

Interactive Competition Between Casino Corporations: A Case on Macau

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Competition in the Casino Industry

- Not common in the history.
- One of the reasons is that it was under rigid control for a long period of time.
- The other reason is that it was regarded as taboo in the most places around world.
- Researching on competition between casinos wasn't popular.

Competition in the Casino Industry

- The gaming industry has been regarded as an engine for economic development in many regions.
- Governments and the public have a more and more positive attitude toward opening the casino industry.
- The casino explosion spreading the world during last decade.

How do you think about the Competition in
Gaming Industry?

Oligopolistic Competition

- How do you think about that more intense competition exists in a completely free market?
- How do you think about less competition under high control?
- How do you think corporations are more likely to cooperation than competition in the oligopolistic market?

Oligopolistic Competition



- Competition is usually the dominant form in the oligopolistic market.
- Competition is often more prevalent than cooperation in the oligopolistic market.
- The equally large corporation usually carry on quite fierce competition in the oligopolistic market.

Interactive Competition

- Competition has been always dynamic in the casino industry of Macau, since gaming concession opened.
- The corporations keep looking for and strengthening their advantage.
- The corporations keep monitoring and catching up with their competitors.

Interactive Competition

The whole process of the interactive competition is:

- Any preemption and advantage creates a new trend 
- The new trend is quickly imitated, improved or renewed 
- The excess profit from the new advantage is eroded.

Strategic Competition

- A strategic action involves the commitment of significant assets, organizational resources, difficult to implement, and difficult to reverse. Typically strategic moves tend to have longer term objectives.
- A tactical action tends to “fine tune” strategies, involving fewer resources and are relatively easy to implement and reverse. Tactical actions tend to have shorter term objectives.

Strategic Competition

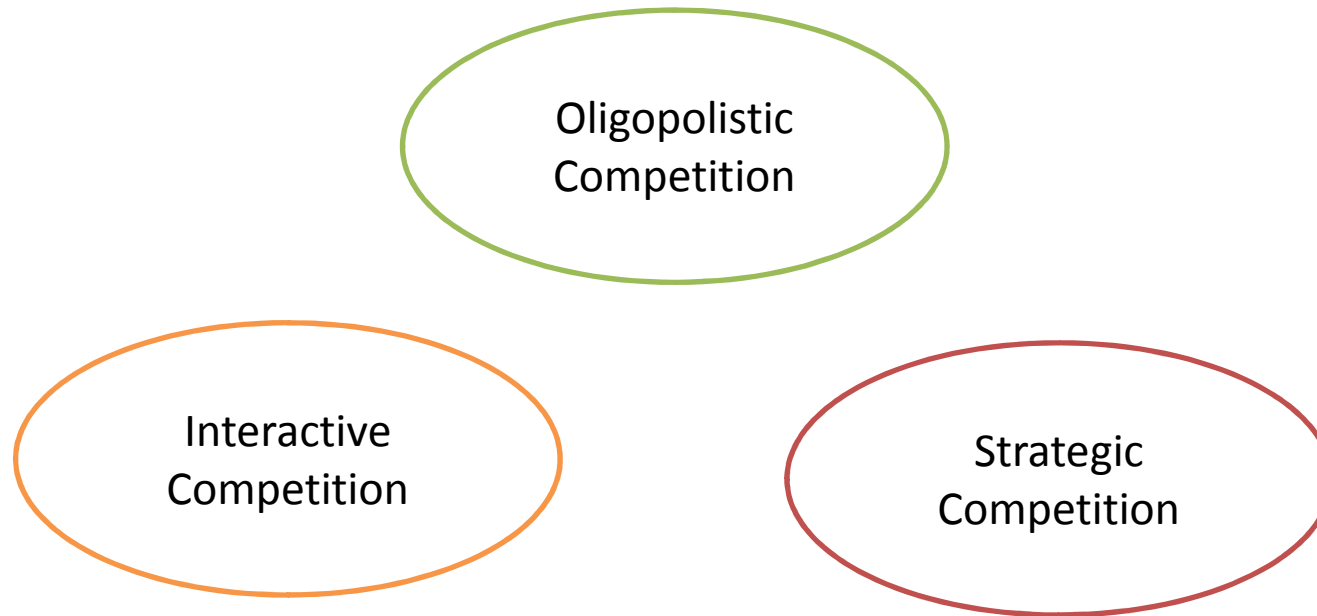
- Significant
- Irreversible and take a long period of time;
- At a high risk;
- Complex

Strategic Competition

- The existed literature usually measures action by using the speed, the frequency and the density.
- They are just available for tactical rather than strategic actions.



Focus on Competition Between Casino Corporations



Characteristics of the casino industry of Macau

- Dynamic Competition
- Oligopolistic Competition
- Interactive Competition
- Strategic Competition

Purpose of the Study

- Explore the characteristics and modes of the strategic actions during interactive competition in oligopolistic market.
- Reveal such modes' influence on corporation performance.
- Suggest what will gain from these results of the past interactive competition and how to deal with the regional competition in the future.

Method Overview

Text Analysis:

- Combination of quantitative and qualitative methods.
- Keep the data rich
- Make the conclusion in general
- Most suitable to make an objective analysis on the subjective data

Collection

- The study collects all kinds of texts and identifies strategic actions taken by casino corporations of the Macau industry during 2002 and 2011.
- Text data are from internet, newspapers and magazines.
- The dataset just lists the strategic actions, and all text data are listed by the date.

Coding

- Classification coding to simplify and convert data.
- Code these selected actions by using open coding and selective coding. It finally codes over 100 concepts and classifies them into four categories.

Classification Coding

- The first advantage over word frequency on evaluation and analysis rather than just summing up the appeared words.
- The second advantage on revealing the characteristics and more details.

Coding Results

These four categories:

- attack – response;
- aggression – prudence
- innovation – imitation
- capacity expansion.

Coding Reliability

- Two coders encode all the selected texts respectively at the same time.
- They both are graduates and quite familiar with the knowledge of coding processes and rules as well as coding scheme.
- The coding reliability is 0.92.

Findings

- Sands China always strives to be the innovator and the fastest, but the prudent just during the economic crisis.
- Melco always takes the quickly following actions.
- Wynn Macau is always the late-comer. Sometimes it is the early bird.
- Galaxy and SJM are more likely to maintain flexibility between aggression and prudence.

Findings

In the booming market

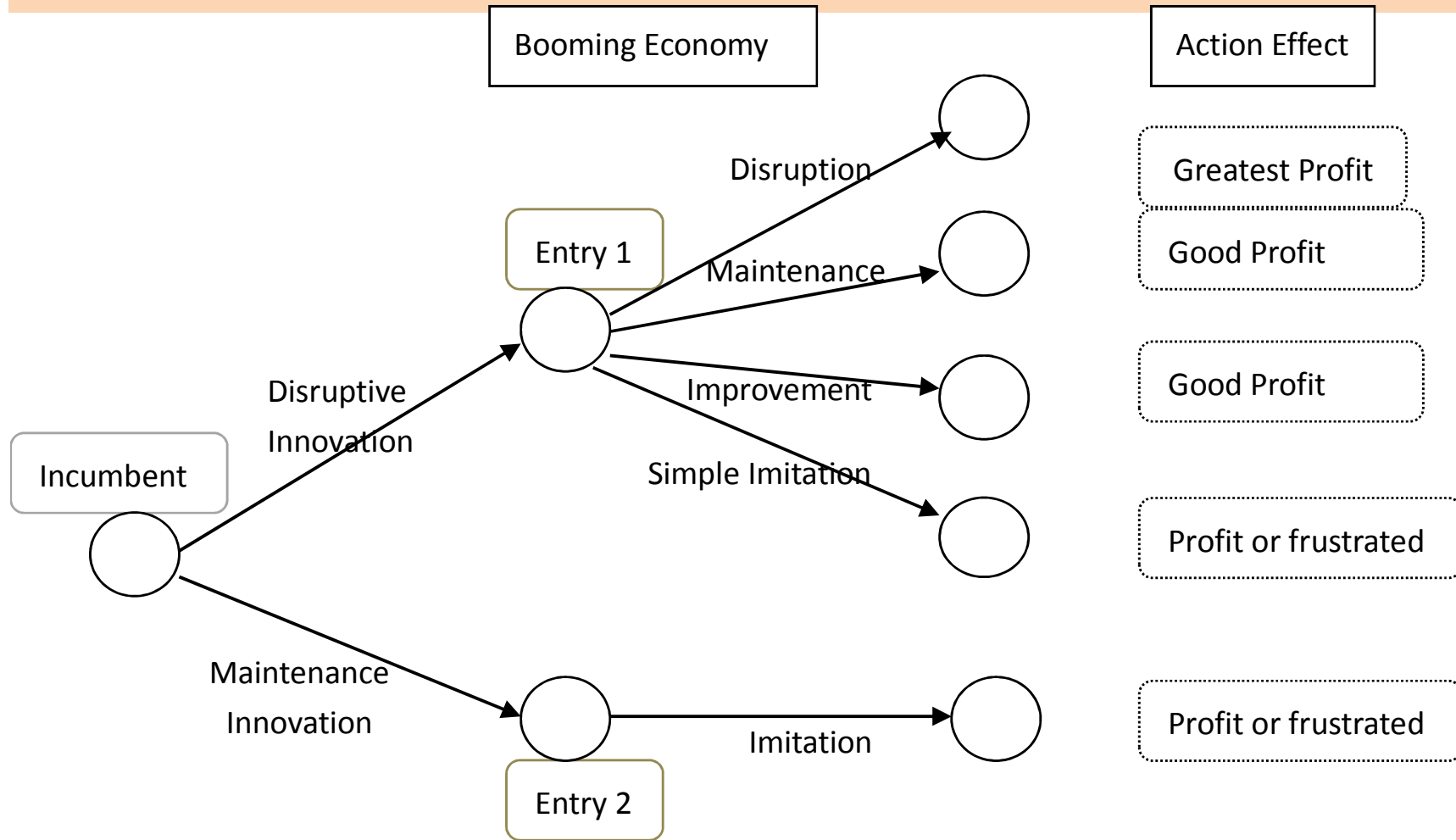
- Innovation and preemption is better than imitation and prudence, especially for the newcomer.
- Innovation is easier to develop new markets, while imitation is more susceptible to meet resistance.
- The most obvious successes are made by disruptive innovation and revolutionarily maintenance innovation, such as Sands Effect, Venetian Effect.
- Once disruptive innovation with a great influence occurs, other competitors usually tend to follow.

Findings

In the uncertain market

- Some of them who view it as an opportunity will prefer to react with aggression.
- Others who view it as a risk may keep staying and waiting until the situation becomes clear.
- If they find the risk is too much or if some essential resources are difficult to obtain, their action is more prudent and they may even give up.

Findings



Findings

The effect of capability expansion

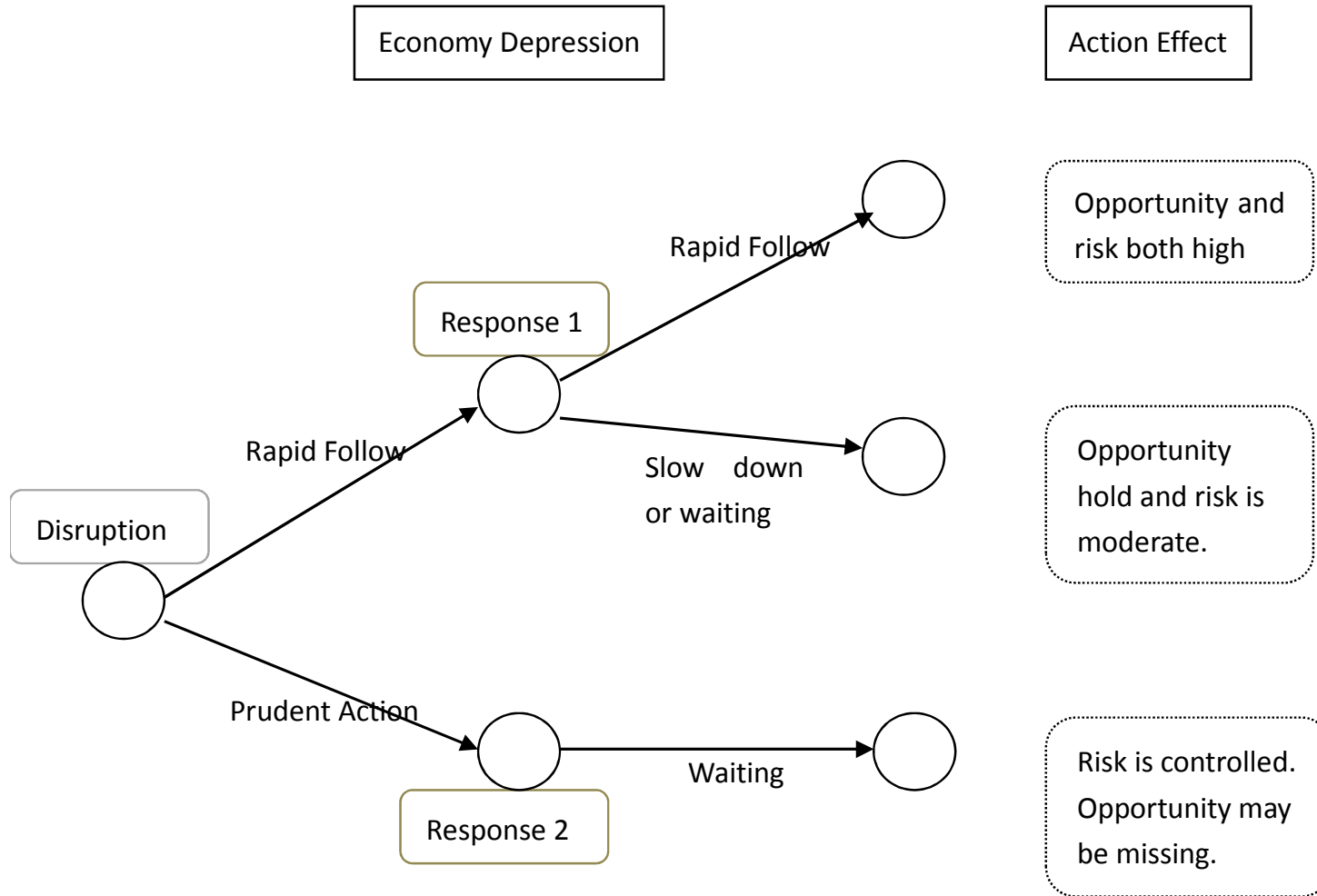
- The effect of capability expansion is not always realized, as land is the most valuable strategic resource for a small place such as Macau.
- It can make competitors slow down and even adjust their strategy.
- These limitations can finally be broken after enough innovation and political actions.

Findings

Under economic depression

- The innovation and regression are both reducing, but the prudent, maintenance and imitation are increasing.
- However, the risks really don't come from innovation, because some aggressive imitation meets similar difficulties as the first innovation.
- The actions involved capability expansion and fast strategy usually suffer setbacks.
- The greater the investment on resources and the more aggressive their pursuit, the more likely they are to be frustrated.

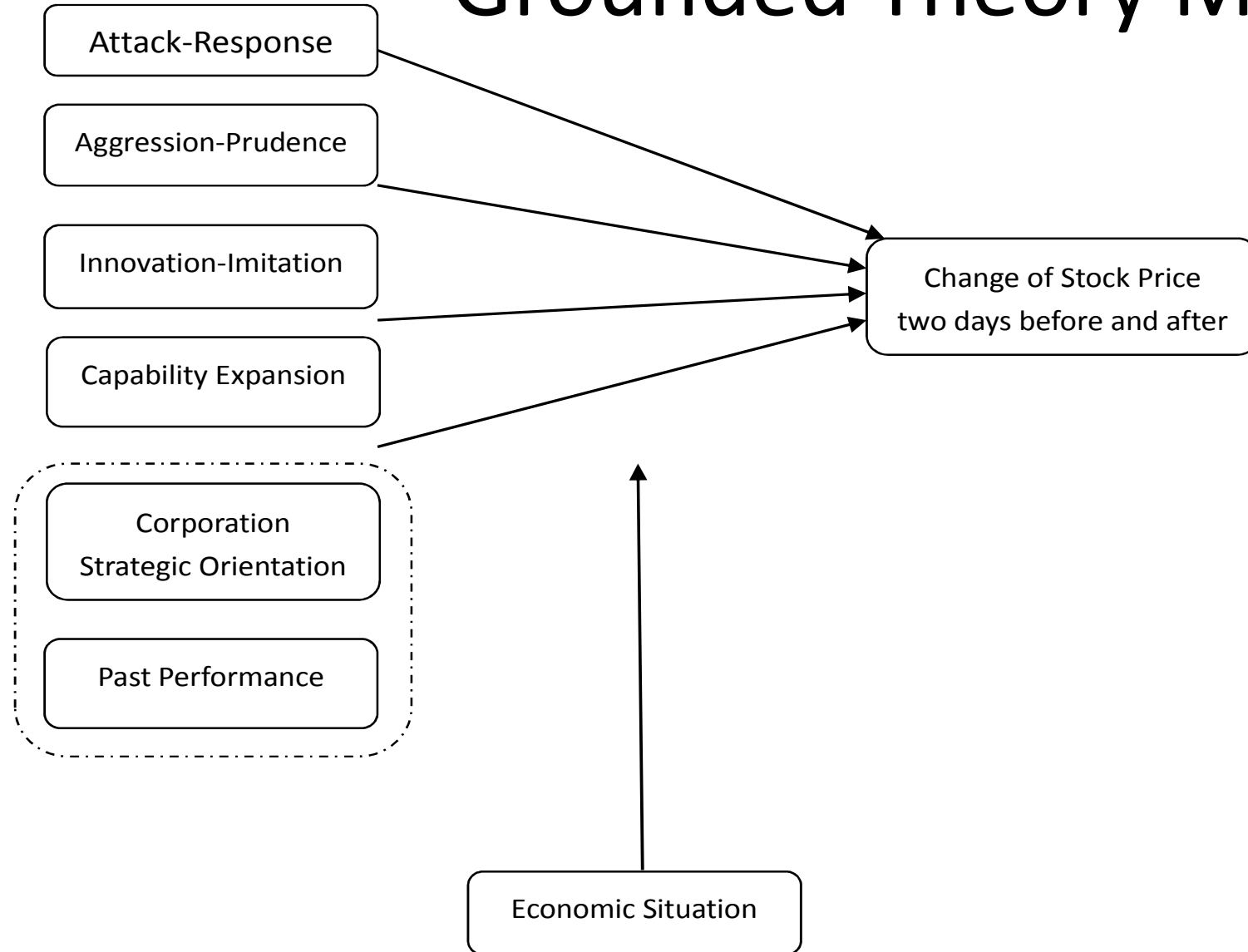
Finding



Construct Model

- Based on the above findings from text analysis and grounded theory.
- It has four independent variables, two control variables and one moderate variable.

Grounded Theory Model



Two Main Interactive and Strategic Competition Modes in Oligopoly

資源約束	博弈模式	先動企業	後動企業	競爭態勢
非稀缺資源	創新競爭	 <p>顛覆性創新</p>	 <p>快速跟從</p>	 <p>搶先與趕超</p>
稀缺資源	產能擴張	 <p>產能擴張</p>	 <p>遏制擴張</p>	 <p>瓜分資源</p>

Thank you!

End