

The change integrated resorts industry tourism essay



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To find out the change that has been created by integrated resorts like Marina Bay Sands and Resort World Sentosa on Singapore from a tourism perspective

To analyse the change created by integrated resorts like Marina Bay Sands and Resort World Sentosa on the Singapore economy

To investigate how Integrated Resorts help Singapore compete as a brand with other countries

To understand how in a short span of time since its opening has Marina Bay Sands become the face of Singapore.

To analyse the challenges that Integrated resorts are providing to conventional hotels.

HYPOTHESIS

NULL HYPOTHESIS

The entry of integrated resorts has created no impact on the Singapore hospitality industry.

ALTERNATE HYPOTHESIS

The entry of integrated resorts has created an impact on the Singapore hospitality industry.

BACKGROUND OF THE PROPOSED RESEARCH

BRIEF INTRODUCTION

Any country that is emphasising on tourism has to focus till a great extent on hospitality and on hotels per say. The world hotel scenario has been

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changing rapidly and the countries are now starting to develop a competitive spirit so as to create a higher brand name for themselves as compared to other countries. In Singapore itself the hotel industry has a market size of US \$ 4, 047. 9 mn. Now with the rise in global trends for both gaming and tourism the two industries have merged together and come out as one unit. This unit known as integrated resorts are holding on to the interest of many investors. Countries across the globe are investing in these projects.

In the Asian market, integrated resorts have already entered areas like Hong-Kong, Macau, Thailand, Bali, Singapore, Vietnam etc. Singapore and all the other countries are in strong competition with cities like Macau which currently holds the maximum number of integrated gaming resorts.

Singapore however is lagging behind with only two integrated resorts and is on par with Vietnam but behind major players like Macau, Cambodia and South Korea.

In the year 2010 Singapore came up with two of its integrated resorts which were expected to create a change in the market scenario for Singapore in the future. These resorts were Marina Bay Sands and Resort World Sentosa. The reasons for them to come up with these resorts were as follows:-

Since 1991 a change had been observed. Singapore which is a major tourist destination has seen a decline in tourist activities. Where on an average a tourist use to spend 4 days in Singapore before, it had now dropped down to 3days. While other major competitors had not seen the same fall. Like in the case of Hong-Kong that still showed an average of 4 days

Other cities were growing their customer attractions like Kaula Lumpur got the Kaula Lumpur city center and Hong-Kong had Disneyland.

The need to tap the rising middle class community in growing markets such as China and India. With growing levels of disposable income the global tourism rate had also seen a rise.

Thus, the Singapore government decided to open two integrated resorts one at the bay sands area and one in Sentosa. For both these resorts they received a lot of bids. And finally the bids were narrowed down to Las Vegas Sands company for Marina Bay Sands and Genting group for Resort World Sentosa.

Marina Bay Sands is a luxurious in all its aspects. It consists of 2600 hotel rooms, a four floor casino, a sky park consisting of infinity pool, gardens and spa and 250 meeting rooms which can accommodate upto 45, 000 delegates. It also boasts of excellent restaurants and branded stores like Louis Vuitton to Chanel in their floating crystal pavilion. It also has a 200 seater theatre and an arts and science museum.

On the other hand, the other integrated resort of Singapore- Resort World Sentosa is more family oriented. It comprises of six hotels- the festive hotel, hard rock hotel, Equarius hotel, Crockfords hotel, hotel Michael and spa villas. All these together make upto 1750 rooms. They also boast of 10 restaurants. It also has a spa, a water park, Universal studios and meeting rooms that can accommodate around 35, 000 people.

With both these resorts government hoped for an increase in investments and 0.3% to 1.8% increase in GDP by 2015. With this a rise in tourist activities was also expected. It was also expected to increase the job market in Singapore providing more employment opportunities.

RATIONALE FOR THE CHOICE OF RESEARCH TOPIC

The impact of integrated resorts after they have been opened to the tourists on Singapore has not been delved into extensively. The resorts have created a name for itself and become the recognition point for Singapore in a very short period of time. Marina Bay Sands has become the face of Singapore along with the Merlion and Singapore Flyer. Thus, we have chosen this topic as it has further scope of research.

THEORETICAL FRAMEWORK

IDENTIFICATION OF KEY CONCEPTS

The project extensively belongs to the hospitality industry's hotel sector. We have further narrowed this topic down to integrated resorts. The basic topic of research is integrated resorts and its impact on Singapore.

The two integrated resorts present in Singapore- Marina Bay Sands and Resort World Sentosa, have created a name for itself. They have become major tourist destination and sight-seeing spots for both the localities as well as foreigners. These resorts have won awards and have become brand icon for Singapore. The factors that have caused them to create such a change in the hotel sector of Singapore is what we want to understand. Further we want to understand, in detail, the expectations that were levied on this resort and what they have been able to achieve.

Thus the key concepts that are relevant to this research topic are:-

Introduction of Marina Bay Sands and facilities provided by it:

Marina Bay Sands is one of the most exquisite hotels in Singapore and it is well renowned for the variety of facilities that it provides. From a hospitality perspective, these facilities tend to make the place a very compelling one from the perspective of tourists. Some of these facilities include but are not limited to the Sands Sky Park which is an awe inspiring place that seems like an absolute paradise in the sky. Then there are banyan tree spas, club facilities as well as its well-equipped fitness centre. The airports pick up and drop service is very convenient for local as well as international tourists. A variety of brands make shopping at Marina Bay Sands an experience in itself. Last but not the least is the light show called ' Wonder Full' which is a nice addition to what is already a terrific experience overall.

Introduction of Resort World and facilities provided by it

Business centre

A unique blend of style and innovation is what describes the Business centre at the Resort World. The Business centre provides the following amenities

Corporate meetings

Press Conference

Product launches

Inmate dinner parties

Banquets

Swimming world

The free form pool along with beach bar concepts decorated along the lines with the swaying palms provides a top of the line amenity system top notch standards of ordinary swimming experience in hotels. Additional features like volleyball court, vibrant music, and different choices of drinks and cocktails just bring the icing with the cherry.

Gym

A 24hr gym with glass and mirrored wall brings a vibrant change in the feeling of the working out. State of the art equipment's makes the feeling of gym as fun rather than a task.

Rock shop

For all the rock lovers, the hard rock hotel provides band t-shirts, souvenirs that people can take back home, caps and pins.

Compass ballroom

With a seating arrangement of 7300 people and 26 conference rooms, the compass ballroom below the underneath the Hard Rock hotel is diamonds worth in every way. For a hotel to allocate such large space only for entertainment of the customers truly states how integration has truly coming into Resort world group of hotels.

Kids Club

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Business Executives are not just the traditional males anymore. More and more females have started occupying space at the top of the level in the pyramid. The task of handling kids and attending business meets have always been a challenge for female executives or single fathers.

Gaming zone

State of the art gaming zone for game lovers to enjoy and play latest single player games, simulator based games.

Casino

Something that attracts more customers and brings the highest revenue to a hotel is the casino. Resort world provides one of the best and the latest structure casino floors. As the belief goes “ a game does not drive the player to gamble it’s the ambience that pulls them towards the table.”

Hotel scenario in Singapore before and after the entry of integrated resorts:

As stated earlier, the entry of integrated resorts had made a major difference to the tourist experience at Singapore. The concentrated efforts of the Singapore Tourism Board have added a completely new dimension to the industry as a whole. Where at first there used to be single hotels and tourism was stagnant, now there exists a boutique of experiences that have magnified the beauty of Singapore. This transformation can be well indicated by the fact that the Singapore hotel industry wasn’t even affected remotely by the global economic crisis.

Economic impact created by integrated resorts

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With the opening of the Integrated Resorts in the year 2010, the yearly tourist arrivals hit an all-time high of 11 Million, with even monthly arrivals from January to December recording record highs. As of now, the MBS casino sees at an average 25000 customers a day, with only a third of them comprising of locals. Singapore managed to rake in 18. 8 Billion Dollars via tourism receipts in the year 2010, which was its highest collection in 10 years. This was a 49% increase from the previous forecasts, a stupendous rise indeed. These receipts included the tourist expenses in the admission, dining and shopping areas. There has been an increase in visitors especially from countries like China, Indonesia and India. To conclude, one may say that the arrival of tourists has greatly affected Singapore and increased its revenues greatly. 60, 000 jobs have been created in the integrated resorts industry leading to a 1 to 1. 5% increase of the gross domestic product.

Creation of brand image and adding value to Singapore brand

The tourism industry has become a brand in itself over the years, and has played a critical role in the development of Singapore. Integrated Resorts have played a major role in this process, as the variety of services that they provide add to making Singapore a huge attraction to tourists across the world. It has become a thriving cosmopolitan brand that influxes a variety of people hailing from a variety of cultures. Singapore is an enriching and unforgettable destination. As the Singapore Tourism Board puts it, Singapore has become an experience to call your own.

Challenges they are providing to conventional hotels

The term “ Integrated Resort” has become popular since the Singaporean Government liberalized their casino licenses and indicated that they want more than just a casino. Singapore envisioned integrated resorts with facilities such as hotels, theatres, convention centres, theme parks, museums, retail, and food and beverage in addition to a casino (MacDonald & Eadington, 2008). The goal was to attract visitors to come to Singapore not just for gambling but also for other leisure travel experiences. Hence integrated resorts such as “ Marina Bay Sands and “ Sentosa” have brought about a revolutionary change bringing everything under one roof. This has posed a problem to the conventional hotels in Singapore as they have not been able to generate business because of these resorts as customers would prefer the resorts with everything under one roof. The integrated resorts pose a major problem to the 5 stars in the same price range as these hotels have world class facilities which have contributed to the Singapore Travel and Tourism Industry. This is one of the main reasons because of which not many deluxe hotels are existent especially in Singapore as they know they would not be able to compete to these resorts.

Integrated Resorts have been adopted from the Resort concept in Las Vegas. Las Vegas Sands, the extremely renowned company based in Las Vegas has built the Marina Bay Sands, hence the architecture, the infinity pool and the sky park are the main attractions which has not only helped to increase the number of guests checking in but also the footfalls in the casino, the sky walk area making Singapore one of the attractive tourism spots. It is directly contributing to a large extent to the economy. Hence the conventional hotels

are not only in danger in Singapore but across the world and have to put in efforts to compete with the integrated resorts tactfully.

Technological innovations that have entered along with integrated resorts

The technological innovations that have made their entry via integrated resorts have been at the heart of the development of Singapore. These innovations such as the introduction of fitness centres, clubs, casinos and restaurants to the conventional hotels have made a major difference. These facilities were very popular even when they were available standalone, but their presence all together has added to the experience as a whole. The tourists have been attracted and they have truly made Singapore their own.

DEBATES RELEVANT TO THE TOPIC

Through our literature review that we have undertaken, we came across several counter arguments against the concept of integrated resorts. Both these resorts have casinos in them and there were a group of people who were very worried about the implications that would come up. They believed that this could cause gambling addictions which in turn could ruin families. Further the presence of casinos could cause an increase in crime rates. thus to counter this the casino owners created a rule in which Singapore citizens have to pay \$100 for entry into the casino while for every other customer it is free. This has helped them counter the problem of gambling addiction and did not even increase the crime rates till a great extent.

Another argument that we came across was that with the entry of integrated resorts traditional hotels will lose its charm. And the authenticity of hotels will be lost. The purpose will change and the traditional beliefs will no longer

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hold true. They did not view it as a new era in the hotel business but as a negative change.

COMPONENTS OF THE RESEARCH TOPIC AND THEIR RELATIONSHIP

The components of this research topic that we have identified so far include:

Number of tourists

Length of stay of the tourists

Political factors such as the relevant stability existent in the country

Types of tourists

Technological growth in the e-commerce sector

Types of facilities available

IDENTIFICATION OF LITERATURE TO BE REVIEWED

The literature reviewed ranges from the time period of when the concept of integrated resorts was initialised and the factors that led to it to when it was being built and what was expected from it to the after effects of it. The literature review also comprises the global trends in hotel industry, the tourism statistics and some acts about integrated resorts in general. The review comprises of all these as they are apt with the research topic and help us gain insights as well as better our understanding. they will give us a base to conduct our further research and not do what has already been done.

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INITIAL DESIGN OF STRUCTURE

The design of structure or the outline that we are going to follow while going ahead with our project is as follows

Introduction to industry

Introduction to integrated resorts

Introduction to Marina Bay Sands

Introduction to Resort World Sentosa

Literature review

Survey and questionnaire to tourist and citizens

Personal interview with management of both the resorts

Personal interview with industry experts

Factor analysis and detailed study on factors

Data compilation and analysis

Regression analysis

Hypothesis testing

Conclusion

IDENTIFICATION OF METHODOLOGY

PURPOSE OF STUDY

The project will initially be exploratory in nature with extensive review of literature and available data followed by certain amount of data collection. However, after which we will move towards descriptive research to get more conclusive results. This is because exploratory research will help us create a strong secondary research background and also help us understand the previously proven and explored data in this topic area. It will help us become more familiar with the area of interest and gain more knowledge on the same. It will help us understand the working of hospitality industry in Singapore which has a very unique working style and has created a name for itself with respect to tourism. As well understand the impact that the introduction of integrated resorts caused on this country's economy and popularity.

With the help of descriptive research we will be able to achieve definite conclusions on the impact that the integrated resorts has on the tourism of Singapore. Primary data collection will be undertaken here. This way we will be able to get factual data in order to provide proof for our conclusion.

METHODS OF DATA COLLECTION

The methods of data collection that we are using are:-

COLLECTION OF SECONDARY DATA

We are collecting secondary data from various sources which involve both libraries as well as online data bases such as EBSCO, Euromonitor and

Google Scholar. We are going through previous research paper, published articles, academic articles etc. with the help of these we have been able to find trends in the hotel industry globally as well as in Singapore, We now have insights into how integrated resorts have impacted not only Singapore but the rest of the world as well. We have even been able to understand why Singapore decided to come up with the concept of integrated resorts and the various factors that were considered. We came across data's that showed us what was aimed to be achieved with the help of integrated resorts and what has been achieved as well. With further secondary data collection we hope to find deeper insights into our topic as well discover how Marina bay sands became the face of Singapore within such a short span of time.

The advantages of this method are:-

It will help us improve our understanding of the impact integrated resorts ad on Singapore

It will help us gin insights into this topic

It will help fill out all unnecessary gaps that will arise in our research

It will provide us with a base to further our research on

The disadvantages of this method will be:-

It is a very extensive and time consuming work

Data found is generally not very apt or relevant

Data found can be outdated

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INTERVIEW METHOD

With the help of following the interview method we are going to personally speak to some industry experts as well try to get in touch with the staff and management of the two integrated resorts of Singapore- Marina Bay Sands and Resort World Sentosa. We will also Interview a few customers staying at both these hotels, members of travel agencies as well as a few Singapore residents. With this we aim to get first hand information on the integrated resorts and Singapore. We will know what are the point of views of different people who are affected by the introduction of these resorts so as to gather a full proof analysis on the different impacts created - positive as well as negative.

The advantages of this method are:-

Accuracy level increases

Likely to get more response

Opportunity to judge non-verbal communications as well

Will be able to tap the spontaneous responses.

The disadvantages are:-

Cannot be undertaken for a large number of respondents

Can turn out to be very expensive and time consuming

There may be restrictions in terms of information revealing and responding from the respondents end

QUESTIONNAIRES

We are going to create questionnaires consisting of 10-15 questions that will be distributed amongst tourists and localities in order to gather their view point on the arrival of integrated resorts in Singapore and its impact on the country in order to find out how they view this change which has come up in the past 5 years.

The advantages of this method are:-

Large amount of data can be collected from a lot of people within a short span of time.

Easily quantifiable results

The validity and reliability is retained no matter who conducts it.

The disadvantages are:-

Can lead to the collection of a very large un-manageable amount of data.

Honesty of the respondent cannot be determined

A question has to be framed in such a way that it is not misinterpreted by others.

PROCESS INVOLVED IN THE RESEARCH

STEP 1 - LITERATURE REVIEW

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The first step is going to be to review the literature that has been previously been conducted which is relevant to our topic and which both support and counter our hypothesis. We also want to review the literature that shows us the positive and negative impacts that integrated resorts have on the hospitality industry of Singapore. This has been discussed in more detail in the ' identification of literature to be reviewed' section of this proposal.

STEP 2 - DATA COLLECTION

The data for literature review is basically being sourced from National Library of Singapore, other libraries, EBSCO database and Google Scholar. At this step a base will be created for our project and will thus help us create a framework. After which we will be collecting data directly from sources by taking and interacting with individuals associated with entry of integrated resorts. Further we will also try to gather view points on how the entry has changed the face of hospitality in senses like amenities, technologies etc. we will also try to understand from these people what are the changes that have been taking place since the entry of integrated resorts. Then we will try to collect data from sources from industry specialist in order to get statistics, figures and numbers.

STEP 3 - SAMPLE SELECTION

The primary focus for interview and questionnaires are going to be to the employees and management of the integrated resorts, industry experts and members of hospitality industry. However we even want to gather information from general public. This shall comprise of a) tourists and b)

Singapore residents.

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Tourists - the tourist will be selected in two parts, customers of the hotel and other

tourists. The respondents in each category will be selected using the cluster method of sample where members with similar characteristics are grouped together.

Singapore Residents - the respondents will be selected with the help of cluster analysis.

The minimum no of respondents that will be taken into consideration is 70.

TIME SCALE

December 2012- submission of literature review and review of atleast 20 articles

Jan 2013 - starting of field work and further literature review

Feb 2013 - compilation of interview and questionnaire's

March 2013 - preparation of final document and covering objectives

April 2013 - presentation and defence of resear

LIMITATIONS IN THE METHODOLOGY

The limitations that are present in the methodology are:-

Accessibility to the management of Marina Bay Sands and Resort World Sentosa.

Accessibility to the industry experts

Low knowledge of respondents

Likelihood of low response rate

Limited availability of literature review

ETHICAL ISSUES

Objectivity from the researcher's perspective. The interviewer and researcher should not be bias about the respondent or the answers provided.

Maintenance of integrity and confidentiality of the data provided by the management and industry experts.

Respect for intellectual property right like patents and copyrights.

DATA ANALYSIS METHODS USED

There are a variety of methods that can be used in order to carry out a detailed data analysis of our proposed project:

Regression modelling

We can use this model in order to establish a relationship between a dependent and an independent variable. This model is being applied mainly due to the decline in the tourism industry in the years 2005 and 2006. To create this model, the dependent variable in this case will be the number of tourists entering Singapore in a particular year and the independent variables will be a variety of factors affecting these tourists such as the amenities provided, sightseeing locations, and cultural diversity.

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Hypothesis Testing

The null and the alternate hypothesis have already been stated in the previous sections of this proposal. Hypothesis testing will help us determine whether the integrated resorts development has played a critical part in increasing the number of tourists in Singapore.

Factor Analysis

Factor analysis basically involves combining a variety of factors in order to shorten down the number of factors affecting the tourism industry in Singapore. The Regression analysis will help us analyse the relationship between these factors and the number of tourists, whereas the Factor Analysis will help us to identify these factors in the first place. The factors in this case will probably be limited to 5 or 6 in order to get a generalized viewpoint. The number of factors may be shortened down from as many as 30, which we will generate from our own knowledge, our primary as well as our secondary research.

CONCLUSION

We took up this project expecting to find a significant change in consumer behaviour and interest generated in Singapore as a tourist destination created by these two brands Marina Bay Sands and Resort World Sentosa. We believe the concept of an integrated resort will appeal more to the growing number of upper middle class masses in quickly growing economies like India, Singapore and many other Asian countries. While neighbouring cities like Macau, Vietnam, Hong Kong, Kuala Lumpur and Thailand have long since invested in contemporary tourist destinations, Singapore has

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consistently lost ground to these competitors due to lack of innovation in the tourism industry. We believe these two integrated resort projects will put Singapore back on a level playing field with its competing tourist destinations and we hope to prove that through this project. Additionally, we also believe the collaboration between the hospitality and gaming sector will have a major impact on the city's economy. The resorts are likely to open up several new auxiliary industries and benefit the country in several indirect ways. We hope to prove how these integrated projects will create several new employment options and also allow the locals to develop a certain degree of specialized skill set which will make their value grow in the global market. This in turn is expected to increase the national GDP as more employment will eventually lead to a higher per-capita income which in turn will raise the standard of living amidst the locals and increase the sense of belonging and create a better lifestyle.

We also believe that this collaboration between the gaming (Casino, Universal, etc.) and the hospitality industry will lead to an increased level of interest from a wider category of tourists. While so far Singapore was known more for its shopping avenues and tourist spots like Orchard road and Bugis street, people will also start perceiving the city as a gaming destination.