

Hakuhodo's Casino Entertainment Project:

Survey of *Sei-katsu-sha* Perceptions of Casinos—Preliminary Findings

**53.8% would visit a casino if there was one in Japan.
Resort casinos are the most popular.**

A casino in Okinawa could expect an annual 8.71 million visitors,
mainly from Kanto.

Average betting spend at a resort-style casino: ¥42,000.

Tokyo—March 5, 2007—In Japan today interest in developing casinos as tourist complexes is growing. Political parties have formed an association of Diet members pushing for the legalization of casinos. The Liberal Democratic Party has established a subcommittee within its tourism ad hoc committee to consider casino entertainment, and the Democratic Party is considering the introduction of casinos in the context of its research group on the healthy nurturing of the entertainment industry. A member's bill on casinos is also expected to be put before the Diet.

Hakuhodo's Casino Entertainment Project** conducts regular *sei-katsu-sha** polls to find out the perceptions and attitudes of Japanese people to casinos. The most recent such survey was conducted in December 2006 on 8,166 men and women aged 20–60 around Japan. Preliminary findings of this research are presented below.

This time, the survey observed changes in attitudes to the introduction of casinos on presenting respondents with measures that other countries have taken against the risks involved in their introduction. It also gained detailed figures on facets essential to future discussion of casinos such as anticipated use of different kinds of casino, anticipated spending, etc., as well as the business potential of casino plans in various locations.

Our results show that 40.3% of people are in favor of the legalization of casinos in Japan. This rises significantly to 64.0% in favor if various systems and measures were to be implemented to prevent any negative impact arising from their establishment.

* *Sei-katsu-sha* are more than simply consumers, just as people's lives and lifestyles include more than just shopping. Hakuhodo introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumer's lives.

Asked whether they would want to visit a casino if one should open in Japan, 53.8% said they would. Interest was particularly strong among men in their 20s and 30, with around 70% of each group saying that given the choice they would want to visit a casino.

Investigating the desire for various kinds of casinos, resort casinos gained the highest “would like to visit score” (60.2%), followed by urban casinos (58.0%), casinos adjoining theme parks (52.4%), hot spring/urban getaway casinos (53.4%), and airport casinos/casinos adjoining an airport (30.9%).

From visit intention and visit frequency responses, we calculated that a casino in Okinawa, the quintessential resort-style casino, could expect an annual 8.71 million visitors (max.), mostly from the Kanto region. The average betting spend for a resort casino was ¥42,000, which, when added to meals, entertainment and other incidental spending, gives a total spend of around ¥123,000.

Detailed data are presented overleaf.

**** About Hakuodo's Casino Entertainment Project**

At a time when discussions on the possible legalization of casinos in Japan progress, we set up our Casino Entertainment Project as a research group to consider different casino business models through surveys conducted from *sei-katsu-sha* perspectives. The project works with related companies, conducting research and analysis, providing information, consulting, and planning and promoting regional development measures involving casinos toward the eventual realization of casino business in Japan.

<Survey results>

Survey outline

Respondents: Males and females around Japan aged 20–60 n = 8,166 (valid responses)
Method: Internet survey
Period: December 2006

- **64.0% favor the legalization of casinos in Japan**

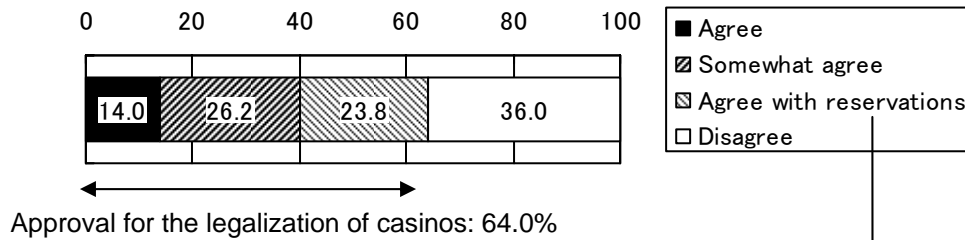
This survey showed that 64.0% of respondents agreed with changing Japanese law to legalize casinos and allow the establishment of casinos like those in other countries.

Of these, 40.2% agreed unreservedly, while the remaining 23.8% agreed on condition that systems and measures be put in place to prevent problems like the deterioration of public security, involvement of criminal organizations, and money laundering, etc. A deeper discussion of the systems and measures in place in many of the countries where casinos are legal is now necessary.

By age and gender, males in their 20s and 30s were positive toward legalization, with around 80% in favor. Support from women in their 50s and 60s languished around 50%.

Approval for the legalization of casinos

Q: There is recent talk of amending Japanese law to allow for the establishment in Japan of casinos like those abroad. What do you think of this?



Agree with reservations: This group do not agree to just legalizing casinos; their approval is conditional on the simultaneous implementation of systems and measures to prevent deterioration of public security, the involvement of criminal organizations and money laundering.

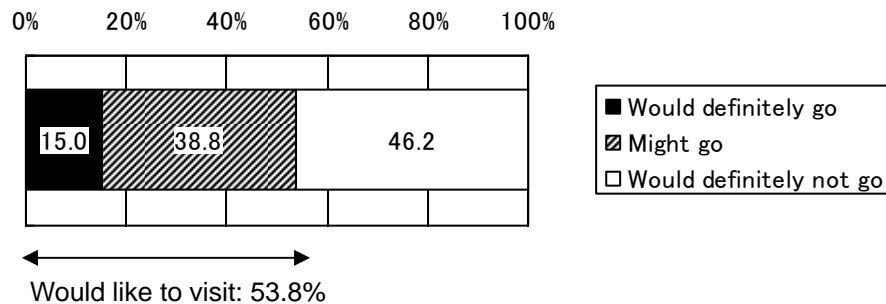
By gender and age

	Overall	20s	30s	40s	50s	60s
Males	72.8%	80.3%	79.0%	75.7%	66.2%	62.4%
Females	55.2%	61.4%	61.2%	55.7%	49.1%	49.0%

- **53.8% would like to visit a casino if one was established in Japan**

When we asked whether they would want to visit a casino if one was established in Japan, 53.8% of respondents said they would. By gender and age, interest was again highest amongst young men and lowest amongst middle-aged women: the same pattern exhibited in agreement to legalization.

Intention of visiting a casino if one was established in Japan



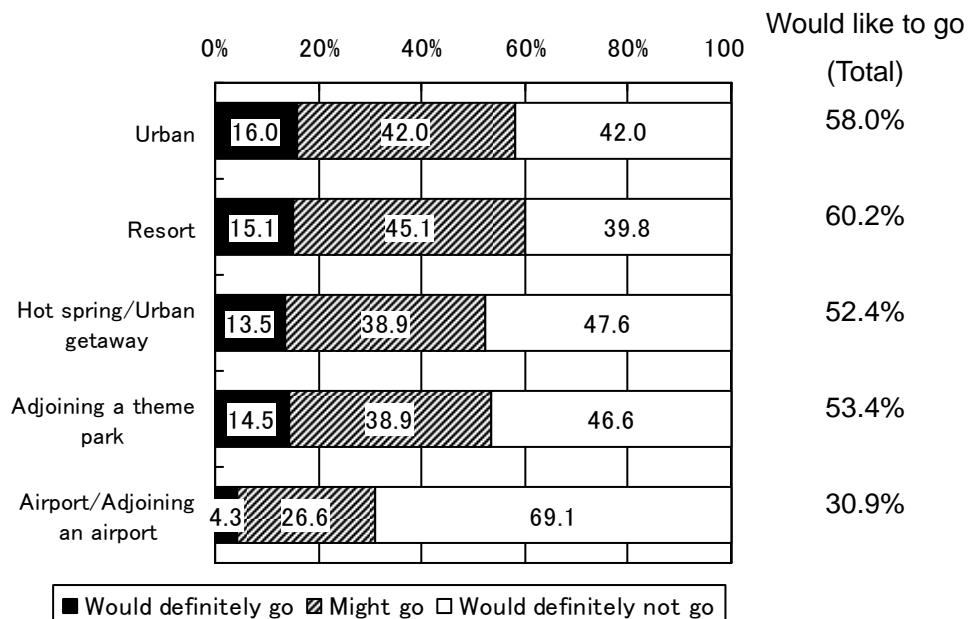
By gender and age

	Overall	20s	30s	40s	50s	60s
Males	63.7%	73.1%	73.7%	65.6%	54.6%	50.3%
Females	43.9%	52.9%	52.6%	44.0%	37.8%	32.7%

- **There is need for various kinds of casinos, but the most popular is the resort-style casino**

Various kinds of casinos are envisioned for Japan. Our survey revealed people's intentions of visiting some of the main kinds being proposed. Results show that 50–60% of people would visit an urban, resort-style, hot spring/urban getaway-style casino or one attached to a theme park. Of these, the most popular casino was the resort casino (60.2%). Casinos adjacent to airports scored slightly lower on account of being located in places where people would mostly visit only if they had specific travel plans.

Intention of visiting if casinos were established in Japan



Concepts presented in the survey

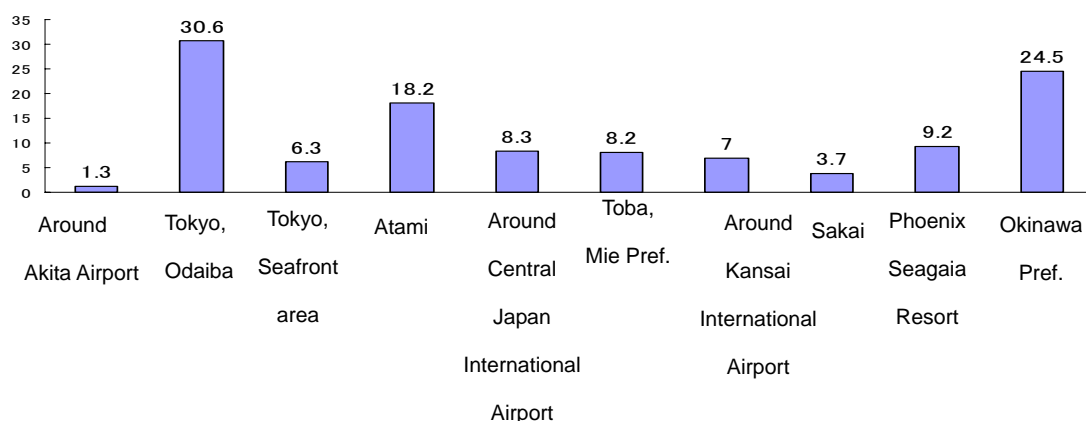
- Urban casino:** A large casino complex built adjacent to a major city center
 In addition to casino/gaming functions, an urban casino might offer famous international hotels, a theater offering a variety of world-class entertainment, wining and dining in 3-star restaurants, a luxury brand shopping mall, large-scale convention facilities, etc. (Akin to Las Vegas)
- Resort casino:** A casino built in a famous beach or mountain resort area
 Casino/gaming at a luxury hotel in a famous A stay-over area that can also draw international tourists. Would also offer wining and dining at restaurants providing special resort menus, a variety of sporting facilities, scuba diving, canoeing, fishing and other new experiences. (Akin to Monaco, Cannes or Nice)
- Hot spring/Urban getaway casino:** A casino built at a famous long established hot spring
 A multi-faceted spa facility offering famous hot spring hotel and Japanese inn accommodation—an urban getaway tradition—as well as entertainment and local specialties particular to long established spa towns, and the beneficial effects of the hot springs themselves. Would also offer cultural functions like historically important buildings, museums, art museums and the like. (Akin to Baden Baden)
- Theme park-adjacent casino:** A casino attached to a famous theme park
 An urban resort hotel facility adjoining a theme park offering a variety of entertainment, attractions and events the whole family can enjoy. Would also offer a multitude of eating options and shopping for themed goods. (Akin to Malaysia’s Genting Highlands)
- Airport/Airport-adjacent casino:** A casino build within or close to an airport
 Built within or close to an airport, this casino would offer enjoyment of various airport functions such as duty free shopping and other shopping and dining in the airport’s shopping mall and restaurants, as well as accommodation in nearby hotels. Would also provide easy access to the many golf courses built near airports. (Akin to Schiphol Airport in the Netherlands)

- A casino in Okinawa, the quintessential resort casino, could expect an annual 8.71 million visitors, mostly from the Kanto region**

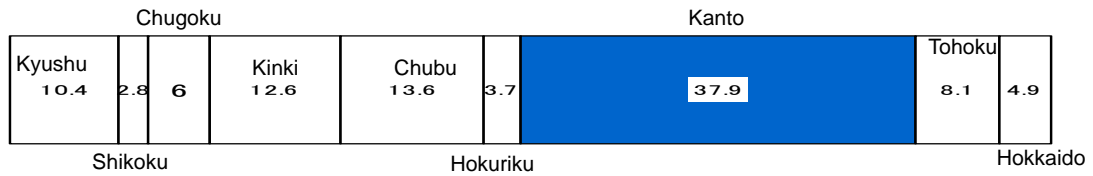
Among the proposed locations for the first Japanese casino, visit intention to a casino in Okinawa was 24.5%. This score was second only to Odaiba in Tokyo at 30.6%, providing further evidence of the popularity of a resort casino.

In addition, when average intended frequency, etc. was factored in, a casino in Okinawa could expect as many as 8.71 million visitors a year (see below for formula used).

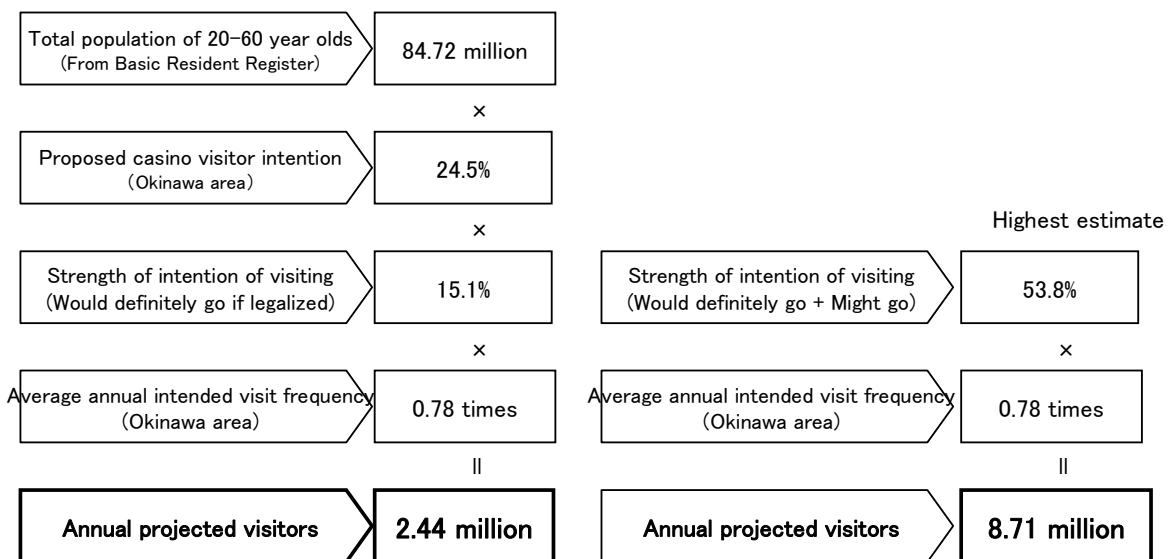
Intention of using casinos at the main proposed locations



Location of residence of those who would visit a casino in Okinawa



Calculation of annual visitor numbers



Note: Overseas visitors could also be expected, but are not included in these calculations

- **The average betting spend at a resort casino would be around ¥42,000. If meals, drinks, entertainment and associated spending is included, the total estimated spend is ¥123,000**

When we asked those who would visit a casino how much they would spend on each visit, the average casino spend was ¥42,000 and the total average spend per stay, including dining, entertainment, etc. ¥123,000. This shows that in addition to casino/gaming spending, broader spending could be also be expected in nearby areas. This likely stems from an awareness of casinos as venues for grand occasions outside of everyday life creating impetus for various experiences such as dining, shows, shopping, relaxation, etc.

Moreover, in the case of resort casinos, estimated spending is higher than other proposed casino types not just in terms of the casino itself but on hotels and other spending as well.

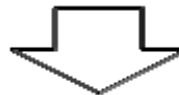
Typical perception of pattern of visits to a resort casino

Visit frequency	About once a year	43.1%
Companions	Friends/Acquaintances	41.0%
Length of stay	2 nights/3 days	43.9%

Average envisaged spend per visit to a resort casino

Casino (Total budget for chips/tokens)	42,150 yen
Hotel/Lodgings	37,210 yen
Entertainment (shows, concerts)	10,050 yen
Dining in restaurants	16,200 yen
Shopping	16,910 yen

Total	122,520 yen
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How people would enjoy a resort casino:
 Visit once a year, spending 2 nights and 3 days,
 staying with friends/acquaintances at a ritzy resort hotel

■ **Urban casino**

Visit frequency About once a year: 33.8%
 Companions Friends/Acquaintances: 49.9%
 Length of stay Daytrip: 38.9%
 Estimated accommodation spend Approx. ¥21,000
 Estimated casino spend Approx. ¥39,000
 Estimated total spend Approx. ¥104,000
 1- a few daytrips per year, enjoying a variety of world-class entertainment at a large casino complex

■ **Hot spring/Urban getaway casino**

Visit frequency About once a year: 41.5%
 Companions Friends/Acquaintances: 41.6%
 Length of stay 1 night 2 days: 64.9%
 Estimated accommodation spend Approx. ¥25,000
 Estimated casino spend Approx. ¥28,000
 Estimated total spend Approx. ¥79,000

Visit once per year, staying 1 night/2 days, enjoying leisurely baths at a hot spring inn or hotel

■ **Theme park-adjacent casino**

Visit frequency About once a year: 43.6%
 Companions Family: 61.1%
 Length of stay 1 night 2 days: 45.7%
 Estimated accommodation spend Approx. ¥22,000
 Estimated casino spend Approx. ¥31,000
 Estimated total spend Approx. ¥84,000

Visit once per year, staying 1 night/2 days, enjoying attractions and entertainment with my family

■ **Airport/Airport-adjacent casino**

Visit frequency About once a year: 33.9%
 Companions Friends/Acquaintances: 44.5%
 Length of stay Daytrip: 62.1%
 Estimated accommodation spend Approx. ¥11,000
 Estimated casino spend Approx. ¥28,000
 Estimated total spend Approx. ¥70,000

One daytrip per year, maybe also enjoying duty free shopping

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■ About Hakuhodo Inc.

Founded in 1895, Hakuhodo Inc. (www.hakuhodo.jp) is the second largest advertising company in Japan, and the tenth largest core agency in the world according to *Advertising Age's* agency report 2006. Today, innovation and creativity are still at the heart of its operations. Hakuhodo shares with its clients an unmatched depth of knowledge about the relationship between people and brands – knowledge that has grown from the concept of *sei-katsu-sha* (“consumers with a heartbeat”) which Hakuhodo pioneered in advertising. Through its global network, Hakuhodo provides comprehensive marketing and communications services and solutions for some of the best-known brands in the world. Hakuhodo has 64 offices in 16 countries/regions, and approximately 5,000 employees.

Sei-katsu-sha insight is the foundation for Hakuhodo's thinking, planning, and brand building. It reminds us that consumers are more than shoppers performing an economic function. They have heartbeats. They are individuals with distinct lifestyles. Hakuhodo introduced this term in the 1980s to emphasize our commitment to a comprehensive, 360-degree perspective on consumers' lives.

Hakuhodo is one of three advertising agencies under the umbrella of Hakuhodo DY Holdings Inc. (TSE: 2433) (<http://www.hakuhodody-holdings.co.jp/english/index.html>) a holding company which was established in 2003 through the management integration of Hakuhodo Inc., Daiko Advertising Inc. and Yomiko Advertising Inc. Hakuhodo DY Holdings Inc. was listed on the first section of Tokyo Stock Exchange in 2005.