Inside Canada's Casino Business Model

Idea In Short

Canada's casino industry moves roughly 15 billion dollars a year, and the operators who profit most rarely rely on luck. Provincial governments license and often co-own the properties, operators diversify income across gaming, hotels, dining and retail, and loyalty programs turn casual visitors into repeat spenders. Great Canadian Entertainment, the country's largest private gaming operator, shows the model at scale. Since Apollo Global Management and HPS Investment Partners took the company private in 2021, it has run gaming, hotel and entertainment properties across Ontario, British Columbia, New Brunswick and Nova Scotia under long-term agreements with provincial lottery corporations. This article breaks down how that business model works, the regulatory structure behind it and what executives outside gaming can take from its discipline around margin, retention and scale.

How Casino Business Models Work

A casino floor looks like a collection of independent games, but the business behind it runs on one principle: every game carries a built-in house edge, so volume and time on the floor matter more than any single bet. Slots and table games still supply the bulk of revenue, yet operators treat that revenue as the base layer of a much larger structure. Hotels, restaurants, retail and live entertainment sit on top of that base, pulling in guests who never touch a gaming table and stretching the stay of those who do. Canada's regulated gambling market moved roughly 15.6 billion dollars in 2025, spread across land-based casinos, lottery products and a fast-growing online segment. 1

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Loyalty programs close the loop. Tiered rewards track how much a guest spends across gaming, dining and hotel stays, then convert that data into targeted offers designed to bring the same guest back sooner. The result is a business that behaves less like a string of transactions and more like a subscription model dressed up as entertainment.

Provincial Regulation and Crown Partnerships

Gambling regulation in Canada sits with the provinces, not the federal government, so no two markets run on identical rules. Ontario and British Columbia illustrate two versions of the same structure: a provincial crown corporation holds the gaming license and sets policy, while a private operator runs the properties under a long-term services agreement. The Alcohol and Gaming Commission of Ontario oversees registration, compliance and conduct standards for every operator active in the province, from casino floors to the newer regulated online market. 2

This structure gives provinces a direct financial stake in gaming revenue, which they route toward healthcare, education and other public programs, while private operators bring the capital, real estate expertise and customer-facing systems that provincial agencies rarely build in-house. The arrangement also concentrates compliance risk: anti-money laundering checks, responsible gambling protocols and fair-play audits apply to every property, and a serious lapse can jeopardize the operating agreement itself, not just a single location.

Great Canadian Entertainment: A Case Study in Scale

Great Canadian Entertainment offers a clear example of how this model plays out at scale. The company, previously listed as Great Canadian Gaming Corporation, operates gaming, hotel and entertainment properties across Ontario, British Columbia, New Brunswick and Nova Scotia under multi-decade agreements with the relevant provincial lottery corporations. 3 Its Ontario properties, including facilities near Toronto acquired through a joint venture with Brookfield Business Partners, run under a services agreement with the Ontario Lottery and Gaming Corporation that runs more than two decades.

That structure only works with patient capital behind it. Funds managed by Apollo Global Management and HPS Investment Partners took the company private in 2021 in a deal valued at roughly 3.3 billion Canadian dollars, betting that a diversified, government-partnered gaming portfolio could generate steady cash flow even through regulatory change and shifting consumer habits. 4 The company has since adjusted its property mix, exiting some smaller markets while renewing crown agreements in its larger ones, which shows how even a scaled operator keeps reshaping its portfolio around the terms provinces are willing to offer.

Balancing Profitability and Risk

The house edge guarantees favorable odds over millions of bets, but it does not guarantee profit at the property level. Fixed costs run high regardless of foot traffic: staffing, utilities, licensing fees and marketing all continue through slow seasons, which means an operator's real skill lies in managing occupancy and spend per visitor rather than the mathematics of any single game.

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Diversified revenue softens this pressure. A property earning from hotel stays, dining and live shows alongside gaming has more levers to pull when one segment weakens. Reputation carries outsized weight too, since a single anti-money laundering failure or fraud incident can threaten a license that took years to secure, and economic downturns hit casino spending faster than most retail categories because gambling and hospitality sit near the top of most household discretionary budgets.

The Shift to Digital and Omnichannel Gaming

Physical casinos no longer compete only with each other. Several provinces have opened regulated online gambling channels, and British Columbia's lottery corporation runs PlayNow.com, one of the country's longest-standing legal online gaming platforms, alongside its land-based properties. 5 This dual-channel approach lets provincial operators capture spend that would otherwise migrate to offshore or unregulated sites, and it gives land-based operators a data source that extends well beyond property visits.

For operators like Great Canadian Entertainment, the digital shift changes the loyalty equation. A player's activity across a mobile app and a physical casino floor can now feed the same rewards account, which means the operator's view of customer value gets sharper even as the channels multiply.

Lessons for Executives Beyond Gaming

Casinos operate in a narrow, tightly regulated niche, but the discipline behind their business model applies broadly. Revenue diversification protects against demand swings in any single category. Loyalty systems that track real spending behavior outperform generic marketing because they reward the customers who matter most. Systems and processes, not individual heroics, let an operator run dozens of properties to the same standard, which is exactly the scaling problem most growing companies eventually face.

The most transferable lesson may be the simplest: know the underlying math of the business, whether that is a house edge, a customer acquisition cost or a churn rate, and design every operational decision around it.

Key Partners

Great Canadian Entertainment depends on the Ontario Lottery and Gaming Corporation and the British Columbia Lottery Corporation, which hold the gaming licenses behind every property. Brookfield Business Partners co-owns the Ontario joint venture that runs the former GTA bundle properties. Host First Nations communities, including the Mississaugas of Scugog Island First Nation, provide land and standing for several facilities. Apollo Global Management and HPS Investment Partners own the company and set its capital strategy.

Key Activities

Day-to-day activity centers on running casino floors, table games and slot operations across every property. The company also manages hotels, conference space, live entertainment venues and horse racing tracks tied to several of its sites. Loyalty program administration and VIP account management run continuously to keep frequent guests engaged. Anti-money laundering checks, responsible gambling monitoring and regulatory reporting run alongside every one of these activities.

Key Resources

Long-term operating agreements with provincial lottery corporations are the company's most valuable asset, since they grant exclusive rights to operate in defined markets for decades. Physical real estate, including casino floors, hotels and racing tracks, represents the second major resource. A proprietary player database and loyalty platform let the company track spending across properties and channels. Trained dealers, hospitality staff and compliance teams keep every property running to a consistent standard.

Value Propositions

For guests, Great Canadian Entertainment offers legal, regulated gaming close to home rather than an unregulated alternative. Its larger properties bundle gaming with hotels, dining and live shows so a single visit covers an entire evening or weekend. Loyalty members get personalized offers based on actual spending patterns rather than generic discounts. Every property runs under audited, responsible gambling standards, and several sites near tourist corridors, such as Niagara Falls, double as destination attractions in their own right.

Customer Relationships

Tiered loyalty programs form the backbone of the relationship, rewarding guests differently based on how much they play, stay and spend. High-value players get dedicated hosts who manage their visits and offers directly. Responsible gambling tools, including self-exclusion options, give at-risk players a way to limit their own engagement. Digital accounts extend these relationships beyond the property itself through apps and online communication.

Channels

The primary channel remains the physical casino and resort network spread across four provinces. Hotel and travel booking platforms bring in guests who start their journey looking for accommodation rather than gaming. Online and mobile platforms, including BCLC's PlayNow service, extend the relationship into regulated digital gambling. Direct marketing through loyalty program emails and mailers keeps existing members informed of offers.

Customer Segments

Local day-trip visitors make up the largest volume segment, drawn by proximity and convenience. High-value VIP players contribute a disproportionate share of gaming revenue relative to their numbers. Tourists and convention attendees use the hotel, dining and event space tied to larger properties. Regulated online players, reached through provincial digital platforms, form a growing fourth segment.

Cost Structure

Facility operations, staffing and utilities represent the largest recurring costs across the property network. Licensing fees, marketing spend and debt service tied to the 2021 acquisition financing add a second major layer of fixed cost.

Revenue Streams

Slot machines and table games generate the majority of gaming revenue across the portfolio. Hotel stays, dining, live entertainment, retail and horse racing round out the remaining revenue lines.

- 1Canada gambling industry revenue and market data
- 2Alcohol and Gaming Commission of Ontario regulatory role
- 3Great Canadian Entertainment company overview
- 4Apollo private equity acquisition of Great Canadian Gaming
- 5British Columbia Lottery Corporation regulated platforms

Summary

The casino business model rewards operators who treat entertainment as infrastructure rather than chance. Great Canadian Entertainment's growth under Apollo and HPS shows how private capital can scale a heavily regulated, provincially anchored industry without losing the crown partnerships that make it legal to operate at all. The formula travels well: diversify revenue so no single stream carries the business, use data to convert visitors into loyal accounts and build systems that run consistently across dozens of locations instead of depending on any one property. Executives outside gaming face the same underlying problem of converting attention into repeat revenue. Casinos have spent decades refining that conversion, and the discipline behind their layouts, loyalty tiers and cost controls applies directly to how any consumer-facing business should think about margin, retention and scale.