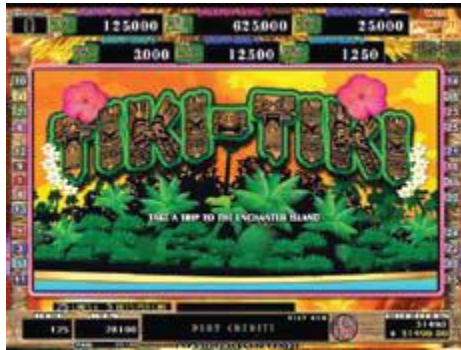


# INSIDE ASIAN Gaming

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## Olá Macau



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**RGBGames has made its much-anticipated debut in the Macau slot market**

Slot machine revenue as a percentage of the gross on all games of fortune in Macau has been rising slowly but steadily despite the disproportionately explosive growth in the VIP

baccarat table market in 2007 and early 2008.

In 2006, slots' share of the Macau casino gaming take was 3.6% according to statistics from Macau's regulator the Gaming Inspection and Coordination Bureau (known as the DICJ). In 2007 slot handle rose to 4.3% of GGR and in 2008 it passed the 5% mark, coming in at 5.2% with 5.65 billion patacas (US\$710 million).

After careful study of the market and its slot revenue trends, RGB Ltd, the Malaysia-based gaming equipment supplier, decided 2009 was the right time to enter Macau.

“The timing for us to go into Macau now was right, because if you look at Macau in 2005 the slot machine revenue was only a little over 2% of the casino gross. Since then it's increased tremendously,” says Steven Lim Tow Boon, Group Executive Director of RGB.

That steady growth of slots has been seen in other Asian gaming markets, adds Mr Lim.

“When we were first in the Philippines in the mid-1990s, the mix of product was 20% slots to 80% table games. Now in that market it's 50-50,” he says.

“When we started selling machines into the Malaysia market in the late 1980s, slots were only 3-4% of the product mix. Today it's up to about 15%,” states Mr Lim.

RGB Ltd from Penang is a wholly owned subsidiary of Dreamgate Corporation Berhad. RGB makes original gaming equipment under RGBGames branding; produces other famous gaming machine brands under licence; and markets equipment on behalf of RGB and its licensing partners. An example is that RGB is an agent for the Chicago-based equipment supplier WMS in the new Singapore casino market. RGB's parent Dreamgate also has experience as a gaming operator. It is an equity investor in boutique casinos, hotels and clubs with gaming licences across the Asia Pacific region.

Mr Lim and his fellow executives believe RGB is ideally placed to make a success of its launch into Macau because of a number of important factors. One is the quality of game play offered by its machines. This is informed in turn by the company's familiarity with the tastes of ethnic Chinese players gained from its experience in the domestic Malaysian market. That in its turn is because of the multicultural make up of Malaysia, with its Malay, Indian and Chinese communities.

“In a multicultural country such as Malaysia, all the people—including the team at RGB—are exposed to the various cultures in that society—Malay, Indian and Chinese,” explains K.C. Chuah, a Group Executive Director of Dreamgate.

Another reason for RGB's optimism regarding its entry to Macau is that RGB has the perfect real life test lab in the form of Dreamgate's slot clubs in Malaysia. There, RGB can gain first hand access to slot and player data to pinpoint exactly what product works and why.

“We know for example that ethnic Chinese players want to win big, and they like to play 'big' as well,” says RGB's Mr Lim.

“If they're going to spend big on a machine, they want the chance of a good return. That's why in the table games market baccarat is a popular game for Chinese people, because they perceive the odds to be even—50-50,” he states.

“We understand that machines placed in slot clubs and machines placed in casinos may need to be configured differently,” continues Mr Lim.

“For example in a slot club in Malaysia, players may come in once a day, or even twice a day. Under those circumstances, you cannot set the return to player too low—you need it probably at 94%—to keep the players there and keep them happy. A casino may be able to set their games at anywhere from 88% to 92%,” explains Mr Lim.

As the subsidiary of an operator, RGB is familiar with and sensitive to operator marketing issues such as player tracking and promotions. It also has extensive experience in Asian markets outside Macau.

RGB has been in the Asian gaming equipment business since 1986 and understands better than anyone that Asia is not a single market, but rather lots of markets each informed by very specific player needs and tastes—all related to

the local culture.

“We are the designer and manufacturer capable of meeting the needs of many different Asian markets,” says Mazlan Ismail, a Group Executive Director of Dreamgate.

“The Philippines is different from, say, Macau, because of the influence of Spanish culture and after that the influence of American culture,” points out Mr Lim.

“The locals in the Philippines don’t want games where they lose quickly—they want entertainment, they want leisure. If they’re spending a thousand dollars they want to be entertained for half an hour or more, not 15 minutes. So you have to understand the various markets and cater for their needs,” he explains.

“In the Philippines we have done a poker game, and now we have a basketball game called Fast Break,” adds Mr Lim.

“I can’t give them a game based on soccer for example, because it’s not a popular sport in the Philippines.”

Fast Break was launched at the Asia’s GEM gaming trade show organised by the Philippines Amusement and Gaming Corporation in Manila in April.

“The jackpot is randomly triggered,” says Dreamgate’s Mr Chuah.

“When three Fast Break symbols appear in a line, then as an interactive jackpot the player has to choose to press. That reveals what level of jackpot has been achieved,” he adds.

“We are going to roll out quite a lot of our new products in the Macau market. We have an arrangement with SJM whereby we will have product placed in various SJM properties,” says Mr Lim.

“It’s not easy to get a casino customer to buy any new product. But if you have a new product that has already been able to establish a track record, they will buy.

“Once people have seen it works in SJM properties then it should be easier to go to Las Vegas Sands, to Wynn and MGM Grand Macau, and sell to them. They are more likely to say ‘We also want this product’. We as suppliers don’t need to lobby so much,” he asserts.

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