

A Competitiveness Analysis of the Convention Tourism of China's Macao Special Administrative Region

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Abstract—This paper explored the use of Importance-Performance Analysis in assessing the competitiveness of China's Macao Special Administrative Region as a city for international conventions. Determinants of destination choice for convention tourists are grouped under three factors, namely the convention factor, the city factor and the tourism factor. Attributes of these three factors were studied through a survey with the convention participants and exhibitors of Macao SAR. Results indicate that the city boasts of strong traditional tourist attractions and infrastructure, but is deficient in specialized convention experts and promotion mechanisms. A reflection on the findings suggests that an urban city such as the Macao SAR can co-develop its the convention and the traditional tourism for a synergistic effect. With proper planning and co-ordination, both areas of the city's tourism industry will grow as they feed off each other.

Keywords—Convention Tourism, Importance-Performance Analysis, Destination Selection, Competitiveness

I. INTRODUCTION

A. China's Macao Special Administrative Region

MACAO is one of the two Special Administrative Regions (SAR) of the People's Republic of China. Strategically located at the east of Asia, it is situated at the western coast of the Pearl River, and about 60 km west of Hong Kong, the other SAR. Macao SAR has a land area of 29.2 km², a size that is less than one-sixth of Washington, and a population of 549,200 [1].

Historically speaking, Macao was one of the earliest ports in China opening to the world. In the 16th century Portuguese traders used Macao as a staging port and some traders settled in Macao Peninsula. In 1557, the Chinese agreed to an official Portuguese settlement in Macao and a Portuguese municipal government was established. Since then, Macao was administrated by Portugal for over 400 years. It was returned to the People's Republic of China on 20th December 1999.

B. Casino Tourism of Macao SAR

Among all Chinese jurisdictions, it is only in Macao SAR

where casino gaming is legalized. In 2002, the SAR government opened up the locally controlled casino industry to foreign industries. This allowed casino owners and operators from Australia, the United States, and Hong Kong SAR, as well as local operators, to establish and operate their mega-casinos and hotels in Macao SAR. The liberalization of the gambling sector also led to significant new investment in tourism, hotels and restaurant sectors, and related facilities. Expectedly, Macao underwent tremendous economic transformation since this new economic policy was implemented in 2002. By 2006, casino industry analysts, citing government figures, report that Macao has become the world's largest casino city, grossing US\$7.2 billion in gaming revenues annually, almost double the collections prior to 2006. This money-making venture continued to flourish, such that by 2008, Macao's casino industry reached an all-time high US\$13.7 billion worth of gaming revenues, profits that are higher than Las Vegas' and Atlantic City's combined. Moreover, in 2008, almost 80% of the city's government revenues were comprised of tax revenues obtained from Macao's casino industry [2].

Known as a haven for day-tripping gamblers, Macao SAR has evolved to become a key global tourist destination complete with five-star hotels, resorts, events, and convention centres. In 2008, Macao was visited by a staggering 30 million tourists - a number 60 times greater than Macao's population [3]. In fact, the city's tourist count is much higher than that in other destinations in the region. For example, the number of tourists that visited Guangdong Province was only 1.1 times its population [4], while in Hong Kong, it was a ratio of 4.2 [5]. With a per capita gross domestic product (GDP) of US\$36,357 [6], Macao is considered the richest place in Asia, ranking 20th in the list of the world's wealthiest economies in 2007 [7]. Similarly, Macao's per capita GDP for 2008 had increased to US\$39,036 [3], nearly equivalent to Japan's per capita GDP [8], which ranks second in Asia.

C. Convention Tourism of Macao SAR

Nevertheless, Macao has been increasingly challenged to diversify its tourist attractions and promote the city as a destination beyond its initial gaming come-on. In this context, Macao is adopting the Las Vegas model of a convention-styled tourist destination. It is believed that a thriving convention (which encompasses meeting, incentive,

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convention and exhibition, often abbreviated as MICE) tourism [9] can benefit Macao both in its economic growth and cultural promotion. However whether Macao can successfully utilize its resources for the development of its convention tourism is dubious.

This paper aims to identify the gaps that Macao SAR must fill to transform itself from a casino city to an international convention hub. The determinants of destination choice of convention tourists and the research methodology are addressed in the next two sections. The results of the empirical study are then explained. The paper is concluded with a discussion of the implications of the research.

II. DETERMINANTS OF DESTINATION CHOICE

As its core, the convention tourism marketplace trades in convention destinations. A destination converts convention tourism for the direct and indirect benefits it offers its residents and business community. It is found that [10] an attractive convention destination must offer strengths across of abroad range of convention, city and tourism factors (see Figure 1). High in the list of requirements are sufficient hardware facilities complemented by the exemplary soft skills of professional personnel, attractive city environments, and plenty of leisure opportunities.

A. The Convention Factor

Convention organizers normally give highest consideration to the availability and quality of both hardware components and people skills when choosing sites for their convention [11], [12]. The hardware facilities that are often given importance in convention tourism include factors such as space availability and quality, competitive rates, the location's accessibility, modern equipment availability (such as audio, video, and video conferencing equipment), and provision of high-quality food and beverage.

Complementing the hardware component is the availability of competent and professional human resources such as convention planners, interpreters, logistics service staff, receptionists, convention and dining staff, and facility management crew. The convention industry does not require an infrastructure that differs significantly from that for other types of tourism, although the types of services available to convention goers and convention planners are unique. Thus, the convention tourism can be more precisely considered to be a convention service industry and the service quality is a critical success factor.

B. The City Factor

In selecting the site, a convention organizer also considers the city factor including the basic conditions (such as the weather, location, accessibility and infrastructure), social setting (such as historical landmarks, local culture, and building and public security), and external relationship (such as entry visa, and international connections) of the destination. Convention and exhibition hosting can create a favorable image for a host city particularly when local and international

convention travelers who have traveled there eventually talk about their experiences [13].

C. Tourism Factor

The convention industry is a significant tourism-related industry. The availability of tourism infrastructures (such as hotels, shopping centers, restaurants, and recreational facilities) and activities such as night clubbing and bar-hopping are all very important determinants for destination choices of convention organizers.

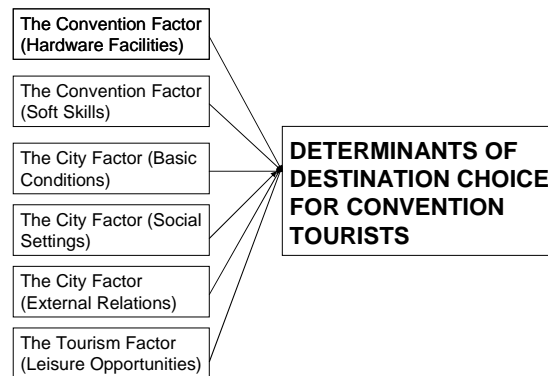


Fig. 1 Determinants of Convention Destination Choice

III. THE RESEARCH METHODOLOGY

The Importance-Performance Analysis (IPA), introduced by Martilla & James in 1977 [14] is a widely used approach for evaluating the competitiveness of a service industry. It has been utilized as a means of developing sound marketing strategies aimed at attracting and maintaining a strong customer base. Based on empirical research, consumer satisfaction was determined to constitute both performance and importance. In utilizing the IPA model, the evaluator is required to answer two fundamental questions relative to a chosen service. These two questions examine the importance of a given feature to the evaluator and the performance level of the feature. The IPA is usually conducted in four stages.

1. The first stage involves the collection of attributes for the item to be evaluated. This step is vital and crucial in the evaluation of customer satisfaction. Should the evaluative factors important to the customer be overlooked, the usefulness of the IPA would be severely restricted.
2. The second stage involves developing and conducting the survey to measure attributes. It consists of incorporating each item on the attribute list into two separate Likert based scales. One scale is designed to elicit responses regarding importance of the selected attributes, while another scale is designed to elicit responses regarding the performance of the agency which delivers the service. Separating the importance vs. performance measures would help to minimize compounding and order effects.
3. The third stage is the calculation of the survey. The data provided by the instrument take the form of paired mean

scores for each attribute, as measured on the importance scale and performance scale. Use of a Likert format allows the researcher to treat findings as interval data. The use of mean scores is preferable due to the additional information they provided.

4. The final stage is the plotting of the results on a grid to aid management in decision-making. It involves interpretation of the data gathered in previous stages. The importance-performance grid take the form of a simple x and y scatter graph in which importance represents the y or vertical axis, and performance represents the x or horizontal axis. The mid-points of the Likert scale are used as references to divide the grid into four quadrants. Analysis is accomplished by noting where scores fall. Quadrant descriptions consist of the following (see Figure 2):

- *Quadrant I, Concentrate Here:* Scores which are located in this quadrant indicate the attributes are considered by the respondents to be important. However, the performance of those attributes is considered by the respondents to be low. This quadrant is an area that should be concentrated upon to improve the performance attributes of the factors.
- *Quadrant II, Keep up the Good Work:* Quadrant two represents an area where both the importance and performance values are considered high. Attributes in this quadrant are being addressed adequately by the service providers and that the providers should seek to maintain current effort and performance.
- *Quadrant III, Possible Overkill:* This area represents low importance scores coupled with high performance scores. Attributes falling in this quadrant are seen as unimportant to respondents yet they are well serviced. Service providers are advised to possible reallocate or shift effort and resources to other quadrants.
- *Quadrant IV, Low Priority:* Attributes with scores falling within this quadrant reflect low importance and performance ratings. Service providers could thus pay less attention the features due to the low importance scores.

The major contribution of IPA was that it provided a practical, "user friendly" method of collecting and analyzing data with regard to the importance and performance of a set of attributes. Martilla and James [14] noted: "IPA offers a number of advantages for evaluating consumer acceptance of a marketing program. It is a low-cost, easily-understood technique that can yield important insights into which aspect of the marketing mix a firm should devote more attention as well as identify areas that may be consuming too many resources. Presentation of the results on the importance-performance grid facilitates management interpretation of the data and increases their usefulness in making strategic marketing decisions" (p. 79).

Since its introduction in 1977, the Importance-Performance Analysis [14] has been widely applied within the context of tourism [15], [16], [17], as well as service quality [18], [19],

[20].

IV. IPA OF MACAO'S CONVENTION TOURISM

An IPA was conducted in March 2009 to evaluate the competitiveness of Macao as an international convention destination. The study results are illustrated on Figure 2 and explained in the following paragraphs.

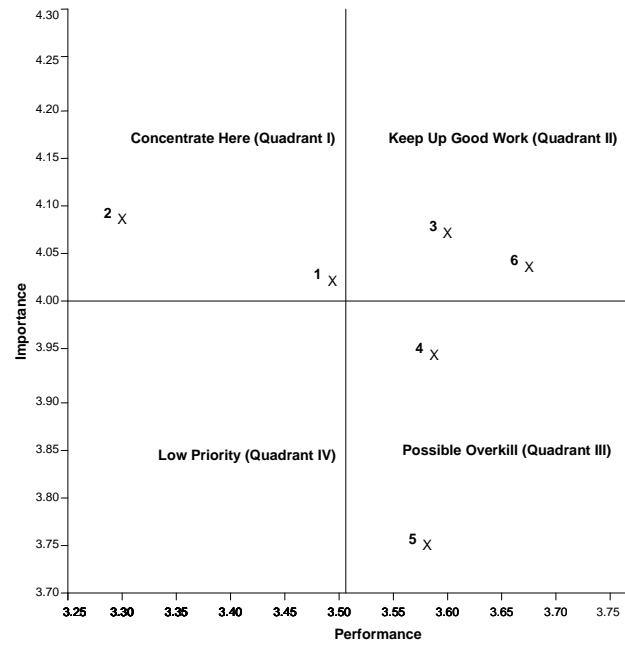


Fig. 2 Importance-Performance Analysis Grid (Factor 1: Hardware Facilities of the Convention Site; Factor 2: Soft Skills provided by the Convention Site; Factor 3: Basic Conditions of the Convention City; Factor 4: Social Settings of the Convention City; Factor 5: External Relationships of the Convention City; Factor 6: Tourism and Leisure Opportunities provided by the Convention Destination)

A. Quadrant I: The "Concentrate here" area

Respondents indicated that "Soft Skill" was the most important yet most unsatisfying factor of Macao SAR's convention service. In relation to this, the lack of qualified personnel for convention and exhibition activities is the single biggest problem that the Macao government is currently facing. According to [3], among the employed population of Macao SAR in 2008, only 21.9% completed primary school, 29.8% completed junior high school, 27.6% completed senior high school education, and 20.7% completed college or a higher degree. These figures indicate that the quality of human resources in Macao is generally inadequate or lower compared with its international counterparts. For many, Macao's labour-intensive and high-technology human resources seem to take on an "hourglass" shape, which means they are both in high demand. Therefore, the tourism sector in Macao should further improve the education and training it provides its people, import more talents to the country, and develop high-

quality soft skills enhancement programs. Without highly competent professionals, especially high-level convention and exhibition personnel who can efficiently handle planning, organization, and implementation, it would be difficult to hold large, international, and complex conventions and exhibition activities that are at par with international standards.

The position of the “Hardware Facility” factor is ambiguous because its performance mean score is marginally below the grand mean score. It intersects between the “Concentrate Here” quadrant and the “Keep up the Good Work” quadrant. According to [19], a convention and exhibition host pays more attention to the facilities of the venue, among other things, when choosing a site. To date, Macao possesses high-quality and diversified hardware facilities including venues with sizes that are at least 120,000 sq. m. These include 6 exhibition venues and 108 conjoint convention halls that can accommodate 50,000 people and provide 5,000 exhibition booths. These sites are spread all over in modern hotels (such as The Venetian Macao Resort Hotel and the MGM Grand Macao) or historical buildings, all of which are capable of accommodating a high number of travelers to Macao. These facilities can be used not only for business conferences and exhibitions but also for cocktail parties or dinners, among others. However, the quality of convention facilities in Macao is still perceived as lower than that of its neighboring areas. This could be attributed to the impression of Macao as an “Asian Monte Carlo” or a casino city. Therefore, relevant parties should promote the hardware facilities and attractions in Macao as suitable for business activities in order to eliminate the impression that Macao is only a casino city. Doing so will help redefine a new image for the city - an international tourism and leisure city that can host large and complex convention and exhibition activities.

B. Quadrant II: The “Keep up the Good Work” area

Respondents were most satisfied with Macao SAR’s tourism factor. Macao is the only place with casino infrastructures in the greater China region. Its casino industry is well developed as discussed earlier. Moreover, international occasions and events are held here all year round (e.g., the Grand Prix, the Macao Gourmet Festival, etc.); such events can meet the recreational and leisure needs of business travelers and participants of convention and exhibition activities. As of 2008, there are already 84 hotels and apartments in Macao, with a total of 17,490 rooms ready for occupancy [3]. These well-appointed rooms satisfy the diverse accommodation needs of travelers. Overall, many businessmen consider Macao’s retail trade industry, hotels, night life, and recreation activities as satisfying.

Macao SAR also performed fairly well on the city basic factor infrastructure. Macao’s superior geographical position gives it a competitive edge as a convention venue and a tourism destination. Its air-sea-land traffic spans the most developed areas surrounding the Pearl River Delta, which has the most frequent stream of people. The Macao International Airport connects to all major countries and cities in Asia, and

has close traffic with Chinese Mainland cities, Taiwan, Japan, Malaysia, Thailand, and South Korea, among others. Its sea transportation system connects Hong Kong with the Pearl River Delta. By land, Macao borders the south of China and the west of Guangdong Province. Its location is also convenient for international business travelers. Moreover, Macao was once a colony of Portugal so it has a special historical background featuring a unique fusion of Sino-Portuguese cultural elements. With two different cultures in such a small place, it is a more distinctive place compared with its neighboring cities such as Singapore and Hong Kong.

C. Quadrant III: The “Possible Overkill” area

The social setting factor was rated as marginally less important. “The Historic Centre of Macao” was listed as a world heritage site during the 28th World Heritage Conference in 2005. Macao landmarks and its local historical structures have been attracting many visitors and business travelers. Therefore, the city’s cultural and social factors can give it competitive advantage in its development as a key player in the international convention tourism industry.

“External Relationship” was rated the least important factor. Macao has a free-trade port implementing a low-tax policy. In addition, the government does not require visitors and travelers to secure a visa prior to entry. As previously mentioned, it has deep cultural origins from both Mainland China and Portugal, allowing it to serve as a trade platform between the two countries.

D. Quadrant IV: The “Low Priority” area

There was no factor identified as “Low Priority” for the development of Macao SAR’s convention tourism.

V. DISCUSSION

The results of the above study lead to a significant area for increase in performance of the convention industry in the Macao SAR. Namely, it has a strong gaming-centered tourist infrastructure that can be leveraged to develop its convention industry. Convention hosts are looking not only for sufficient conference room space and catered meals within the hotel, but are also looking for extracurricular activities to draw attendees to their conference, the existence of these facilities means that conference planners will be more likely to consider Macao SAR as a potential site for their event. However, there are some concerns that must be addressed within this area. First, Macao should accelerate professional training among its residents to improve the quantity and quality of the local work force skilled in serving the convention industry. Second, the city needs to adjust its promotion strategies, currently geared toward gaming tourists, to appeal more to business tourists. This latter group is more attracted to a professional destination image than a fun-loving one [21]. As can be seen, the conventional tourism industry has great potential to impact the convention tourism industry both positively and negatively. In order to maximize the potential return, Macao must address the negative impacts without losing sight of the positive

impacts.

Macao SAR has already developed its reputation as a world-class gambling city by focusing on the development of its gambling and adult entertainment venues and offerings. Now it can move to the development of comprehensive tourism options such as heritage, scenery, culture, cuisine, hotels, and theme parks to widen its appeal. This development of multiple avenues of strategic advantage can help improve the draw of business tourists to Macao SAR and boost its economic development.

VI. WIDER IMPLICATIONS

In today's world, the convention is often a prelude to a vacation for a busy business worker, and as such the general tourist industry of the area must be considered in addition to convention facilities. In particular, the exhibition and convention industries may actually bring more business to the local area than do traditional tourists. A case in point is Orlando, Florida, USA, which has traditionally been popular with both conventions and tourists, and found that conventions contributed more to the regional economy than were the general tourists, despite the large draw of attractions like Disney World [22]. It is found that the large party size, length of visit, and the number of days attendees remain past the end of the convention contributed to this increase in tourist volume.

Developing tourism infrastructure should be seen as a vital part of encouraging the growth of not only the general tourist industry, which also benefits from these facilities and attractions, but also for the development of the convention industry; without these facilities, the area will not be as attractive to convention hosts, who are working not only for the effective execution of their own event, but to attract individuals to the convention who wish to enjoy the local tourist attractions as well.

One demonstration of the common development of convention and general tourism industries is the Canadian Convention and Visitors Bureau (CVB) which provide coordinated development of the convention and general tourist facilities for Canadian cities [23]. This development practice allows the Canadian cities to conduct tourism planning that is both designed for the needs of all its visitors and that does not require repeated efforts or increased facilities. This is both a good use of resources and allows the city to increase its ability to draw both general and convention tourists.

It is revealed [24] that one of the ways in which conventions were packaged within the city was offering not only convention facilities, but also pre and post convention tours, accommodations, and transportation, all relying on the existing tourism infrastructure, heritage, scenery and other aspects of the region and the existing tourism industry in order to lend support to the convention industry. However, this implies a certain reliance of the tourism industry on the convention and event industry as well, as the tourism industry will become reliant on the convention and event industry and

will interact more commonly with it. Thus, a synergistic effect grows as both industries become more dependent on each other for growth.

VII. CONCLUSION

As compared to its neighboring cities, such as Hong Kong SAR, Guangzhou and Singapore, Macao SAR is still at an early stage of the development of its convention business. To keep up, or even overtake, the competition, Macao should take a more holistic approach to develop its tourism industries. Convention, exhibition, entertainment and gaming are activities that possess very visible linkage properties. A synergy of these core tourism sectors would drive the economic development of Macao SAR to a new phase. Merging the four tourism sectors, available facilities and resources of Macao could be used to their fullest extent and the largest profit is made by all.

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