

# A tough crowd to please

On Jan. 24, Macau's Gaming & Inspection Coordination Bureau announced that the city's 2006 casino revenues were just shy of USD 7 billion.

To take advantage of this, Las Vegas-based companies are rushing the market with billions of dollars in casino, retail and hotel development. „They say they'll do what they did to Las Vegas: transform a seedy, worn-out, crime-ridden town into one of the world's best spots for gambling as well as conventions, glitzy shows, dining and other family entertainment,“ wrote William Foreman of The Associated Press.

But how well are they likely to succeed? And what stumbling blocks lie in their path? In this special report, Staff Writer Matt Ward takes a close look at the Macau market, its superstitions, its troubled history and the cultural adjustments required of Las Vegas companies who pursue opportunity in the East.

It didn't take long for a tiny enclave off the coast of mainland China to eclipse Las Vegas as the world's most profitable gambling mecca. As China's Communist government slowly allows more and more of its citizens to travel to Macau – as many as 300 million in more than 50 mainland cities, as of Jan. 1 – companies are fast-tracking their own Asian plans.

Hard Rock is working to bring its brand of hip venue to Macau. Richard Branson announced a possible Virgin casino deal with Melco/PBL there. Meanwhile, MGM's push to open MGM Macau with Shun Tak Holdings' Pansy Ho looks set for regulatory confirmation later this month.

All this comes on top of expansion plans for the tiny, two-island enclave's existing American operators, Wynn Resorts and Las Vegas Sands. Wynn has already embarked on additional growth, and Las Vegas Sands is readying the Oriental gambling

world for its version of Venice on the Cotai Strip.

Even Macau's original godfather of gambling, Stanley Ho, is building at least one new property and renovating old grind joints in order to compete.

The construction boom is so significant that some worry the city's infrastructure won't be able to keep up with traffic from the mainland, nor even be able to lure the construction workers required for this casino upsurge, a phenomenon Las Vegas is witnessing firsthand in its own resort-construction boom.

All this to capture the attention of the most lucrative market in the world, the Asian gambler.

### **Baccarat & books don't mix**

It's hardly coincidental that the upcoming NBA All Star Game, a first for the city, falls on the Chinese Lunar New Year. The Chinese holiday is among the city's busiest times. MGM Mirage properties are already at capacity. Company spokeswoman Yvette Monet said it will be like having „four New Years in a row.“

Las Vegas operators have learned a thing or two through the years about the coveted Asian gambler. The most important fact: Many are extremely superstitious.

Steve Wynn, for instance, learned the hard way about the importance of knowing your target audience's cultural preferences when he opened The Mirage in 1989. The high-end baccarat room was built like a library, with bound volumes lining the room. To many Chinese, this is inauspicious. Wynn was forced to redo the room.

Once in Tahoe, longtime casino executive Larry Wolf learned firsthand how many of China's subcultures – there are literally hundreds of them – interact with each other. Two groups of tourists came into the baccarat room and showed so

much animosity toward one another that dividers had to be put between the tables so the two parties didn't have to look at each other.

Longtime Las Vegans remember when the MGM Grand was built, its entrance resembling the mouth of a lion – something that was quickly changed when it was pointed out how sinister that was to Asian gamblers. And visitors unfamiliar with Chinese custom still marvel that the elevators at the Rio skip floors 40 through 49. The sound of the word ,four' resembles that of the Chinese word for ,death.'

„When someone says they understand the Chinese, they don't know what they're talking about,“ said Woolf, today the CEO of casino operator Navegante Group.

Since 1979, Woolf – who helped open the MGM Grand, in 1995 – has worked in nearly every American casino jurisdiction. Through the last 10 years he's worked to establish a casino venue in Taiwan.

He says learning to connect with the Chinese gambler is a lifelong learning process. „It's very important that Americans don't just assume that if they build it, they will come,“ he warned.

### **A glimpse of stocking was looked on as something shocking**

Casino operators are aware these days that, before any casino is built in Macau, the first employee hired should be a Feng Shui master. The design, color scheme and decor of the casino is nearly as important as the games themselves in attracting and keeping Asian players. The concept of luck is acutely important in Asian cultures. It can be facilitated by smart, culturally aware decisionmaking or it can be hindered, driving away valuable customers.

For example, Woolf explains, some things – objects, animals, colors, numbers – are extremely meaningful to the Chinese

player. It's a bad sign to have water falling from the ceiling when there is no water coming from the floor. Chinese players find it more appealing (read: lucky) to play facing water, their backs to the mountains.

They also enjoy playing in places where red is the dominant color. Too much red, however, means better luck for the casino owner than the players.

Some superstitious gamblers will decide which casino to go into based on which direction the entrance is facing. A calculation will be made based on that information; the casino owner's birthday also figures into the equation. Perhaps the casino will be lucky for 10 years or 20. After that, however, the direction of the entrance will need to move or else the superstitious gamblers will find a luckier place to park their money.

„Don't ever greet a player with a slap on the back," Woolf said of another cultural faux pas. „It's bad luck."

Once, baccarat managers sat in chairs near the table, to better supervise the games. But players stopped showing up because the supervisors would sometimes cross their legs, pointing the soles of their feet at the players.

What made that so offensive? „That's like mooning them," Woolf explained.

### **Rapid learning**

Macau's casinos reached the magic number – USD 7 billion in revenues – in short order. Chinese gamblers are so anxious to visit the Macanese casinos that even Woolf, who provides expertise to Macao casino concessionaire Galaxy Entertainment Group, admits there's some room for error on the part of American operators.

Former New Jersey casino regulator Fredric Gushin says Las

Vegas Sands has gone a long way „to essentially cater to a new breed of Asian gambler.“ As managing director of Spectrum Gaming Group, Gushin helped Singapore with its own process of bidding out two casino concessions.

Unlike Wynn Resorts, which opened its Wynn Macau last year, Las Vegas Sands already has an enormous toehold on the Asian market. Not only does it have one of the largest casino floors at Sands Macao but its Cotai Strip project will be enormous, featuring more than a million square feet of convention space alone.

Sands CEO Sheldon Adelson has also secured rights to develop a USD 9 billion to USD 12 billion resort venture on Hengqin Island near Macau. In Singapore, Adelson secured the right to develop Marina Bay Sands. (Wynn took umbrage at Singapore's bidding process and made an early exit.) Not resting on his laurels, Adelson continues to court Japanese lawmakers to open their country up to casino gambling.

As Woolf said of American casino operators: „No one over there is a novice.“