
METHODOLOGY OVERVIEW

The Current Condition and Future Viability of Casino Gaming in Pennsylvania

The ESI report on Pennsylvania's gaming industry is the result of several pieces of analysis. This overview briefly explains the various methodologies utilized throughout the report. The analysis used will be presented by chapter.

1. Pennsylvania Gaming Industry Performance

- o Reviewed Gaming Control Board data on employment and revenues by casino
- o IMPLAN model for economic impacts
- o Reviewed local press about casino impacts
- o Interviewed 38 casino operators, industry experts, local economic development experts

2. Changing Competitive Landscape

- o Reviewed data from Gaming Control Board, Innovation Group, American Gaming Association, state casino/lottery boards and commissions, U.S. Census, other sources
- o Reviewed press, industry analysis, and conversations with experts about forthcoming regional industry supply and recent trends
- o Gravity model utilizing zip code level data on demographics
 - Model informed by review of other industry studies and available academic research
 - Utilized inputs and parameters from other studies where available
 - Econometric analysis of confidential data provided by Pennsylvania casinos
 - Parameters adjusted to draw on ESI and other researcher expertise, and calibrated to match real-world data
 - Forecasts of future supply scenarios based on review of planned state action, and discussions with experts about likely or possible future actions

3. The Regulatory Landscape

- o Reviewed other recent gaming industry reports and analyses, including from Innovation Group, Spectrum Gaming, and the American Gaming Association
- o Examined gaming regulations and legislation in other states
- o Reviewed academic literature
- o Discussed regulatory issues with casino operators and industry experts
- o Received comments in writing from some Pennsylvania casinos on regulatory improvement

4. New Sources of Revenue

- o Utilized ESI's econometric and rule-of-thumb models for U.S. iGaming revenues
- o Estimated Pennsylvania share using data on online poker players in the state as well as the state's share of national GDP
- o Examined New Jersey forecasted results compared to actual market data so far to see the extent that the model reflected reality
- o Reviewed academic literature on cannibalization/complementarity of iGaming and land-based gaming, and discussed the issue with a variety of industry experts
- o Examined existing IMEGA/LVSC study of sports gaming market, and updated results to current using Pennsylvania demographics and data from Nevada's legal sports betting market
- o Examined at sports betting revenue per adult in comparable countries
- o Utilized conservative estimates of revenue per slot machine for airport slot revenues