

High Rollers from China—A Profile Based on 99 Cases

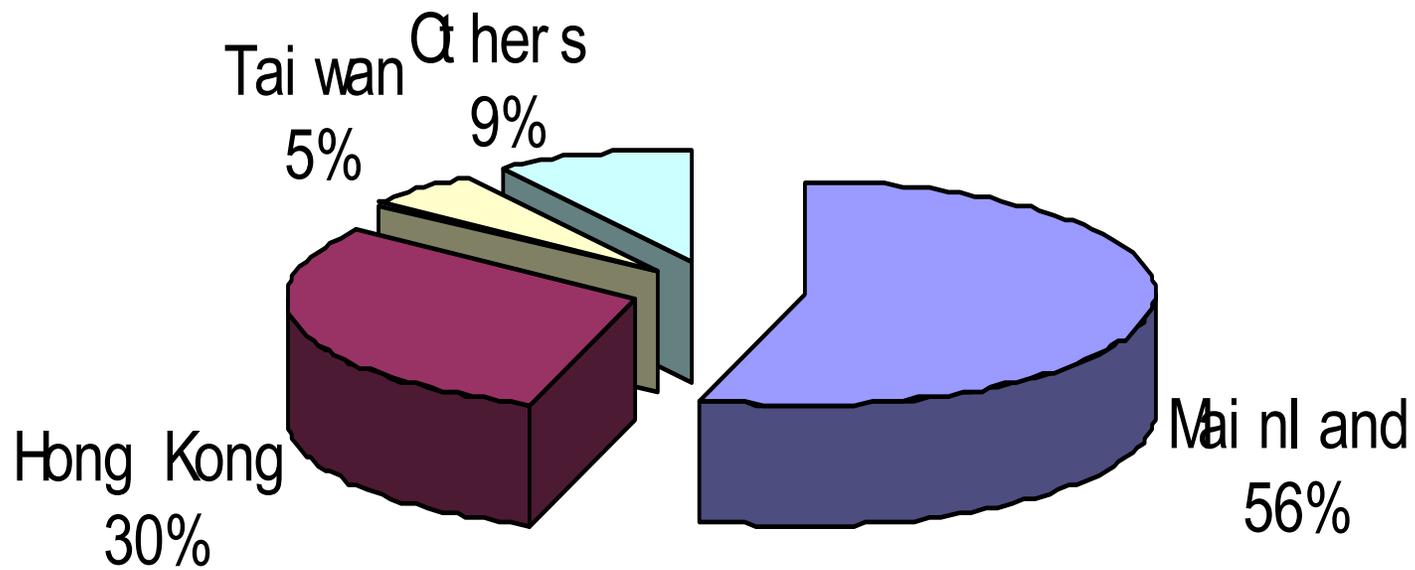
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High Growth of Gaming Revenue

- In 2006 Macao surpassed the Las Vegas Strip in gaming revenue and became the largest gambling market in the world. In 2007, Macao won 10.4b dollars from its gaming industry while the Las Vegas Strip won only 6.83b dollars, with Macao about 52% higher.
- In 2008, the gaming revenues of Macao may exceed those of the entire State of Nevada, which had gaming revenues of 12.85b in 2007.

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- The most important driving force for the phenomenal growth in Macao's gaming market has been the visitors from Mainland China.

The Composition of Visitors to Macao in 2007

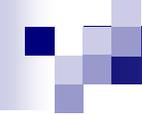


Mainland visitors were heavy consumers

- In the 1st quarter of 2008 (the newest figure available), the per capita spending of Mainland visitors was **429** dollars while that of Hong Kong visitors, the second largest visitor group to Macao, was **141 dollars** and that of Taiwan visitors, the 3rd largest group, was **175** dollars (all not including their gambling expenditure)

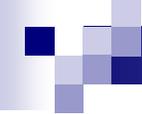
Most Gamblers are from Mainland China

- A Reuters report has estimated that 70% of Macao's gamblers are from Mainland China.
- Mr. Lawrence Ho, the CEO of Melco PBL Gaming (Macao) Ltd., has estimated that 93% of gamblers in Macao's casinos are from the Mainland.



High rollers of the Mainland are main contributors

- The most important gaming revenue comes from VIP baccarat. In 2007 67% of the total gaming revenues, or 7b dollars, came from VIP rooms where high-rollers gambled.
- VIP room players are dominated by high rollers from Mainland China.



What are the high rollers?

- Although the high rollers from the Mainland are main source of Macao's gaming revenue, so far very little research has focused on them.
- We do not know who they are, what their ages or identities are, how much money they lose and what their motivations for gambling are, etc.

The high rollers are the gamblers most difficult to approach

- Questionnaire surveys are not workable.
- They were reluctant to reveal their gambling experiences.
- The casino agents should know high rollers very well because it is they that find high rollers and bring them to Macao, but high rollers are their lifeline, and they must try their best to guard the secrets of their clients .

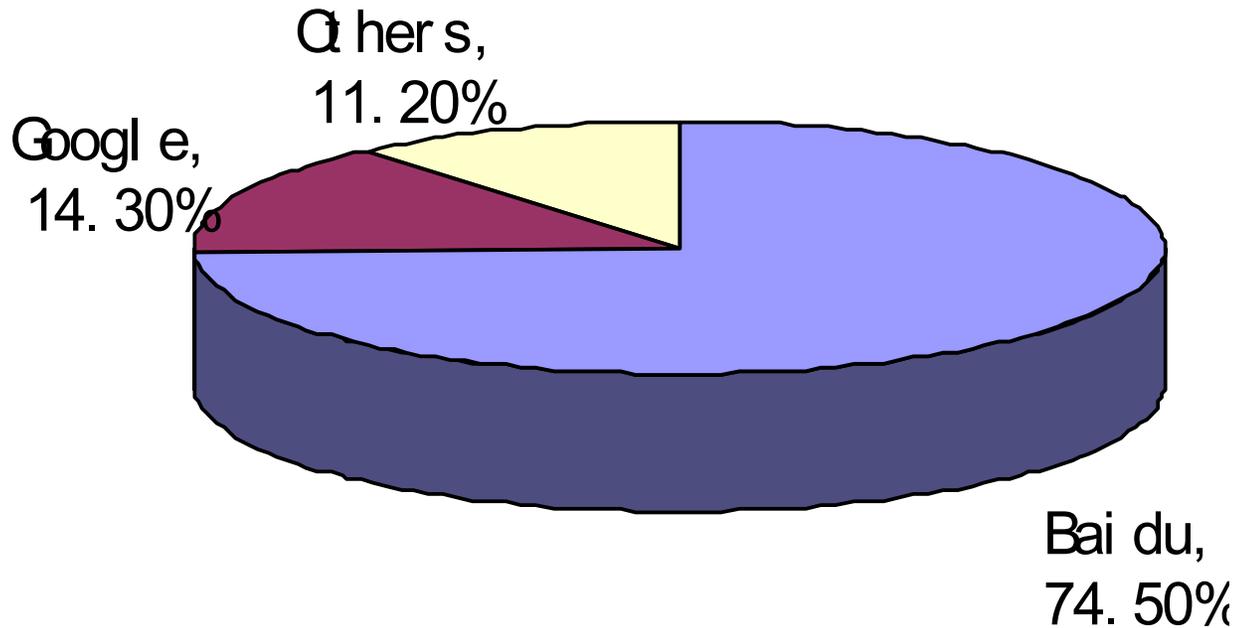
News Media Reports are an important source

- When something serious happened to high rollers or they committed crimes related to gambling, then the news media will dig deep into the happening and report it in detail, or the litigant has to tell in detail about their criminal activities, thus their secrets were revealed with great details by news media reports.

Methodology

- The Internet & a database were used to find news media reports about high rollers.
- Baidu and Google, the two largest Chinese language search engines, were used.
- WiseSearch, a news media database, was searched to find information on high rollers reported by Hong Kong and Taiwan news media.

Distribution of the Market Shares of Chinese Search Engines in 2007





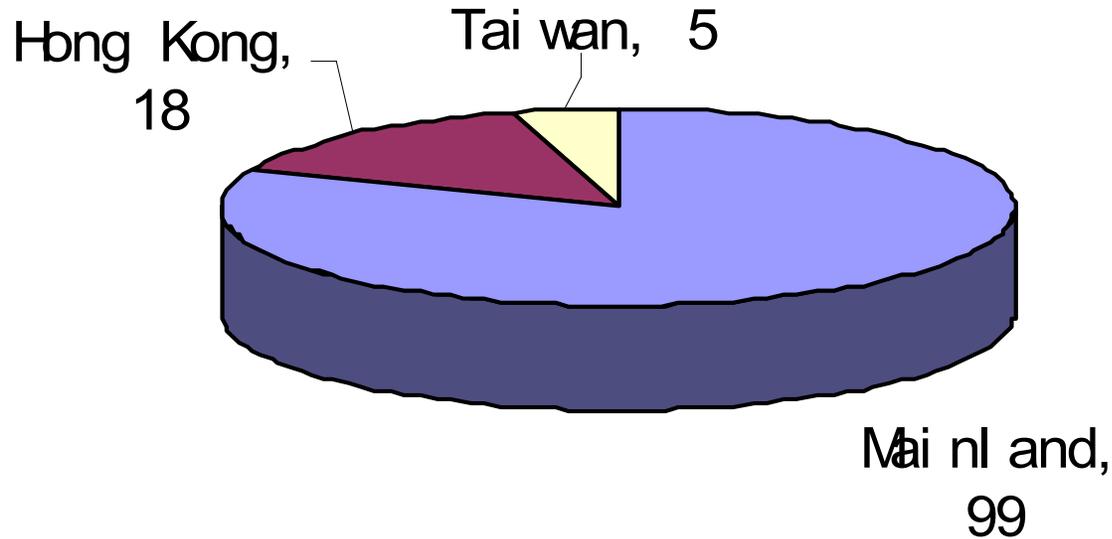
Methodology (Cont.)

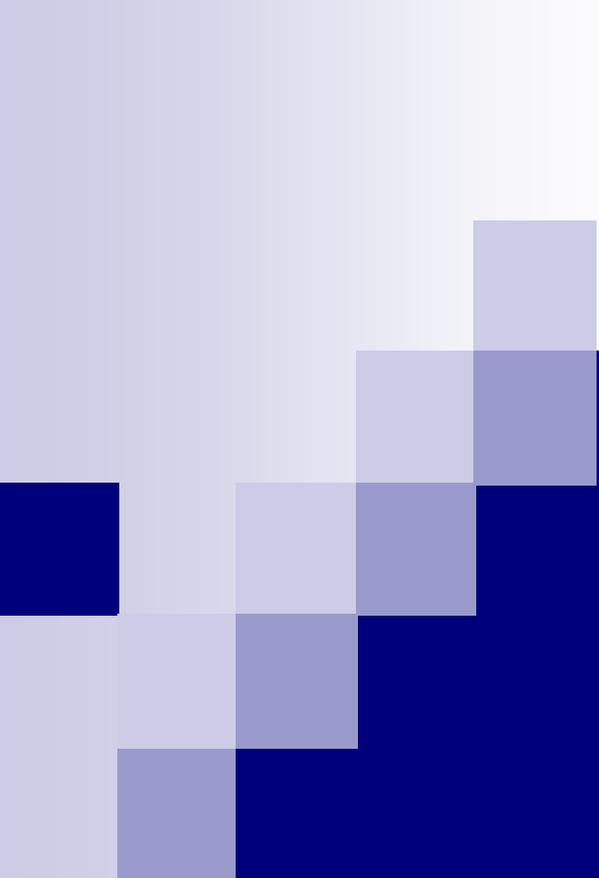
- The search time was between 20 Feb. and 30 April, 2008.
- The key words used for the search was “high stakes gamble in Macao”.

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- 109,000 items were found on Baidu and 15,300 items on Google. By reading the first 500 items on both search engines respectively, and deleting repetitions and items not published by formal news media, a total of 99 cases of the Mainland high rollers were found.
 - Only first 500 items were read because after those, no new reports were found.

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- 23 high rollers from Hong Kong and Taiwan were found by Baidu & Google and by search in WiseSearch database.
 - 122 cases were found.

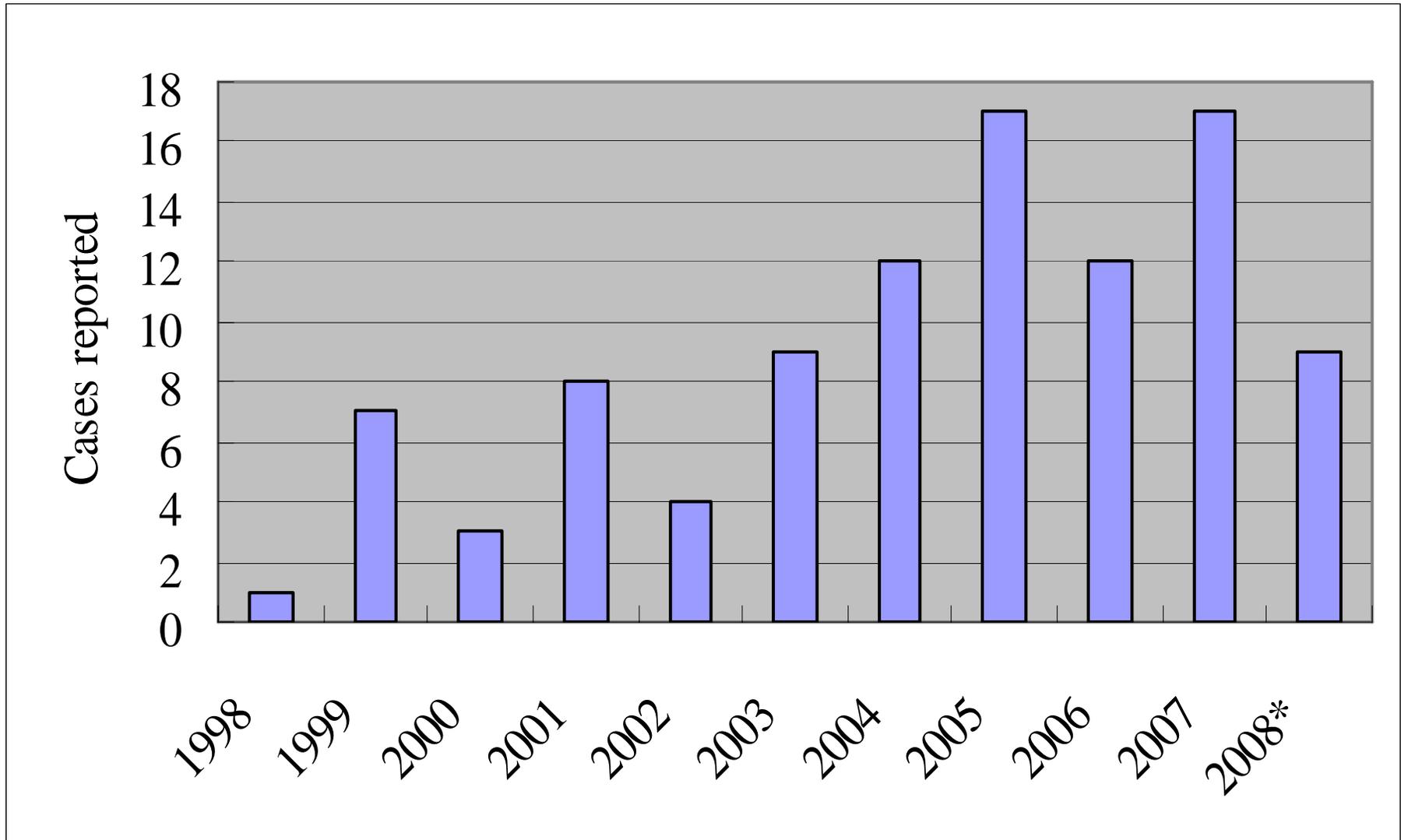
Location distribution of high rollers reported





The Main discoveries

Yearly Reports on High Rollers from Mainland



*The number is just the number of first four months of the year.

Where were they from?

- The high rollers of Mainland China were from 22 of the 31 provinces or municipalities of Mainland China. These provinces or municipalities were either close to Macao or having high income level.
- Of the 22, Guangdong & Zhejiang were the two provinces with largest number of high rollers. Guangdong accounted for 36% of the 99 cases, while Zhejiang accounted for 12%.

What were their identities?

Identity	Number
Government officials	33
Private business owners	26
High level managers of SOEs	19
Cashiers of SOEs	7
Others	14

How much they lost in **One-off gambling**

Highest	Lowest	Average	Median
\$12 mil.	\$0.006m	\$0.8m	\$0.12m

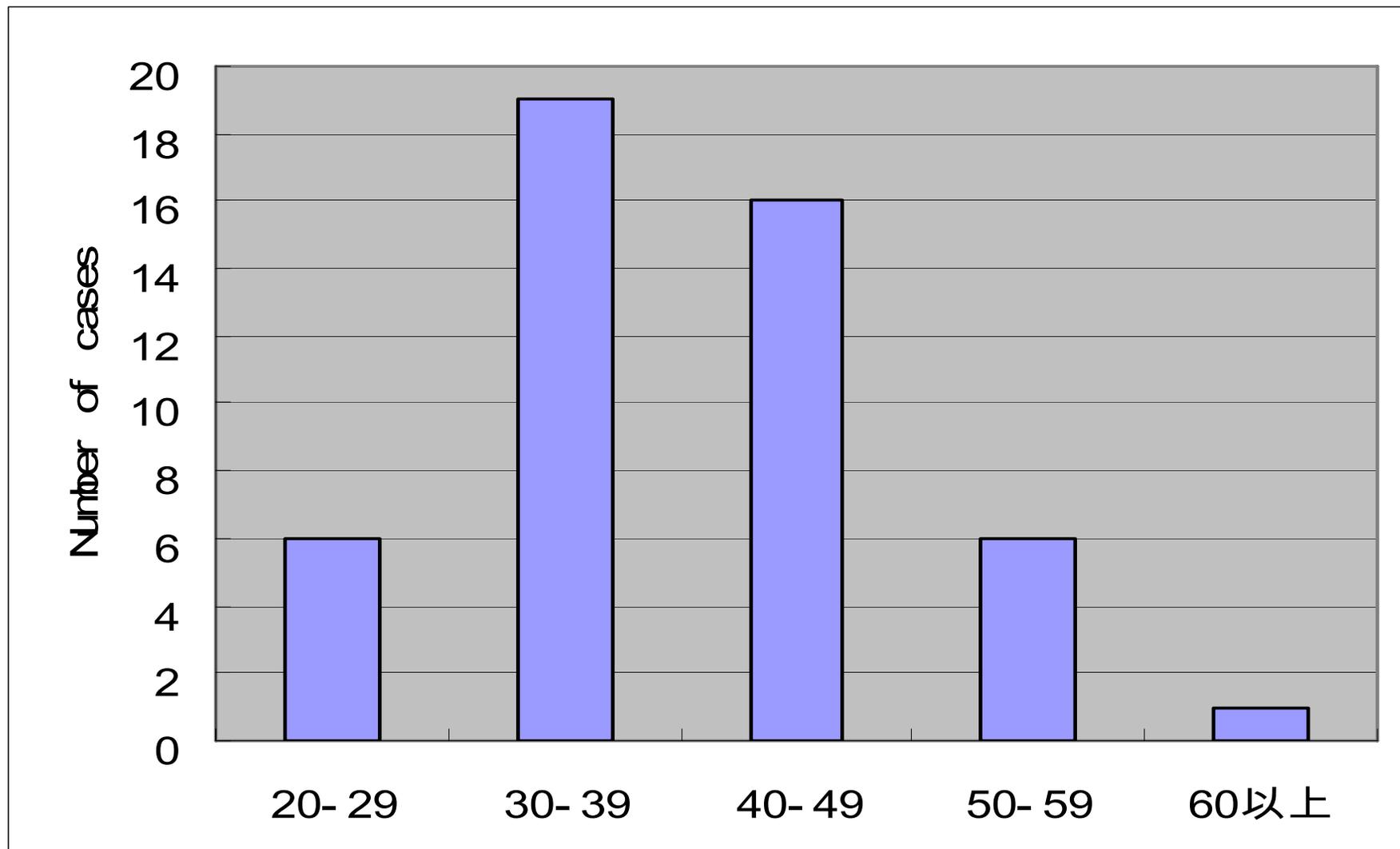
N = 53

RMB8.3 = US\$1

How Much they lost for their whole gambling period?

Identities	cases	highest	Lowest	Avg.	Median
Govt. Off.	25	\$12m	\$0.02m	\$2.7m	\$1.2m
Private owners	21	\$96m	\$0.16m	\$7.9m	\$1.2m
Manager of SOEs	15	\$11m	\$0.12m	\$1.9m	\$1m
Cashiers	7	\$1.3m	\$0.1m	\$0.5m	\$0.3m
Others	12	\$2.2m	\$0.012m	\$0.6m	\$0.3m

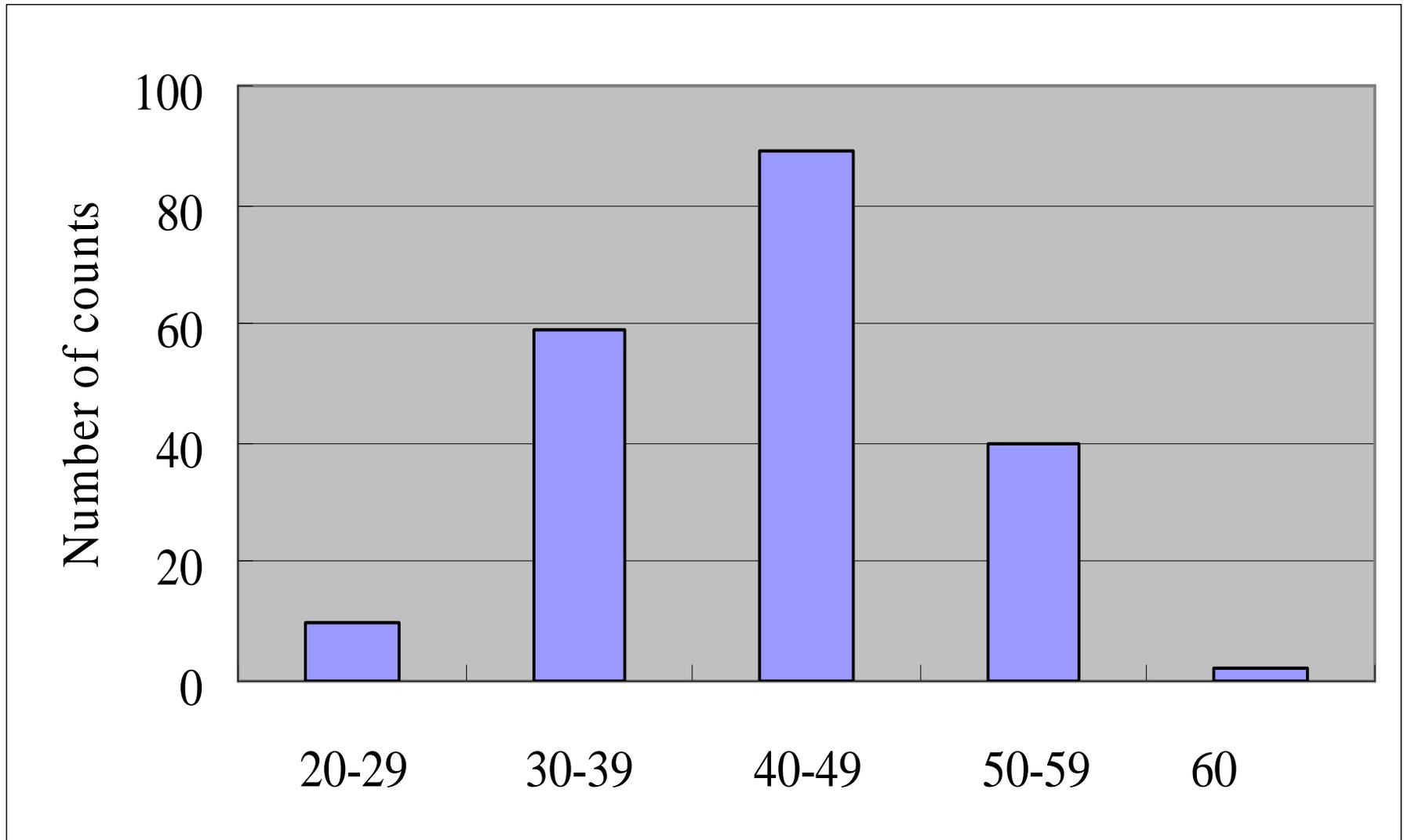
How Old were they when they began gambling in Macao



N=58

What were the ages when they were gambling

(N = 58)



How Many Years did their gambling last?

- Of the 56 cases about whom we can calculate their lasting years, 42 or 75%, lasted 4 years or fewer, 12% lasted between 5 to 7 years. Only 2 or 3.5% lasted over 7 years. The high stakes gambling could not last long. After losing a huge amount of money, many of them were stopped by law when they committed crimes in finding money to support their gambling activities.

What was the sex of the high rollers?

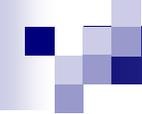
- Of the 99 cases, only 6 were women, of which five were cashiers and one was a leader in a local bank.
- Woman high rollers gambled much less. The average loss for 81 cases was 3.4m dollars, while the average loss for the 6 women was only 1.3m dollars.

What were their motivations?

- Of the 99 cases, only 33 mentioned their motivations for gambling. The motivations reported include seeking pleasant sensation, seeking stimulus, winning money, demonstrating one's ability and others. But the dominant causes that made them keep on gambling were just two: their early big win experiences and their cognitive biases.

What were the consequences of their High stakes gambling?

- Because of high stakes gambling, most of the high rollers embarked on the path of crimes. The crimes they committed include embezzlement of public funds, taking bribes, fraud etc. The high stakes gambling had brought serious consequences. Of the 99 cases, 15 were sentenced to death; 2, death with reprieves; 20 imprisonment between 10 and 20 years. 7 committed suicide or killed by others, and more than ten private enterprises went bankrupt.



The Profile of High Rollers

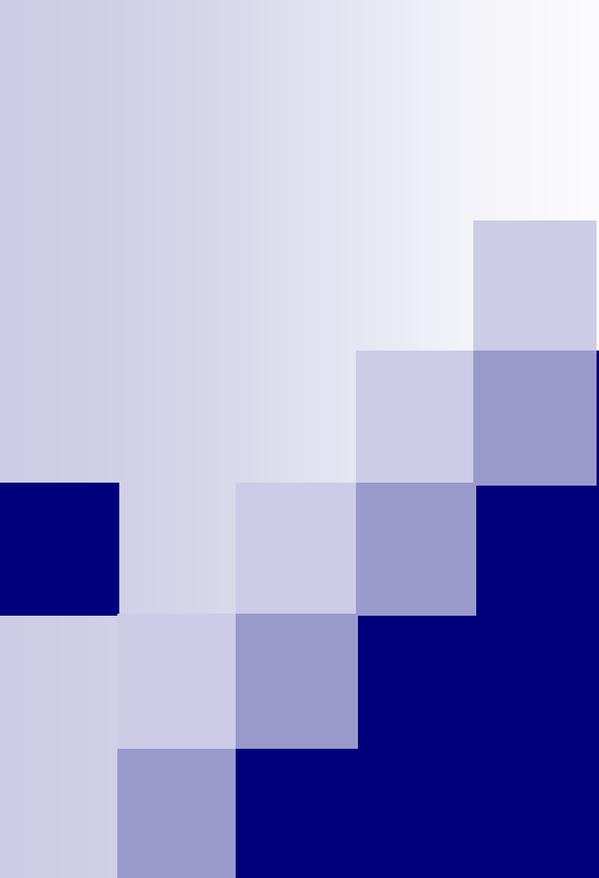
- Typical high rollers of the Mainland came from rich areas of the Mainland or areas close to Macao. They were male, aged between 30 and 49. They were government officials, high ranking managers of SOEs, or owners of private enterprises. They had money themselves or could get money easily. The amount for one-off gambling was between 120,000 dollars to 840,000 dollars. The average total loss during the whole gambling period amounts to \$3.4 mil.

The Profile of High Rollers (con.)

- Most of high stakes gambling lasted 4 years or less, after that, because of commitment of crimes or other causes, the gambling was stopped. The gambling motivations were winning money or seeking excitement. Early big win experiences and cognitive biases were the most important factors that made them keep on gambling.

Some cautions

- As the news media tend to pay attention to only the most prominent cases, thus reflecting the high rollers at highest end of the group, the characteristics of those high rollers that gambled less have not reflected.
- The reports can have errors, or the people may not remember exactly the actual happening (especially for high rollers to remember exactly how much money lost for years was demanding), thus the accuracy is not 100% reliable.
- Thus the research can only be regarded as an exploratory one.



Thanks, and Q&As

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About the author

- Dr. Zhonglu Zeng is a professor and Vice Director of the Gaming Economy and Management Research Center, Macao Polytechnic Institute. He has published papers in International Gambling Studies, Journal of Macao Polytechnic Institute, Tourism Research and others on gambling and tourism.
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