



# How do Massachusetts Casinos Compare?

An analysis of publicly-available data on Massachusetts casinos



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## A Message from the Authors

Readers,

We are both presidents of women- and minority-owned Boston-based data science and big data analytics firms, and are also Massachusetts casino enthusiasts. For that reason, when we learned that the Massachusetts Gaming Commission (MGC) was encouraging our Massachusetts casinos to contract with women- and minority-owned local businesses for business services, we decided to jump at the chance.

There are two main reasons why we want Massachusetts casinos to hire our companies to do data analytics for them and make recommendations on how they can improve their businesses. First, we ourselves are customers of these casinos, and although we really enjoy visiting them, we also see a lot of room for improvement. You will see as you read this report that some of our observations came out in the analysis we did – like the observation that on some gaming floors, certain slot machines seem to never get used, and certain tables seem to attract very few customers. Since we are customers ourselves, we want to improve the casino experience for everyone.

But the second main reason why we want Massachusetts casinos to hire our companies to use data science to guide business strategy is that we think we bring an unrecognized perspective to the Massachusetts gaming industry. Although we ourselves are ethnic minorities, both of us have observed that people from our demographic are not being attracted to Massachusetts casinos. There are a lot of non-white people in Massachusetts who could have a lot of fun at a casino if they found it inviting. We would love work together to help these casinos attract an expanded demographic, and we feel we could do that with our data science skills coupled with our unique perspectives.

We hope you enjoy our report and gain insight about Massachusetts casinos!



Monika M. Wahi, MPH, CPH  
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DethWench Professional Services



Josie Haywood  
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Wiseiye, Inc.



## Executive Summary

The Massachusetts Gaming Commission (MCG) was formed to regulate gambling in Massachusetts after the passage of the expanded gaming law in November, 2011 (1). Since that time, three casinos have opened in Massachusetts that are regulated by the MCG:

- **Plainridge Park Casino (PPC):** Opened 2015
- **MGM Springfield (MGM):** Opened 2018
- **Encore Boston Harbor (EBH):** Opened 2019

At a recent community meeting in Boston hosted by the MCG on November 14, 2019, MCG and casino representatives encouraged minority- and women-owned businesses to approach these casinos and offer to serve as vendors for them. To guide our proposals, the presenters delineated the following shared priorities:

1. **To have each casino serve as a high-quality gaming destination:** Although the casinos target a wide customer base, both out-of-state customers as well as local customers should have a high-quality gaming experience, and the MCG and casinos prioritize working together to ensure this.
2. **To have each casino serve as a high-quality community entertainment destination:** The casinos made it clear that they are not looking to become out-of-state tourist destinations for *non-gaming* entertainment. Instead, the casinos envisioned their non-gaming entertainment as being aimed at attracting locals as repeat restaurant, spa, or short-stay hotel customers.

The purpose of this report is to use publicly-available data about Massachusetts and these casinos to provide recommendations to the MCG and the casinos as to how to better meet these two priorities. To facilitate our analysis, we assembled data from the following sources:

- MCG annual reports
- MCG revenue reports
- The 2019 State of the States Report from the American Gaming Association (AGA)
- The United States (US) census, and
- Other sources.

Using open source software R, we calculated summary statistics, and conducted time series and correlation analyses. The following summarizes our findings:

- In terms of casino revenue, Massachusetts does not perform as well as several other states of the same population size, suggesting there is room for improvement.
- Gross gaming revenue (GGR) per slot machine and per table varies widely between the three Massachusetts casinos. This suggests that some slot machines and tables are more “efficient” than others, and that efficiency of underperforming slots and tables can be improved.
- Payout percent for Massachusetts casinos is low, and makes them vulnerable to competition from out-of-state casinos and online casinos.

As a result of our analysis, we make six recommendations:

#### Recommendations for Casinos

1. **Improve gaming efficiency:** Use data science, big data analytics, business analysis, and customized research studies to study out-of-town and local gaming customers to better understand their preferences in order to improve efficiency of slots and tables.
2. **Better Meet Demand for Non-gaming Activities:** Use the same approaches above to study the non-gaming customer, and better understand their preferences in order to better meet their demands for non-gaming activities.
3. **Improve Slot Payout Percent:** Even a slight improvement in payout percent would position Massachusetts casinos to successfully compete with both online and out-of-state casinos.

#### Recommendations for the MCG

4. **Clarify Community vs. Gaming Priorities:** The MCG seems to be giving a mixed message as to the relative priorities of the local community customers compared to gaming customers (which admittedly overlap).
5. **Present MCG Annual Reports in One Electronic Location:** This will make them easier to access as compared to searching the online publication archives, which is the current way to access them.

#### Recommendations for both the Casinos and the MCG

6. **Develop and Report Non-gaming Metrics:** Have a contract facilitator coach the MCG and casinos together to develop a small set of meaningful metrics that can be reported alongside current metrics that accurately and feasibly measure the success of the casinos' non-gaming activities.

In summary, minority- and women-owned data science companies hired by these casinos and the MCG under this initiative could help them leverage their existing data, as well as collect new data, and analyze these combined datasets to help them develop business strategies to meet these recommendations. Therefore, Massachusetts casinos should seek data science firms for contracting that have a solid record of producing actionable business data analytics, conducting all types of market research, leveraging analysis of big datasets while also being able to do surveys and focus groups, delivering clear and professional oral and written communication, and possessing a deep and personal understanding of the Massachusetts casino market.

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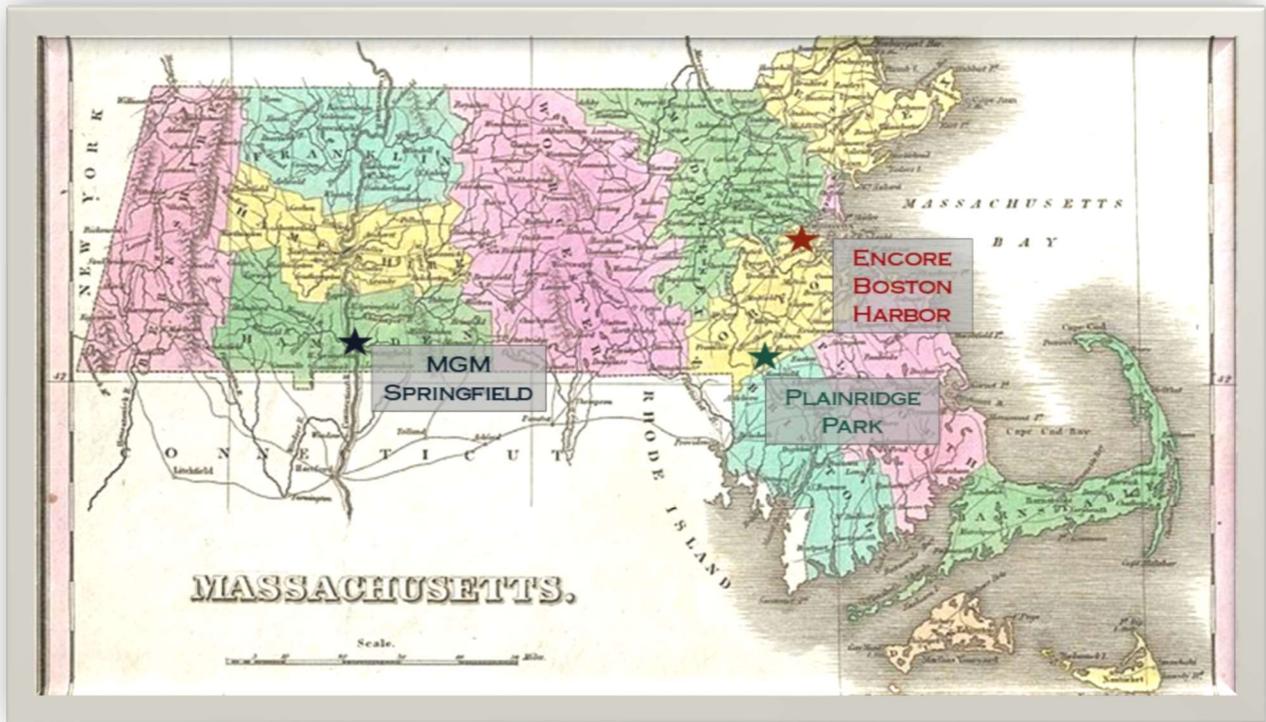
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## Introduction and Background

The Massachusetts Gaming Commission (MGC) was formed to regulate gambling in Massachusetts after the passage of the expanded gaming law in November, 2011 (1). Since that time, three casinos have opened in Massachusetts that are regulated by the MGC:

- **Plainridge Park Casino (PPC):** This is the first casino with slot machines that opened in Massachusetts after the expanded gaming law passed, in June of 2015 (2). Prior to this, gambling in Massachusetts had centered more around horseracing, not slot machines and tables. PPC bills itself as a “neighborhood casino” because it is located about a 45-minute drive from Boston at an intersection of freeways, making it centrally-accessible to several local suburbs. PPC is actually a converted horse track, so there is an indoor section for betting on remote racing. In addition to being the oldest of Massachusetts casinos, PPC is the smallest, with less than 200,000 total square feet for the establishment, and a gaming area of only 43,000 square feet (making up 24% of the total area). Unlike the other Massachusetts casinos, it has only slots for gaming and not tables, and has no hotel on site.
- **MGM Springfield (MGM):** MGM Springfield, the second casino founded in Massachusetts, opened in August of 2018 in downtown Springfield with much fanfare (3). Springfield is in western Massachusetts (see map in Figure 1), which is a strategic location for a number of reasons. First, Massachusetts casinos are in direct competition with the Connecticut and Rhode Island casinos, and Springfield is in a location that is positioned to attract that local tourist market. Second, Springfield itself had historically been a thriving city, with a busy train station, bustling local industry, and many entertainment venues and restaurants. But Springfield had fallen on hard economic times, so the idea of a downtown casino was hailed by many observers as a way to reinvigorate western Massachusetts.
- **Encore Boston Harbor (EBH):** Encore Boston Harbor is the result of an interesting project that aims to both enhance the economics and social activities of a community while cleaning up a contaminated industrial site (4). Unlike MGM and PPC, which were designed to harmonize with the local community in terms location, EBH is placed on a previous industrial site offset from the local community. Unlike PPC and MGM, EBH was designed to be a flashy destination casino and hotel, like the Wynn resorts in Las Vegas and Macao which are owned by the same company. EBH is located in the close Boston suburb of Everett which is easily accessible by public transportation. EBH opened in June of 2019, so as of this writing, it has a short history.

Figure 1. Locations of Massachusetts Casinos.



Original map in the public domain; available here:

[https://commons.wikimedia.org/wiki/File:1827\\_Finley\\_Map\\_of\\_Massachusetts\\_-\\_Geographicus\\_-\\_Massachusetts-finley-1827.jpg](https://commons.wikimedia.org/wiki/File:1827_Finley_Map_of_Massachusetts_-_Geographicus_-_Massachusetts-finley-1827.jpg)

Recently, the MCG has been encouraging Massachusetts small businesses, specifically minority- and women-owned businesses, to serve as vendors for these casinos. A meeting was held on November 14, 2019 at the MCG where casino contacts from the casino organizations themselves as well as representatives from the casinos' surrounding communities presented and were available for introductions.

The authors of this report are owners of minority women-owned Massachusetts businesses that do data science, business analysis, strategic planning, market research, and big data analytics, so we were attuned to the stated business goals of the casinos. At this meeting, we learned from the presenters that the MCG and the casinos had the following overlapping priorities:

3. **To have each casino serve as a high-quality gaming destination:** Both the casinos and community representatives acknowledged that casinos are trying to attract both local and out-of-state gambling customers, and some may travel to the casino from out-of-state predominantly to experience a gaming destination. Those customers should have a high-quality gaming experience, and the MCG and casinos prioritize working together to ensure this.
4. **To have each casino serve as a high-quality community entertainment destination:** The casinos made it clear that they are not looking to become and tourist destinations for *non-gaming* entertainment. The local communities around

all three casinos already have thriving musical venues, sports arenas, shopping centers, and other attractions. Instead, the casinos envisioned their non-gaming entertainment as being aimed at attracting locals as repeat restaurant, spa, or short-stay hotel customers. To this end, MGM and EHC have outdoor areas ideal for events.

The purpose of this report is to use publicly-available data about Massachusetts and these casinos to provide recommendations to the MCG and the casinos as to how to better meet these two priorities.

## **Methodology**

This paper represents a descriptive analysis of publicly-available data about Massachusetts casinos. This section describes the various data sources and the analytic approach.

### *Data Sources*

The data used in this report originate from the following data sources.

#### **MCG Annual Reports**

Each year, the MCG writes an annual report covering their activities for the year. Every annual report for the MCG is available to the public through searching their online publication archives (5). In each report, the following details about each casino are provided: Location, number of square feet of gaming space, number of hotel rooms, number of slot machines, and number of tables. Data about casinos from these reports were used in the analysis.

#### **MCG Revenue Reports**

As required by regulation, all three Massachusetts casinos must report certain metrics to the MCG on a monthly basis. The MCG assembles these metrics into a spreadsheet which is updated every month, and a report for each casino is posted on an MCG web page so all three reports can be downloaded as PDFs (6). Because each time the MCG updates the report, they add the next month of data, each report contains the entire legacy of historical data back to each casino's opening.

The reports include a table with several columns of data. Unfortunately, there is no key explaining the columns. They are fairly self-explanatory, but there are some details that are not absolutely clear.

These are the columns on which we focused in the reports, and what we interpreted them to mean:

- **Slot GGR:** We interpreted this to mean the gross gaming revenue (GGR) for just the slot machines on the premises for month reported. GGR is calculated using a few variables (7). Variable A represents the total sum of all bets made by players. Variable B represents the sum of all winnings received by players. GGR is calculated by taking A minus B.
- **Table GGR:** We interpreted this to mean GGR just for tables.
- **Slot Payout %:** This appears to be the slot return-to-player (RTP) calculation, although it is important to recognize that this has not been verified by the

authors. This is the percentage of all money wagered on a slot machine that players will see paid back over time (8). RTP must be under 100% in order for casinos to make money on slots, and typically fall in the 90% range.

The data from these reports were used in the analysis.

### **2019 State of the States Report from the American Gaming Association (AGA)**

The American Gaming Association (AGA) is a trade group representing the US casino industry, and includes both commercial and tribal casino operators (9). In their 2019 State of the States Report, they aggregate together publicly-reported data about casinos and states. Their report includes a table on page 16 reporting the total 2018 GGR for 24 states; the data from this table were used in the analysis.

### **United States Census Quickfacts**

State data on 2018 population for the states included in the AGA survey were gathered from the US census Quickfacts page (10).

### **Other Sources**

The following information was gathered manually from various sources: number of sit-down restaurants at each casino, whether or not the casino has a food court, and total square feet of casino property.

### *Analytic Approach*

Data were reassembled into Microsoft Excel and analyzed in R (11). The following descriptive analyses were done: calculation of summary statistics, time series analysis, and correlation analysis. Data were visualized using the ggplot2 package (12).

## **Results**

This section starts with an analysis comparing gaming in MA to other states. The next section will present an analysis comparing MA casinos with each other.

### *State Comparison*

Table 1 summarizes GGR and population by state for the states reflected in the AGA report in 2018, with Massachusetts highlighted.

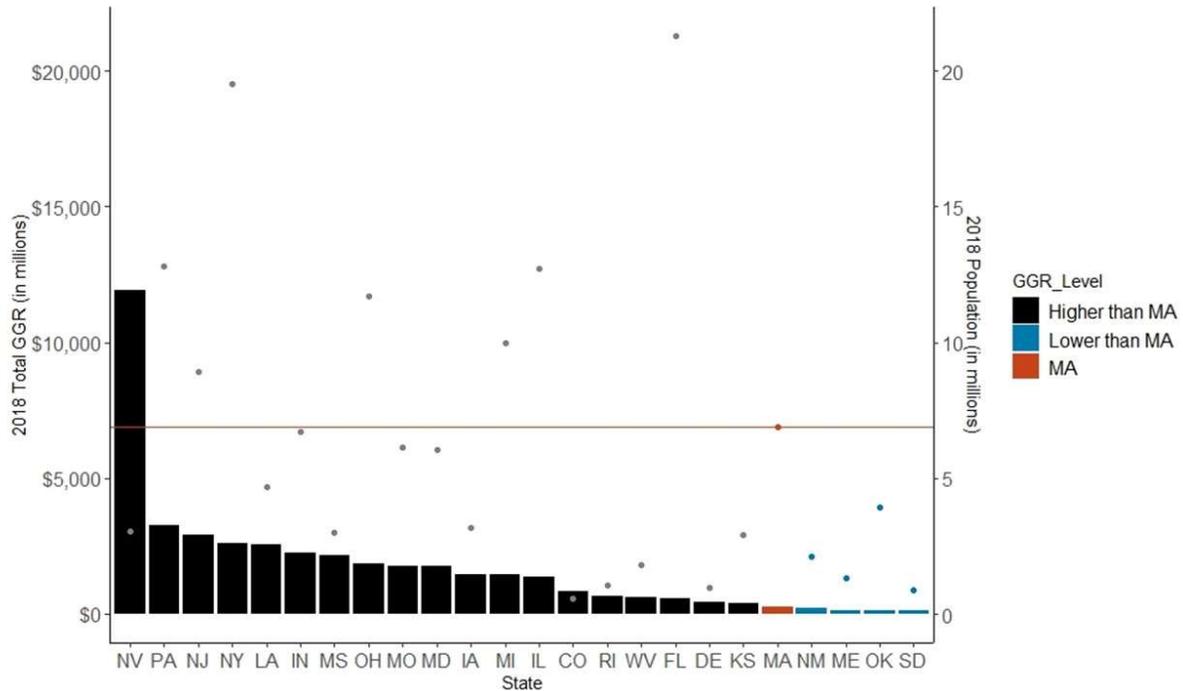
**Table 1. 2018 State Gross Gaming Revenue and Population for States in the American Gaming Association Report**

<b>State</b>	<b>2018 Gross Gaming Revenue (GGR)</b>	<b>2018 State Population</b>
Colorado	\$842,103,912	569,564
Delaware	\$432,512,143	967,171
Florida	\$569,015,684	21,299,325
Illinois	\$1,373,455,620	12,741,080
Indiana	\$2,240,835,178	6,691,878
Iowa	\$1,467,332,138	3,156,145

<b>State</b>	<b>2018 Gross Gaming Revenue (GGR)</b>	<b>2018 State Population</b>
Kansas	\$408,573,550	2,911,505
Louisiana	\$2,561,460,458	4,659,978
Maine	\$143,733,223	1,338,404
Maryland	\$1,746,364,081	6,042,718
Massachusetts	\$273,072,584	6,902,149
Michigan	\$1,444,099,784	9,995,915
Mississippi	\$2,142,059,922	2,986,530
Missouri	\$1,754,466,296	6,126,452
Nevada	\$11,917,370,000	3,034,392
New Jersey	\$2,903,477,507	8,908,520
New Mexico	\$235,445,003	2,095,428
New York	\$2,587,743,241	19,542,209
Ohio	\$1,863,936,633	11,689,442
Oklahoma	\$139,606,077	3,943,079
Pennsylvania	\$3,251,196,919	12,807,060
Rhode Island	\$656,548,911	1,057,315
South Dakota	\$106,323,642	882,235
West Virginia	\$623,764,685	1,805,832

These data are visualized in Figure 1.

**Figure 1. Comparison of 2018 State GGR with 2018 State Population for States in the American Gaming Association Report**



NOTE: Horizontal line indicates MA 2018 population in 100,000s to facilitate easy comparison with other states.

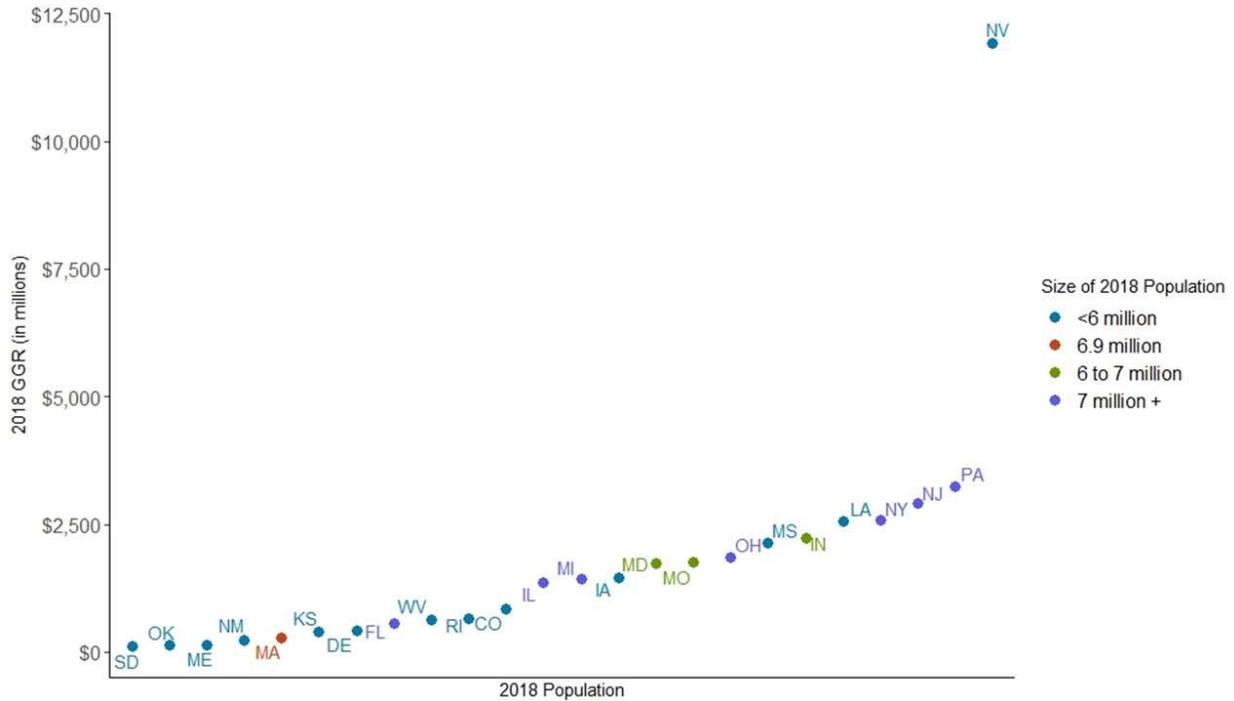
In Figure 1, the bars refer to the total GGR (in millions), with the scale on the left y-axis. On the right y-axis is the scale for state population in millions, and those values are represented by the dots on the figure.

As can be seen by the figure, Massachusetts, which is a small state with only three casinos and a population of about 6.9 million, does not have a very high GGR compared to the other states. MA ranks 20<sup>th</sup> in the figure in GGR, and the bar for MA GGR is so small relative to the bars for the other states that it is hard to tell that it represents \$273 million.

It is observable that states with similar population levels (that have dots near the level of the dot representing the MA population) have a higher GGR. For example, IN, MO, and MD have populations approximately the same size as MA, but they have much larger GGRs, as seen by their higher bars. IN’s GGR is over 8 times the GGR in MA for 2018, while the GGR of MO and MD are both over 6 times that of MA.

As part of further exploring the association between state population and state casino GGR in 2018, Figure 2 shows the same data as a scatter plot.

**Figure 2. Association of 2018 State GGR with 2018 State Population for States in the American Gaming Association Report**



As can be seen in Figure 2, MA, which had a 2018 population of about 6.9 million, performs similarly to many states with a population of less than 6 million, such as NM and KS. However, there are some states with a small population that perform at a higher level in terms of annual GGR. MS and LA both have populations smaller than 6 million, but MS had almost 8 times the GGR of MA, and LA’s GGR was over times higher than MA. Again, IN, with a comparable population to MA of between 6 and 7 million, showed that a state with a similar population size to MA can achieve a higher GGR.

**Casino Comparison**

**Casino Characteristics**

Table 2 presents some characteristics of the three MA casinos.

**Table 2. Characteristics of Massachusetts Casinos**

Metric	Plainridge Park Casino	MGM Springfield	Encore Boston Harbor
<b>Summary</b>			
Number of months open	55	17	7
Total square feet	181,000	759,157	3,000,000
Gaming square feet	43,800	126,262	190,461
Number of hotel rooms on site	0	250	671

<b>Metric</b>	<b>Plainridge Park Casino</b>	<b>MGM Springfield</b>	<b>Encore Boston Harbor</b>
Number of slot machines	1,250	3,000	2,574
Number of table games	0	100	232
Number of sit-down restaurants	2	4	12
Food court	Yes	Yes	No
Total revenue in most recent operating year	\$171,589,629	\$252,642,750	NA
<b>Calculations</b>			
Percentage of total space devoted to gambling	24%	17%	6%
Hotel rooms per 10,000 gambling square feet	0	20	35
Slot machines per 1,000 gambling square feet	29	24	14
Table games per 10,000 gambling square feet	0	8	12

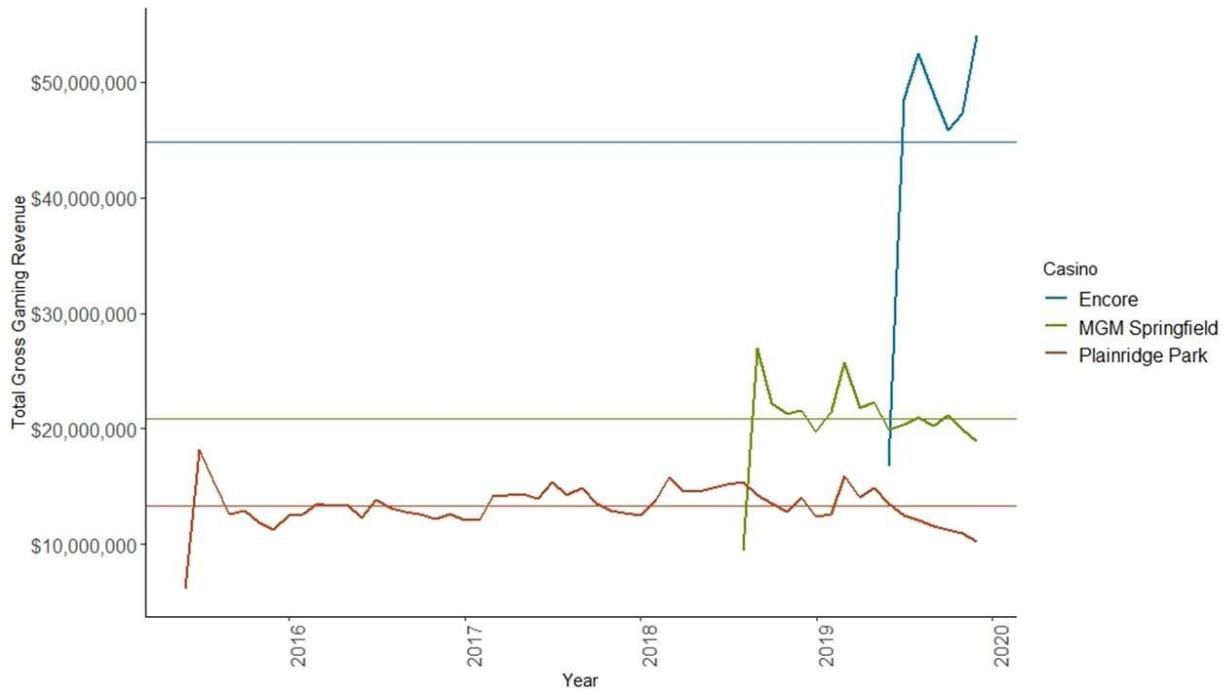
It is important to acknowledge some differences between these casinos by reviewing Table 1. First, unlike MGM and EBH, PPC lacks hotel rooms on site and table games. Therefore, the percentage of total space devoted to gambling is much higher for PPC (24%) compared to MGM (17%) and EBH (6%). Next, EBH has almost three times the number of hotel rooms as MGM, and while MGM has four sit-down restaurants, EBH has 12. Yet, while both PPC and MGM have food courts, EBH does not have this feature.

With respect to hotel space, EBH has a higher ratio of hotel rooms to gambling square feet than MGM (35 vs. 20 hotel rooms per 10,000 square feet). In terms of slots, the densest floor would be at PPC, with 29 slots per 1,000 gambling square feet, followed closely by MGM at 24 slots per 1,000 gambling square feet. In contrast, EBH has less than half the density of PPC, with only 14 slot machines per 1,000 gambling square feet. Finally, tables are more concentrated at EBH compared to MGM (12 tables per 10,000 gambling square feet compared to 8), likely to compensate for the lower slot density.

**Gross Gaming Revenue**

Figure 3 shows the lifetime GGR for each casino by month.

**Figure 3. Lifetime Monthly GGR by Casino**



Note: Horizontal lines indicate the lifetime mean monthly GGR for the casino.

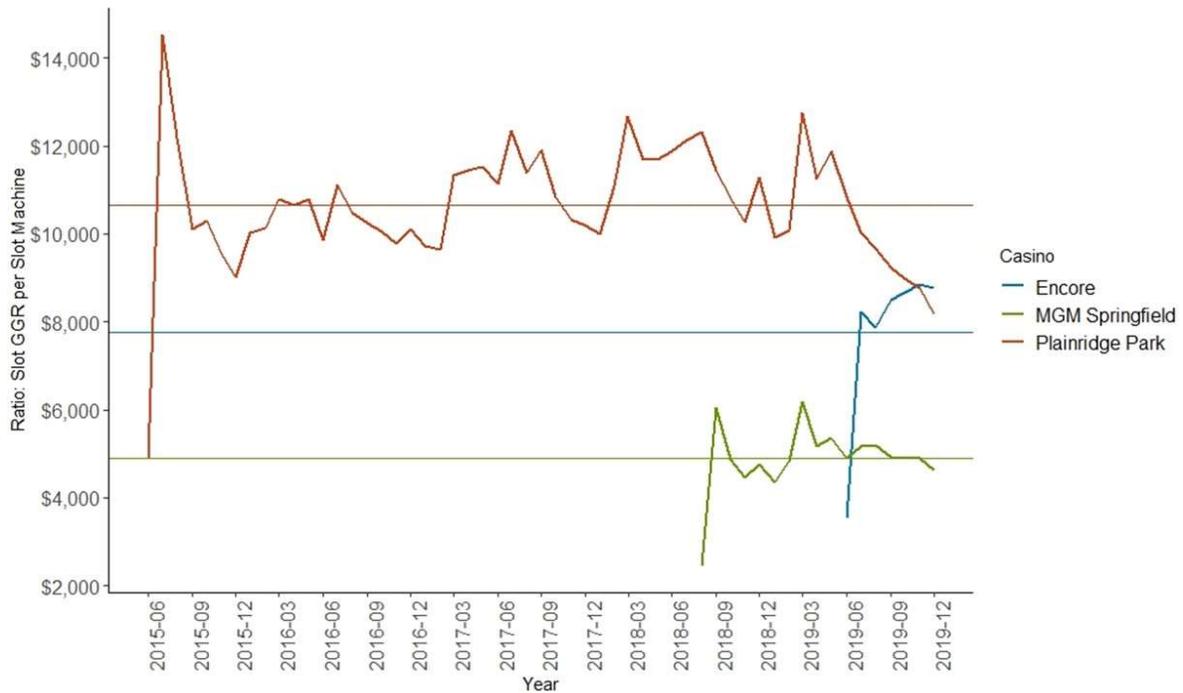
As is obvious in Figure 3, EBH, the largest casino, has the highest amount of revenue, while MGM has a much lower revenue level, and PPC, being the smallest casino, has the lowest level of revenue. Figure 3 shows that PPC has held its monthly GGR steady since its opening, and has experienced neither a strong growth nor decline. In contrast, MGM experienced a peak after opening, and then another peak in 2019. After that, it has appeared to level off toward its mean lifetime GGR, even showing a decline in recent months. EBH is very new, but the small amount of data suggest an upward trend in GGR. It is clear that the opening of EBH coincides with a clear decline in PPC's GGR, and a flat performance in terms of MGM's GGR.

### **GGR Ratios**

To develop a fair comparison between casinos, two ratios were developed. The first ratio, GGR per slot, was calculated by dividing the casino's monthly slot GGR by number of slot machines at the casino. Every slot machine requires some overhead cost and take up some space on the casino floor, and therefore, slots that attract more revenue can be seen as being more efficient. The second ratio developed was GGR per table, and was calculated for each casino by dividing monthly table GGR by the number of tables at each casino. PPC could not be in the GGR per table analysis due to its lack of tables. Again, GGR per table can be seen as a measure of efficiency of the tables at a casino, because like slots, each table comes with its own overhead cost.

Figure 4 presents the results from the GGR per slot analysis, and Figure 5 depicts the GGR per table analysis.

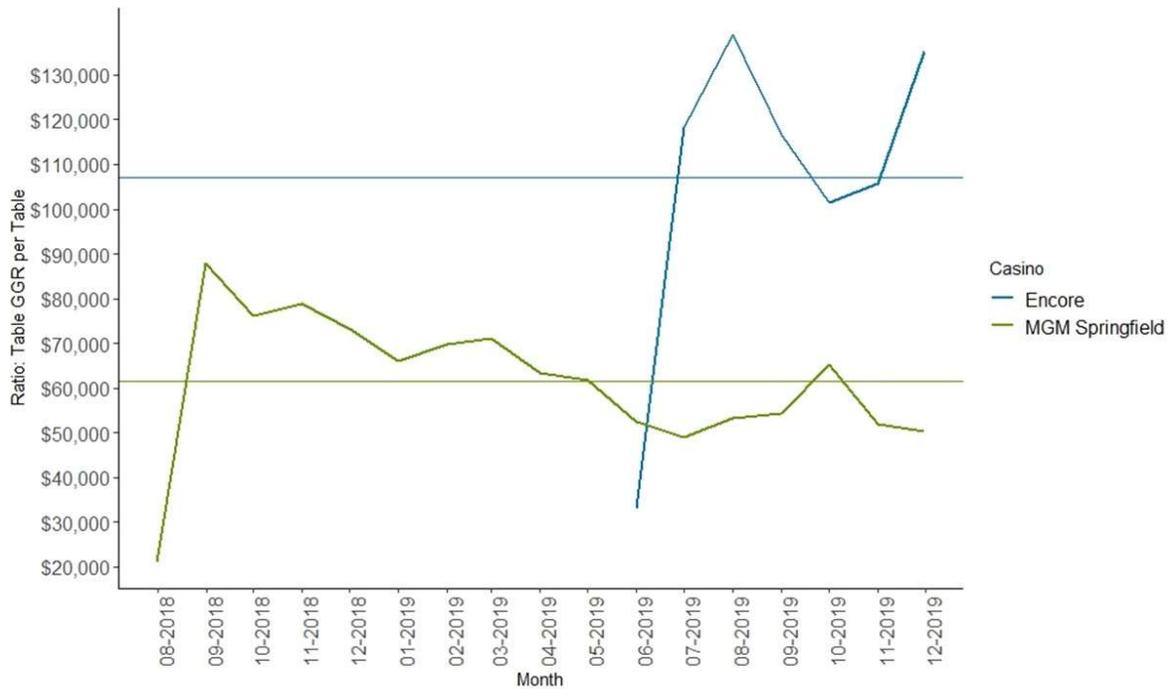
**Figure 4. Lifetime Monthly GGR per Slot by Casino**



Note: Horizontal lines indicate the lifetime mean monthly GGR per slot for the casino.

As shown in Figure 4, throughout the entire period, PPC had has the highest monthly GGR per slot machine. On average, each slot machine at PPC brings in a monthly revenue of about \$11,000. This is much higher than EBH, where monthly revenues per slot machine have been closer to \$8,000. MGM, with about \$5,000 in revenue per slot machine per month, registers at less than half PPC’s monthly GGR per slot machine.

**Figure 5. Lifetime Monthly GGR per Table by Casino**



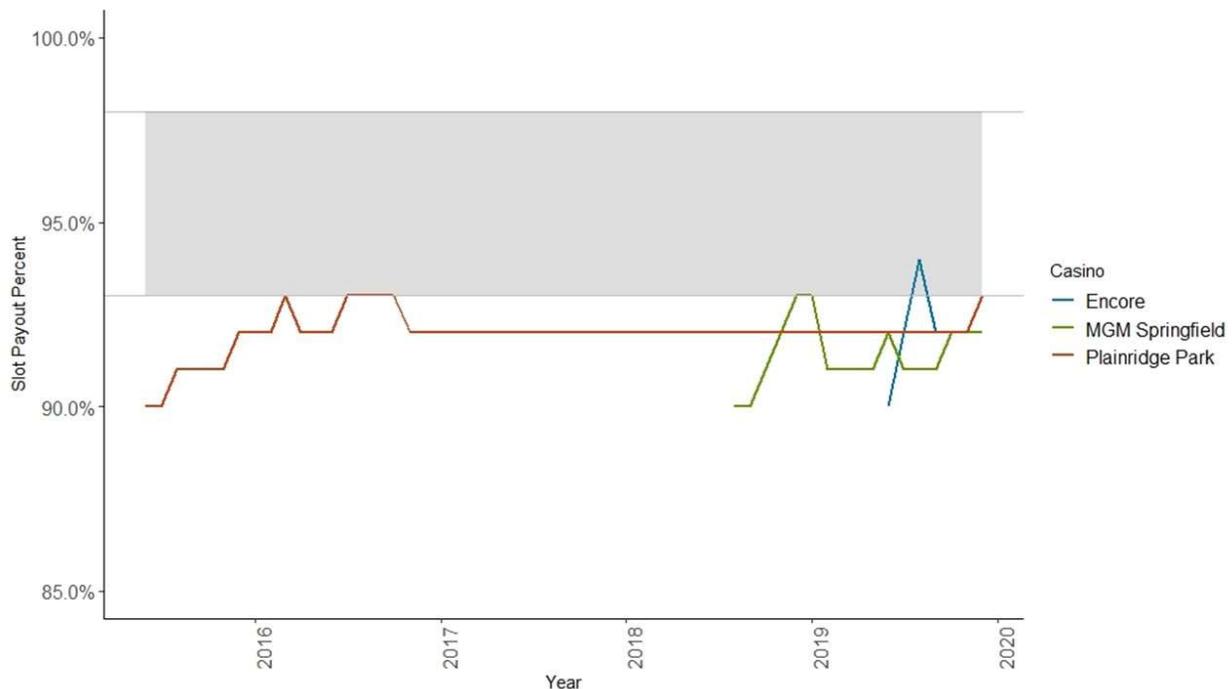
Note: Horizontal lines indicate the lifetime mean monthly GGR per table for the casino.

As shown in Figure 5, PPC is not included in this analysis because it does not have tables. The tables at EBH are very lucrative, and so far, on average, one table brings in an average monthly GGR of almost \$110,000. This is almost double MGM, whose tables bring in an average monthly GGR of close to \$60,000.

**Payout Percent**

Although this variable was not defined on the documents from the MCG, it is assumed in this analysis to represent the slot RTP, and is visualized in Figure 6.

**Figure 6. Lifetime Monthly Payout Percent by Casino**



NOTE: Shading indicates typical payout percent range for slots in online casinos.

As shown in Figure 6, the payout percent for all casinos was lower than 95% for the entire time period. The grey shading shows typical RTPs for online casinos. As can be seen, such a low payout percent can make casino slots non-competitive against online casinos, and can also compromise the ability to be competitive with out-of-state casinos with the same slot machines they can set to a slightly higher RTP.

## Summary

This analysis of publicly-available data revealed some interesting comparisons about the MA gaming industry relative to other states, and about MA casinos relative to each other. The state comparison results showed that in terms of GGR, MA is not being competitive with other states with the same population size, and therefore has room for improvement. However, it is not clear from these data why other states of the same size have been more successful than MA. It is also not clear from these data who the customers of MA casinos really are: in-state or out-of-state tourists, locals, gamblers, or community members using non-gambling services such as restaurants at the location.

The GGR ratio analysis comparing MA casinos with each other showed that MGM had by far the least efficient slot machines and tables. This is true in the face of PPC's relative success in maximizing their GGR from slots since they have no tables. EBH has twice the tables of MGM, providing it an opportunity to develop more of an economy of scale, which may be why its tables are so much more efficient than MGMs. The experience at PPC and EBH suggests that it is possible to improve the efficiency of slots and tables at MGM. However, the data do not provide any insight into why there are such large differences in GGR per slot between the three casinos, what it is about

PPC that is making their slots so efficient, and what it is about MGM that is making their slots and tables so inefficient.

The payout percent analysis showed that while all the casinos were very similar, the overall payout percent in MA casinos is very low. When trying to attract the gambling customer, this low payout makes land-based casinos less competitive against online casinos, which have much higher payouts. Also, this leaves MA vulnerable to competition from other states who can raise their payout percent and attract MA customers, as slot players are attuned to these differences. Potential out-of-state slot customers may choose to stay in their own state to gamble due to the improved payout percent in their home state, and because it is easy to drive or take the bus or train from MA to nearby casinos in RI and CT, MA slot customers may choose out-of-state casinos over MA casinos.

Although it is not clear why the payout percent is so low at MA casinos, the lack of efficiency of slot machines at the various locations may have some relationship to this low percent payout. If slot efficiency is improved, overhead costs will go down, and casinos will be able to afford to increase their payout percent in order to increase their competitiveness without losing revenue.

## **Recommendations**

Based on our analysis, we present the following six recommendations for both the MA casinos and the MCG.

### *Recommendations for Casinos:*

#### **Recommendation 1. Study out-of-town and local gaming customers in order to improve efficiency of slots and tables.**

Currently, MA casino customers are not very well characterized. From 2015 until 2018, PPC was the only open casino in MA, and with the opening of MGM in 2018 and EBH in 2019, the MA gaming industry is changing rapidly. Therefore, it is understandable that little is known about MA casino customers, but unfortunately, this lack of knowledge is likely the root of these large differences in performance in revenue seen by the three casinos analyzed.

Big data analytics, business analysis, and customized market research studies are needed to address this lack of knowledge. Right now, datasets on site at the various casinos could be analyzed to provide insights. Data sources that could be analyzed include rewards card data, restaurant use data, results of marketing campaigns, transportation data related to coming to and leaving the casino, hotel use data, as well as data from any services offered (such as spa services).

In addition, these datasets could be supplemented by customized market research, such as customer surveys, focus groups, public observation studies, case studies and other approaches. The goal of all these analytics would be to better understand the behaviors, desires, preferences, needs, and demands of both in-state and out-of-state gambling customers who use slots and tables. That way, underperforming slots and tables can be modified to improve their performance, or removed from the gaming floor.

This would improve both the bottom line for the casino and the satisfaction of the customers.

**Recommendation 2. Study local non-gaming customers in order to better meet demand for non-gaming activities.**

The type of data analytics described above is needed not only to gain insight on how to improve the efficiency of table and slot GGR, but also, to better meet the demands of non-gaming local customers from the community. As expressed by both the MCG and the casinos, there is a shared goal of the casinos serving as community entertainment locations that are not seen as only gambling houses.

Although gambling customers at MA casinos are not well-characterized, at least revenue data provides some insight into levels of usage. Unfortunately, non-gambling customers of MA casinos are even more poorly characterized. There is no aggregated public data on restaurant, hotel, and spa usage, for example. Therefore, it is very difficult to tell if these services are meeting the public's needs.

For example, EBH has 12 sit-down restaurants, but no food court. EBH also features an extensive magnificent garden and pathway outside, with benches and a view. It seems logical that customers may want to purchase food in the casino and bring it outside to eat it in the garden. However, without a food court at the EBH location, that is not possible. Whether or not this is a problem cannot be inferred at all from the existing publicly-available data. Therefore, applying analytics to existing data, as well as conducting creatively-designed market research, will be necessary for answering complex questions such as these.

**Recommendation 3: Improve efficiency of slot machines to enable Massachusetts casinos to increase their payout percent as a strategy to support local gambling customers while competing with nearby states.**

Even though Massachusetts casinos are billing themselves as gaming destinations for out-of-towners, due to proximity, there will likely be more local customers. Therefore, improving the payout percent will leave more money in the community, which is more efficient than drawing more gaming revenue from slots through a lower payout percent and then paying more taxes to cycle the same money back to the community. Improving the efficiency of slots as suggested in Recommendation 1 can provide the extra capacity to afford increasing payout percent by at least a small amount. Setting it as high as 96% will successfully compete with online casinos as well as ones from surrounding states such as Connecticut and Rhode Island, each of which have a thriving gaming industry. Advertising a higher payout percent will attract out-of-towners to gamble in Massachusetts.

*Recommendations for the Massachusetts Gaming Commission:*

**Recommendation 4: Clarify Community vs. Gaming Priorities Through Goal-setting and Reporting**

Casinos are businesses that want to maximize revenue, and unchecked, this would lead to an emphasis on gaming revenue. The MCG and Massachusetts community have expressed a strong interest in having the casinos de-emphasize the gaming part of the

casino experience when attracting locals, and expand and promote non-gaming activities.

But the MCG may not realize that through how it is organizing its reporting, it is delivering the casinos a mixed message. While focusing on having casinos routinely report monetary gains from revenue and taxes (not analyzed in this report), the MCG seems to be encouraging the casinos to emphasize gaming revenue at the expense of non-gaming revenue. By setting goals and benchmarks and requiring reporting related to non-gaming activities (and thereby non-gaming revenue), the MCG would be sending a clear message that non-gaming activities at the casinos are at least as important as gaming activities to the MCG.

The MCG could hire contract facilitators to help the MCG and casinos arrive as a group at reasonable reportable metrics that measures non-gaming usage that could be part of a standard report. Having business consultants help with such an activity ensures that the data that is eventually collected as a result of that effort is helpful and informative.

#### **Recommendation 5: Make Annual Reports Easier to Find Online**

Currently, in order to access the annual reports for the MCG, the user has to search the document archive. It would be better if the MCG created a separate web page on which to post links to each year's annual report. This is how the revenue reports are provided, and they are much easier to access in this format.

#### ***Recommendations to Both Casinos and MCG***

#### **Recommendation 6: Develop and Report Non-gaming Metrics**

As described earlier, the MCG could hire contract facilitators to help the MCG and casinos develop reportable metrics measuring non-gaming usage that could be added to the standard revenue report. The facilitators could help the MCG and casinos agree on metrics that are both meaningful and not effort-intensive to calculate. Examples of these metrics could include restaurant revenue (or other metrics about restaurant use), hotel revenue (or other metrics about hotel use), and event organization and attendance. The purpose of these metrics would be to measure the level of community and out-of-town customer engagement in non-gaming activities at the casinos, and would provide more insight into MA casino customers.

### **Conclusion**

In conclusion, each of the three MA casinos is a unique destination providing an entertainment experience with a local flavor. The MCG and MA casinos have expressed their shared interest in improving the service of MA casinos to the local community while also increasing the attraction of these casinos to both local and out-of-state tourists. To develop this report, we analyzed publicly-available data to create evidence on which to base recommendations to the MCG and the casinos as to how to better meet these two priorities. We hope that the MCG and MA casinos find our analysis and recommendations helpful, and choose to implement them.

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