

A Study on Development of the Casino Industry for the 21st Century

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I. INTRODUCTION

The tourism industry has greatly contributed to the strengthening of the trade balance position of Korea as much as the export industry itself ever since 1975 when the former was designated as one of Korea's main strategic industries.

However, the tourism industry, which registered the highest surplus of US\$ 2,000 million in 1988, the year Korea hosted the Olympic Games, has declined since 1989 when the overseas travel of Koreans was completely liberalized. In 1992, the tourism industry showed a deficit of US\$ 360 million. It is anticipated that the deficit in the tourism industry will further increase.

To cope with the threatened decline in the revenue of the tourism industry, the government has been contemplating special measures to boost Korea's share in the world tourism market of US\$ 230 billion per year.

The government designation of 1994 as "Visit Korea Year" was part of the endeavours to intensify the tourism industry. The government envisages that Korea will become one of 10 largest tourism industries of the world in the 21st century. It estimates that in the year 2000, 7 million foreign tourists will visit Korea and the income from the tourism will be as much as US\$ 10 billion. From the year 2000 on, the government aims at increasing the number of foreign tourists visiting Korea by 8 % and the income from tourism by 12 % annually.

As far as the foreign exchange earning capability is concerned, no other sectors in the tourism industry can compete with the casino industry. Therefore, it is hoped that the government will pay much attention and provide much support to the promotion of the casino industry.

The world-wide tendency indicates that most countries increasingly earn foreign exchanges from the tourism and most Asian countries have registered surpluses in the earnings of the tourism industry. Korea's deficit in the tourism industry is, therefore, an exceptional case.

In this paper, the author intends to review the past of the casino industry and analyze the problems faced by in the Korean casino industry, its social and economic position, and suggest future directions for the promotion of the casino industry.

1. Objective of the Study

In Korea, the casino industry dates back to 1960s when Korea's first casinos were allowed to open in limited areas. A few casinos, which were operated in a monopolistic manner at restricted places, grew remarkably in 1980s thanks to the worldwide economic boom. Later on in 1990 and 1991, several more casinos were established on the Cheju Island and a few other places. The emergence of new casinos made the industry a regionally emphasized industry. Accordingly, an atmosphere of competitive management emerged in the casino industry, which was monopolized by a few and operated in closed circumstances.

At that time, the world witnessed the collapse of the Soviet Russia and the emergence of the casino industry in Russia. Stimulated by this development, casino operators in Korea were forced to compete with casino operators in other countries. In other words, the domestic casino industry had to launch creative and positive marketing strategies overseas. Since Korean casinos are open only to foreigners, casino operators felt the urgent need to attract more and more foreign tourists and, therefore, they wanted to conduct more active tourism promotion roles.

Despite this perceived need, however, the government's legal and administrative support for the casino industry has been extremely inadequate. For instance, no tax holidays have been introduced for the casino industry, although it is one of the key tourism sectors.

In the meantime, the understanding of the Korean public about the casino industry is still negligible. It seems that the opening of the local Korean casinos only to foreign tourists is largely to blame for the negative perception of the casinos by the Korean public.

The purpose of this study is to find out effective ways of promoting the casino industry at this juncture that the casino industry has become a key part of tourism industry all over the world. For this purpose, an in-depth look was made into the present status of Korea's casino industry and an attempt was also made to find out the ways of helping the general public understand the casino industry in a positive

manner.

2. Method of the Study

This study was carried out on the basis of various texts and materials in use at the State University of Nevada, journals published in Las Vegas and the Atlantic City, statistical data relating to the local casino-related tourism industry, the author's own personal experiences gained from casino business operation and an interview survey conducted with those employed at local casinos.

3. Scope of the Study

The study covers the following:

- 1) The influence of Korea's casino industry on the national economy was reviewed, while studying the background of the development of the world's tourism industry as one of three major export industries during the 20th century.
- 2) Theoretical research into the casino industry was conducted on the basis of the theories used in the State of Nevada, U.S.A.
- 3) The operation status of foreign casinos and the local casino industry was reviewed.
- 4) The future scope of growth in the casino industry was studied by estimating the 21st tourism industry needs.
- 5) Effective ways of promoting Korea's casino industry were suggested.

II. Overview Of The 21St Century Casino Industry

1. Theoretical Background of Tourism Industry

Tourism is one of the most recreational activities since it is a continuous activity taking place out of the individual's day-to-day life. Other recreational activities cannot compete with tourism in terms of leisureness.

First of all, tourism makes it possible to use much of time and space freely. Being mobile, the tourism covers wide and deep. It helps one experience many things. ¹⁾

Tourism is an integrated recreational activity. Discovery, change in the mood, self-confirmation, leisure and recovery of health are all in it. It is a sort of "energy bank" which can refill the energy required for the daily life. No other recreational activities can provide so much as tourism.

A. Bertolino describes tourism as "a world of dialogue" between individuals of

different ways of living and thinking, different customs, feelings and thoughts. The dialogue provides the opportunities for reforming characters of those involved in the dialogue.²⁾

Tourism helps peoples throughout the world share their spiritual order and rely on each other in seeking the human dignity and happiness. Thus, tourism contributes toward a new age of affluence for the world community.³⁾

After the World War II, there emerged what was called social tourism in Switzerland and other West European countries. It was initiated by the governments for the people's welfare.

In 1990, H. Hunziker said that the social tourism is a form of tourism for the benefit of low-income people, which is quite different from the ordinary concept of tourism. It is a kind of service, according to Hunziker.⁴⁾

Social tourism was a government-initiated activity to brighten the post-World War II atmosphere by boosting the spirits of people, particularly those of low-income bracket, who suffered from the devastating World War II.

Herman Kahn predicted that tourism will become one of the most important export industry in the 2000's. However, he warned that the governments should help the tourism recover its own order by introducing measures preventing "tourism pollutions"⁵⁾.

R. Gluckmann said the subject of tourism is a science of studying human relations. In studying it, he said, sociological and psychological aspects involved in the tourism industry should be given special attention. Gluckmann stressed an in-depth study into the relations between the tourists and those residing in the places visited by the tourists. He said that it is important to look into the relationships and the pollution-related aspects in the tourism industry.⁶⁾

As reviewed so far, the promotion of tourism should be aimed at enhancing the health and happiness of people, developing regional economies and preserving the environment. It should be based on the philosophy of the social tourism. It is not desirable to emphasize the foreign exchange earnings and growth of the national economy only in promoting the tourism industry.

Today, tourism should be promoted for the benefit of the entire public.

2. Prospects of 21st Century Tourism Industry

Futurologist Herman Khan has predicted that the tourism would become one of the most important industries in the 21st century. It seems that what he has predicted is already coming true. The tourism industry accounts for 12 % of the GNP of the world. There was a temporary slump in the industry following the 1991 Gulf War.

But, it has begun picking up again after the collapse of the former communist countries, the expedition of the European integration and the shift of East Europe to the market economy.

According to the World Tourism Organization (WTO), the number of international tourists increased by 7-8% annually from 1987 to 1989 (the international tourists totaled 427.88 million and decreased by 0.1 % in 1991 (455.1 million) because of the economic recession that year but increased again by 3.8 % in 1993 (total: about 5000 million). The income from tourism also rose by 15-20% a year (US\$ 261.07 billion in 1991 and US\$ 324.08 billion in 1993).⁷⁾

The exchange of international tourists is expected to increase further in the years to come since the local service sector will be open under the Uruguay Round and more people will seek leisure and recreational travels. The recent international tendency of forming regional groupings such as NAFTA, APEC and EU is expected to further stimulate the expansion of regional tourism.

3. History and Future of the Casino Industry

Gambling is one of the old cultures of the humankind. It dates back to B.C. 2000 when Egyptians regarded gambling as a means of recreation and a kind of sports. There are also records in India and Greece that gambling prevailed even before the birth of Jesus Christ. It is also said that the native American Indians also enjoyed gambling as early as several centuries before the discovery of the American continent.⁸⁾

The history of casino in Korea dates back to 1967 when a casino was opened in the Olympus Hotel in Inchon. The hotel was an attempt to earn foreign exchanges in the 1960s when Korea had an acute shortage of hard currency. It was also intended to provide American soldiers, stationed in Korea, with an entertainment facility. The number of casinos has increased to 13 as of the end of 1994. Only foreigners are admitted into the casinos.

It is said that the card games were widely liked in France in the 13th century. Gambling has its roots in the Anglo-Saxon word "gammian," which means "play."⁹⁾ The word "casino" has its roots in the Italian word "cass," which means the amusement place where gambling can be played.¹⁰⁾ Therefore, it is said that casino has strong connotation of recreation.

At present, 86 countries legally allow gambling at 993 casinos in the world.¹¹⁾ In addition, 107 boat casinos are in operation, making the world's casinos to total 1100.

III. Present Casino Industries of Korea and The World

The casino industry began in Korea after the 1960 military revolution. The Park Chung-hee government allowed Korea's first casino to open in Olympus Hotel in Inchon in 1968 and a total of 13 casinos are in operation in Korea at the moment. Seven of them are on the Cheju Island (53% of casinos in Korea).

After the Olympus hotel in Inchon, the Cheju KAL Hotel opened a casino in 1975, the Haeundae Hotel in Pusan and the Kolon Hotel in Kyongju opened one casino each in 1978, and the Hyatt Hotel on Cheju followed suit in 1985. Most of other casinos were opened in the 1990s. The number of people employed at casinos and their total sales have shown a remarkable increase in the 1990s.

The total turnover of Korea's casino industry was about 200 billion won in 1993. The casinos owned by the Paradise business group accounted for about 60% of the total sales.¹²⁾ The Paradise group operates casinos at Walker Hill Hotel (61 billion won), in Pusan (22.8 billion won), in Kyongju (0.85 billion won) and in Cheju (Grand Hotel : 14.6 billion won and Shilla Hotel : 14.4 billion won).

Most successful among casinos in Korea is the one in the Walker Hill Hotel in Seoul. It showed a 20% annual increase in its sales from US\$ 7.2 million in 1980 to US\$ 69 million in 1992.

In 1992, the amount of foreign currencies exchanged into Korean currency at the casinos amounted to US\$ 750 million. The foreign currencies exchanged at the Walker Hill casino alone stood at as much as US\$ 7.39 million in the first eight months of 1993. Seven casinos on the Cheju Island reported that a total of US\$ 121 million were exchanged into the local currency by casino players in 1992 (Hyatt: US\$ 23.15 million, Nam Seoul: US\$ 19.54 million, Grand: US\$ 18.55 million.)

Most of the foreign customers of Korean casinos are Japanese and South-east Asians from Taiwan, Hong Kong, Singapore and Malaysia. Although detailed figures are not available, about 406,500 customers visited the casino in the Walker Hill Hotel in 1993. The total number of foreigners who visited the Korean casinos in 1992 is estimated at 3.2 million.

There is no way to grasp the operation status of Korean casinos at the moment. Their business is only roughly calculated on the basis of the income of the casino employees. A computerized management system is in the process of installation at all casinos. The computerized system is a legal requirement (Article 8 (3), Article 8 (6), and Article 8 (8) of the Tourism Promotion Law Implementation Regulation).

IV. Systems and Types of Casino Management

1. Composition and Kinds of Casino Games

There are 15 kinds of games played in Korean casinos. They are Black Jack, Tai-sai, Big Wheel, Craps, Dies, Poker, Keno, Pai Gow Poker, Patan, Joker Seven, Trantaquoranta, French Ball, Chaka-rak. These 15 kinds are allowed by law. Out of these, the following six kinds are available at every Korean casino: Black Jack, Roulette, Baccarat, Tai-sai, Big Wheel and Dies.¹³⁾ Out of these, most popular are Black Jack and Baccarat.

2. Management Structure of Casino

The casino is operated under an independent management although it is usually located within the compound of a hotel or any other entertainment facility. It may be worth looking at the management of the casino and its key positions and their duties.

One of the special features in the personnel management of a casino in the State of Nevada is that more emphasis is placed on the middle-level management than in a hotel or a restaurant. In other words, the operation of the casino is given more importance than that of the hotel in which the casino is located.

The organizational structure of casino is headed by a general manager and there are also the slot manager, the keno manager, the games manager and the casino host.

The casino employees, who are responsible for managerial parts of the casino, need much experience. They are the casino manager, the deputy manager, the shift manager, the pit manager, the floor man and the boxman.

Usually, much experienced and capable dealers are given promotion to the positions of the box man or the floor man, but sometimes, they turn down the promotion offer, because once they are promoted, there will be no extra income--tips from the customers.

All casinos use cash or its equivalents. Except for a few cases, foreign currencies of casino goers are exchanged into the local currency. In their early days, casino managements in Las Vegas did not realize the importance of money exchange. The general manager, therefore, attached much importance to the credit manager. With the passage of time, however, the importance of money exchange was appreciated by the casino managements.

V. Impact of Casino Industry on The National Economy

1. Impact of the Casino Industry to Tourism Industry

In 1991, a total of 3.2 million foreign tourists visited Korea, and 44% of them were Japanese (1.4 million). The hard currencies spent by the foreign tourists during their stay in Korea totaled 2,526 million won. During the same year, 1.86 million Koreans went abroad as tourists, and the number is only 58% of the number of foreigners who visited Korea that year. But Koreans spent 2,774.7 billion won. It means that each Korean spent 1.5 million won, about twice as much as a foreigner spent during his/her stay in Korea that year (740,000 won).

The casino industry earned 150 billion won, and it is only 5.9% of the total earning of the tourism industry. However, when the tourism industry registered an annual deficit of 248.7 billion won, the casino industry made a net profit, which is as much as 60.3% of the annual deficit of the tourism industry.¹⁴⁾ Also, it must be mentioned that the casino-going tourists spend a lot more than other tourists as they fly by first class of Korean planes, stay in top class hotels and purchase expensive merchandise.

The positive impact of the casino industry on the Korean tourism as a whole is considered to be substantial.

It is particularly encouraging that the number of the foreign tourists who used Korean casinos (about 1 million) accounted for 53.8% of the foreign tourists who visited Korea only for the sightseeing purpose (1.86 million).

Thus, the night-tour entertainment programs, including the casino industry, are very important in earning the foreign exchanges.

In Korea, there are 447 tourist hotels and 13 casinos. Although the number of casinos accounts for only 2.9% of the number of hotels, their foreign exchange earnings (150 billion won) stood at about 31.6% of the total foreign exchange earnings of the hotels (474.7 billion won). In terms of making foreign exchange earnings, the casino industry's contribution to the tourism industry is great.

A similar situation can be found in creating employment opportunities, also. Only 2,2763 workers are employed at casinos. They are compared to 47,720 hotel employees. The casino workers are only 4.8 % of the hotel workers in terms of number. But, the per capita foreign exchange earnings of casino workers (66 million won) is about 7 times as much as that of hotel workers (9.9 million won).

2. Comparison in the Spendings of Tourists and Casino-goers

In 1991, about 3.2 million foreign tourists came to Korea. About 31.3 % of them

(about 1 million) played games in the casinos. The tourists spend \$ 1,013 each on the average, while it is estimated that a casino-goer spends \$200 on the average. About 20% of foreign tourists' spendings during their stay in Korea was spent in casinos.

Official statistics say that foreign tourists stay in Korea for 5.3 days (127 hours) on the average and that their per capita spending is \$ 8 per hour. Casino-goers stay for 3.5 hours at casinos on the average and their average spending per hour is estimated at \$ 57.1, which is about 714 % as much as that of tourists.¹⁵⁾

VI. Consolidating of Casino Market

1. Concept of Tourism Marketing

This chapter deals with the concept of the casino marketing, for which little study has been conducted, and the method of analyzing the casino market and the method of choosing the target market of the casino industry, both of which are necessary for the discussion of the strategies for the promotion of the casino market. Nowadays, it has become a very important subject to remove the imbalance of "too much production" and "too little consumption." It is said, therefore, that the success of a business depends on the sale of the mass-produced product.

Given this situation, today's business management is required to cope with the change smartly---the change from the past "production-oriented market" to "a market-oriented" environment.

The change in marketing calls for a positive approach in every field of the business management - including the strengthening of the after-sales service and the positive promotion of the company. The improvement in sales promotion techniques alone is no longer able to improve the marketing of a company.

J. Krippendorf once said that marketing in tourism needs a systematic company policy that suits the given market, whether it is a small area, an entire country or an international target market.¹⁶⁾

Marketing in tourism is related to:

(1) a coordination within various layers of the organization.

Marketing in tourism is not the operation of a simple single organization.

(2) the satisfaction of the needs of consumers in a segregated market - a confirmed market instead of the total market.

The casino marketing is a part of the tourism marketing and is a kind of service marketing, which should satisfy the needs of consumers by providing maximum services, guaranteeing the satisfaction of consumers at the casino games. The service

marketing requires strategies to increase the recognition and confidence of consumers. The continued development of services and training of employees are a must for the satisfaction of consumers.

2. Definition of Casino Marketing

The definition of casino marketing is identical to that of the ordinary marketing. It is "to satisfy the demand and the needs of consumers." However, casino marketing is quite different from the ordinary marketing.

In the ordinary marketing, the four "P" factors -- product, price, promotion and place -- should be satisfactory.¹⁷⁾ However, entirely different approaches are necessary for the casino marketing. The approaches include:

a. Junkets

A junket means a group of more than eight customers especially invited to the casino with incentives such as free air tickets and free boarding and lodging.

b. Special Promotion

Special promotion is usually organized with a special event at the casino itself -- such as golf tournament, tennis and poker games, marathon race, boxing games.

Target markets are selected in light of the following factors¹⁸⁾:

- (1) How much demand is there for a specific product in the target market?
- (2) What is the marketing channel or an advertising approach to reach the target market?
- (3) How sensitive would the target market be to the intended marketing stimulation?
- (4) What kind of geographical condition do the customers have?

In selecting the target market, the following aspects should also be considered¹⁹⁾:

- (1) Is there economic feasibility in the size of the potential market?
- (2) How much is the present sales?
- (3) Is the access to the market easy?
- (4) Is there fierce competition among rival companies?
- (5) Can the company bear the marketing expenses?

Compared to the casino industry in the State of Nevada, U.S.A., the Korean casino industry has very limited resources. Because of this, it is quite natural that the Korean casino industry tends to concentrate on one or two markets only. Thus far, the main market of Korean casinos was the Japanese customers. But, it also is true that the Korean casino industry gained much experience in its 25-year history and, therefore, it

is high time for Korean casinos to explore broad internal markets by using the concentration strategy.

Up to now, the Korean casino industry has treated all overseas markets equally, but it is very much required for it to approach different markets differently -- with different products and in different strategies that suit the different customers. After such efforts, it may be necessary to intensify the specialized approach further in order to monopolize one or more markets. This is an essential marketing strategy since the potential customers are becoming steadily sophisticated and the number of tourists is increasing by leaps and bounds.

In the past 11 years from 1981 to 1991, the number of Japanese tourists registered an annual increase rate of 11.5 %. They account for 46.7 % of all foreign tourists visiting Korea. Therefore, it is necessary to develop special strategy aiming at the Japanese tourists.

As reviewed above, the Korean casino industry should develop two target markets - the one emphasizing the quantity and the other stressing the quality. But, the latter requires much investments.

VII. Promotion of Korean Casino Industry

Based on the study made in the above chapters, theories and data reviewed, an attempt will be made to discuss the ways of promoting the Korean casino industry.

1. Promotion Strategies for Each Casino Market

The Korean casino industry should develop a special marketing strategy aimed at the Japanese customers. This is because the Korean casino industry cannot compete with American or European casino industries in luring European and American customers. A majority of customers of Korean casinos, which are open only to foreigners, are Japanese, followed by Taiwanese.

What is required for Korean casinos at the moment is the renovation of their atmosphere. The range of kinds of games, available at Korean casinos, is limited. It is most hard to increase the kinds of games, but it is certainly possible and necessary to improve the interior atmosphere of Korean casinos, the dishes served at the casino restaurants and the services provided by the casino employees.

First of all, Korean casinos should enhance their uniqueness. In other words, there should be something available only at Korean casinos and peculiar to the Korean casinos, just as Caesar's Palace Hotel and Casino in Las Vegas has the ancient Greek atmosphere, and the Miraze Hotel and Casino has the oasis atmosphere of desert, and

Circus Hotel and Casino has the circus-like atmosphere.²⁰⁾ Traditional Korean beauty should be promoted through interior and exterior decorations and the attire of casino personnel.

2. Image Improvement and Strengthening of Overseas Information for Korean Casinos

Ordinary people are interested in taking part in casino games but it is true that casinos have some negative image in their minds. Therefore, there should be efforts to change the casino image from the traditional negative image to a bright positive public image so the general public can feel that the casinos are the places where sound entertainment is available and where people can get fully relaxed. In fact, it is true that many people get relaxed from their routine stress by taking part in various casino games.

Efforts need to be made to change the image of casino games from gambling to a kind of sport. If the efforts attain success, it may also be possible that many people enjoy casino games for their health and recreational activities.

One of the activities which can help change the image of casinos would be a monthly firendship meeting organized at casinos in collaboration with foreign diplomatic missions. International food festivals could also be organized at casinos. In addition, it would also contribute toward changing the image of casinos if casinos are installed at golf clubs or convention centers.

3. Choice of Target Markets and Manpower

Korean casinos are largely dependent on Japanese customers. In order to ensure a steady inflow of Japanese customers to Korean casinos, it is necessary to improve the Korean casino services to satisfy the taste of Japanese customers. Otherwise, Korean casinos may suffer too much from the fluctuations of Japanese socio-economic conditions.

In order to meet the specific needs of Japanese customers, a thorough market survey should be conducted with the use of services of Korean casino representatives stationed in major cities of Japan.

Target audience of short-term surveys should be the Japanese in their 40s and 50s. However, longer term surveys should be targetted at aged high-income Japanese.

Later on, however, it would be necessary to include into the target audience of such surveys Japanese women who are already exerting much influence in changing the negative image of casinos to a positive one.

Similar surveys should also be conducted with potential customers in Taiwan and other South-east Asian countries. Taiwan and South-east Asian countries are becoming important and high quality markets of Korean casinos.

4. Securing of Quality Manpower through Open Recruitment Exams

It is urgently required to improve the manpower of Korean casinos. Customers of Korean casinos are foreigners coming from many countries. Serving them efficiently and effectively needs the manpower who can work for international customers. The above-mentioned market survey, for instance, should be conducted at the foreign markets among potential customers. Only capable manpower would be able to conduct such surveys and serve the foreign customers efficiently. Therefore, it is very urgently needed to recruit quality casino workers through open recruitment tests. Good, capable manpower is available among locals. Colleges and associations should provide their support for this endeavour by providing quality tourism/casino training/education to young people. The practices of recruiting experienced workers from other casinos should be stopped.

5. Problems in the Casino Industry and their Suggested Solutions

As discussed earlier, the benefit of the Korean casino industry to the national economy is considerable, but the negative image of the industry, which is mainly due to the prohibition of Korean nationals from using the local casinos, is curtailing the development of the Korean casino industry as a sound recreational sport. Along with the negative image of casinos, various domestic laws and regulations and administrative controls are discouraging the local casino industry from growing strong enough to compete with foreign casinos.

Following are the stumbling blocks on the way to further development of the local casinos as of July 1995 and suggestions for their solutions:

Problem 1 : Only one casino is allowed to open in each major city (except for the Cheju Island) (The Tourism Promotion Law Article 94). Only foreigners are admitted to the local casinos.

Suggested Solution : There is little adverse impact of casinos on the lives of local Koreans. The casino industry should not be treated as one of gambling games. In other countries, casino games are regarded as part of the tourism industry. Therefore, it is suggested that the relevant laws should be revised or a special law should be made to designate the casino industry as one of tourism industries.

Problem 2 : Casinos are required to obtain government business licences every three years. This should be stopped, otherwise this system will encourage the government-business collusion. It is only in Korea that the casino business licences are renewed every three years.

Suggested Solution : A longer-term license is much desired.

Problem 3 : Koreans tend to regard the casino industry as a gambling den. This negative image is mainly due to the ban placed on the use of casinos by local Korean nationals.

Suggested Solution : Public image improving campaigns should be staged so that the negative image of casinos can be removed and a new image that the casinos are a national program exclusively to earn foreign hard currencies.

Problem 4 : The allegation that casinos increase speculative spirit among local people.

Suggested Solution : Public information and education programs should be conducted to change the public misunderstanding about casinos.

Problem 5 : Even when entertaining foreign visitors, Koreans are forbidden from entering the casinos. Therefore, there are cases in which local Korean hosts fly to Macao or other South-east Asian countries together with their foreign guests and entertain them at casinos there.

Suggested Solution : Legal stipulations should be changed to permit local Koreans to accompany foreign guests into casinos. It should also be considered opening casinos so local Koreans can enjoy playing games as a sound and healthy family leisure activity. Such casinos should be established at specially designated places such as old coal mining areas.

Problem 6 : Sales promotion activities for Korean casinos have been inadequate.

Suggested Solution : Short and long-term sales promotion plans should be developed and implemented in overseas markets for Korean casinos.

VII. Conclusion And Suggestions

The tourism industry is the fastest growing industry in the world. The casino industry earns the largest amount of foreign currency among the tourism industry sectors. Therefore, there is good justification for the government to provide full support for the casino industry. The government support is necessary for the realization of the Korean government goal to make Korea one of the 10 largest tourism industries in the world.

In connection with this long-term goal, the business and the government should strive to promote the casino industry with a practical strategy. In promoting the casino industry, it is very much important to develop Korean casinos on the basis of traditional Korean culture - not only in the atmosphere inside and outside of casinos but also in preparing various events at casinos. Then, foreign tourists may have the desire to visit and play casino games again and again.

If things are carried as desired, Korean casinos will no longer lose their customers to Macao or other casinos.

Following are five suggestions for a better future of Korean casino industry:

(1) In this paper, the past evolution of Korean casino industry was reviewed, and particularly its weaknesses were pointed out. As a concrete step for the development of Korean casino industry, the government is called upon to set up a special committee made up of representatives of the government, the Korean Casino Association and the casino industry. The special committee should prepare short as well as long-term casino industry development plans and should take lead in the implementation of the short- and long-term plans. The committee should also introduce policies and plans to strengthen the international competitiveness of Korean casinos.

(2) The positive impact of the casino industry on the national economy has been proven. The casino industry earns more foreign currency than the export/manufacturing industries do. Therefore, it is important for the government to provide support to the casino industry's growth to enable the Korean casino industry to accommodate the rapidly increasing world tourists. (It is estimated that the world tourists will increase to 7 million by the year 2000.).

(3) It is urgent for the Korean casino industry to establish target market-oriented marketing strategy - a strategy to develop world customers for Korean casinos, based on an extensive market analysis and customer study and a comprehensive sales promotion blue-print. In conducting the sales promotion programs for Korean casinos, the high roller customer groups should be aimed at.

(4) For the smooth growth of Korean casino industry, a free competitive atmosphere should be nurtured for local casinos. For this, the government controls/restrictions should be taken away. More casinos should be allowed to open and the renewal of casino licences every three years should be scrapped. Otherwise, it may not be possible for the Korean casino industry to compete with overseas casinos. The quality of Korean casinos should be improved up to the level of European and American casinos.

(5) For popularization of casino games in Korea, it may be necessary to admit local Korean nationals to the casinos. It was often reported that Korean tourists and

students frequent casinos in American and European cities and many of them fall victim to reckless playing of casino games, losing huge amount of money. Needless to say, there will be some adverse side-effects if local casinos are allowed to admit local Koreans, but it may be worth trying. For sometime, there could be some social ills generating from the casinos. However, it will become part of sound lives of local people to go and enjoy casino games as family recreational games. In the initial period of time following the opening of casinos to local Koreans, very careful arrangements should be made to prevent local people from indulging in heavy betting. Once the local people get used to the local casinos, there would be no Koreans who rush to foreign casinos and lose much money there. The government is urged to help the local casino industry to upgrade itself up to the international level by encouraging them to open new casino resort hotels in special tourist areas and in old coal mining areas.

NOTES

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