GAMING: ROLLING THE DICE ON DESTINATION IMAGE

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IMAGE IS EVERYTHING

They say that image is everything. Branding experts worldwide will, rightly, argue that simply defining a nation as a travel destination, setting a price point, and rolling out the carpet, is not enough to make a sustainable tourism offering. To compete to win a destination must have a clear, concise, compelling, competitive and consistently expressed image. It is image that makes the difference between *attractive* and *overlooked*, *profitable* and *promising, visited* and *vacant*.

The fact remains, however, that establishing an ownable image is incredibly difficult. With global tourism - now the third largest economic sector worldwide behind finance and automotive, celebrated for its ability to generate not just revenues but also employment and investment, and reaching the remarkable milestone of one <u>billion</u> international travelers in 2012 – becoming increasingly competitive, owning and keeping fresh a destination image is an immense strategic and creative challenge. Not only are travelers fickle, fluttering from one experience promise to another. Competitors are happily copying other destination's secrets to success.

As a result, development of destination niches has become an important part of ongoing visitor attraction and competitive differentiation. Adding on a layer of 'X' can strengthen the attraction to destination 'Y', bringing new and repeat travelers, and, importantly, keeping them away from competitor 'Z'.

In theory, easy. In reality, however, the whole can be greatly affected by the image of its niche parts. Especially when the niche is gaming. Over the past decade, the gaming sector has become a powerful spark in the growth, and even recovery, of global destinations. Needing to attract new markets and generate new revenues, many destinations are betting on gaming to increase their fortunes.

 At a tactical level, the benefits are clear. But let's call a spade a spade. For any destination, introducing gaming into the mix is a gamble. The impact on image can be a high-risk roll of the dice.

IT ALL STARTED ON THE STRIP

While it is believed that gaming has its origins in China in 2300 BC, in our lifetime it is the city of Las Vegas in the state of Nevada in the United States that has really put the activity on the map in its current form. Following decades of being banned in states across the nation, it was the swelling in local population from 5000 to 25,000 for the mostly-male construction industry tasked with building of the Hoover Dam that sparked the legalization of gaming in 1931. While gaming faced ongoing criticism for its ability to attract unsavoury behaviour, the relentless economic and social pressure of the great depression forced Nevada's hand. Gaming was a quick, quite obvious way of bringing critical cashflow into the state. It was, however, restricted to the city of Las Vegas. As far back as the 1930s, what happened in Vegas had to stay in Vegas!

Fast forward just over two decades, with employment and electricity pumping out of the Hoover Dam, it was massive investment into the gaming industry by clever businessmen and serious organised crime groups that first turned Las Vegas into a bright lights, big entertainment city. Casino resorts, bars, and showgirl theaters turned a sleepy town into a booming strip. The gaming capital of the world was born. By 1954 an astounding over 8 million people visited Las Vegas, with casinos generating over two hundred million dollars.

Add in the arrival of star power - big names from Hollywood and beyond now seeking their fame and fortune on 'The Strip' – and the growth of media, and the attractiveness of Las Vegas as an entertainment hub spread to tourists seeking stars on stage and big buffets of food. The big names spread from the entertainers to the entertainment resorts – Flamingo and MGM starting the line-up. Mega-resorts entered the stage in the late 1980s, with the Mirage coming on stage as the first act.

Between the 1950s and 2000, the population of Las Vegas doubled in each decade, reaching over half a million in 2006 to make it the 28th largest city in the United States, and a permanent base for both commercial and residential activity. Importantly, the exponential value of the tens of millions of tourists coming to Las Vegas to happily hand over their money to the house showed just how valuable gaming is as a tourism niche. A painful speed wobble was, however, felt during the late 2000s when periods of national economic recession saw the city go from boom to bust, shaking the construction of resort and residential developments to its scaffolding. In addition, the stakes of a gambling-based business model and '*sin city*' image were proving too high.

Reinvention and re-imaging of Vegas, with emphasis on big-name visitors, big budget campaigns, big star theater entertainment, big number general visitor attraction, and big-scale conventions, began. This new approach to playing the game has helped re-strengthen the foundations of Las Vegas. Today, with an estimated 36.7 million visitors per annum, each staying an average of 3.7 nights across the over 124,000 hotel rooms, using the over 1000 taxis and 325 limos (bearing in mind the Las Vegas Strip is only 3.8 km long), playing on the over 197,000 slot machines, not to mention the over 3700 conferences that take place each year, and 315 couples tying the knot each day, a star is being reborn. And stargazers in Las Vegas have not been the only ones to notice…

In almost a full-circle way, the home of gaming has started to return to its Asian roots.

GIVING THE DESTINATION A WINNING HAND

Over the past decade, the gaming sector has become a powerful driver of tourism growth in destinations across the globe. The surge in growth of arrivals, revenues, employment, investment and trade coming from gaming can be extremely tempting to a destination. Nowhere is this more true, and massive, than in Asia – a region with not only massive market potential for gaming tourism, but an intrinsic love for gaming itself.

Incorporating the gaming niche into the overall destination offering can, however, be a risky hand to play. For all of the upside, what about the dark side?

The image of gaming has always been tainted by the losses that can occur for the gamer – losses of finance, control, face and future stability. Is it worth a destination investing in the gaming niche? It is worth placing such a bet on the image of a destination?

There are, however, places that have been able to make the niche work for the destination, taking calculated risks, and ultimately drawing an ace.

Two major players winning in the gaming tourism game: Macau and Singapore.

Back in 1962, the Portuguese-administered Macau allowed gaming patriarch Stanley Ho to build Macau into a leading Asian entertainment destination. By the time Macau was officially handed over to the PRC by the Portuguese in 1999, its doors were opened to foreign investment, especially in the gaming sector. From 2002 onwards business leaders from Hong Kong to Australia to Las Vegas joined Stanly Ho in astutely recognizing that,

from a business growth perspective, the learning from Vegas could be taken to Macau. Today both the downtown area and the created Cotai Strip stand tall with major brands and majestic buildings defining the landscape. In 2004 the gaming revenues of Macau surpassed Vegas and Singapore combined. All bets were on Macau. Just this past year, visitor numbers were a staggering 28 million, over 50% from greater China alone. Visionaries Sheldon Adelson and Steve Wynn are estimated to earn about 75 cents of every dollar in revenue from their Asian investments.

Macau, however, has worked very hard to ensure that its image is not defined by gaming. Showcasing and celebrating Macau's rich heritage has become one of the pillars of Macau's success. Even with its strong economical base of gaming (now over 50% of GDP), Macau also strives to ensure that its rich, unique Portuguese / Chinese history plays a part in the destination's overall visitor attraction. Proudly boasting UNESCO World Heritage Status, Macau's efforts to be a true entertainment center are reflected in a collection of new museums, the largest single convention center in Asia, and the offering of international shows like Cirque du Soleil.

As stated by João Manuel Costa Antunes, Director of Macau Government Tourist Office:

"The importance of tourism to Macau has been reflected in the fact that the direction and positioning of Macau as a "World Centre of Tourism and Leisure" has been enshrined in China's 12th Five Year Plan.

However, the strength of Macau as a tourism destination lies undoubtedly also with our unique cultural heritage. Side-by-side with the new Macau that has been emerging, the heritage of the city, with its more than 400 years of cultural exchange between the East and West, is preserved like a treasure. The old Macau is aptly represented by "The Historic Centre of Macau", listed as UNESCO World Heritage in 2005, which plays an important role in the product offerings as far as tourism is concerned.

We believe the concerted effort of preserving our heritage and culture, and the development of new facilities and tourism products will enhance the appeal of Macau, and provide a unique experience to visitors of different tastes and interests."

Balance of image was, and remains, viewed as a critical part of Macau's holistic, long-term growth.

More recently, Singapore has entered the gaming tourism game, and in usual Singapore style, the destination has done so with intense thought, immense investment, and careful protection of image.

Singapore, the rich, lush, south-east Asian city-state first established in 1819 as a perfectly positioned regional and global trading hub, has emerged and consistently evolved to achieve a global identity of inspired growth and development.

Today, all of the clichés of highest praise apply: iconic, legendary, world class, visionary. Now home to over 5.8million ethnically diverse yet harmoniously cohabitating populations in Asia, Singapore has become an uber-slick, stylish, sophisticated, exceptionally safe and excitingly social centre for global business and tourism. A perfectly prepared blend of Asian energy, colonial heritage, modern design, future focus and the power of pride, Singapore is blessed by the lifelong, visionary leadership of Lee Kuan Yew, Singapore continues to be guided by the father of the city-state in its strategic decision making around the shape, and spirit, of the future.

Seeing an opportunity to bring roulette to the land of Raffles, expanding the attraction of Singapore from being a prime centre for bankers and businessmen to being a magnet for tourists seeking new attractions, Singapore's tourism leaders looked closely at not just _what_ they needed to do, but importantly, _how_ they needed to do it.

The answer: integrated resorts – stunning centres of world-class entertainment, premier shopping, family attractions, exceptional dining, luxury hotels and exciting recreation…that just happen to have (carefully managed, restricted access) casinos in the bellies of the buildings.

Starting with Malaysian owned _Resorts World Sentosa_ in 2010, and joined soon after by US owned _Marina Bay Sands_, Singapore has rapidly become Asia's hottest new gaming capital, and the second largest gaming destination in Asia after Macau. PwC has projected gaming revenues to grow to US$5.5 billion in 2011. Barclays Capital estimates that the resorts were contributing in the region of 0.3 to 0.4 percent of GDP, with the potential for that to increase to 0.7 percent in the near future, cautioning _"That's only when both casinos, both IRs, are up and running fully, so we're not there yet actually. Contributions to date have been significant, but I think the potential is for more to come."_

Singapore is on a winning streak.

DEFINING A TOURISM GAMEPLAN

The decision to bring gaming to a destination should never be taken lightly. As with all niches, the impact of the niche on the destination's <u>overall</u>:

- appeal,
- infrastructure development,
- employment,
- receipts,
- multiplier effect

and, critically,

- local pride,
- understanding of economic and social benefits,
- competitiveness,
- social unity, values, and
- national identity

should always be taken account. Macau and Singapore stand tall as examples of looking at the destination as a greater masterplan, with gaming playing a specific roll, increasing the odds of successful, sustainable growth.

For some destinations, there comes a time to place your bets, knowing the destination has a winning hand. For others, it is time to walk away from the table.

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