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## **Enticing Japanese Tourists Back to Hawaii: Are Casino's the Answer?**

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### **ABSTRACT**

*With the explosion of casino development in the Asia Pacific as well as the United States, casino gambling has become more culturally embraced as a recreational activity. The purpose of this study was to re-examine the legalization of casino gambling in Hawaii from Japanese-speaking tourists' perspective and compare these results from a previous study completed a decade ago. With the continuing decrease of Japanese visitors to Hawaii, and with the importance of the Japanese market to Hawaii's economy, state officials are considering other forms of tourism, such as casino tourism, to help revive the Japanese tourism market and increase Hawaii's global competitiveness. By analyzing the responses of the current Japanese-speaking tourists to Hawaii and comparing these responses to the Japanese tourists surveyed 10 years ago (1996), this research attempted to determine if the Japanese tourists in 2006 have changed their perception on the legalization of casino gambling in Hawaii. Although the findings of this study indicated that the 2006 Japanese-speaking tourists have changed their perspective from past studies on the effects that the legalization of casino gambling would have on Hawaii, future research should focus on other segments of the tourist market.*

### **INTRODUCTION**

Hawaii is among the world's most famous tourist destinations. The Hawaiian Islands are visited by over seven million tourists per year and contribute to Hawaii's economy with approximately \$12 billion in total expenditure per year (Arakawa, 2006). Not surprisingly, tourism remains the main industry for the state, and leaves Hawaii heavily dependent on it (Schmitt, 2002).

Being the only American island state and with its location, Hawaii's popularity as a tourist destination attracts both U.S. mainlanders and international visitors, with the bulk of the latter coming from Japan. The Japanese visitors have traditionally dominated Hawaii tourism with the 1990's setting record high counts, however the numbers have decreased steadily since then. In the year 1997, Japanese arrivals to Hawaii peaked with 2.2 million visitors (DBEDT, 2004). Approximately one-third of the total 6.7 million tourists visiting Hawaii in 1997 were Japanese (Yamanouchi, 2004). Since the 1997 peak, the number of Japanese tourists traveling to Hawaii has dwindled with only 1.5 million visiting in 2005 (DBEDT, 2006).

The main incentive for attracting Japanese travelers is because they spend more money than any other visitors to Hawaii (Jang, Morrison, & O'Leary 2004; DBEDT, 2003 Lee & Zhao 2003; Sirakaya, Uysal, & Yoshioka 2003). A number of studies indicate that Japanese tourists spend significantly more than any other tourist groups in Hawaii (Rosenbaum & Spears, 2005; Reisigner & Tuner, 2002; Keown, 1989). According to a 2004 study by Professors Rosenbaum and Spears from the University of Hawaii, the average planned expenditures per person for Japanese visitors were \$1,416 compared to \$644 for U.S. visitors (Schaefer, 2004). "Japanese visitors were the highest-spending tourists on Oahu in the first half of the year, doling out an average of \$236 per person daily, while tourists from Canada spent the least on the island, at about \$105 a day" (Yamanouchi, 2003, p. D1). The Japanese visitor spends more than twice as much on entertainment and shopping than its United States counterpart.

By 2004, Hawaii was the third most visited destination for Japanese tourists, following only China and Korea respectively, with 1.5 million Japanese traveling to the island state (JNTO, 2006; Mak, 2004). For 2006, the Department of Business, Economic Development and Tourism (DBEDT) has forecasted visitor arrivals to Hawaii will be 7.6 million and the University of Hawaii's Economic Research Organization is forecasting a 7.4% decline in Japanese arrivals, which is equivalent to a decrease of 112,654 of the 1.4 million Japanese visitors from 2005 (DBEDT, 2006).

With the continuing decrease of Japanese visitors to Hawaii, and with the importance of the Japanese market to Hawaii's economy, state officials are considering other forms of tourism, one form being mentioned is that of casino tourism to help revive the Japanese tourism market and increase Hawaii's global competitiveness. Although Hawaii is one of only two states in U.S. without any forms of legalized gambling there have been a number of bills to legalize casinos in Hawaii to help diversify Hawaii's tourism product (Agrusa, 2000). Various forms of gaming activities are used to attract visitors and to supplement more traditional sources of tax revenue (Roehl, 1991). Over the past decade, gaming activities in the Asia Pacific region as well as the U.S. have steadily continued to grow (von Hermann, 2002). Annual visits to casinos in the U.S. have increased from 162.4 million in 1999 to over 319 million in 2004 (Beato, 2006). In the Asia Pacific region, casino development is growing with casino's in a number of countries including Australia, New Zealand, South Korea, Macao, Cambodia, Myanmar, the Philippines and recently Singapore approving casino gambling (Hsu, 2006). Combine that trend with the growing popularity of casino gaming in the Asia Pacific region and it seems that casinos could make Hawaii a very attractive tourist destination.

Since Japanese tourists compose the majority of international visitors to Hawaii, an assessment of their attitudes and perceptions on the introduction of casino gaming would appear to be beneficial to the tourism industry in addressing this complex issue. Understanding the attitudes and perceptions of Japanese-speaking tourists in Hawaii and comparing these results to those of a previous study on the legalization of casinos in Hawaii may help to make informed decisions regarding future development opportunities.

## **METHODOLOGY**

The research questionnaire included information of the attitudinal or behavioral characteristics of Japanese tourists visiting Hawaii toward casino gambling. The survey contained questions based on a similar study conducted by Dr. Jerome Agrusa on the perceptions and attitudes of tourists to Hawaii (English and Japanese speaking) which were published in the 1998 *Asia Pacific Journal of Tourism Research* (Agrusa, 1998). The questionnaire was distributed in Japanese for the Japanese respondents. The original survey used in 1996 was initially written in English and then translated into Japanese. An

independent bilingual individual then translated the Japanese version back into English in order to check for inconsistencies or mistranslations. Finally, the English version was then translated back into Japanese addressing any inconsistencies. This type of questionnaire design is known as the double translation method (back translation) was utilized prior to distribution. (McGorry, 2000). Even though occasions exist where the literal translation process may have missing information, the double translation method is one of the most adequate translation processes (Lau & McKercher, 2004).

A series of demographic, economic impact, and community impact perception questions were administered to both Japanese-speaking tourist groups in Hawaii. To assure content validity, the 22 question survey was designed by researchers with expertise in the area of tourism and attitudinal research. The survey questionnaire included a total of 10 demographic questions, 6 economic impact questions, and 6 community impact questions. To avoid ambiguity in the questions, and to ensure that all of the questions written on the survey instrument were clearly understood, a pilot test of 20 Japanese tourists in Waikiki was completed prior to data collection on the first study, some 10 years ago. The author and four native Japanese speakers administered the surveys. The stratified random sampling method was used to draw 250 Japanese-speaking adult tourists (adult being 21 years of age and over) and set the basis for the data in the study. Known as "The Gathering Place" Oahu was chosen as the island to conduct the research due to the majority of the population in the state of Hawaii (80%) resides on this island, as well as the majority of Japanese tourists who visit Hawaii stay on the Island of Oahu.

A sample of 250 Japanese tourists who were vacationing in Honolulu completed the survey instrument and set the basis for the data in this study. The final sample size of 241 surveys was reached by deleting 9 unusable questionnaires. Popular tourist locations such as Waikiki Beach, Ala Moana Shopping Mall and other popular tourist locations in Honolulu were used to survey the Japanese tourists.

Participation in this study was completely voluntary, respondents were assured of absolute confidentiality of answers to all questionnaire items. It is believed that all respondents answered the survey instrument honestly, as the survey was anonymous and self-administered.

The specific objectives of this study were to (1) determine Japanese-speaking tourists' attitudes toward having legalized gaming in Hawaii; (2) determine Japanese-speaking tourists' perceptions of the impact of legalized gaming in Hawaii; (3) examine if there are any differences between prior Japanese-speaking tourists surveyed 10 years ago and recent Japanese-speaking tourists surveyed.

## FINDINGS

### *Respondents' Age*

Respondents were asked to select from five age-specific response categories. Respondents were asked to indicate their age by selecting from 21-33 years, 34-46 years, 47-59 years, 60-72 years, and 73 years or more. This information was then cross-tabulated for the first Japanese group (1996) and 2<sup>nd</sup> Japanese group (2006).

By analyzing the midpoint from each of these responses (and assuming the same ratio for the low-end and high-end responses), it was possible to develop an overall weighted average age for both Japanese-speaking tourists groups. The weighted average age of the first group of Japanese-speaking tourists was 31.1 years, and the weighted average age of the 2<sup>nd</sup> or recent Japanese-speaking tourists was 42.3 years. Thus, it would appear that the second groups of respondents were dramatically older than the first group.

### *Other Demographic Questions*

With respect to other demographics, 42% of the first group of Japanese-speaking tourists were male and 58% female, while 52% of the second group were male, and 48% were female. The weighted average 1<sup>st</sup> Japanese-speaking tourists' household income was \$46,146 while the weighted average 2<sup>nd</sup> Japanese-speaking tourists' household income was \$82,158, a significant increase in ten years. With respect to education level, the weighted average 1<sup>st</sup> Japanese-speaking tourists had 2.5 years of college after high school while the weighted average 2<sup>nd</sup> Japanese-speaking tourists surveyed had 4.5 years of college after high school.

### *Importance of Gaming on Destination Decision*

This questionnaire sought to understand how important the presence of legalized gaming was on the respondents' decisions to visit another state or country for business or pleasure. Respondents were first asked if they had ever taken a trip for business or pleasure to a country or one of the United States where casino or riverboat gambling was legal. The vast majority of respondents, both the first and second groups of Japanese-speaking tourists had visited a state or country where gaming was legal.

Respondents who stated they had visited a state where gaming was legal were then asked to determine how important the presence of gaming was on their decision to visit a state or country for either business or pleasure travel. For this second question, respondents were asked to select from five categories ("the presence of gaming had a strong negative impact on my decision to visit the state," to "the presence of gaming had no impact on my decision to visit the state," to "the presence of gaming had a slight positive impact on my decision to visit the state," "the presence of gaming had a strong positive impact on my decision to visit the state").

By assigning a Likert scale value to each of the five response categories, it was possible to develop an overall weighted average level of impact from the presence of gaming on respondents' decisions to visit a state or country for business or pleasure. The Likert values assigned -2 to "strong negative impact," -1 to "slight negative impact," 0 to "no impact," +1 to "slight positive impact," and +2 to "strong positive impact." For the first group of Japanese-speaking tourists surveyed, the weighted average level of impact from the presence of gaming on respondents' decision to visit a state for business or pleasure was .78. In other words, for the first group of Japanese-speaking tourists, the presence of gaming had an almost "slight positive impact" on their decision to visit a destination for business or pleasure. For the second group, the weighted average level of impact from the presence of gaming on respondents' decisions to visit a state or country for business or pleasure was only 1.41. In other words, for the second group of Japanese-speaking tourists, the presence of gaming had a decidedly stronger positive impact on their decision to visit a destination for business or pleasure.

According to the research there were significant differences in the amount of money wagered between the two distinct tourists' groups. Of the first group of Japanese-speaking tourists surveyed who choose to gamble at destinations that have legalized casino gaming, they wagered a weighted average of \$450. The second group of Japanese-speaking group surveyed who choose to gamble at destinations that have legalized casino gaming wagered a weighted average of \$951. This is a significant increase in the amount of money wagered even when taken into consideration inflation over the past 10 years. The majority of responses from both Japanese-speaking tourists groups would favor legalized casino gaming in Hawaii, with the second Japanese-speaking group voting over 3 to 1 in favor for legalization of casino gaming in Hawaii. One of the significant concerns from both surveyed groups was the impact of legalized gaming on criminal activity with over 85% of the first group of Japanese-

speaking tourists surveyed and over 76% of the second group of Japanese-speaking tourists surveyed answered that criminal activity (both hoodlum and small-time crime as well as organized crime) would increase. These perceptions could be caused by the respondent's view that casinos are run by the Mafia (organized crime) or Yakuza (Japanese organized crime) as seen in the movies or they feel that crime really will increase.

### CONCLUSION

Hawaii has withstood the temptation to legalize gambling for quite some time. Although presently, it is experiencing a decline in the number of Japanese tourists, it should not turn to legalization of gambling as a "quick fix". While proponents suggest that residents stand to benefit by new jobs and from the social services that will be funded by the gaming revenues, opponents argue that gambling is detrimental to the moral fiber of a community. The Hawaii State Legislature has been overwhelmed with casino gaming bills over the last few years. These bills are initiatives proposing legalizing gambling as a solution for rejuvenating the slumping tourism economy. Hawaii should first try to determine what kind of competitive advantage the legalization of casino gaming will have with other tourist destinations and Hawaii's ability to sustain in the long run, before considering taking such a huge gamble on casino gaming. If this research is any indication, the majority of the Japanese tourists surveyed, feel the positive effects outweigh the negative effects of legalization of casino gaming in Hawaii.

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