

MarketWatch

Vegas, Macau: Divided by a common game

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American gamblers go to play, Chinese counterparts get to work



Mainland Chinese tourists walk past slot machines at the former Casino Lisboa outside Macau.

MACAU (MarketWatch) — While this gambling haven is fast becoming one of the world's most popular destinations, most visitors are not coming to kick back and relax: They are going to work.

The first tip-off is the choice of beverages. Unlike Las Vegas, where rivers of free booze flow across the casino floors, gamblers here tend to stick to water, tea or soft drinks, save for the occasional imbibing “gweilo” (or “white ghost” — that is, Westerner).

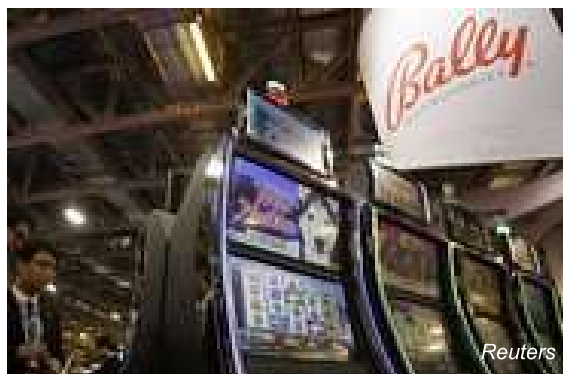
Another would be the stacks of mangled cards piled up on the baccarat tables. Chinese players hoping for a winning combination enthusiastically fold, spindle and mutilate their hands before turning them up to see if fortune has smiled.

“Gambling here does not cater to non-Asians,” said Ben Lee, managing partner of IGamiX, an industry consultancy. “It is serious business, not a leisure pursuit.”

He noted that “if you sit at a table and want a beer, they will get it for you, but it will take half an hour, and if you want another one it will take another half an hour.”

Lee also pointed out that sticking to playing the odds is not a common practice.

“The Chinese players believe in their ability to determine the outcome of the cards, and you have to get used to people doing really stupid things,” such as always splitting tens in blackjack, or hitting 13s against what the book says should be a dealer's bust card.



Bally slot machines on show at Global Gaming Expo Asia in Macau last summer.

For low rollers used to risking \$5 or \$10 a hand, the options are few. Some of the smaller Chinese-owned casinos may feature those low stakes, but the branded American outfits like Sands [LVS](#), -1.97% (1928), Wynn [WYNN](#), -2.32% (1128) and MGM Grand [MGM](#), -2.33% (2282) seem to start their table minimums at 300 Hong Kong dollars (\$38). From there, the sky is the limit.

Over the past decade, the Las Vegas Strip has seen a shift in revenue to the point where 60% or more may come from nongambling streams including rooms, restaurants, shows and retail — although the margins from the casino are still typically higher.

In Macau, north of 90% of the top line comes from wagering. And, with the average visit lasting about a day, even those who

roll up “comps” don't always spend the time to make full use of them, making for eye-popping margins.

And the money is pouring in. In 2011, revenue soared 42% to almost \$34 billion, more than three times the total recorded on the Strip. Some analysts expect it to jump another 25% in 2012, putting it on pace to eclipse the entire U.S. casino take before too many years have passed.

That \$34 billion is also a likely a lowball number. Many people who follow the industry here believe the true figure to be much higher, since so much of the action is generated by players on “junkets,” essentially tour operators who round up their own players, extend them credit and plunk them down in their own private gambling rooms at the casinos. They then split some of their profits with the host properties, that portion of which is duly recorded. What they hold, they keep to themselves. Not surprisingly, the system can make for some opaque paperwork.

The traffic is brisk. Visitor arrivals to Macau edged just past 28 million last year, an increase of 12.2% over 2010. About 25 million visitors came from the Greater China region, with international visitors accounting for the balance.

Of course, even if most visitors decline to take advantage of Macau’s noncasino attractions, there is plenty to attract the more casual traveler. The quality of the restaurants, both Asian and Western, would stack up well anywhere in the world. The top hotels, though far from cheap, are superb, with room quality and service levels that far exceed U.S. standards. The history of this onetime Portuguese colony is both visible and compelling. And when it comes to less wholesome pursuits, it is safe to say the Macanese could teach the panderers of Nevada a trick or three.

Top it all off, there is virtually no crime. Save for the occasional pickpocket, Macau’s streets are among the safest in the world. Language can be a major barrier for non-Chinese speakers, and cabs can be scarce on the ground (especially late at night) but the amount of dangers and annoyances is remarkably low.

“There is no question that the perception outside is that the only thing to do here is gaming,” said Grant Bowie, chief executive of MGM China Holdings. “But you could spend quite a nice time here without ever entering a casino.”

Everything in Las Vegas, he said, “is manufactured, but it is the opposite here. You can actually see some really amazing cultural and historical things. We really need to get better at promoting Macau as a destination. ”

Getting to Macau is certainly easy. There is an airport, but most Westerners fly to Hong Kong and take the ferries that run every 15 minutes. It is a scenic ride that takes about an hour and costs around \$20 each way.

For an old-fashioned, and far less expensive, betting experience, there is horse racing and a dog track, both throwbacks to the era when Macau was a seedy, rundown enclave where all the gambling was controlled by a single monopoly.

The ponies run at the Jockey Club, while the Canidrome is home to the dogs. A visit to the latter is not for the squeamish. This not the “Sport of Kings” (or even of jacks, for that matter). And the knowledge that the slowest of foot are promptly dispatched to doggie heaven does not improve the atmosphere.

Of course, one could always pay respects to the departed with a round of golf. A parcel of landfill bought by Caesars Entertainment [CZR, -0.83%](#) when it had its own, so far unsuccessful, designs on the gambling business here has been turned into an 18-hole course built over the final resting place of myriad horses and dogs sacrificed over the years in the noble cause of sport.

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