

Money in the (Traveling) Bank: How Millennials' Increasing Travel Funds May Translate to Growing Gaming Revenue

by Stephanie Adkison

As the age of the prime gamer is advancing, casinos must look to younger generations to fill these emptying seats. This shift in focus comes as no surprise to gaming professionals, who are aware of the many challenges that lie ahead. In response to the issue of age, recent research has uncovered what may be the light at the end of the tunnel: millennials and members of Generation X (Gen Xs) are spending more money on luxury travel. While this trend may not single-handedly save the gaming industry, it has opened a door to possibility.

According to recent travel research, millennials are “fast becoming the top connoisseurs of luxury travel.”¹ This trend, coupled with the fact that spending by travelers over 55 has dropped significantly compared to last year, supports the gaming industry’s shift toward targeting younger generations. According to Travel Weekly’s recent article, MMGY’s *2015 Portrait of American Travelers* reported that millennials and Gen Xs “planned to spend 10% more on travel this year, compared with boomers and matures, who

¹ Jeri Clausing, *Young Travelers an Emerging Force in Luxury Spending* (Travel Weekly: 2015), <http://www.travelweekly.com/ConsumerSurvey2015/Younger-travelers-an-emerging-force-in-luxury-spending>

planned to spend 1% more.”² While those over 55 are stashing away extra funds to pay off their children’s college tuition or stock up on their retirement, younger generations are looking to spend their money on experiences.

The spending shift from material items to experiences may be an opportunity for the gaming industry, as many casino resorts are adding non-gaming amenities in order to become one-stop destinations. While these amenities may bring millennials and Gen Xs in the door, the incremental gaming revenue produced by the additional visitation may be minimal, as these generations are known to spend more on the less profitable food, beverage, and entertainment venues rather than the lucrative gaming floor. The challenge faced by gaming professionals is to keep the casino floor traditional enough to please boomers and matures happy, but innovative enough to appeal to younger generations.

One emerging solution has been to create hybrid gaming machines that combine skill and chance in order to accommodate the preferences of millennials and Gen Xs. There may also be new types of games in the pipeline that have a social aspect, which potential players of these ages are also seeking. While these games are still in their beginning phases, only time will tell if younger generations will respond with their wallets.

² Ibid.

With these trends in mind, gaming professionals must learn how to tap into millennials' and Gen Xs' expanding travel funds. Whether by creating more of a one-stop destination atmosphere or incorporating new types of gaming machines, casinos may find it beneficial to transition toward a more millennial-friendly environment in order to potentially capture the loyalty and the discretionary dollars of younger generations.