

# Integrated Resorts and the Reiwa Consumer

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Japan Gaming Congress

16<sup>th</sup> May 2019



As we hail in a new era in Japan let's also frame a new way of thinking about our consumer for IR:

***The 'Reiwa' consumer***





# Today's Agenda

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1. Meet the Reiwa Generation
2. Reiwa's 'swing vote' consumer targets
3. Creating a receptive audience for IR
4. A recipe for success



# Japan's population and society is under gradual but extreme pressure



## **Slow**

The demographic writing has been on the wall since the mid 1970s and for a long time the change was imperceptible

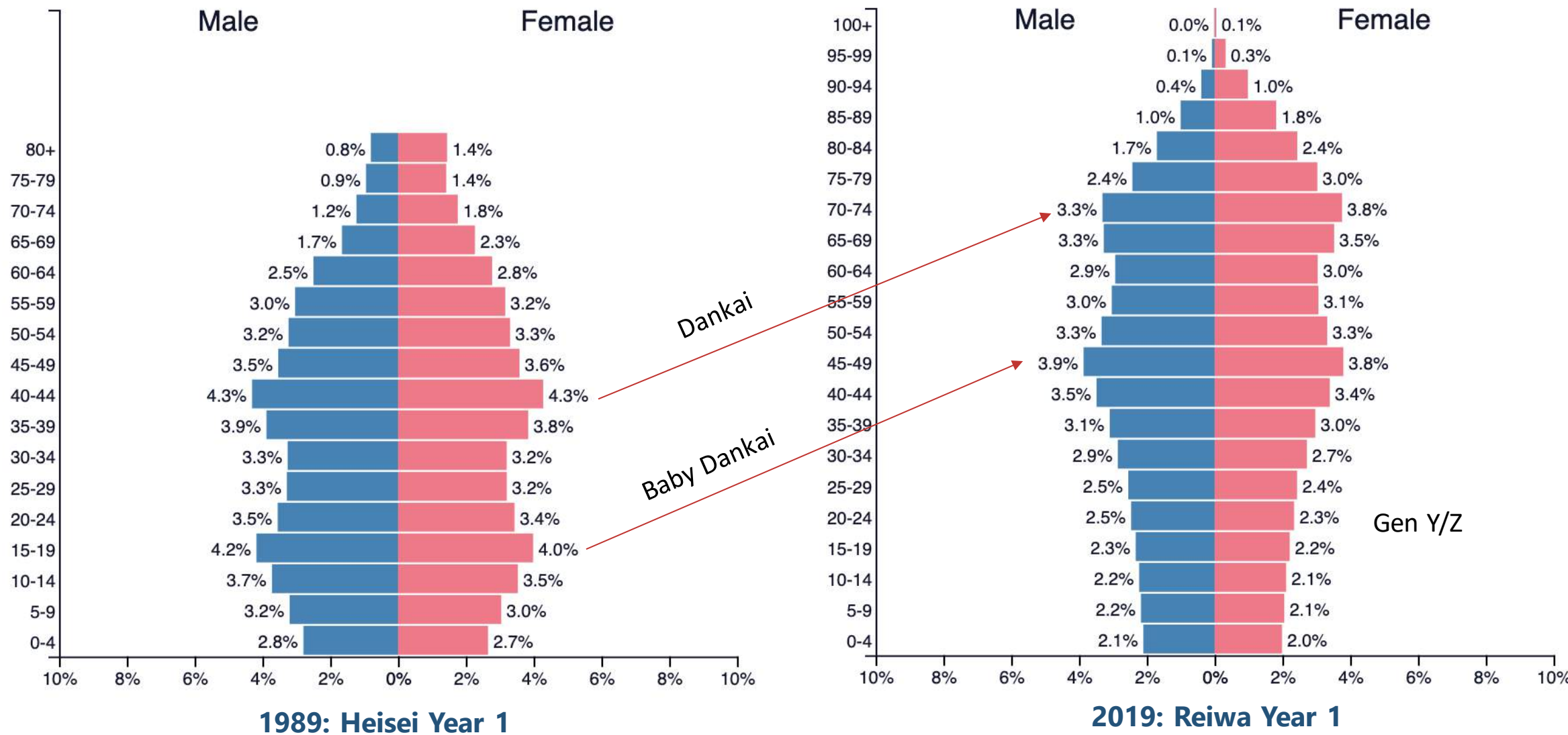
## **Relentless**

Since peaking around 2010 Japan is expected to lose over a million people a year in the coming decades

## **Utterly unavoidable**

Nothing, including immigration, will stop this trend

# Japan is meeting the era of Reiwa with unprecedented growth at the elder age brackets and atrophy in numbers among the young





A young woman with dark hair, wearing a white short-sleeved top and a large, voluminous white skirt with a red sash, is captured in a dynamic dance pose. She is smiling and looking towards the camera. The background shows a crowded Japanese street with traditional architecture, including a building with a green tiled roof and a red sign with Japanese characters. A large crowd of people is visible in the background, some taking photos. A semi-transparent red box with white text is overlaid on the left side of the image.

Scarcity of younger people  
is changing everything

# Dealing with a society with dramatically less people of working age

## The four macro trends shaping modern Japan



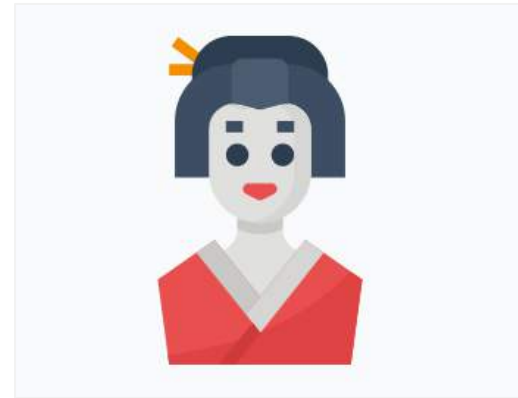
### Changing world of work

Japan is facing a major labor shortage, with no clear solution – robots, increased female workforce and “imported” labor are all being engaged



### Women power

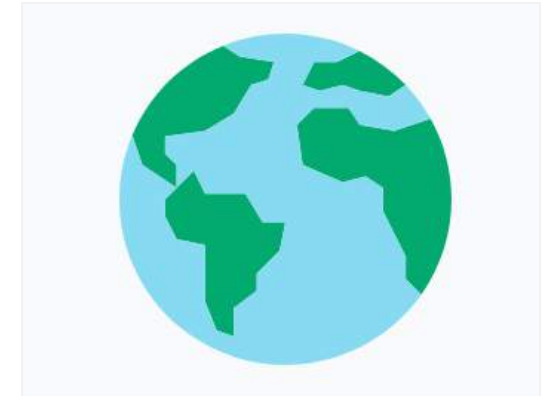
A record number of working age women now hold jobs in Japan, yet traditional work structures – such as the two-track work system – and attitudes are creating resistance



### Generational dynamics

Japan is the most aged country in the world. An unprecedented problem, with no firm roadmap.

Generations may or may not have common interests



### Internationalization

The country is already experiencing a record tourism boom, even before hosting both the Rugby World Cup 2019 and The 2020 Olympic Games





## The Reiwa generation keeps their hearts and minds close to home

- In times of great change, Reiwa are focused on those things in life that they can control
- Risk averse: look before they leap
- Exposed to new forces, accepting them but also building defenses
- Creating the perfect 'small' world
- 'Strangely' conservative youth
- Socially concerned older generation





Most Reiwa are conservative compared to their Asian counterparts...



But many Reiwa know that the nation needs a path to revitalisation





One in four\* Reiwa across Japan are positively 'excited' about the leisure and *economic* opportunity of IR

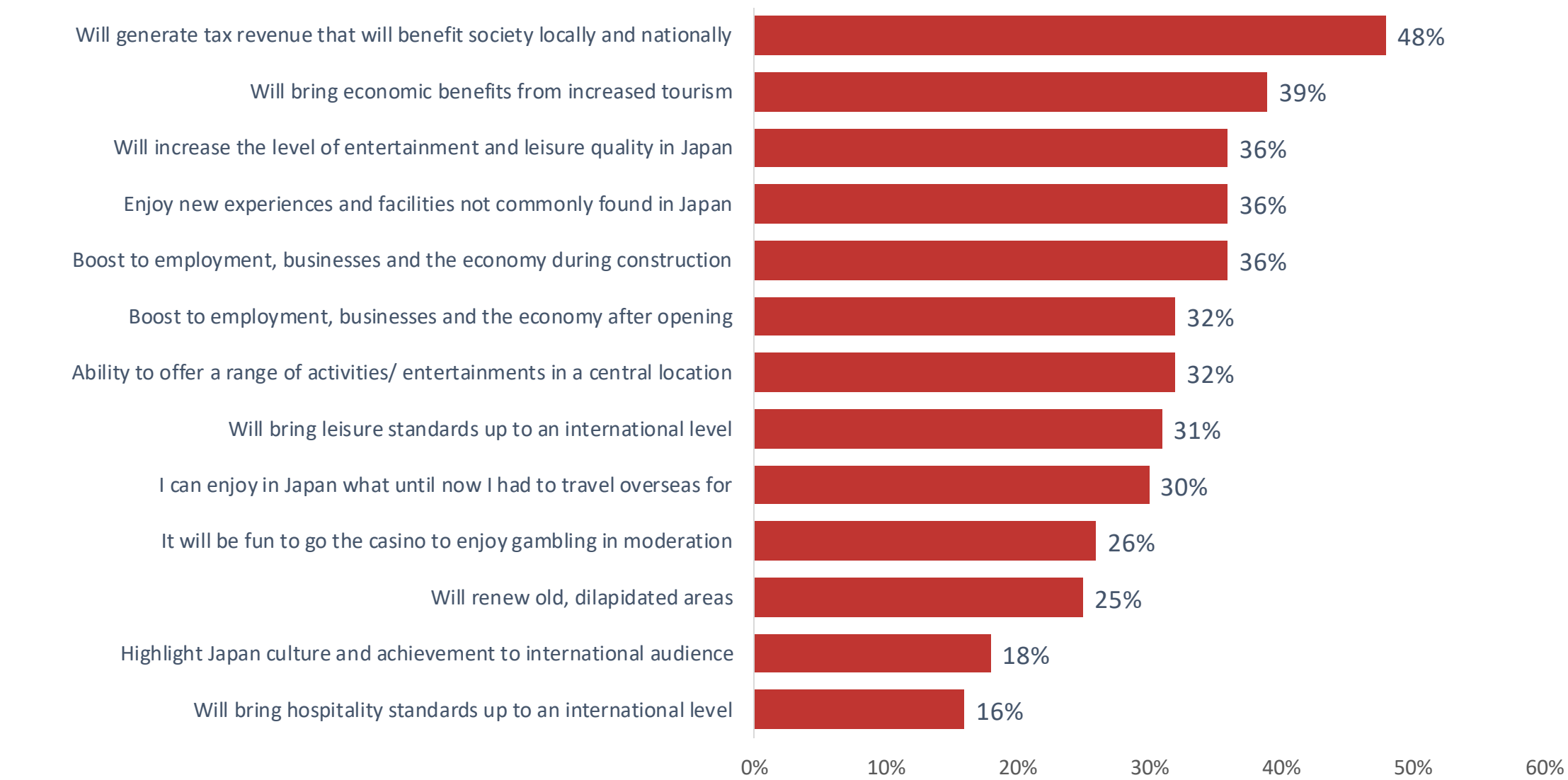
One in three in Kansai

Males, 16-29 are most positive with two in five showing excitement

Women are a tougher audience



# Positives of IR cited by supporters



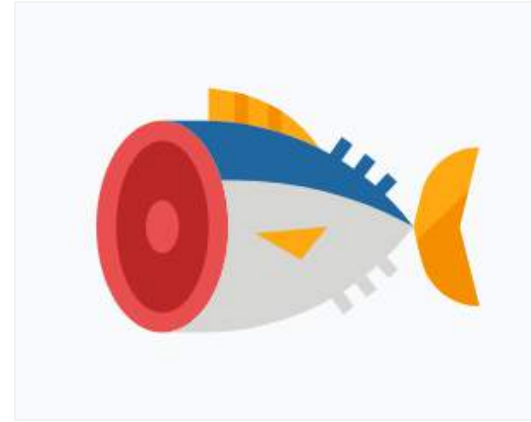
*\*Source: Carter Sentiment Study April 2019*  
*Base: All respondents enthusiastic about the leisure and economic opportunities of IR, n=244*

# Those excited and in favour of IR differ quite markedly to those who are not so enthusied



## Enthusiasts

- More likely to be male
- Skew younger
- Confident and engaged
- Optimistic, social, engaged digitally and open to new digital entertainment
- More internationally-minded



## Detractors

- More likely to be female
- Skew older
- Cautious and uneasy about change
- Seek transparency in society





**Males** are the key constituency of gaming in Japan – **twice as likely than women to be engaged in some form of it**

Men with some 'life experience' represent the **sweet spot for gaming**

*However...*





Understanding and responding to the changing power dynamics of **Generation** and **Gender** is critical to making a *relevant* and *sustainable* IR for the Reiwa Generation





Activating young Reiwa is a  
key pillar to the success of  
IR



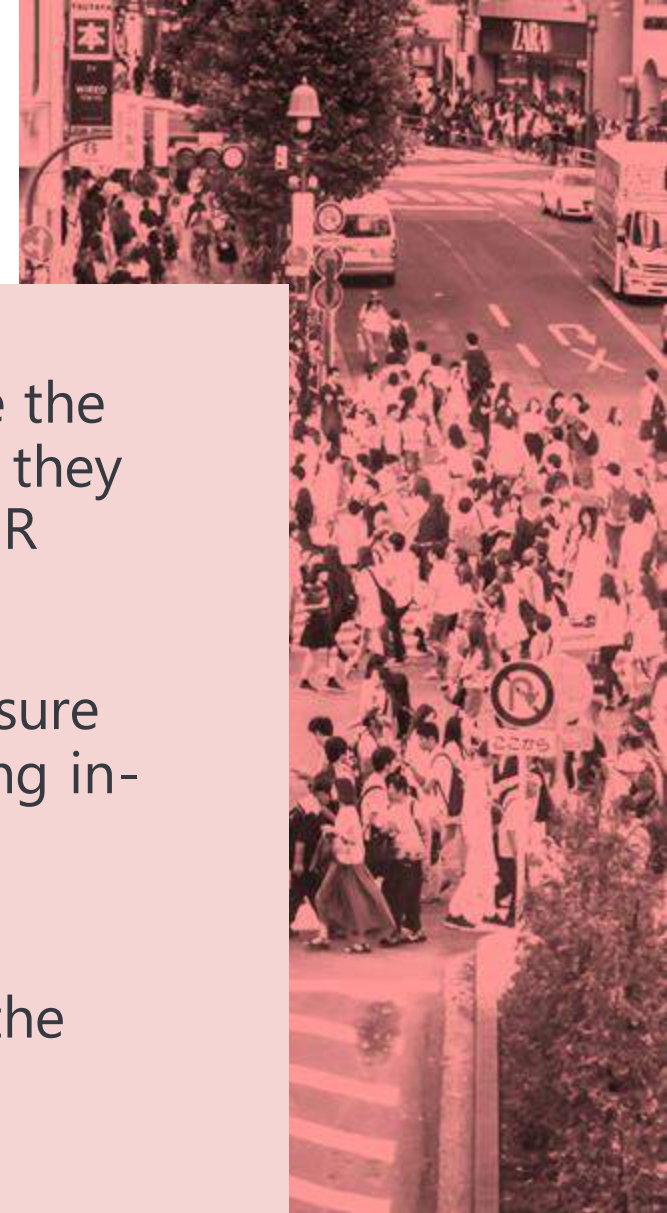
## Gen Y and Z

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Younger Reiwa are smaller in number but they do have the **spending and behavioural propensity** to ensure that they represent the most vital part of the customer base for IR

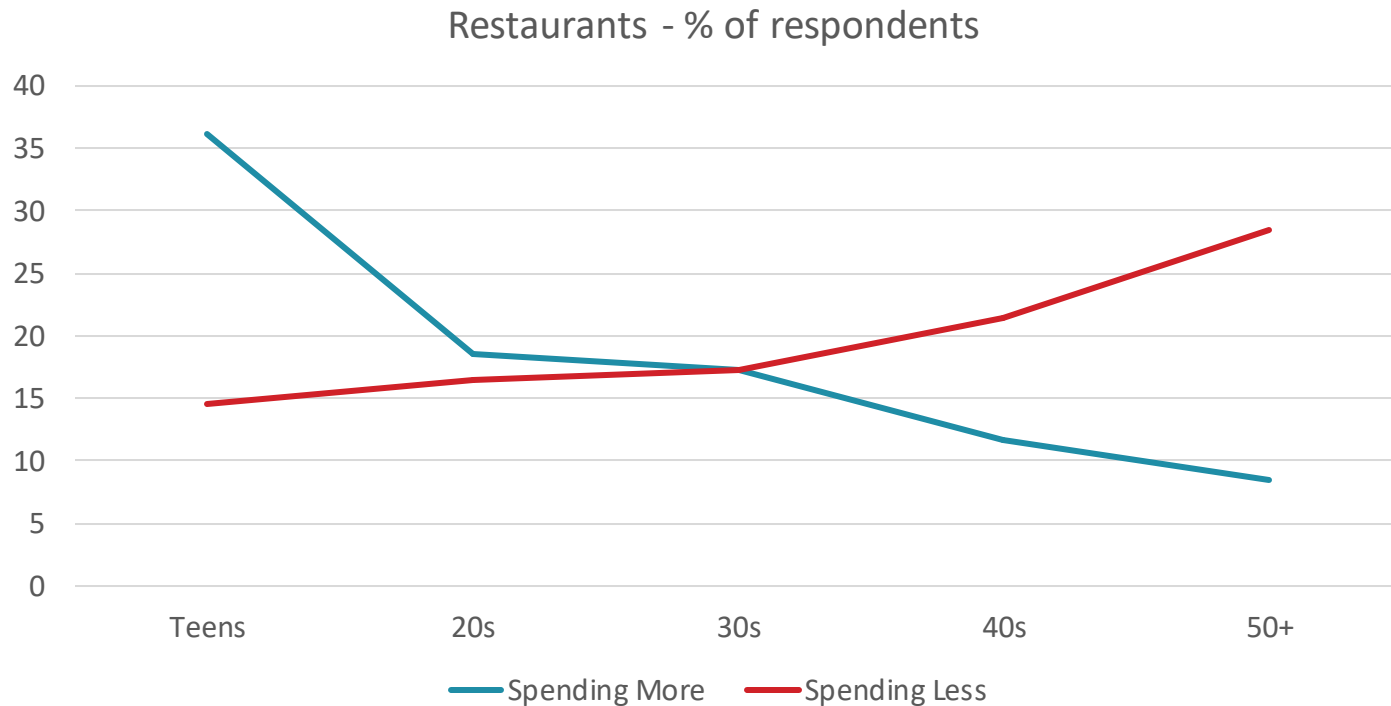
**Theme parks** are already an important part of their leisure budget so the destination format is not unfamiliar. Being in-demand and time poor, they value the 'special' outing

Not unrealistic to expect that visitors under 40 will be the **cultural and economic drivers** of the IR



# It will be younger people who will drive restaurants

Those under 40 are more willing to spend when it comes to eating out. This dynamic would be reflective of much entertainment spending







How do young  
Reiwa like to play?



# TEENS – seeking experience

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- Developing identity depends on relationship to the peer group
- Seek social experiences
- Blow off steam from the significant pressures of study and 'fitting in'
- **Emblematic activities:**
  - Karaoke
  - Movies
  - Theme parks
  - Game centers
- **Highly digitally focused in entertainment**



# TWENTIES – creating identity

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- Laying foundations, finding themselves
- Creating own style
- Balancing work and leisure
- **Emblematic activities:**
  - Izakaya
  - Nightclubs and dancing
  - Watching sport in stadium
  - Theme parks
  - Karaoke
  - Game centers
- **Highly digital**





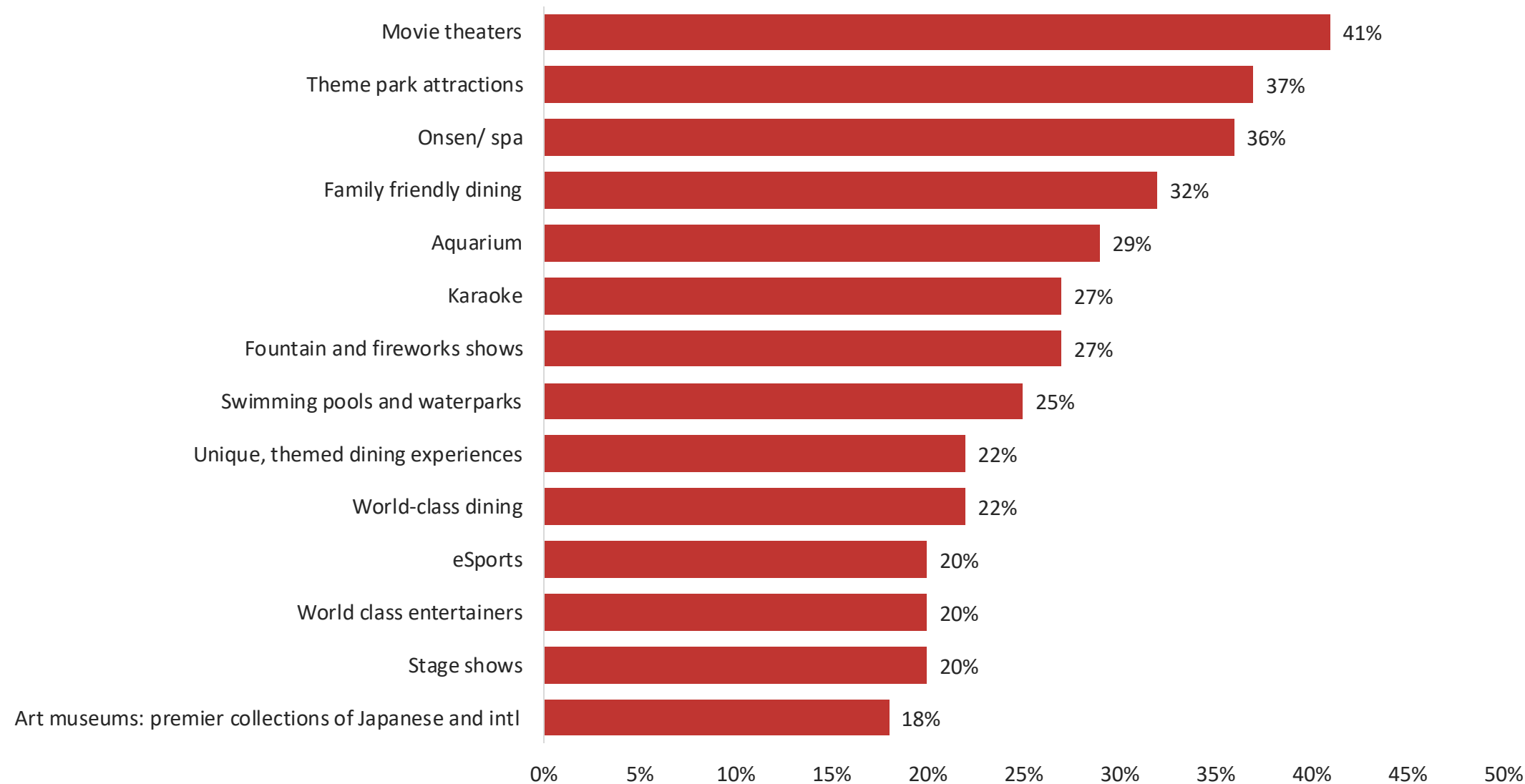
# THIRTIES – evolving to take responsibility

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- Maturing and embracing responsibility
- Many are now married and starting families
- Hanging on to the activities they enjoy
- **Emblematic activities:**
  - Eating out
  - Watching sport in bars and lounges
  - Theme parks
  - Movies
- **Digitally integrated**



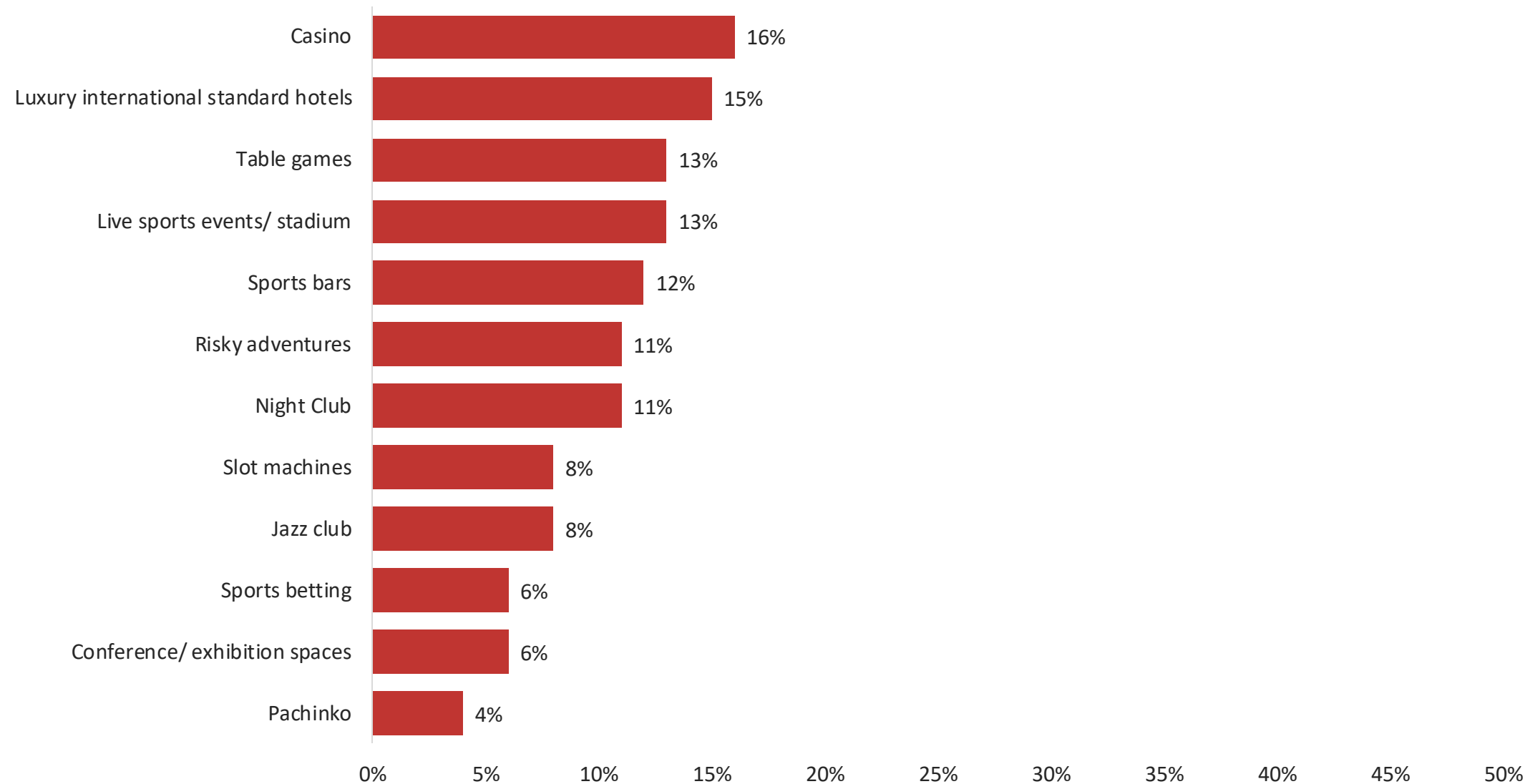
# Elements of IR Appealing 16-29



Q: Which elements of the Integrated Resort interest you?  
\*Source: Carter Sentiment Study April 2019  
Base: All 16-29 year olds, n=386 (boosted)



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## Digital experiences will attract younger people

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These experiences may not have even been thought of yet

**Image: Mori  
Building Digital  
Art Museum:  
Team Lab**





Creating an attractive offer for women  
across the generations is critical



## WOMEN: A rising force in Japan, the gatekeepers to success

- Increasing female power will be one of the key themes of Reiwa
- Already greater presence in the workplace – a record 70% of Japan's working-age women held jobs in August 2018 – spending power is also set to increase
- Not the core casino target but economic decisions are heavily influenced by women
- Men represent an easier 'sale' for the gaming side of IR, but women's strong influencer role must be kept positive



## Gender preferences in IR differ



Women show more interest in cultural and experience factors, e.g.

- Art Museums **F 37%** vs **M 25%**
- Aquarium **F 40%** vs **M 27%**

But men are much more enthusiastic on gaming, e.g.

- Casino **F 7%** vs **M 27%**
- Slots **F 5%** vs **M 21%**
- eSports **F 6%** vs **M 16%**

## But food is an area of common interest



Women and men show even levels of interest in food

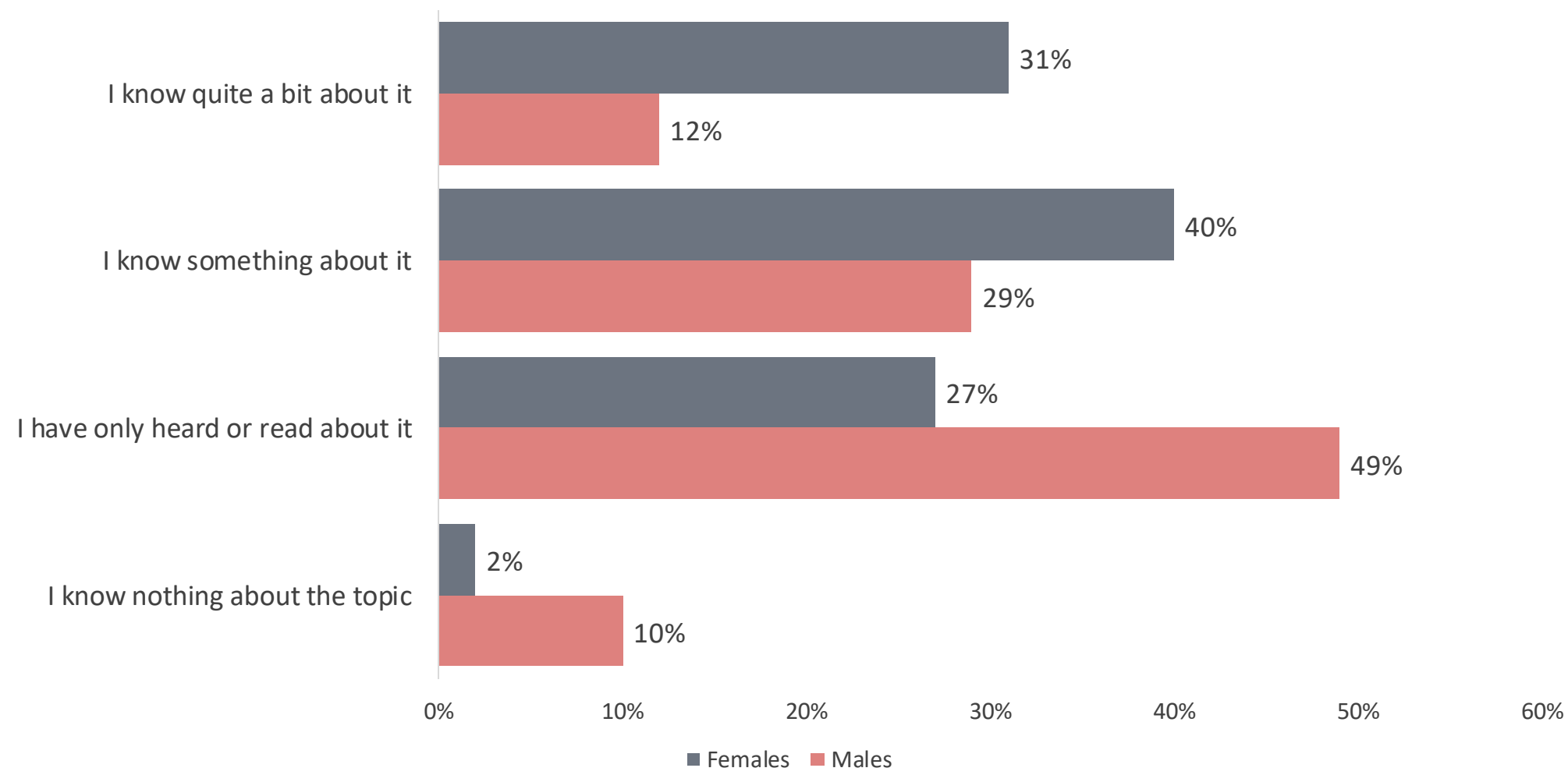
- Themed dining      F 25% vs M 26%
- World class dining      F 28% vs M 27%
- Family friendly dining      F 34% vs M 30%



A photograph of two Japanese women standing in a cluttered room. The woman on the left has long brown hair and is wearing a pink and white patterned top. The woman on the right has dark hair with bangs and is wearing a black top. The background is filled with various items, including a yellow teddy bear, a purple jacket, and a white shelf with many small objects. A semi-transparent text box is overlaid on the bottom half of the image.

**An immutable law of marketing in Japan is that you must gain trust before people do business with you**

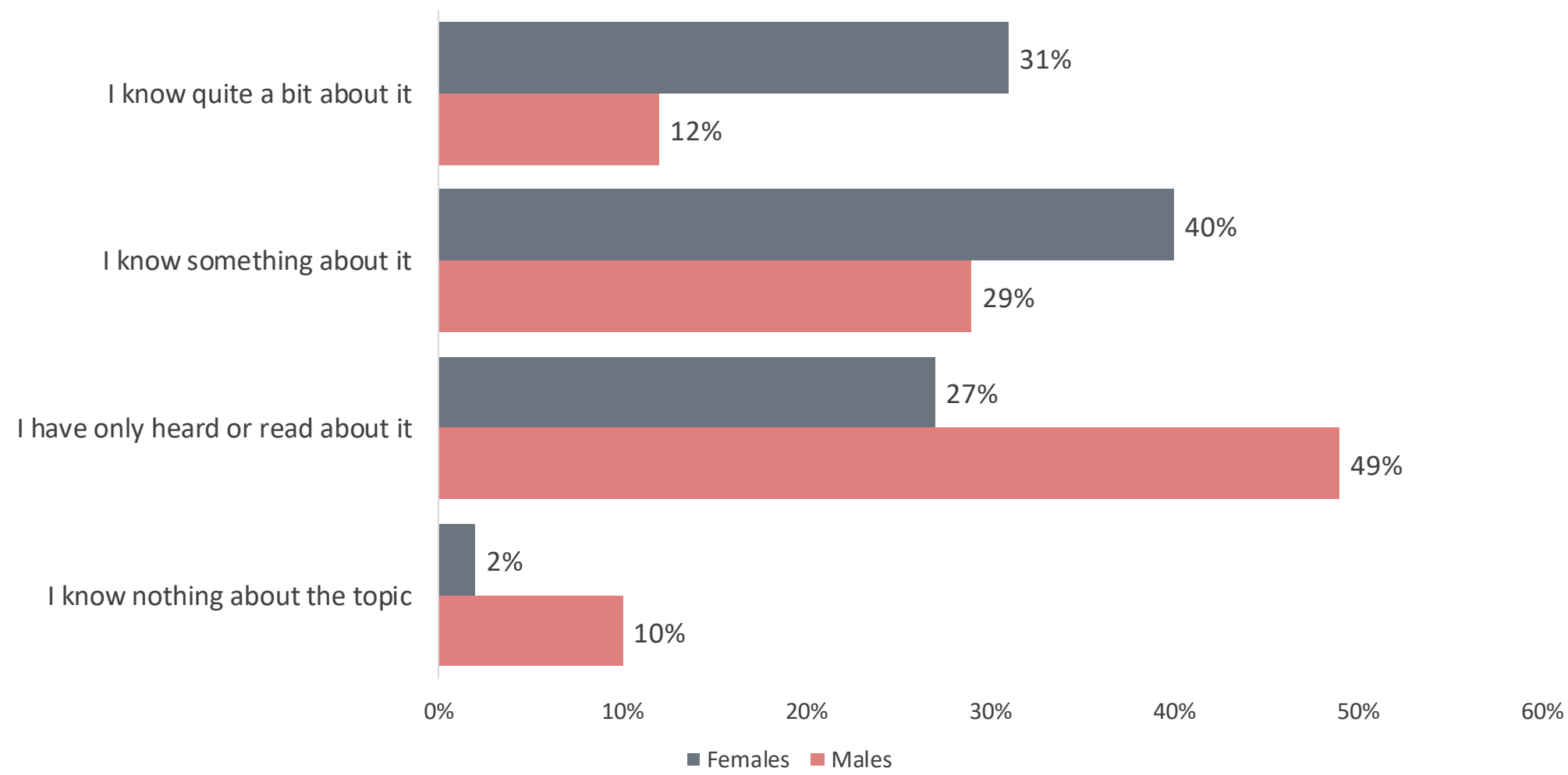
# Women lead in awareness of IR, and will likely lead opinions and preferences



Q: How familiar are you with the plans for several integrated resorts in Japan?  
\*Source: Carter Sentiment Study April 2019  
Base: All respondents, n=1000



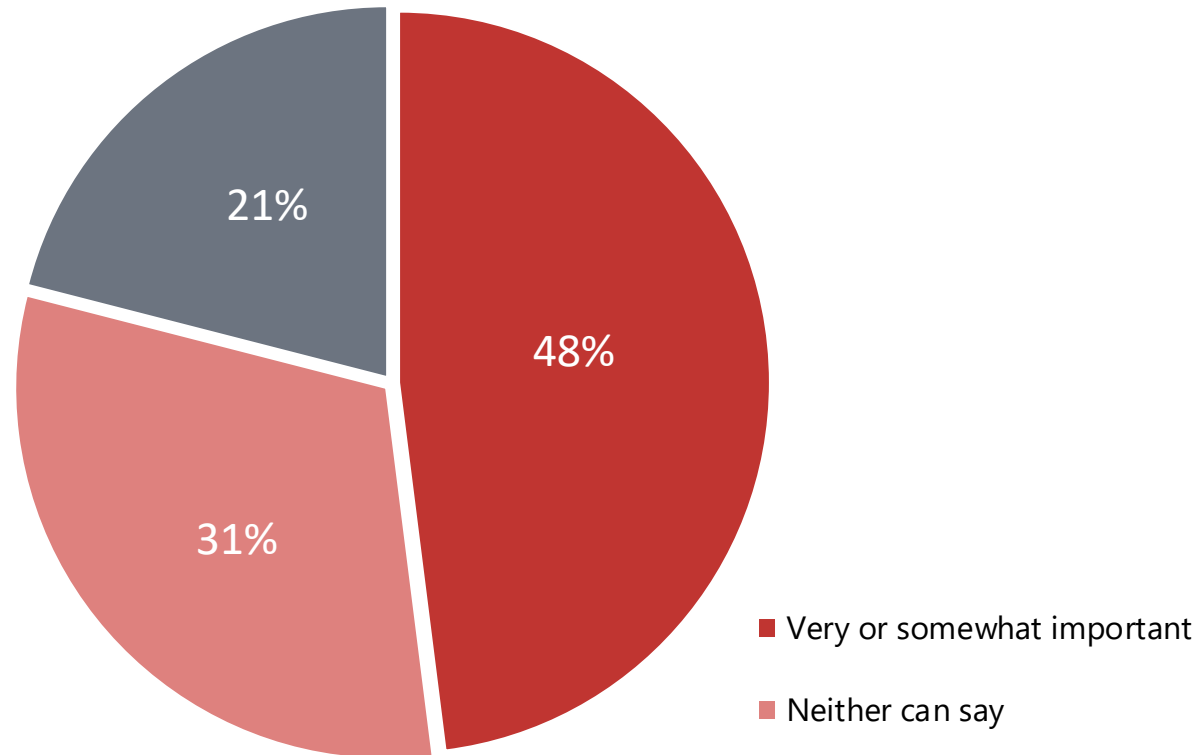
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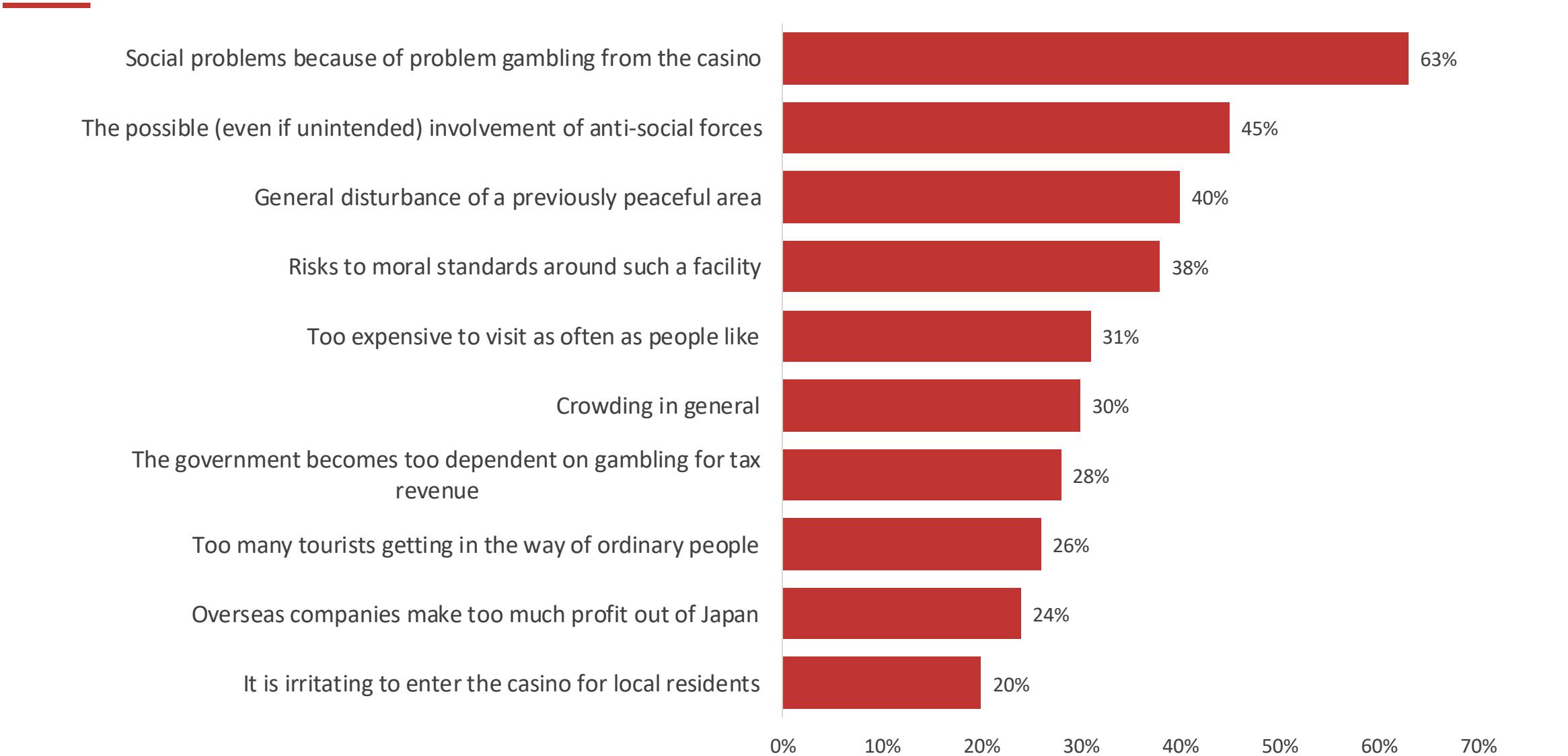
# That the IR is 'done right' matters to a lot of people, regardless of gender

**Almost 50% agree that it is personally important that the IR is designed and executed well**



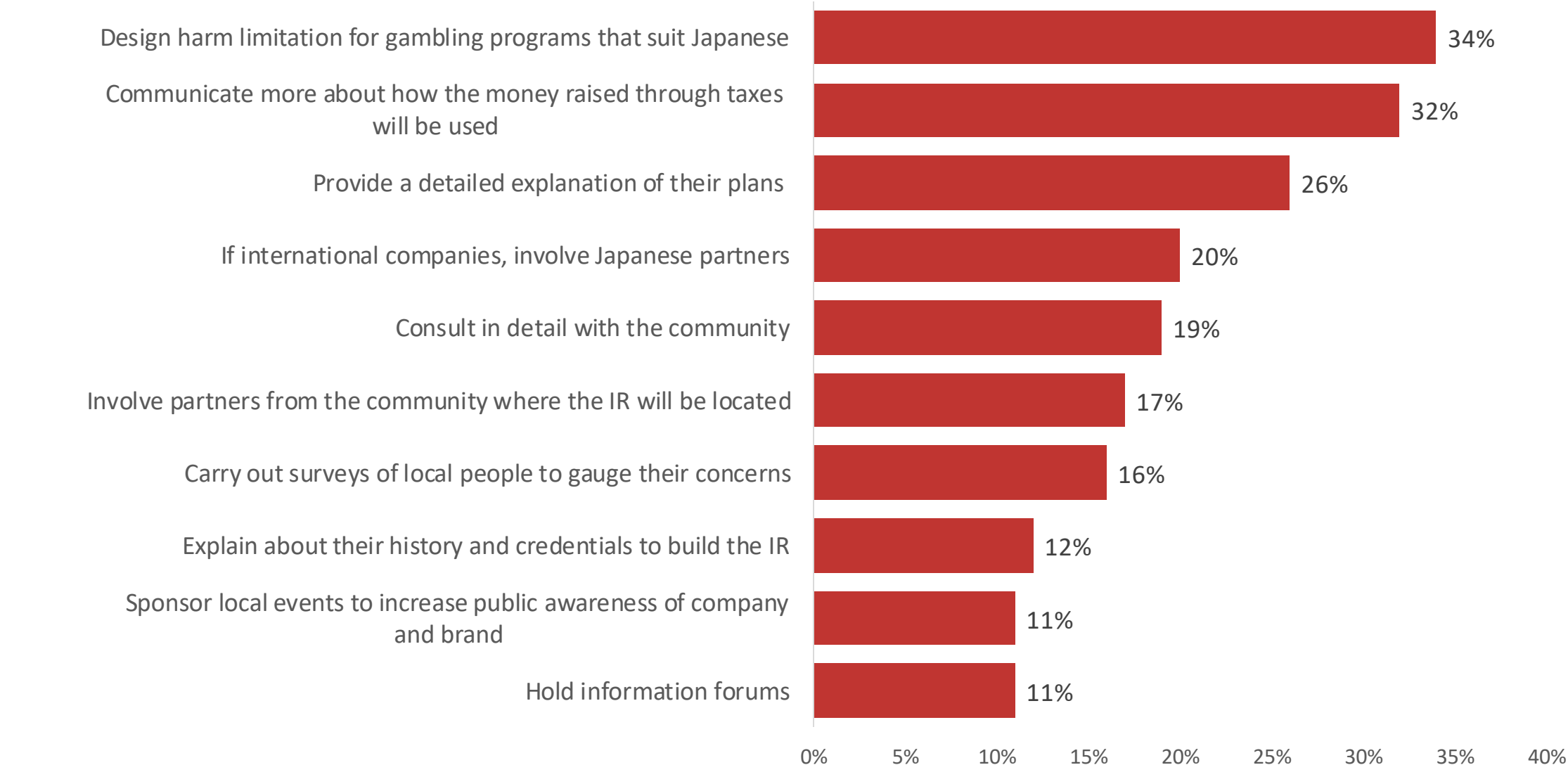


# Detractors are most concerned by social problems associated with their perception of IR



Q: What do you see as the negative points of an Integrated Resort?  
\*Source: Carter Sentiment Study April 2019  
Base: All respondents who are unenthusiastic about the leisure and economic opportunities of IR, n=420

Apart from designing harm limitation protocols that suit Japanese, which is a must, operators need to be **high on detail** to get the public onside



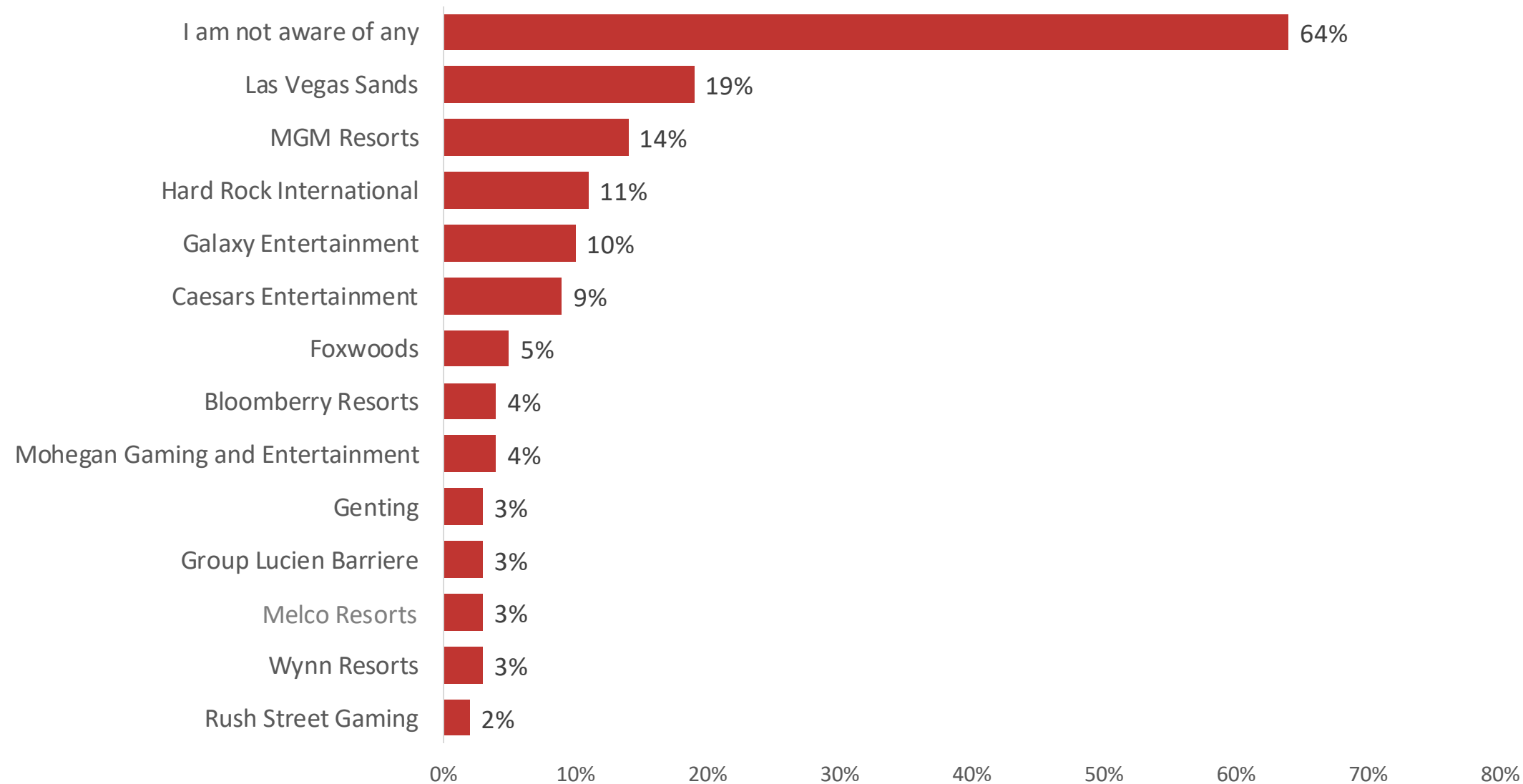
Q. What should the potential operators who will be applying to the government for the opportunity to build and run the integrated resort do to establish or increase your support?  
\*Source: Carter Sentiment Study April 2019  
Base: All respondents, n=1000





But who is in control  
of the message on  
IR currently?

# Awareness of potential IR operators is modest



Q: Which of the following Integrated Resort operators are you aware of?  
\*Source: Carter Sentiment Study April 2019  
Base: All respondents, n=1000





A recipe for success

# A recipe for success- The ingredients for the IR

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## DIGITAL



The entertainment world is going digital and the IR will be no different. It will be key to gaining the engagement of younger people. New gaming formats and entertainment experiences that have not even been thought of yet could come to be major draws

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## CULTURE



Culture is essential to establishing interest and status and driving content that will truly connect. Culture in all its forms and all its origins – performance, art, food, clothes, sights and sounds. Everything that takes us out of the everyday and connects us is culture

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## GLOBAL



Many visitors to the IR will come from outside Japan. Domestic visitors keenly await the ability to connect with the world in a safe way without leaving Japan. An elevated global representation of gaming and what surrounds it- the glamorous global image- is key to creating the escape that people so keenly desire in destination tourism

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## EMBRACED BY WOMEN



Having women as supporters and advocates is critical to keeping the appeal of IR broad as well as sealing the decisions of groups to visit.





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On behalf of the Reiwa generation

Thank you

