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# The Gaming Industry Developing Concept in Taiwan-from the U.S. Experience

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THE GAMING INDUSTRY DEVELOPING CONCEPT IN TAIWAN -  
FROM THE U.S. EXPERIENCE

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**Master of Hospitality Administration**  
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**University of Nevada, Las Vegas**  
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## **ABSTRACT**

### **The Gaming Industry Developing Concept in Taiwan-from the U.S. Experience**

By

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With the recent success experience of gaming-related investments made in Macau and Singapore, it also can be a good inspiration of developing the gaming industry in Taiwan. As the passing of the new legislation from the Taiwanese government, Taiwan could be the next potential country to join the Asian casino gaming market. The purpose of this study is to determine the appropriate direction of developing the casino gaming industry in Taiwan, according to the successful experience from U.S. The findings indicated that the six factors of developing gaming business in Taiwan are geography environment, accessibility, human resource, tourism resource, tourist market resource, and the social aspect. According to the findings, Penghu might not be an appropriate place to develop the gaming business due to too many limits on accessibility, human resource, social aspect; these reasons also apply to other remote islands and counties in Taiwan.

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## PART ONE

### Introduction

It is not necessarily the case that those who are most passionate about gambling are the Chinese and Southeast Asians (Hu, 1995). In fact, the gaming business volume in Asia has been growing at a rather unexpected and spectacular rate. According to the industry analysts and government figures, the total gambling revenue of Las Vegas was supplanted by Macau as the world's biggest gambling destination in 2006 (Barboza, 2007). With more casinos and more encouragement for tourism, Macau may very well become the next Las Vegas as millions of people travel to the city each year from all across the globe. Furthermore, tourism and gaming has become the major industry and made an essential contribution to the economy (Song & Witt, 2006).

The success of Macau experience has inspired the interest of developing the gaming industry. Besides Macau, there are legal casinos in South Korea, Malaysia, Vietnam, Philippines, Cambodia, and Laos (Hsu, 2006; Kaur, 2004). Although Singapore has strict laws, they have opened two mega casinos in 2010. With a target of 13 million people a year visiting Singapore's casino resorts, statistics are showing an increasing number of visitors from other Asian countries (Solomon, 2010). Singapore is already the second largest casino market in Asia and could potentially overtake the Las Vegas strip as the second largest casino market in the world after Macau in the next two years (Holmes, 2010). These new entrants along with countries already having legalized casino gaming have pushed the Asian casino gaming industry into a new era. Other Asian countries such as Japan, Thailand, and Dubai also expressed their great interest to be involved in the casino gaming business (Kaur, 2004).

Although there is no legal casino in Taiwan, nevertheless, a number of foreign gambling centers such as Las Vegas, Macau, and South Korea have set up offices in Taiwan trying to rope in the lavishness of Taiwan tourists who enjoy gambling. With the economic and international trends evolving, the casino idea of Taiwan emerged during the 1990s. However, supporting or opposing casino business has been causing a lot of controversy (Her, 2001). In early 2009, the Taiwanese government finally revoked a long-standing antigambling law and passed a long-stalled bill to allow the casinos to be developed and operated in the leisure resorts on outlying islands such as Penghu and Kinmen to help stimulate the economies (Wang, 2009). However, the first residents' referendum to build Taiwan's first casino has been rejected because some local residents worry about possible negative impacts (Kok, 2009).

Even though the casino topic has simmered down a bit after the failing of referendum on first Taiwan casino, nonetheless there are still numerous people who never give up and continue to fight for casino legalization. With many Asian countries planning or undergoing the casino gaming business, Taiwan should realize the fact that there is a regional shift toward the legalization of casino gaming. In order for Taiwan to catch the wave and profit from the market share earlier and to stop the flow of gaming spending offshore, Taiwanese government must pay attention to the trend of developing gaming industry and set in motion promptly. In addition, due to the fact that casino gaming industry is new for Taiwan, it is critical to explore the important factors and obtain experience of developing gaming industry from other countries with long history of casino operation and successful experience such as U.S., prior to the opening casinos in Taiwan.

### *Purpose*

The purpose of this study is to determine the appropriate direction of developing the casino gaming industry in Taiwan, according to the successful experience from U.S. In order to achieve the purpose, first, it provides an overview of Taiwan gaming industry history and the current Asian gaming industry market. Second, it examines the U.S. casino gaming industry operation. Third, it assesses the economic impacts of casino gaming on the U.S. economy. Finally, it explores the important factors for developing gaming industry in Taiwan. The examination of the U.S. gaming industry will provide an in-depth outlook and framework for the future development of casino gaming industry in Taiwan.

### *Justification*

Mostly, there are more and more counties having used or intending to use casino gaming as a tool to stimulate their economy or to solve their economic problems. Nowadays, while the East Asian tourism market is growing substantially, Taiwan's tourism industry faces more competition than before. Hence, Taiwanese government is trying to integrate available tourism resources and casino gambling activities to attract more visitors. With the recent success experience of gaming-related investments made in Macau and Singapore, it also can be a good inspiration of developing the gaming industry in Taiwan. With the passing of the new legislation from the Taiwanese government, Taiwan could be the next potential country to join the Asian casino gaming market.

Unlike those countries that already have legalized casino gaming industries, however, Taiwan is relatively new to this industry. Hence, there is little research done related to this issue in Taiwan. Most of the existing studies are related to the socioeconomic effects of casino gambling, or policy and possibility of developing the casino gaming industry in Penghu and Kinmen, which are the outlying islands of Taiwan. There are also very few related studies discussing important factors of developing gaming industry. Tsaor, Kuo, & Lo (2000) generated five criteria with seventeen possible evaluation conditions of the key destination requirements of establishing casinos which are divided into supply conditions and the restricted conditions. The five major criteria included tourism resource, infrastructure and superstructure, social and economic aspects, geography, and accessibility. It is vital for both central and local governments to understand those factors when first entering the casino gaming industry. The result of

the study could also benefit future academic researches focusing on Taiwanese gaming activities.

### *Constraints*

1. In Taiwan, there is no independent tribe economic system format. Hence, the study considers commercial casino gaming only; the tribal casinos from Indian operations is not considered in this study.
2. The study is trying to derive a framework for the future development of casino gaming industry in Taiwan. Hence, the study considers economic impacts only; social impacts of casinos will not be analyzed in this study.
3. They study is an exploratory study; secondary data from official published sources used in the study are thought to be accurate. Hence, the accuracy of data is beyond this study because the researcher cannot control what has been published.

## *Glossary*

1. Casino: it is a facility that houses, rooms and accommodates where gaming is conducted and includes any bar, cocktail lounge, or other facilities housed therein as well as the area occupied by the games (GCB, 2011a).
2. Commercial casino: it is a private established sector that offers games of chance and is regulated and taxed by the state where it is located (AGA, 2011a).
3. Gaming industry: it is a highly regulated business that offers legal gambling activities to the public including regulated casino-style games, which features table games, slot operations, and lotteries.
4. Gross gaming revenue: it is the amount a gaming operation earns before taxes, salaries, and other expenses are paid; it is equal to the sales, not the profit (AGA, 2011a).
5. Integrated resort: it is a casino-based vacation resort which has other amenities including hotels, restaurants, shopping and convention centers, theaters, museums and theme parks.

## PART TWO

### Literature Review

#### *Introduction*

The literature review of part two contains six segments. The first segment presents an overview of casino development in the world. The second segment consists of current Asian gaming industry market. The third segment reviews casino gaming development in Taiwan. The fourth segment discusses the U.S. casino gaming industry operation. The fifth segment describes the concerned issues of casino setup. The sixth segment discusses how Taiwan should borrow experiences from the U.S. in gaming development.

#### *Casino Development in the World – An Overview*

The casino gaming industry has seen tremendous growth and has become a mainstream industry in the past two decades (Tsai, Cheung, & Lo, 2009). Due to the most prolonged Great Recession since World War II started in December 2007 and lasted 18 months (Palenik, 2011), the gaming industry has been hard hit by the economic recession. The global gaming landscape has changed and will continue to change through 2014 (Palenik, 2011).

Basically, the global geographical gaming revenue is broken down into five regions: the United States, EMEA (Europe, Middle East, and Africa), Asia-Pacific, Latin America, and Canada (Palenik, 2011). The share of entire casino gaming market is shown in Table 1. Although the contribution to total global gaming revenues from U.S. global gaming revenues are estimated to decrease in 2010; the global gaming revenues are estimated to increase to 8.8% overall over 2009 due to the big increase in the Asia-Pacific region especially from Macau and Singapore (Palenik, 2011).

Table 1 Global Casino Gaming Market Share in 2005-2010

Region\Year	2005	2006	2007	2008	2009	2010*
United States	61.1%	61.3%	59.6%	57.3%	57.0%	51.7%
EMEA	22.3%	21.3%	20.0%	19.0%	17.2%	14.8%
Asia Pacific	12.6%	13.6%	16.6%	19.7%	21.7%	29.6%
Canada	3.6%	3.5%	3.5%	3.6%	3.7%	3.5%
Latin America	0.36%	0.36%	0.38%	0.40%	0.43%	0.49%

Source: Palenik, 2011(\*2010 is the estimated figures)

Besides Macau, there are legal casinos in South Korea, Malaysia, Vietnam, Philippines, Cambodia, and Laos (Hsu, 2006; Kaur, 2004). Although Singapore has strict laws, they have opened two mega casinos in 2010. These new entrants along with countries already having legalized casino gaming have pushed the Asian casino gaming industry into a new era. Other Asian countries such as Japan, Thailand, and Taiwan also expressed their great interest to be involved in the casino gaming business (Kaur, 2004).

### *Current Asian Gaming Industry Market*

#### *Far East Countries*

##### *Macau*

Macau is a special administrative region of China; it is located at the Pearl River Delta on the southeast coast of Mainland China, 60 km southwest of Hong Kong (DSEC, 2011; Tang& Sheng, 2009; Hobson, 1995). The people of Macau have been living in an environment with distinctive and blended with eastern and western cultures harmoniously

for centuries. Hence, it tends to attract tourists from places all over the world to enjoy the excitement in casino gaming as well as to visit its many historic ruins (Koo, 2006).

Gaming industry has a long history in Macau and it was first legalised in mid 19th century. After holding a gaming monopoly of over 60 years, the Macau government chose to open one of the world's highly profitable gaming concessions to international organizations and awarded gaming concessions and sub-concessions to companies based in Las Vegas. The Las Vegas Sands, The Wynn Resorts, and the MGM Mirage were particularly bringing in the Las Vegas experience for Macau (Tang & Sheng, 2009; McCartney, 2005); these U.S.-based casino brands need to put more efforts to localize their services (Tsai, Cheung & Lo, 2009). In fact, Macau has become the "Las Vegas in Asia" and has surpassed Nevada and Las Vegas with revenues of \$13.6 billion in 2008 which became the number one gaming market in the world (Palenik, 2011; Tang & Sheng, 2009).

Before the reunification of Macau and returned to China administration in 1999, however, there were researchers placing a question mark on the future development of Macau. For example, Hobson (1995) pointed out many uncertain factors such as the long term monopoly problems on gaming industry, the legislation of China government, and the competition of other neighbor countries. Nevertheless, the successful experience and outstanding performance of Macau has proved they worried too much.

In recent years, the gaming revenue of Macau has grown substantially. Tourism and gaming has become the major industry and made an essential contribution to the economy (Song & Witt, 2006). According to the statistics of the Statistics and Census Service (DSEC, 2011), the total receipts of the gaming sector reached MOP 121.58

billion (USD 15.20 billion) in 2009, of which the receipts from gaming services amounted to MOP 111.17 billion (USD 13.90 billion), an increase of 9% compared with 2008. Gross value added, a measure of the sector's contribution to the economy, rose by 7% to MOP 71.75 billion in 2009 (USD 8.97 billion) (DSEC, 2011). In 2009, the industry's total gross revenue reached a record high figure of MOP 120.38 billion (US\$15.05 billion), ranking Number one in the world with constituting the enormous majority of government income. While it contributed about 30% of Macau's total income in the 1990s (Tang & Sheng, 2009), the sector contributed MOP 45.7 billion (US\$5.71 billion) in direct tax, representing 65% of Macau's total public finances in 2009 (MSGP, 2011a). In addition, although Macau has merely 552,300 residents in population (MSGP, 2011b); nevertheless, the per capita GDP has reached to USD 39,000 in 2009 (MSGP, 2011a).

When entering the 21st century, the casino gaming industry in Macau has developed a very close relationship with the tourism industry. In fact, the revenue from the tourism industry had surpassed the revenue from exports since 1992 (Song & Witt, 2006). By liberalizing the casino gaming, the government has also take action for further tourism development. The total visitor arrivals of Macau reached 24,965,411 for the year of 2010, up by 14.8% year-on-year. The top three of visitors were from Mainland China (53%), Hong Kong (30%), and Taiwan (5.2%) (DSEC, 2011). As Mainland China is Macau's largest source of tourists and the needs of these tourists are different from those of other western countries, the industry practitioners should find a way to meet the requirements of the Chinese tourists (Song & Witt, 2006).

#### *South Korea*

In South Korea, the casino gaming industry was introduced in the 1960s with strict government regulations. The first casino opened at the Olympos Hotel and Casino in Incheon in 1967, and next year the second casino opened at Walker-Hill Hotel and Casino in Seoul to attract foreign tourists. In 1995, the government passed a law designed to open casinos in the abandoned mining areas in the Kangwon province (Hsu, 2006). At present, there are fourteen registered casinos in South Korea and are operating in the international tourist hotels. However, only Kangwon Land Casino is actually open for South Korean citizens; all other thirteen of them are exclusive for foreigners only. There are eight casinos on the resort island located at Jeju (Hus, 2006), which was awarded Free International City status similar to Singapore and Hong Kong (Palenik, 2011); while two casinos located at Kangwon, other casinos in the capital Seoul, Busan, Incheon, and Kyungjoo (Hsu, 2006). In addition to these casinos in South Korea, it has other forms of legal gambling in the forms of lotteries and horse racing. There are horse racing at Busan, Jeju City, and Seoul. Furthermore, there are a number of illegal places for gambling around the country (Korea Travel, 2010).

Regarding the gaming revenue during 2005 to 2009, South Korea was the second largest casino gaming market in Asia (Table 2). It generated \$2.4 billion in gaming revenues in 2009, and it grew 3.3 percent over 2008. Due to the South Korea government planning to convert the Jeju Island to a casino center, and a new gaming project is expected in 2012, the revenue of casino gaming market in South Korea is expected to continue to increase (Palenik, 2011).

Table 2 Top 5 Asian Casino Gaming Market in 2005-2010 (US\$ Millions)

Country\Year	2005	2006	2007	2008	2009	2010*
--------------	------	------	------	------	------	-------

Macau	5,769	7,094	10,401	13,627	14,955	22,445
South Korea	1,610	1,860	2,172	2,325	2,401	2,430
Singapore	0	0	0	0	0	2,750
Malaysia	722	758	792	835	877	920
Philippines	431	470	515	549	541	607

Source: Palenik, 2011(\*2010 is the estimated figures)

### *Singapore*

The only form of legal gambling in Singapore has been confined to government-run lotteries and horse racing before the opening of casinos (Hsu, 2006). In order to boost Singapore's tourism industry and to reinvent its conservative image, Lee Hsien Loong, the Prime Minister of Singapore had announced the government decision to develop two IR casinos with associated hotels and malls in Marina Bay and Sentosa Island in April 2005 (Swafford, 2005). An IR is a Singaporean name for a casino-based vacation resort. In addition to the casino, the IR have other facilities including hotels, multiple restaurants, shopping malls, convention centers, exhibition facilities, theaters, museums, and theme parks (MBSS, 2011).

The Resorts World Sentosa is a subsidiary of Genting Singapore PLC, which is a part of the Genting Group in Malaysia. In early 2010, the first and the biggest Integrated Resort (IR) in Singapore has already opened for public. The resort is aimed at families; it has a cozy, family-friendly atmosphere, with Southeast Asia's only Universal Studios theme park (RWS, 2011). The Marina Bay Sands launched the opening on April 2010 and is the latest IR in Singapore. It is designed to cater to the corporate and convention

crowd; the opening includes a hotel with 2,560 room and suites, shopping mall, Sands Expo and convention center, event plaza, and the 60-storey high Sky Park that features a 150 meter long swimming pool (MBSS, 2011).

The theatrical entry to the casino gaming market with the two IRs in Singapore has pushed the Asian casino gaming industry into a new era. With a target of 13 million people a year visiting Singapore's IR resorts, statistics are showing an increasing number of visitors from other Asian countries such as China, Japan, Thailand, Malaysia, Vietnam, and South Korea (Solomon, 2010). According to the estimated figures from Palenik (2011), South Korea will lose its second place position to Singapore as early as year 2010 (Table 2). Together with a booming tourism industry and the \$9.9 billion investment in new casino resort projects opening, the casino revenues hit 2.75 billion in 2010. Furthermore, the revenues are expected to reach 5.5 billion in 2011 (Palenik, 2011). Singapore could possibly surpass the Las Vegas strip as the second largest casino gaming market in the world after Macau in the next two years (Holmes, 2010).

#### *Other Asian Countries*

There are other legal casinos in Malaysia, Vietnam, Philippines, Cambodia, and Laos (Hsu, 2006; Kaur, 2004). Malaysia has only one legal casino in Genting Highlands. The local Malaysian Muslims are banned from the casino; most of the customers are Chinese. The other forms of legal gambling are horse racing, lotteries, and slot machine clubs (Hsu, 2006). There are some legal casinos in Vietnam, Philippines, Cambodia, and Laos. However, their sizes are small and they are not as well-known as casino in Malaysia. According to Palenik (2011), it is deserved to mention that there will be a \$15 billion Manila Bay resort project expected completion in the Philippines in 2013. At that

time, the casino gaming market in Philippines will be competed with Malaysia; and even will surpass Malaysia in 2014 (Palenik, 2011).

Other Asian countries such as Japan and Thailand also expressed the great interest to be involved in the casino gaming business (Hsu, 2006; Kaur, 2004). There is no casino gaming in Japan. However, it has many forms of legalized gaming such as lotteries, horse racing, boat racing, and bike racing. Although Pachinko and Pachisuro are not classified by the Japanese government as gambling but rather entertainment, they are the largest and most prevalent gaming industry in Japan. Due to Japanese have a high propensity to gamble, the government has been considering the legalization of casino gaming (Hsu, 2006). Thailand’s only forms of legal gambling are lotteries and horse racing. However, the underground gambling market is growing fast in Thailand. It is believed that there are 80 billion Thai dollars (US\$ 2.64 billion) flew to the market. Hence, the Thai government also has been considering the legalization of casino gaming (Hsu, 2006; Swafford, 2005).

*Casino Gaming Development in Taiwan*

*Tourism Development Issues in Taiwan*

Due to the 2008 global financial tsunami, countries all over the world have tried to improve their economic conditions in 2009. In 2009, due to H1N1 and Typhoon Morakot, Taiwan’s tourism industry also experienced extraordinary impacts from the financial crisis. However, the Taiwanese government has tried to promote tourism throughout the hard time, the Tourism grew steadily and contributes 3.27% to Taiwan’s GDP, and the total tourism income has reached to 123.85 million in 2009 (Table 3).

Table 3 Tourism income in Taiwan: 2007-2009 (US\$ Millions)

Item \ Year	2009	2008	2007
-------------	------	------	------

Total amount	123.85	117.72	118.31
(including domestic travel)			
GDP percentage	3.27%	2.92%	3.02%
Income from inbound visitors	68.16	59.36	52.14
Number of inbound visitors	4,395,004	3,845,187	3,716,063

Source: The Tourism Bureau MOTC Taiwan, 2011

According to the statistics of TBMOTC (2011), of the 5.57 million inbound visitors, about 4.8 million were from Asian countries, accounting for 86% of total visitor arrivals in 2010. In the past decades, the Japanese were always the top one tourist market for Taiwan. However, the number of Japanese tourists has dropped due to the economic downturn, the decrease in travel allowances from companies, and an increase of the fuel tax. Fortunately, the Taiwanese government has opened the gates to the Mainland China tourists in July 2008. At present, the top one inbound visitors has been replaced by the tourists of Mainland China. The five visitor generating markets in 2010 were Mainland China (1,630,735), Japan (1,080,153), Hong Kong/Macau (794,362), U.S.A (395,729), and Malaysia (285,734) (TBMOTC, 2011).

#### *The Overview of Taiwan Gaming Industry History*

Undeniably, the most obsessive about gambling are the Chinese and Southeast Asians (Hu, 1995). In fact, Asians spend almost twice as much as Americans do on gaming as a percentage of disposable income (Norton, 2010). According to the research of Loo, Raylu & Oei (2008), there has been an increase in the participation of social gambling among Chinese communities due to the social acceptance of gambling within

Chinese culture. In Taiwan, gambling activities are prohibited. The only legal gaming activity is the issuance of lottery from the government.

During the colony period of Japan in 1906, the Japanese government issued only five terms of lottery in Taiwan. The issuance of government lottery by the Japanese created no negative impact on society (Chen, 1994). In 1949, the KMT Party moved its base from Mainland China to Taiwan. In order to generate revenue sources to support public works, the Taiwan Provincial Government committed Bank of Taiwan to publish the “Patriot Lottery” in 1950 (MOF, 2011). As the economy was improving, there were three million citizens addicted to the illegal lottery “Everybody Happy Lottery” in the mid-1980s (Hu, 1995). To cease this social malady, the government decided to end the Patriot Lottery in 1987(Chen, 1994). The issue number of Patriot Lottery was up to 1171. In 2002, the government committed Taipei Fubon Bank to issue “Public Welfare Lottery” in order to collect fund for the social welfare. At present, there are computer lottery and scratch-off lottery, and the Taiwan Sports Lottery (MOF, 2011). Although the lotteries were issued with different purpose, the issuance a variety of lotteries still provided the Taiwan citizens a chance to both contribute the society and entertaining. As of today, the lottery is still popular in Taiwan. In addition, there are many parlors with electronic video games of chance operated underground.

Although there is no legal casino in Taiwan, nevertheless, a number of foreign gambling centers such as Las Vegas, Macau, and South Korea have set up offices in Taiwan trying to rope in the lavishness of Taiwan tourists who enjoy gambling. The casino idea of Taiwan emerged during the 1990s. In early 2009, the Taiwanese government finally has revoked a long-standing antigambling law and has passed a long-stalled bill to allow the casinos to be

developed operated in the leisure resorts on outlying islands such as Penghu and Kinmen to help stimulate the economies. However, the first residents' referendum to build Taiwan's first casino has been rejected in 2009 because some local residents worry about possible negative impacts (Kok, 2009).

As many Asian countries planning or undergoing the gaming business, Taiwan should realize the fact that there is a regional shift toward the legalization of casino gaming. In order for Taiwan to catch the wave and profit from the market share earlier and to stop the flow of gaming spending offshore, Taiwanese government must pay attention to the trend of developing gaming industry and set in motion promptly.

#### *U.S. Casino Gaming Industry Operation*

##### *The Casino Gaming in America*

##### *Nevada and Las Vegas*

In the U.S., Nevada is the oldest regulated gaming jurisdiction (CCT, 2008). Las Vegas, Nevada, has been the fastest growing city in the United States since World War II (Douglass & Raento, 2004; NGISC, 1999). The city is one of the most geographically isolated major cities in the continental United States. Los Angeles lies more than 270 miles, a 4-hour car ride to the southwest. Salt Lake City lies 420 miles to the north; and the Phoenix is 290 miles to the south. During its slightly more than half a century of existence, the Las Vegas Strip had nine of the world's top ten largest hotels at the end of the year 2000 (Douglass & Raento, 2004). Furthermore, Las Vegas Strip also brought huge gaming revenues; it is ranked top one by annual revenue among the top 20 U.S. casino markets (AGA, 2011b). In addition, Las Vegas boasted the largest hotel room inventory of any city in the world, with 148,935 in 2010 (LVCVA, 2011a). Nevertheless,

it enjoyed 83.5% hotel room occupancy versus the 52.0% national average (LVCVA, 2011b). The city has proven that the gaming can attract visitors all over the world since the gaming was authorized in 1931 (Long, 1995). In 2010, Las Vegas attracted more than 37 million tourists, making it north America's favored destination (LVCVA, 2011a).

In the US, many communities, states, and Native American Indian tribes are trying to copy the success of Las Vegas in attracting tourists and new investment through casino gaming. The potential benefits that create job opportunities, increase tax revenues, improve general economic, and enhance community makes casino gaming business more desirable (Long, 1995). Although the successful story of Las Vegas is distinctive, however, there is researcher think Las Vegas experience may not be used in all types of location. For example, Las Vegas has broad hinterland to develop; it makes it a great condition to build the casino resort. In addition, it is an isolate city surrounding by the dessert; all of the entertaining programs can be designed inside the building and keep the guests inside without going outside. Moreover, the purchasing power is higher than some area. As a result, the average income of Las Vegas tourists is much higher than certain region. All these factors show that the strategy might not be the same under different situations and circumstances (Tseng, 2006).

The casinos and slot route operations are the biggest source of gaming revenue in Nevada. Due to rapid drop in consumer spending and national credit crisis started in December 2007 and lasted 18 months, the gaming industry in Nevada has been hard hit by the economic recession (AGA, 2011c). Nevertheless, according to Palenik (2011), Nevada will continue to be the largest single casino gaming state in the U.S. In addition, the casino gaming revenue is forecast to grow steadily from 2011 to 2014 and reach to

\$12.5 billion by 2014. As for Las Vegas, it has to prepare for a long term, and gradual recovery (Palenik, 2011).

### *Atlantic City*

After the Civil War, tourism has been the lifeline of Atlantic City's economic development since the railroad connecting Philadelphians to the southern New Jersey. During the period from the late nineteenth to the mid-twentieth century, Atlantic City emerged as a leisure destination for middle class people (Mutari & Figart, 2008). When the city decline as a favored tourist town; the referendum of New Jersey voted to legalize casino gaming in Atlantic City in 1976 (AGA, 2011c). In order to revitalize the city's economy by generating jobs and revenue for the state, Atlantic City opened its first casino, Resorts International in 1978 (Chen, 1994).

Communities and Indian tribes were also trying to copy the success of the Atlantic City. The city remains a regional market despite of the increasing regional competition such as Foxwoods Indian casino, area tribes gaming, and other venues in the neighborhood states (Long, 1995). Nowadays, there are eleven casino properties in Atlantic City. They are AC Hilton, Bally's AC, Borgata, Caesars, Harrah's, Resorts, Showboat, Tropicana, Trump Marina, Trump Plaza, and Trump Taj Mahal (NJCCC, 2011).

The casino gaming was growing steadily from 2000 to 2006, which still the second largest U.S. casino gaming market (NJCCC, 2011; Mutari & Figart, 2008). However, it has come upon challenging times. According to the figure in Table 4, the casino revenues in Atlantic City were down 13.2 percent in 2009, meaning they have turned down by a cumulative 24.4 percent from 2006 to 2009. In addition, the employment, salaries, and

gross revenue tax dropped each year just as expected (Table 4). Prior to the recession, the city was in need of capital reinvestment to keep pace with proposed developments.

However, it is attributed to many reasons, from the operators struggled to raise capital to the ownership changed hands. According to Palenik (2011), it is not expecting Atlantic City to recover from its lost over the past four years. Furthermore, the revenues will not grow again until 2013.

Table 4 Atlantic City Casino Industry Statistics : 2006-2009 (US\$ Thousands)

Item \ Year	2009	2008	2007	2006
Casino Revenues	\$3,911,369	\$4,499,516	\$4,888,599	\$5,166,565
Employment	36,082	38,585	40,788	42,456
Salaries/Wages	\$948,889	\$1,038,179	\$1,059,180	\$1,122,124
Gross Revenue Tax	\$295,309	\$360,228	N/A	N/A

Source: New Jersey Casino Control Commission, 2011

#### *Native American gaming*

In 1988, the Congress enacted the Indian Gaming Regulatory Act affirming tribal government authority to promote tribal economic development, self-sufficiency via Indian gaming without governmental restriction (Long, 1995; Chen, 1994). With the passage of the Act, Indian gaming has grown rapidly and has seen a strong and steady expansion (Gonzales, Lyson, & Mauer, 2007). Today, there are 237 tribes in 28 states nationwide operate 442 Indian gaming facilities including casino operations, bingo halls, travel plazas, and pull tab operations (NIGA, 2011). Due to it is profitable, casino gaming

has become a popular and major economic development strategy for many tribes to generate tribal revenue (Gonzales, Lyson, & Mauer, 2007).

The tribal casinos have provided the great and significant proportion of gaming revenues to total revenues in the U.S. casino gaming market (Palenik, 2011). Furthermore, the legal gaming on Indian tribes has been an overwhelming success for the governments. The zero unemployment rate and no entitlement payments has saved the state and federal governments billions of dollars in aid of unemployment benefits and welfare payments for tribal people (Long, 1995).

According to NIGA (2011), Indian gaming has a positive economic impact on tribes and the states they are located. In 2009, the tribal government gaming generated \$26.2 billion in gross tribal government revenues from Indian gaming and paid \$9.4 billion in Federal taxes and revenue savings (including employer and employee social security taxes, income taxes, excise taxes, and savings on unemployment and welfare payments). Furthermore, it also generated \$ 2.4 billion in state government revenue (including state income, sales and excise taxes, regulatory payments and revenue sharing pursuant to Tribal-State compacts). In addition, in 2009 Indian tribes created 283,000 jobs across the country through tribal government gaming and ancillary businesses. On the aggregate of direct and indirect jobs created by Indian gaming's economic multiplier effect, the tribal government employed more than 628,000 people nationwide (NIGA, 2011).

#### *Riverboat gaming*

Riverboat gaming has experienced quickly expanded throughout the Midwest due to its acceptance as a community based gaming (Long, 1995). Currently, there are six states allow gaming parlors and casinos on riverboats in Iowa, Illinois, Mississippi, Louisiana,

Missouri, and Indiana. Most of them are operating on the Mississippi, Ohio, and Missouri Rivers (Chen, 1994). When first approved, these casinos were required to actually be located on ships that could sail away from the dock. In some areas, gambling was only allowed when the ship was sailing. Over time, these regulations allowed gambling when the ship was docked.

In July 1989, Iowa was the first state to introduce the riverboat gaming when legislators passed a law permitting low-stake gaming on riverboat; and it launched its first riverboat in April 1991 (Long, 1995). In January of 1990, Illinois was the second state to authorize riverboat gaming (Chen, 1994). The state features nine riverboat casinos in Illinois right now (CCT, 2008). In March of 1990, a legislative legalized riverboat gaming in Mississippi (Chen, 1994). Louisiana legalized riverboat gaming in June 1991 and launched its first boat in October 1993 (Long, 1995). The state offers twelve riverboat casinos right now (CCT, 2008). Missouri became the next state to legalize riverboat gaming in November 1992 (Chen, 1994). In 1993, Indiana is the last state to legalize riverboat gaming (Long, 1995). The state is home to eleven riverboat casinos (CCT, 2008). Overall, the legalization of riverboat casinos has created new jobs and the local economy was booming because of the increasing visitors (Long, 1995).

#### *The economic impacts of casino gaming on the U.S. economy*

##### *Gross gaming revenue*

Due to the most prolonged Great Recession since World War II started in December 2007, the gaming industry has been hard hit by the economic recession. Although the recession has ended in the summer of 2009, the gaming industry still can feel its lasting effects (Palenik, 2011). In 2008, the gross gaming revenues of the U.S. national

commercial casino came to \$32.5 billion and were down 4.7 percent compare to 2007. The combination of the global credit crisis, rising unemployment, flagging consumer confidence, and the drop in consumer spending has made 2009 another difficult year. The U.S. total commercial casino gaming revenue was declined to \$30.74 billion in 2009 (AGA, 2011c).

Although the revenues were dropped due to the recession, the improved economic conditions are expected to trigger a recovery of U.S. casino gaming revenue in 2011 (Palenik, 2011). In addition, the commercial casinos are significant contributors to the U.S.'s economy. In fact, they are even more important to the states and communities with creating jobs and business opportunities for local vendors and suppliers, and providing direct gaming tax revenues to help the communities (AGA, 2011c).

#### *Gaming tax revenue*

The commercial casinos revenues have vital contributions to the communities. The revenue from the gaming tax can benefit education, public safety, economic development, and infrastructure improvements. In 2009, the commercial casinos contributed \$5.59 billion in tax revenue to state and local governments. Comparing to the data in 2008, which contributed more than \$5.6 billion in direct gaming tax revenues; there is a 1.6 percent decrease in 2009. However, the providing of direct gaming tax revenues can stimulate struggling economies and help the communities grow (AGA, 2011c).

#### *Gaming employment*

Without a doubt, the casino gaming industry is one of a significant driving forces to the U.S. economy. It is also a fast paced and exciting industry; offering a variety of career possibilities ranging from related hospitality and entertainment services to accounting,

computer science, and architecture. In fact, the commercial casino industry employed 375,070 people and earning more than \$14.1 billion in total wages including tips and benefits in 2008; more direct employees than the U.S. automobile industry, software manufacturers or wireless phone carriers. Furthermore, the casino work force has increase almost 80 percent during the past two decades. Casino gaming industry also employed more minorities including Black, Hispanic, and Asian workers than the national U.S. workforce by 20.6 percent in 2007 (AGA, 2011c).

In addition, according to the survey for American Gaming Association (AGA, 2011c), it found that casino gaming industry employment has brought significant benefits to both employees and local economies. For the employees, the benefits are beyond wages, such as job skills and training, health insurance, and access to day care. For the local economies, the benefits include increasing sales of home, cars, major appliances; lower public assistance payouts; and increasing charitable giving, and volunteerism. Overall, the economic benefits provided by casinos in some of the communities nationwide has unquestionably had certain positive economic effects.

### *Concerned Issues of Casino Setup*

#### *Social and Environmental Impacts*

In the conceptual stages of casino development, it should focus on three major issues: the scale of the industry, competition for gaming dollars, and who should benefit. Despite the economic benefits, however, it has not been easy for local residents. For example, after approval for limited stakes gaming in Central City and Black Hawk of Colorado, there are no grocery stores or gas stations in town (Long, 1995). It has been

classified to “The Cannibalization” of the local economy. We also can not ignore this kind of phenomenon.

While most of casino gaming businesses bring attractive economic benefits nowadays, there is also a need to pay considerable attention to both of the social and environmental impacts of such developments, which will influence resident attitudes (McCartney, 2005). Some of the policy issues most frequently discussed in the social and cultural arena center around the prevention and solution of problem gambling, crime rate, bankruptcy, divorce, and destruction of cultural resources (Chang, 2002). Hence, to build long-term success it is vital to monitor a community’s ability to handle both issues, to focus on the health and integrity of the casino gaming industry, and the value of the experience to the visitors (McCartney, 2005).

#### *Factors Affecting Developing Casino*

Due to the considerably increase competition, to build loyal relationships with customers is particularly vital in today’s casino service industry. McCain, Jang & Hu (2005) conducted a gap analysis in evaluating casino’s service quality attributes. The research found that the interactions between customers and casino employees has higher gap than other attributes. However, there are some other important factors to acquire loyal customers; such as good location, many ancillary facilities, good dining, professional management, well-trained employee, and secured environment.

Tsaur, Kuo, & Lo (2000) generated five criteria with seventeen possible evaluation conditions of the key locational factors of establishing casinos which are divided into supply conditions and the restricted conditions. The five major criteria included tourism resource (natural resources, multi-recreational facilities, accommodation and dining,

cultural resources), infrastructure and superstructure (utilities provision, communication system, garbage and sewage disposal ability, medical appliance), social and economic aspects (public security, sufficient work force, coordination of peripheral industries), geography (climatic fitness, geographical isolation, developing potential), and accessibility (transportation development, present serviceability).

#### *How Should Taiwan Borrow Experiences from the U.S. in Gaming Development?*

Due to the fact that most of the casino gaming industry-related researches have focused on issues in the western countries; there are a limited number of studies that focus on Asian region. Similarly, there are very few related studies discussing factors of developing casinos in Taiwan. As casino gaming industry is new for Taiwan, it is vital to explore the important factors and obtain experience of developing gaming industry from other regions with long history of casino operation and successful experience such as Las Vegas, prior to the opening casinos in Taiwan.

Undeniably, casinos are a significant source of entertainment, jobs, and income. In the U.S., the gaming development is unavoidable and has continued its expansion at an unprecedented rate across the country. According to the final report of NGISC (1999), U.S. governments were aggressively involved in pursuit of gaming revenues through various types of legal gaming. Although some communities decided to restrict casino gaming, majority of Americans want legalized gaming and it has sunk deep economic in many communities. Whether casino gaming is voted by popular referendum or by the elected officials, the government plays a significant role in the industry's development. For example, governments can determine the type of gaming; the number, location, and

size of establishments; who may utilize them, work for them, and own them (NGISC, 1999).

The Taiwan government should understand the government supplementary measure in the gaming industry's development from the U.S. experience before developing casino gaming in Taiwan. In Nevada, for example, the Nevada Gaming Commission and State Gaming Control Board is responsible for regulating Nevada's gaming industry and to protect the stability of the gaming industry through investigations, licensing, and enforcement of laws and regulations; to maintain public confidence in gaming; and to ensure gaming in the state is conducted honestly, competitively, and free from criminal and corruptive elements (GCB, 2011b).

Furthermore, the awarding of gaming concessions to companies based in Las Vegas also makes it possible to inherit its experience in the meantime. When looking Macau as an example, the government chose to open one of the world's highly profitable gaming concessions to international organizations and awarded gaming concessions and sub-concessions to companies based in Las Vegas after holding a gaming monopoly of over 60 years. The Wynn Resorts, The Las Vegas Sands, and the MGM Mirage were particularly bringing in the Las Vegas experience for Macau (Tang & Sheng, 2009; McCartney, 2005). The Venetian Macau, for example, is a replica of its flagship property in the U.S.; it concluded all the elements of Las Vegas such as unbelievable entertainment complex, shows, restaurants, shopping mall, and offering big gambling, shopping, convention, and hotel space. The Las Vegas experience for Macau has transform Macau into a destination for conventions, entertainment and leisure, rather than just an arena for gamblers (Barboza, 2007). Additionally, Las Vegas Sands also won the

bidding of Marian Bay site license in Singapore and has owned and operating Marina Bay Sands successfully. Cash flow as measured by Ebitda is expected to hit \$1.1 billion at Sands' Singapore operation in 2011 (Norton, 2010). Singapore could possibly surpass the Las Vegas strip as the second largest casino gaming market in the world after Macau in the next two years (Holmes, 2010). Based on the Macau and Singapore example, Taiwan can derive experiences naturally from the U.S. in gaming development if Taiwan inherits its experience from the U.S. investor groups. There is definitely a great possibility of Taiwan following U.S. as a model.

### *Conclusion*

Before 1990s, legalized casinos operated in Nevada and Atlantic City. Now there are commercial casinos, riverboat and dockside casinos, and tribal casinos spreading across the U.S. The expansion of gaming was the most significant development in the 1990s (NGISC, 1999). With the passing of the new legislation from the Taiwanese government, Taiwan could be the next potential country to join the casino gaming market. The examination of the U.S. gaming industry will provide an in-depth outlook and framework for the future development of casino gaming industry in Taiwan.

## PART THREE

### Introduction

The purpose of this study is to explore and determine the accurate direction for the casino gaming establishment and development in Taiwan through the examination of the U.S. casino industry operation. From the previous section, the largest and fastest growing segment (Palenik, 2011) of the Asian economy—casino gaming industry has brought Asia into a new era. It also has provided an overview of the various venues where casino gaming took place in the U.S. Based on the findings, the result of analysis provides an in-depth outlook and framework for the future development of casino gaming industry in Taiwan. This section also concludes with recommendations for future research.

### *Results*

With the analysis of the literatures, the result shows the important six factors of developing gaming business in Taiwan. They are geography environment (geography isolation, broad hinterland, development potential); accessibility (big carrying capacity airport, well-established infrastructure, integrated transportation network, sufficient parking space); human resource (well-trained employee, sufficient work force); tourism resource (accommodation and dining, extending scenic spots); tourist market resource (consumer purchasing power, stable tourist source); and the social aspect (examine problem gambling trends; public security, societal support) (Table 5).

Table 5 Important Factors of Developing Gaming Industry in Taiwan

Factors	Conditions
Geography and Environment	1. Geography isolation
	2. Broad hinterland
	3. Development potential

Accessibility	<ol style="list-style-type: none"> <li>1. Big carrying capacity airport</li> <li>2. Well-established infrastructure</li> <li>3. Integrated transportation network</li> <li>4. Sufficient parking space</li> </ol>
Human Resource	<ol style="list-style-type: none"> <li>1. Well-trained employee</li> <li>2. Sufficient work force</li> </ol>
Tourism Resource	<ol style="list-style-type: none"> <li>1. Accommodation and dining</li> <li>2. Extending scenic spots</li> </ol>
Tourist Market Resource	<ol style="list-style-type: none"> <li>1. Consumer spending/ purchasing power</li> <li>2. Stable tourist source</li> </ol>
Social Aspect	<ol style="list-style-type: none"> <li>1. Examine problem gambling trends</li> <li>2. Public security</li> <li>3. Societal support</li> </ol>

From the aspect of geography and environment, the geography isolation is derived from the point of view of any negative aspects can be regulated more easily when gambling activity is limited to a restricted geographical location (Her, 2001). In addition, the usual process of opening casinos in a country is to permit it in outlying areas first. In U.S., for example, many states allow gaming only if the casino is located over water (Cypra, 2009). Hence, according to the Taiwan government plans, the only areas qualifying for casinos are Penghu in the middle of the Taiwan Straits, Kinmen near the Chinese province of Fujian, Matsu, Green Island and Orchid Island off Taiwan's southeastern coast, and Siao Liuchiu in the Taiwan Strait (Taiwan News, 2009). It is believed to provide a boost to Taiwan's economically underdeveloped remote outlying islands.

Having broad hinterland and development potential are also important factors for developing gaming industry. For example, the Penghu islands covers approximately 130 square kilometers of land area, its rich historical and cultural assets as well as its ecological resources has attracted many Las Vegas-based magnates' or other area's attention (Her, 2001). London-listed British gaming company Amazing Holdings plc., which is managed by the Las Vegas-based industry magnate, has expressed interest to open the first casino and to build the world's largest casino in Taiwan as rivals Wynn Resorts Ltd. and Las Vegas Sands Corp. expanded in Macau (Culpan, 2007). It has already purchased a large beachfront land to build casinos (Wang, 2009). In addition, the world's top two largest casino firms, Harrah's Entertainment Inc. and MGM Mirage, had hoped to use Taiwan to enter Asian gaming market. Furthermore, Macau gaming developer, Melco Crown Entertainment, has also had interest in Taiwan (Jennings, 2009).

In the accessibility aspect, big carrying capacity airport, well-established infrastructure, and integrated transportation network are important factors. Questions about Penghu's ability to convert itself into a major tourist destination always existed. It sits in the Taiwan Strait between Taiwan and China and is about 45 minutes from the capital city of Taipei by plane (Lee, 2007). However, some of the main challenges relate to transportation facilities such as the small size of the airports and harbors, and the limited number of planes and boats serving them. Other problems are the shortage of electrical power, water, waste treatment facilities, and the transportation network (Her, 2001). Over 20 years ago, Macau casino magnate Stanley Ho and the Venetian group from the U.S. had visited and examined Penghu in order to search for gaming

development possibilities. However, due to the inadequate infrastructure of Penghu, they had to drop the idea (Wang, 2009).

Las Vegas, for instance, is one of the most geographically isolated major cities in the continental United States. However, its convenient transportation network attracts thousands of tourists from everywhere in the world from time to time. Hence, in order to compete with neighboring countries and territories such as Singapore and Macau, Penghu will need to build massive scale type of casinos. In addition, it will need to have well-established infrastructure and the modernization of transportation network including the expansion of small airport to international standards, the upgrades of water supply and electrical power facilities, and the improvement of waste treatment facilities (Wang, 2009).

In the human resource aspect, well-trained employee and sufficient work force are important. Casino gaming is a labor-intensive industry; it demands a lot of various work forces. In order to run casino business smoothly, evaluating the supply and demand of local work force in advance is important (Tsaur, Kuo, & Lo, 2000). For example, the gaming business volume in Macau has been growing at a rather unexpected rate. It has caused the shortage of qualified labor. This labor shortage problem and trend result inevitably in the deterioration of the quality of new recruits.

In Penghu, there are only around 60,000 permanent residents and those people tend to be elderly (Wang, 2009; Her, 2001); even though there are approximately 94,000 people registered their households on the offshore county (Wang, 2009). The declining economy also led to a declining population in the island. The shortage of qualified labor should be one of the human resource problems of developing gaming industry in Penghu.

In the tourism resource aspect, accommodation and dining, and the extending scenic spots are important factors. The nature beauty scene of Penghu, such as sunny blue skies, placid white-sand beaches, coral-rock studded coasts, majestic basalt columns, transparent waters filled with diverse sea life, exotic vegetation, and relax atmosphere has become a selected tourism development destination of Taiwan government (Her, 2001). However, the island is under the impression that it is the inadequate in both quality and quantity of the tourist hotels, restaurants, and recreational facilities (Her, 2001)

Fortunately, due to the Taiwanese government's passing of a bill to allow the casinos to be developed and operated in the leisure resorts on outlying islands; it has attracted some overseas business groups to invest on the island. For example, the British gaming company Amazing Holdings has already purchased a large beachfront land and planned to spend US\$50 million to built a 300-room hotel resort in Penghu (Culpan, 2007). Taiwan government could encourage more private sectors including domestic and overseas business groups to undertake such major investment projects and built more quality tourist hotels, restaurants, amusement theme park, and leisure establishments in the island by providing guidance and assistance to improve the tourism resource of Penghu.

In the tourist market resource aspect, consumer spending/purchasing power, and stable tourist source are important factors. For full six months of the year, Penghu is subject to notoriously strong and chilly winds in the winter, which makes the island unattractive to tourists and deter tourists from visiting (Her, 2001). Currently, there are on average 400,000 tourists visits to Penghu annually, mostly in the summer time (Wang, 2009). Hence, it is believed that casino gaming will attract tourists to Penghu even during

bad weather period. Las Vegas is one of the good examples of successful gaming destination with the rigorous desert-type climate.

Penghu was trying to be the next Macau by building a casino town to lure Chinese tourists. However, Macau is just a short boat ride or flight distance from southern China and Hong Kong; it attracts plenty of tourists from Mainland China, which is the key gambling customers in the region (Wang, 2009; Song & Witt, 2006). Fortunately, the Taiwanese government has opened the gates to the Mainland China tourists in July 2008. At present, the top one inbound visitors has been replaced by the tourists of Mainland China with considerable spending power (TBMOTC, 2011). It was estimated that Penghu will attract about 5 million tourists to the island and generate about US\$1.5 billion annual revenue a year after starting the casino gaming (Wang, 2009). Hence, if Penghu or any parts of Taiwan become casino town some day, it will need to build casinos on a massive scale in order to have a capacity of tourists from all over the world.

In the social aspect, examine problem gambling trends, public security, and societal support are the important factors. The existing of a popular underground gambling and the large suppressed demand from illegal gambling activity in Taiwan would support the casino gaming industry (Her, 2001). Clearly, there is a huge amount of unaccounted economic losses from underground gambling; the Taiwan government could turn this around and legalize gambling or make it a formal economic activity.

In addition, a successful casino makes its customers feel secure from danger. The example of Las Vegas has proved that the comprehensive regulations and proper enforcement can minimize the risk of breeding criminal activity such as underground gangsters, drug trafficking, prostitution, and extortion (Her, 2001). Hence, prevention of

crime, the number of police, and training program for security persons should be assessed and managed.

#### *Recommendations for Future Research*

To determine the appropriate direction of developing the casino gaming industry in Taiwan, this study examined the U.S. casino gaming industry operation, the economic impacts of casino gaming on the U.S. economy, and explored the important factors for developing gaming industry in Taiwan. For future research, it would be recommended to conduct the similar studies of other successful Asian gaming market experience such as Macau, Singapore, South Korea, or other gaming destinations to benefit Taiwan's casino business. The new entrants along with countries already having legalized casino gaming in Asia, have pushed the Asian casino gaming industry into a new era. We can also learn from them in terms of adopting US-style in those countries.

In addition, because competition has grown in Asia; casino marketing has become an increasing emphasis topic. Gaming industry managements keep searching for innovative ways to differentiate its operating from the competitors. In order to have successful operations, it is critical to have effective marketing strategy (Kilby, J., Fox, J., & Lucas, A. F.,2005). Hence, it would be of interest for future research of studying the marketing strategies of developing casino gaming before Taiwan enter the Asian casino gaming market. Additionally, further study is recommended to explore the impact of gaming market share in Asia after Taiwan join the Asian gaming market.

Furthermore, even though offshore islands have priority to legalize casino gaming, there are many counties on the main island of Taiwan shows great interests in setting up casino to promote tourism and stimulate the local economy such as the central Taiwan

Hakka county Miaoli, the southern Taiwan county of Chiayi, and Pingtung (The China Post, 2009; 2007). Hence, it is also important to study the economic effects of legalized inland casino gaming in Taiwan. Further study is recommended to compare the differences of results and impacts of opening the casino gaming between the offshore islands and the counties on the main island.

### *Conclusions*

There has been an increase in the participation of social gambling among Chinese communities due to the social acceptance of gambling within Chinese culture. Although the gambling activities are prohibited and there is no legal casino in Taiwan, nevertheless, a number of foreign gambling centers have set up offices in Taiwan to try to tap into the extravagance of Taiwan tourists who enjoy gambling. The Taiwanese government finally has passed a long-stalled bill in early 2009; it allowed the casinos must be developed as part of tourism facilities in the leisure resorts on offshore islands. However, the first residents' referendum to build Taiwan's first casino has been rejected by Penghu residents. Nonetheless, there are still numerous people who never give up and continue to fight for casino legalization. With many Asian countries planning or undergoing the gaming business, the Taiwan government and communities must be vigilant to plan it, and not to become addicted to it.

The concept of building casino gaming in Taiwan has been a controversial topic for many decades. The opponents have focused on issues of basic morality, public order, and safety (Her, 2001); in addition, in the fear of the "Cannibalization" phenomenon that will impact the local economy. However, there are research findings that casinos do not take away local business and they do create jobs. Furthermore, there is evidence indicating

that casino gaming has a positive influence on tourism. (Kotler, P., Bowen, J., & Makens, J., 2010). The Taiwan government should understand the government supplementary measure in the gaming industry's development from the U.S. experience to avoid negative elements before developing casino gaming in Taiwan. Taiwan also can derive experiences naturally from the U.S. in gaming development if Taiwan inherits the development model from the U.S. magnate investor groups.

Even though the residents of Penghu have voted down to a proposal to build Taiwan's first casino, the Taiwan government should reconsider if the policy of legalizing casino gambling to boost the economy of remote offshore islands is appropriate. According to the findings of this study, Penghu might not be an appropriate place to develop the gaming business due to too many limits on accessibility, human resource, social aspect, etc.; these reasons also apply to other remote islands and counties. Additionally, the rare human resource of gaming industry in Taiwan is a fact that can't be disputed; the labor shortage problem and trend are a crucial issue and can't be ignored. To have people trained after the casino opening would recommit the same error as Macau. The Taiwan government must encompass a vision as to start professional training curriculum for people who are interested in the casino related service industry way before the casino opening.

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