

Impact of tight slot machines on gaming revenue

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Since the advent of the current economic decline, speculation about the impact of “tighter” slot machines on gaming revenues and visitation patterns has been rife. Indeed, it is easy to make an intuitive link between higher slot hold percentages—that ultimately make the slot playing experience either shorter in duration or more costly, or both—and declines in revenue, handle, and visitation. But examining the slot hold percentages and slot denomination mix in the context of the changes in slot technologies over the years 1992 to 2009, it becomes apparent that there was no sudden arbitrary decision by slot managers to increase hold percentages. Instead, players have chosen, in increasing numbers, to play higher—hold, lower denomination machines in place of lower—hold, higher denomination ones. Player choice, not managerial initiative, has been the key determinant of higher slot holds in Nevada, and this pattern likely holds across the national industry.

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