

ABSTRACT

As a major reason of the Macao Special Administrative Region (MSAR) government to open the casino gaming industry is to improve its long-term efficiency through competition, it becomes an inevitable task to evaluate the competitiveness of Macao's gaming industry within East Asia as well since anticipated level of global and regional competition in this industry is going to be severe.

In this study, with Porter's dynamic diamond as the framework and necessary modifications, a model to measure the competitiveness of Macao's gaming industry is developed. In addition, this is a piece of initial work trying to reveal Macao's competitiveness objectively by comparing the existing gaming information in East Asia. Based on the developed model, two surveys are organized.

The first survey is designed to quantify the perception/attitude of Macao residents in the contribution of the gaming industry on the economy and their material well beings. The second one is a face-to-face survey designed to uncover tourists' impressions on the images of Macao's tourism and gaming environment.

It is observed that Macao residents are more favored to positive impacts of gaming. In addition, the perceptions of the general public toward gaming, whether they are working or not working in the gaming industry are not significantly different. As a result,

a positive consensus of the significance of gaming in the Macao economy is noted and this is undoubtedly a competitive advantage of Macao to compete with other East Asian gaming jurisdictions where there are severe objections against casino gaming. However, residents' ambiguous willingness to join the industry might be a problem in the human resources conditions for the foreseeable demand for dealers when the Cotai project and other new casinos begin to operate.

In the visitors' survey, the results for the tourism environment are in principle satisfactory, with the average score around 7 in a 10-point scale, the only point that they are slightly dissatisfied is the availability of shopping facilities in Macao, therefore, further improvements are inevitable to assure the industry's long-term competitiveness. However, tourists' impression on Macao's casinos is relatively less satisfactory; air conditioning, lighting and crowdedness inside the casinos are the most dissatisfied items. Compared to casinos in other countries, the average score which visitors assigned to Macao casinos is not that satisfactory; there is definitely a room for Macao's casinos to further improve their service quality and competitiveness among other foreign casinos.

While it is observed that casino gaming is undersupply in East Asia, Mainland Chinese are actually the major players and high-rollers within the regions. Even though Macao is weak in natural resources, the scale and scope of Macao's casino gaming are in fact much wider and more flexible than others. In terms of market structure, when laissez

laissez faire is the most effective market structure according to economic theory, for gaming industry, the laissez faire model in Myanmar, Cambodia and Laos is definitely less effective than the monopoly model in Malaysia, Philippines and previous Macao economy. In addition to people's changing attitude from gambling to gaming and entertainment and foreign government's favorable policy toward gaming and tourism, increases in people's average income and leisure time as well as advance Internet technology are some opportunities for the increase in demand for gaming services within East Asia.

As most of the East Asian gaming jurisdictions have already integrated gaming with tourism and duplicating Las Vegas' model of commercial gaming, the opening of Macao's gaming industry should have its own features and breakthroughs, and distinguish itself by building up an impression of novelty, not just acting as a copy cat of Las Vegas. Lastly, remarkable strengths of Macao's gaming industry within East Asia identified in this study included Macao's first mover advantage in gaming industry, its reputation and residents' positive consensus, government's support as well as stable social and political security. On the other hand, remarkable weaknesses included limited availability of natural resources and shopping facilities, quality of casino/non-casino services, enforcement of the existing institutions and the lack of research-supported framework.