

Online poker, casino games businesses triple as casinos close

Written by Administrator

Tuesday, 18 August 2020 12:42 -

- With casinos closed, gamblers have turned to online poker and other casino games in droves.
- Revenue from online casino games like poker and slots totaled \$402 million in the second quarter of 2020, tripling last year's numbers, according to a new report.
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Atlantic City's casinos may have closed their doors, but New Jersey's gamblers haven't stopped betting.

In the wake of the COVID-19 pandemic, online casino games — where users gamble real money playing poker, slots, and more — are soaring in popularity in states across the US, according to a new [report](#) from the American Gambling Association.

In the second quarter, revenue from online games like poker, slots, and blackjack, which industry professionals call "iGaming," totaled a record-breaking \$402 million in revenues, nearly triple what they made the year prior.

Their revenue also surpassed online sports wagering, which was booming prior to the coronavirus with over \$360 million in revenue in the fourth quarter of 2019.

Meanwhile, brick-and-mortar casinos have seen their revenues contract 80%, according to the American Gaming Association. In the second quarter of last year, casinos were open for a sum of about 42,000 days. Last quarter, they were open for a quarter of that amount. In some states, like Illinois, New Jersey, and New York, casinos have been closed for all of the second quarter of 2020.

And although online sports wagering companies DraftKings and FanDuel have outperformed their benchmark indexes over the past year, the pandemic has hit them hard, too. Since going public in April, DraftKings's market capitalization has reached \$12 billion, outpacing institutions like Caesar's and MGM resorts, according to the [Wall Street Journal](#).

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But as sporting events from Major League Baseball games to the Tokyo Olympics were delayed and cancelled following the outbreak of coronavirus, DraftKings and FanDuel's revenues have dipped, acting as a barometer of sorts for sentiment about sport leagues. Revenues are bouncing back as professional athletes return to the field.

Online casino games have been well positioned to fill the gap, hoovering up gambling revenues where other verticals have stalled.

"Consumers like convenience," said Casey Clark, a vice president at the American Gaming Association, in an interview with Business Insider. "There was very little competition from brick-and-mortar casinos in the second quarter."

The uptick in business is especially impressive given the fact that online casino games are only legal and operational in five states: Nevada, West Virginia, New Jersey, Delaware, and Pennsylvania. Online casino games are legalized, but not yet operational, in Michigan, and poker is the only game legal to play in Nevada. The rest of the country is geo-fenced off thanks to the Federal Wire Act.

Meanwhile, online sports wagering is legal in 22 states, according to Clark.

There are a mix of companies operating in the online casino game space. Some, like MGM and Caesar's, which run BetMGM and CaesarsCasino.com, are traditional brick-and-mortar casino operators that expanded their operations online. Others, like Aristocrat, which produces slot machines, are gambling industry professionals breaking into operating. And some sports-betting operations like DraftKings, which released casino games in July, are online sports wagering businesses diversifying beyond betting on athletics.

Gaming experts see a lot of potential for online casino games and online sports wagering to expand, as more states legalize online gambling platforms as a new source of revenue.

"As states rummage for funding, we can expect the interest in iGaming to rise," Becky Harris, a distinguished fellow at the International Gaming Institute, told Business Insider. "This new

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revenue stream could help fund physical and mental health services, benefits for the unemployed or underemployed, state infrastructure programs or a host of budget items. However, gaming is not the top legislative concern right now."

While online sports betting and casino games are certainly projected to grow, their revenue streams are still vastly outweighed by brick-and-mortar institutions. Even with dramatically depressed revenues, brick-and-mortar casinos made \$2.3 billion in the second quarter of 2020, according to the American Gaming Association. By the end of June, four out of five US casinos reopened for business.

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