



NIGA 2019 – Small to Mid-Size Casino Theme

by Ernest L. Stevens, Jr.

“Small to mid-sized casinos, defined as those with less than 1,200 machines, comprise more than eight out ten of the more than 500 tribal gaming operations, and represent the majority of all Indian gaming facilities.”

The focus of this year’s National Indian Gaming Association (NIGA) 2019 Indian Gaming Tradeshow & Convention is on the small to mid-sized tribal casino. According to Victor Rocha, Conference Chairman for NIGA, “The small and mid-size gaming market is the meat and potatoes of Indian Country. Not every tribal casino wants to become the next megaresort – most are very happy playing their own game. At NIGA, we help facilitate this aspiration to excellence by bringing in the best minds in the gaming industry to San Diego.”

Indian gaming has opened many doors for native peoples and over the past three decades has become a foundation for economic self-sufficiency and independent sovereignty. The numbers are impressive. According to the National Indian Gaming Commission (NIGC), this vital industry generated gross gaming revenue of \$32.4 billion in fiscal year 2017, an increase of 3.9 percent from the previous year, and the seventh consecutive year of annual growth. The NIGC currently oversees a gaming industry that totals 506 gaming establishments operated by 246 tribes that stretches across 29 states in the U.S. But beyond the revenue statistics, Indian gaming is an economic engine for tribal governments and a vital component in the fabric of local and regional economies, both tribal and domestic.

When most people think about casinos, they think about Vegas style big integrated resorts. For tribal gaming, that often conjures up images of megaresorts like Foxwoods, Mohegan Sun, Mystic Lake, Winstar, Four Winds, and Pechanga. These properties often provide the face of tribal gaming, but numerically the large resorts make up only a fraction of all tribal casinos. The NIGC reported a total of 33 casinos producing more than \$250 million in annual gross gaming revenue, the same number as in fiscal 2016, while the number of tribal casinos earning between \$100 million and \$250 million rose by five to 56. Casinos generating more than \$100 million annually make up almost three quarters (73%) of tribal gaming revenue.

Despite their revenue dominance, the megaresorts are only a small part of the very large footprint that tribal gaming has planted in the soil. Small to mid-sized casinos, defined as those with less than 1,200 machines, comprise more than eight out ten of the more than 500 tribal gaming operations, and represent the majority of all Indian gaming facilities. These smaller casinos are more numerous and more widespread representatives of the Indian gaming industry. Most importantly,

the tribal governments that operate these small to mid-sized facilities constitute the majority of NIGA members.

Go back in time to the origins of these integrated resort casinos and you will find that almost all of them started out as small facilities with a modest number of games. Essentially all Indian gaming operations started small. Many benefitted in their growth phase from a location near to major urban centers or across state lines from non-gaming state populations. When Indian gaming started out, there were very few people to be found on the reservation with experience in gaming operations and tribes often brought in commercial casino managers to run their operations. That is no longer the case as Indian gaming has grown more self-reliant and better able to draw upon indigenous talent as the industry expanded rapidly following passage of IGRA in 1988. That expansion has been accompanied by the development of widespread institutional knowledge of the gaming industry and the establishment of educational and career paths for tribal citizens through gaming and other related economic diversification ventures. Gaming tribes have also experimented with new processes and new gaming technologies that have enabled Indian gaming to sustain this successful expansion.

Tribal gaming continues to grow. There were ten more Indian gaming facilities by the NIGC’s count in fiscal 2017 than the year previously. Today that growth is slowing as the industry reaches maturity, untapped gaming markets become harder to find, and changes in federal and state policy delay new casino projects. Small and mid-sized casinos are even more important to Indian gaming today as managers strive to make smart decisions about how they should spend their dollars.

The needs of small casino operations are fundamentally different from the needs of large megaresorts, and smaller operators are striving to find what best practices they can learn from successful large operations, and which expensive technology they can transfer to their own smaller casino floors in order to become more attractive to gamblers, run more efficiently, and deliver more to the bottom line in the interest of tribal economic development. This conference will provide many opportunities for small and mid-sized casino operators to explore these areas. ♣

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