

Will Macau's casino-based tourism revenue bounce back?

Macau's surge as the world's biggest casino gaming hub in terms of revenue is without a doubt unprecedented. From its humble beginnings as a fishing community, Macau has evolved into an international casino gaming success story, surpassing Las Vegas as the favourite casino gaming destination for Mainland Chinese visitors in 2006 and raking in US\$7.19 billion.

However, since 2014 Macau's gaming revenue has been declining, causing anxiety and distress for the government, industry practitioners and investors alike. Available statistics from the Gaming Inspection and Coordination Bureau (2016) indicate that gross gaming revenue fell 10.5% in July to US\$15.7 billion. This was the 26th consecutive monthly casino gaming revenue decline since September 2010. The precipitous decline has been attributed, in part, to the so-called anti-corruption campaign on the mainland (which has affected VIP patronage), a raised entry threshold for gaming promoters, a government ban on phone betting and the continued slow growth of the global economy. These factors suggest the central government's role in tourism management and promotion is as important as the external forces shaping global tourism.

Parallel declines in tourism arrivals from some principal source markets have taken place even though these have not been documented in as much detail as the casino gaming revenue. The vast majority of visitors are from Greater China (i.e. Mainland China, Hong Kong) and Taiwan. Indeed visitors from Mainland China accounted for 66.5% of total arrivals in 2015. While arrivals from Greater China have been increasing over the years, some regional markets (Japan, Singapore, Malaysia, and Thailand) and long haul markets from Europe (UK, France, Germany, Italy) and North America (USA, Canada) have been declining in recent years.

More importantly, the amount of time spent in the city by international visitors is relatively short. The average length of stay for all visitors is 1.9 days. Here, too, the reasons are not hard to find. It has been recognised for some time now that many international visitors seek out Macau as a stopover from Hong Kong (just an hour away by 24-hour ferry). This affects the number of activities pursued and intensity of consumption of the city's product offerings.

Currently, an increasing number of international visitors use the city's international airport, which has in recent years become the preferred point of entry to the Pearl Delta Region. However, even though these visitors regard Macau as the main destination, they tend to spend some of their trip-nights in other destinations such as Zhuhai (Macau's neighbouring mainland city served by two land borders) and Guangzhou (Capital of the Guangdong Province and a two-hour drive by bus).

This tendency appears to be even more pronounced in a situation where gaming entertainment appears to be the main image of Macau in the minds of international visitors despite the fact that most marketing efforts concentrate on the infusion of the city's Portuguese and Chinese heritage. This shared heritage has been retained and reflected in architecture, festivals, cuisine and general lifestyles.

The city has also become famous for the annual Grand Prix. However, it appears visitors make a quick dash for gaming entertainment or visit attractions that can be consumed more easily and quickly.

At the time of writing, a three-month public consultation on a 15-year tourism development master plan developed by the Macau Government Tourism Office has ended.

The plan among other things seeks to position the city as a world centre of tourism and leisure by developing its tourism products, source markets and service quality. While commendable, this effort may come to nought if the idea is to control or predict tourism. For example, the goal to diversify source markets and target segments may not be achieved if the city's marketing managers dwell so much on the origin of the visitors rather than the role of the destination.

As the discussion presented here shows, Macau is perhaps one of several destinations visited by international tourists during an extended touring trip to Southern China. It may thus prove useful to package the city together with other places in the region such as Hong Kong, Zhuhai and Guangzhou as the only stopover where casino gaming is legal and East meets West.