Gambling on China’s Edge

William P. Weidner, president and COO of Las Vegas Sands Corp.

CBR Associate Editor Virginia Hulme recently spoke with William P. Weidner, president and COO of Las Vegas Sands Corp. (LVS), which opened the Sands Macao in May 2004 at a total development cost of about $265 million. The company has already broken ground on a Venetian Resort Hotel Casino similar to its Las Vegas, Nevada, flagship and plans to recreate the Las Vegas Strip in Macao. Macao broke its gaming monopoly in 2002 by giving licenses to Wynn Resorts, Inc. and the Galaxy Casino Co. Ltd. (LVS’s Chinese co-venture). As the new casinos and resorts open one after the other, the formerly sleepy backwater has taken on new life and is poised to overtake the Las Vegas Strip in gaming revenue this year.

CBR: You’ve already opened the Sands in Macao. How is that going?

Weidner: We have opened our main, 100,000 m² building, with about 16,000 m² dedicated to the casino. The rest is food and beverage, entertainment, back of house, etc. It is right near the ferry terminal and is aimed at today’s Macao—primarily a day-trip market with an average length of stay of less than 1.2 days. (The average stay in Las Vegas is 3.6 days.) The idea, as we pledged to Macao when we won the license, is that we will change Macao forever by building a full-fledged, multi-property destination resort development. Our concept has been to recreate what has made Las Vegas so successful by developing a Las Vegas Strip in Cotai, which is landfill between the Macao islands of Coloane and Taipa. We have master-planned a total room capacity of 60,000 rooms for the Cotai Strip.

CBR: So how far along is the project? Have you started construction yet?

Weidner: We are building the 105,000 m² Venetian in Macao. The Venetian, with its huge convention space, exhibition space, shopping mall, and 18,000 seat arena, is the demand driver for the strip. We have signed memorandums of understanding for a Four Seasons brand hotel, as part of the strip, and for a Holiday Inn brand. We have also signed with a developer to bring a Marriott Renaissance brand, and we have attracted the Regal brand. The idea is that you’ll see hotel brand after hotel brand along the strip. So there will be seven branded hotels, each with a master plan for as many as 3,000 rooms.

CBR: I understand you also have plans for Hengqin Island [part of Zhuhai, Guangdong]. How are those projects progressing?

Weidner: Macao has a limited amount of land. We have formed a wholly foreign-owned enterprise and applied for 5.2 km² on the neighboring PRC island called Hengqin Island. Hengqin Island is connected to Cotai by the Lotus Bridge and in turn is connected to Zhuhai by the Zhuhai Bridge. The concept for Hengqin Island is to develop nongaming-related destination activities by building golf courses, a tennis center, a recreational center, a marina, water sports, and about 20,000 m² of meeting, convention, and activities space. We are building over 100,000 m² of meeting space on Cotai for large trade shows and large corporate meetings, and we would plan to use Hengqin Island and the convention center on Hengqin Island for pre- and post-[conference] activities and for meetings that would rather have a PRC address than a Macao address.

But the idea is to have the developments support one another. Cotai is a more urban-style, Las Vegas-Strip-style destination, but Hengqin Island is pastoral, with a more recreational orientation to complement the Cotai Macao development. The combination will create a world-class destination resort straddling Macao and Zhuhai, embodying the concept of economic integration and cooperation between the People’s Republic of China and its special administrative regions (Hong Kong and Macao).

CBR: How far is Hengqin Island from Cotai? How long will it take to go from one to the other?

Weidner: Well, you see that building over there [pointing to a building a few hundred yards away]? A
little more than walking distance, and the beauty of Hengqin Island is that Hengqin Island faces urban Macao. So while you’re in urban Macao, you can see the recreational and conference offerings of Hengqin Island. Hengqin Island faces Macao directly, so people who come to Macao can see that there’s a marina, there’s tennis, there are meeting facilities, and there are more recreational opportunities.

CBR: Have you made any changes or features specifically for the Chinese market in your projects so far?

Weidner: Everything has to be adapted to the Chinese market itself. The idea of the Venetian, though, is that it is a world-class destination resort that will draw both Westerners and Easterners. But the primary target market is Chinese, so we want the foods, beverages, the things that the Chinese will touch, to have familiarity and comfort for our primary target market.

Now, Chinese generally enjoy gardens. So we’ve created a tropical garden sense and feel on our strip, and it tells the story of the eight immortals. [The eight immortals are popular characters in Chinese folklore.] Each section is dedicated to one of the stories of the eight immortals. So in addition to flowers, trees, and water, we want to make it spectacular, interesting, entertaining, but yet familiar, so that Chinese visitors can identify with it. In the central part of this strip, we have a very large waterfall. On the inside of the mountain—the mountain where the waterfall is—are lifts that bring up professional divers who put on a spectacular diving show in and around the waterfall. And we’re including references from the stories of the eight immortals in the show.

We’re also developing a very large mall in the Venetian. Our Venetian in Las Vegas has a 50,000 m² mall featuring gondolas with singing gondoliers. A Venetian streetscape abuts a curved canal, and you can ride in a gondola and have a gondolier sing to you along the streets and canals of Venice! And we’re going to do the same thing in Macao, only we’re going to have three canals. Two canals are going to be Italian. But the Chinese had the Grand Canal long before the Italians, so to salute that fact, one of our three canals is a Chinese Grand Canal. The boats will be Chinese style, with flat ends and with a traditional Chinese musician. So you can take a ride on the Chinese Grand Canal and be entertained by traditional Chinese musicians.

CBR: And you must have some sort of Chinese consultant helping you with these cultural aspects?

Roulette at the Sands Macao

Las Vegas Sands Corp.
“The feng shui master... advises us on the correct design right from the beginning, every color, every shape, every entrance, every exit.”

Weidner: All of our programs are design-assisted by local architects and designers and by a feng shui master from Kowloon [in Hong Kong]. Our designers in Las Vegas use the latest design software to produce a three-dimensional view of what they’re designing, to show us, for example, what an entrance looks like, or how one room relates to another. Then we take DVDs of the design and fly over to Kowloon, go down the back streets of Kowloon, and sit down with a man who is the embodiment of a 5,000-year-old tradition. The feng shui master watches the DVDs and advises us on the correct design right from the beginning, every color, every shape, every entrance, every exit. Every aspect of what we do, we run by our feng shui master.

In fact, I’ll give you a good example. The Sands Macao is oriented on a north-south axis, and our Western designer originally had done a feature in the corner that had a sharp edge. But our feng shui master said if the qi comes from the northeast, you don’t want a pointed shape or the qi would be deflected. So if you go to the Sands Macao, you’ll see a round feature on the corner and that feature was driven by the advice of the feng shui master. Every aspect of the building has been vetted by the feng shui master.

Another thing we did is kind of interesting. I’ve been traveling to the far east since the late 1970s and Macao since 1981. We in the gambling business were surprised at the contrast between the high quality of Asian hospitality and the lack of hospitality in the casinos of Macao. Even what seemed to be the very simplest thing—a welcoming cup of tea at the table—was non-existent. On the main floor of the primary place, the Lisboa, it was either too crowded or no one cared—the customer service attitude was very poor. So we challenged ourselves. There are two key things we’ve got to deliver. Number one: we’ve got to have our employees feel good about working for us because they’re the ones that represent to the customer coming in that they are welcome in our home; and number two: When any Chinese welcomes you to their home, the visitor is greeted with a good, fresh, hot cup of tea. It was harder than we had imagined initially. Because, if you think about it, if we serve 35,000 people a day, how do we get fresh tea and hot water to that many people? So on the floor we built service bars, essentially a large area that actually filters the water, keeps it at the right temperature, etc., and we have dumbwaiters, so that the tea and supplies are delivered from below.

We have tea servers who wear traditional conical tea-picker hats and on their back is a basket where they would put the tea leaves if they were picking tea, but actually in the basket is a thermos. The thermos has a sort of a hose that comes down to the hand, with a nozzle on the end, and they go from glass to glass adding hot water. It sounds like a small thing, but it’s an important symbol of welcoming people to our home.
“The idea is to make a spectacular world-class destination resort experience that people will enjoy and talk about, to do the things that make Las Vegas one of the world’s most-visited destinations.”

**CBR:** How do you go about finding staff? Have you given them special training?

**Weidner:** First of all we sent our people over to Macao, for example, for the tea training. They traveled all over China to learn about tea. We Westerners think that a good cup of tea is Earl Grey in a bag, so we had to understand it ourselves first. And then we found that there are more than 200 varieties of tea in China. There are tea masters in Hong Kong and some in Macao too, and they import, export, store, and sell tea, so we had to learn ourselves first, and from there we taught our people. Then we taught about 6,000 folks from Macao how to deal cards, how to serve teas, foods, etc. We trained them right there in conjunction with the Institute for Tourism Studies and Macao Polytechnic Institute—we joint ventured with the universities—our supervisory people train Macao folks in the institutions, and the institutions help develop curriculum. We are training people for our expansion right now. We’ve promoted about 280 residents of Macao since May. We’ve now brought over to the United States more than 100 supervisors from Macao to train in our facilities in Las Vegas. And we have eight of our chefs from Macao in Las Vegas helping us get ready to open our high-end Chinese club, called the Paiza.

We take folks out of Macao, bring them over to the United States, help them to get a sense that they’re really part of this broader, wider world, and when they return to Macao—it’s just a wonderful phenomenon, when they tell about their experiences, they speak very animatedly and feel very proud of what they do. It’s the most enjoyable part of what we do.

**CBR:** How many people will you employ altogether?

**Weidner:** The total when we finish the first phase of Cotai will be around 25,000. Most of the supervisory folks will be from Macao, because many of those folks in our current operations will be promoted. Then we’ll bring in more folks from Hong Kong and mainland China into the beginning levels. As we go into the second phase, you’ll see more of a mix in the supervisory level, with most folks from Macao, some from Hong Kong and some from the mainland, particularly on Hengqin Island. And we have a core of expatriates who are doing the planning, but the lion’s share of all the supervisory and line employees will be from Macao.

**CBR:** Your main market is the mainland. How do you plan to market your facilities within the mainland?

**Weidner:** I think the highest percentage of people will hear of us through word of mouth. The idea is to make a spectacular world-class destination resort experience that people will enjoy and talk about, to do the things that make Las Vegas one of the world’s most-visited destinations. Las Vegas is an extraordinarily successful destination. Thirty-six million people come to Las Vegas every year. It’s in the middle of the desert, there’s no reason for it to be there, there’s no industry around it, it simply is what it is—a place to come and entertain yourself. We call it the world’s adult guilty pleasure. Now, it may be a bit “over the top,” but it’s fun and enjoyable. And it’s successful. We want to create a similar sense and feel along our Cotai Strip in Macao.

Initially, we’ll work with the tour operators that we’re currently working with at the Sands. We will broaden that base dramatically. Under the CEPA (Closer Economic Partnership Arrangement between the mainland, Hong Kong, and Macao) the FIT [free independent traveler] program is expanding, and more and more Chinese are allowed to come to Macao directly, so we’ll have to employ some broad-based advertising. If we seize the imagination of the people in the top 10 cities of China, we will have more visitors than our strip can handle. But the key thing is to execute the concept well, take good care of the customer, and word-of-mouth will take care of the rest.

**CBR:** This would all be much further down the road, but do you see Venetian moving into the mainland at all?

**Weidner:** We would certainly consider further investment in the region as our non-gaming businesses develop. However, I would point out that our Macao developments are not only focused on China. If we do this thing right, it will draw people from all over the Asian region and all over the world. The 2008 Olympics will broaden the region’s visitor base, and those visitors are also an important target market for us. The Disney theme park opens in Hong Kong in 2005, we open 2007, the bridge connecting Hong Kong and Macao opens 2009, 2010—that combination ought to make for a real world-class, multi-day stay destination drawing visitors from all over the world.
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