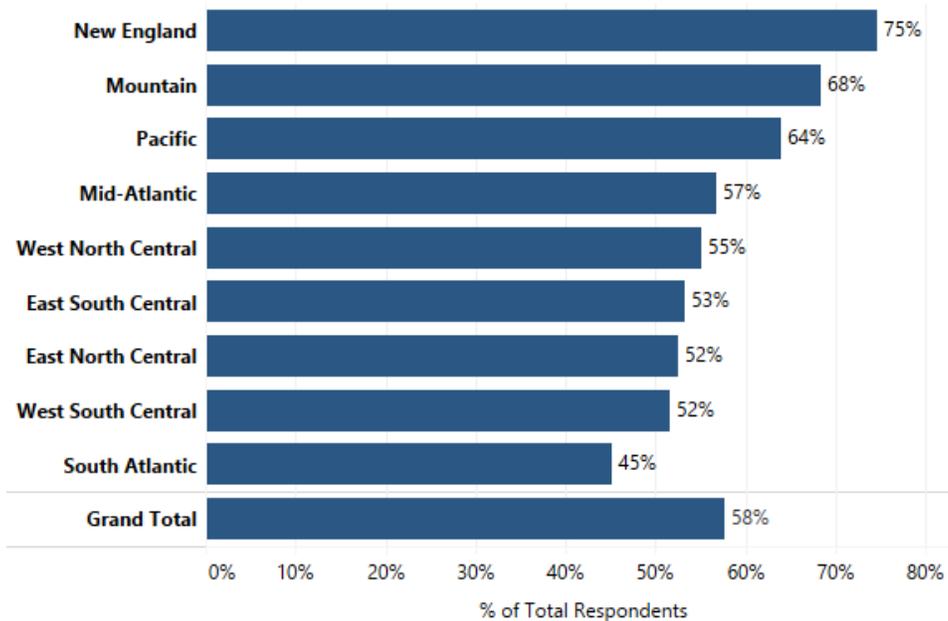


Recalling that respondents from the Mountain region and the South Atlantic were the least likely to wait for a vaccine before returning to casinos, the difference in their attitudes toward precaution is striking. The South Atlantic is among the least likely areas of the country to support precautionary measures, while the Mountain region is consistently at or near the top with New England and the Pacific region. Breakouts for plexiglass at table games and for reduced occupancy on the gaming floor illustrate this point below. Our full results have detailed data regarding all of the precautionary measures listed above.

Percent of respondents who support installing plexiglass barriers between seats at slot machines when casinos reopen from COVID-related closures



Percent of respondents who support restricting number of patrons that can be on the gaming floor at the same time when casinos reopen from COVID-related closures



5. **Voice of the Guest.** We provided free response opportunities for the guest, and two themes were nearly universal: first, respondents were incredibly concerned about buffet safety, which we know is being actively addressed during reopening. Only 15% of guests said they would visit a buffet without heavy additional precautions, the lowest of all amenities we asked about in the survey. Constructive buffet feedback revolved around spacing, cleaning, and eliminating self-serve or plating individual portions.

Concerns about the stack of clean plates and the shared utensils were common. Second, guests asked repeatedly for slot machines to be cleaned after each use. This may be nearly impossible to monitor, but having available self-serve cleaning supplies, as in fitness clubs to sanitize exercise equipment or in grocery stores to sanitize carts and baskets, may alleviate this concern. More on specific player sentiments is available in the full survey results.

The Innovation Group is supporting and intently following the progress of the industry's recovery. While we know that there is a long road ahead, understanding our guests will allow us to better tailor marketing and experiences, even in the current constrained times. Look for our revised forecast of gaming revenue by region in the coming days based on reopening patterns. And again, for more information on the full survey results or customized data cuts, please contact The Innovation Group President Michael Soll (msoll@theinnovationgroup.com) or Partner Brian Wyman (bwyman@theinnovationgroup.com) who heads Innovation Analytics.