

From Speculation to Action: How the Gaming Industry is Transforming to Attract Millennials

by Michael Vanaskie

Over the past several years, the gaming industry has begun to sound like a broken record. The term “millennial” has gone from an emerging topic, to buzzword, to completely overused. This makes sense, though, as the industry’s primary target demographic, Baby Boomers, continues to age while the millennial generation has become the largest generation in the domestic workforce. The industry has recognized for some time that they will not be able to rely on Boomers and Gen Xers for gaming revenue in perpetuity. Thus, speculation has ensued on a critical question—how can the gaming industry capture a piece of millennials’ growing wallets? Industry pundits and executives alike have offered a variety of potential answers to this question from dedicated eSports lounges to skill based gaming. The conversation has largely been theoretical until relatively recently as operators are beginning to take action and implement millennial-based initiatives at their properties.

Millennial-Focused Gaming Attractions in Vegas and Beyond

Over the past 18 months, a number of gaming properties throughout the U.S. have taken concrete steps in developing millennial-focused gaming attractions. One of the most recent attractions is MGM Grand’s Level Up in Las Vegas. The gaming floor-arcade hybrid venue, which was developed by the Hakkasan Group, features an arena where up to 40 gamblers can play social versions of table games, traditional bar and arcade games, and a Golfstream Suite. The latter is an augmented-reality area where visitors can play digital versions of real-world golf courses. MGM even has plans to conduct skill-based tournaments with the Golfstream product. Another property focused on developing millennial-based gaming attractions is Las Vegas’ Downtown Grand. Last year, the casino became the first property in Las Vegas to open a dedicated eSports lounge. During a recent [Emerging Leaders of Gaming™ eSports webinar](#), Seth Schorr, Chairman of the Downtown Grand, noted that the property has plans to further develop its eSports offerings.

As Las Vegas is at the forefront in the development of millennial-based gaming attractions, other markets are beginning to take notice. Law makers in Pennsylvania, for instance, are considering changing state gambling laws to allow skill-based gaming machines within the state. These new games are already in several casinos in Atlantic City. In an effort to further induce millennial spending, Atlantic City is also hosting eSports competitions that are open to both gamers and spectators.

Are Millennials Noticing?

With all of the speculation on how to increase millennial gaming spend and the action that has finally taken place over the past 18 months, there is an obvious question that is on the industry’s mind: are these millennial-based attractions moving the needle? The short answer is that it is too early to tell. It will take, at least, several more years and more widespread millennial-based gaming developments to determine whether or not these attractions are having sustainable positive impacts.

While it is still too early to provide a definitive answer, analyzing historical data can provide some insight on the potential of these attractions. IBISWorld currently estimates that the arcade entertainment complex market generates approximately \$2 billion in annual revenue (including food and beverage revenue). At a CAGR of only 0.4% over the past five years (according to IBISWorld), it appears this market is in need of the type of innovation discussed earlier to spark growth. Adding a gambling element to arcade-style games could further catalyze growth as well.

The growth of the eSports industry has surely caught the eye of gaming operators—the industry is expected to achieve a 40% CAGR from 2014 to 2019. With 2019 estimated revenue of only \$1.1 billion, eSports revenue

will still pale in comparison to domestic gross gaming revenue figures. However, these revenue figures exclude the eSports betting market, which is estimated to exceed \$23 billion by 2020.

There is no doubt that millennial-based gaming presents an attractive opportunity for the industry. However, it is still unclear how big the ultimate opportunity will be and what strategies will work best in capturing the opportunity. What is certain is that operators must stay up-to-date on emerging gaming technologies and trends, be willing to experiment with their property footprints, and remain nimble as millennials and their preferences mature.