

Study on the Development Blueprint of Macao's Convention and Exhibition Industry –

Abstract

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1. Background of the Study

In order to fulfil the objective to be the “World Centre of Tourism and Leisure” and the “Commercial and Trade Co-operation Service Platform between China and Portuguese-speaking Countries”, and promote the moderate diversification of the economy, the SAR government proposed a five-year development plan in 2016, and suggested facilitating the coordinated development between the gaming industry and non-gaming industries to enhance Macao's industrial structure; turn Macao into a diversified, modernised and international tourist city, explore new markets and sources of customers, and foster the development of Overall Business Form for the Tourism and Leisure Industry. Moreover, the convention and exhibition industry (hereinafter “MICE industry”) has been given priority.

Since the MICE industry induce multiplier effects on its related industries (including travel, dining, entertainment and hotels, which are already have a number of advantages in Macao). The MICE industry is important for promoting diversification of economy, as well as realising the objectives in Macao's five-year plan, and facilitating the construction of the “Centre and Platform”.

Therefore, the Macao SAR has appointed Macao Research Centre Ltd to conduct the “Study on the Development Footprint of Macao's Convention and Exhibition Industry” from 2016 to 2017, working out suggestions on measures and policies to support the development of Macao's MICE industry.

2. Study Methodology

The research team adopted various methods which include studying the development of eight convention cities, conducting questionnaire surveys on 1,121 participants in conventions and exhibitions and 74 enterprises in relation to conventions and exhibitions, engaging in 46 in-depth interviews with the

leaders and stakeholders in the local and overseas MICE industries, and holding four group meetings of experts.

3. SWOT Analysis

In the report, the circumstance of Macao's MICE industry has been analysed as following:

3.1 Economic Contribution of the MICE industry

- According to the survey¹ of visitors to conventions and exhibitions in this study, the expenditure of the visitors at conventions and exhibitions in Macao is normally as much as 3.8 times that of normal overnight visitors. Moreover, the length of stay of the former is more than double that of the latter.

3.2 The Critical Analysis of the Status Quo

- The strengths of Macao's MICE industry include a wide-ranging set of hotels and venues for conventions and exhibitions, the attractiveness of the World Heritage sites and the flourishing tourism and entertainment business, which positively interact with the MICE industry. The development of the MICE industry also benefits from the government's support and the tremendous number of tourists. The moderate political atmosphere also favours of the implementation of new policies targeting the development of the industry.
- Also the major limitation on the development of Macao's MICE industry is the small size of the local market, which results in limited internal demand. Another limitation in the developing international reputation of Macao's exhibition industry; is the inadequate international transportation and local human resources, overseas exhibitors and visitors who take part on the conventions bear relatively high costs. In addition, the problems with the insufficient transportation in the city and the hindrance in cargo clearance need to be alleviated.
- The potential threats to Macao's MICE industry include the competition with neighbouring cities such as Hong Kong, Shenzhen and Zhuhai. As such, Macao needs to construct a unique market position as soon as possible to consolidate its own strengths. In addition, the shortage of human resources may affect the quality of the exhibitions and services, and the establishment

¹ The survey was conducted from April to August, 2016.

of a positive reputation. In addition, the lack of variety of venues and fairs and sales nature of the majority of the exhibitions also affect the attractiveness of Macao's MICE events as perceived by the participants.

- Looking into the future, Macao is devoted to developing emerging industries, which may in turn support the development of the MICE industry. Since a great number of people are still optimistic about Mainland China's economic prospects, Macao can play a significant role as a trade platform, especially a platform between the markets of China and Portuguese-speaking Countries. Given that Macao co-operates with development strategies such as the "Guangdong-Hong Kong-Macao Greater Bay Area" and "The Belt and Road" actively, and that the completion of the Hong Kong-Zhuhai-Macao Bridge will bring about opportunities due to factors like strengthened external transportation, Macao's MICE industry will be able to further develop.

3.3 Development Phase

Over the last few years, the stimulation program offered by the government has led to the rapid growth of the MICE industry. Based on the integrated results of past and the present studies, Macao's MICE industry will enter the improvement and development phase in the next few years. The studies show that the foundation of Macao's MICE industry still needs to be consolidated by measures including cultivating better professional talent and elevating its international reputation. While the direction "Priority to Conventions" continues to be upheld, The MICE industry should also endeavour to explore opportunities brought about by the emerging industries and economic diversification, and strive to have more convention and exhibition events held in Macao. Considering the city's geographic location and tourism carrying capacity, MICE events should be focused on high-end dining, entertainment, life and culture, in order to attract more high-end tourists.

4. Development Blueprint

A. Macro Aspects

Based on the results of the study and the opinions of different stakeholders, the report proposes the development blueprints for the MICE industry. It aims to fit the Macau MICE industry in the Macao's planning and

positioning as a city as well as national development strategies in order to achieve economic diversification; the blueprint will propose the following suggestions, based on the major direction of having the MICE industry coordinating with Macao's development:

Objective 1:

Conventions and exhibitions will contribute to the improvement and development of Macao as the “service platform for the commercial and trade co-operation between China and Portuguese-speaking Countries”

Macao will facilitate trade between China and Portuguese-Speaking countries through convention and exhibition events, leading the “Guangdong-Hong Kong-Macao Greater Bay Area” and the Pan-Pearl River Delta (PPRD) provinces to explore the markets of Portuguese-speaking Countries.

Short term – Deepening the accomplishment of the convention events of the Mainland and Portuguese-speaking Countries, and devoting more thematic sessions to the independent exhibitions of Portuguese-speaking Countries.

Medium term – Negotiating on enlarging the coverage of CEPA, giving enterprises from Portuguese-speaking Countries the incentive to transport products and semi-finished products to Macao for assembling and processing, and endeavouring to introducing products from Portuguese-speaking Countries to the markets of Mainland China.

Long term – Developing the industrial cluster of Portuguese-speaking Countries for economic and trade services, including accounting, law, language, marketing and promotion,, which facilitate trade between China and Portuguese-Speaking countries, and bringing about higher additional values.

Objective 2:

Contributing to the development of the featured finance and Traditional Chinese Medicine industry with conventions

“Conventions” drive the upper layer mechanism of emerging industries at the

strategic level. “Professional exhibitions and fairs” commercialise the accomplishments of the industries.

Short term – In the aspect of featured finance, exploring the co-operation models of financial leasing by holding conventions where the banking and business sectors from various places gather, as well as negotiating the establishment of financial leasing companies in Macao.

– In terms of the Traditional Chinese Medicine industry, laying a good foundation in characteristics such as research and development, international registration, services and trade by holding conventions for the standards and supervision system.

Medium term – The Traditional Chinese Medicine industry promotes the health products of Traditional Chinese Medicines to the mass market through professional exhibitions and fairs. In addition, it is also possible to co-operate by promoting Traditional Chinese Medicine health products to the tourists visiting Macao, and motivate the tourists to come to Macao to purchase related products or use medical services.

Objective 3:

Creating Macao’s city brands through conventions

To coordinate with the goal of turning Macao into the “World Centre of Tourism and Leisure” and consolidate the strategy of “priority to conventions”, the latest trends of the international tourist and entertainment industries are taken as reference, and the following orientations for the development of the MICE industry are proposed:

1. Enrich the substance of Macao as a “City of Gastronomy” by convention events

As a tourism city, Macao has a large number of top class and authentic restaurants. Native Macanese cuisine even has its own unique style. The government can enhance its brand of cuisines in a city through convention events. As such the international hotels and dining industries

are more willing to engage in exchanges in Macao as a platform.

Short term – Gathering professionals and scholars by holding forums, and promoting the brand of “Macao as a City of Gastronomy” and its elements.

– Holding events related to cuisines such as international culinary contests, exhibitions of good wines and dishes from Portuguese-speaking Countries and countries from South America, and culinary exhibitions under the theme of “The Belt and Road”. As such local residents and tourists can learn more about the cultures of different places.

2. Hosting international entertainment competitions to target niche markets

As the “World Centre of Tourism and Leisure”, Macao should refer to the latest technology and trends to explore new thematic events, so as to expend its share in new markets and stay competitive.

Short term – The industry and the government need to keep abreast of the entertainment trends and explore the projects that have a good potential. It is suggested to collaborate with the relevant local professional associations and hold international competitions such as electronic games, model aircraft, vehicles and vessels.

Medium term – Operating relevant exhibitions such as science exhibitions, electronic game shows, and so on to strengthen the interconnectivity between industries. Apart from contests, it is also possible to hold conferences regarding new technological products to attract technophiles from around the world to visit Macao.

3. Turning Macao into a “Main Destination for Training Conventions for Asian Enterprises”

In the Framework Agreement on the Development of Bay Area, it stated

that it supports building Macau as a base of education and tourism training. Macau should utilize the advantage of her tourist facilities and the ever-improving external transportation to attract various types of enterprises in the region to hold training conferences in Macau.

Short term – The venues owner can co-operate with reputable international training institutions to hold fee-based short-term training programmes and workshops. The target group could be directors and staff members of enterprises.

– Holding international professional examinations in the venues in collaboration with Macao's academic and professional organisations.

Medium term – Giving overseas professional training institutions incentives to be stationed in Macao and organise programmes. Seizing advantage of facilities and the opportunities within the convention industry, turning enterprise training into an industry in the city.

4. Starting from sports events and developing exhibitions through events

Sporting events have become a form of tourism through which tourists, especially those of the middle-class, appreciate the culture of a city, and Macao has excellent facilities and the experience in holding world class sports events.

Short term – Increasing the number of overseas participants in international marathon events every year. Including more representative locations in the plan to improve the route to enhance the attractiveness of the event.

– Introducing sports events and competitions that are worth watching, such as top class football matches. Holding relevant sporting goods fairs and sports tourism exhibitions while taking advantage of the number of people visiting to watch and participate in them.

Medium term – Creating more annual sports events, such as cycling events, water sports events, and holding a number of

competitions which are currently in various places in collaboration with the port cities of Mainland China.

- The government improves the facilities, so that professional contestants can compete, and spectators can appreciate the events.

5. Driving the progress in holding international cultural artwork exhibitions and auctions while focusing on high-end consumer markets.

The development of tourism in recent years can bring high-end tourists to Macao, which is a favourable condition for holding auctions. As currently Macao's auction industry is in the initial development phase, if the administrative procedures could be streamlined, stamp duties could be reduced, and professionals can be trained, the development of the industry could be positive.

Short term – The government can reduce taxes by administrative means to create a good industry environment, reduce the costs and risks borne by the buyers and auction companies, and attract the auction activities and international auction companies to locate in Macao.

Medium term – Making use of the well-developed customers' network of international auction companies, Macao can establish industry regulations and a reputation. Promoting surrounding activities, such as cultural artwork exhibitions and luxury product fairs (reputable watches and jewellery) to boost the development of the art collection industry and facilitate industry diversification.

B. Micro Aspects

The government and the MICE industry should, based on the strengths and developmental opportunities of the industry, lead the sectors to pursue innovation and become more international through active participation and encouragement. The report proposes the following suggestions at the micro-level for the MICE industry.

Objective 1:

Continuing the strategy “priority to conventions”, pursuing the goal of being a “city for international conventions and leisure”, and making progress in making the industry more international.

Increasing the international reputation of Macao’s convention industry, motivating more international institutions and associations to hold conventions in Macao, and continuously improving Macao’s ranking among cities for international conventions.

Short term – To increase the proportion of top international conventions, the government should assist professional associations to become members in international organisations, and participate in convention bidding. When necessary, it should assist in obtaining the support of central government ministries and national professional associations, and coordinating different departments, industrial sectors and professional organisations to propose a comprehensive plan to increase the bidding success rate.

- Inviting more celebrities from the professional areas to become “ambassadors of conventions”, promoting the strengths of Macao’s convention industry to the professional community more extensively at the international level.
- The government should assist in obtaining the support of central government ministries and national professional associations in negotiations with the Mainland, and augmenting the visa arrangements for the enterprises and individuals in relation to convention events.
- Targeting international tourists when promoting conventions and exhibitions, endeavouring to create a business atmosphere, co-operating with diverse tourist leisure programmes, and building an image of an “international convention and leisure city”.

Medium term – Strengthening the relation between the local convention service providers and international convention planning companies, driving them to introduce Macao to their

international enterprise customers. The government should facilitate provision of information to the enterprises, such as searching for information and prices of sites, hotels, transportation, and entertainment, to make it more convenient for them to plan for convention schedules and increase the chance that they choose Macao.

Objective 2:

Making MICE industry more commercial and international and turning Macao into the “destination for professional exhibitions and top-quality fairs”

Increasing the number of exhibitions certified by the Global Association of the Exhibition Industry (UFI). The emphasis of fairs will be placed on the development of quality and brands. The government should push forward the development of exhibitions related to emerging industries.

Short term – Commodities fairs are fundamental to the local exhibition industry. They are also important sales platforms for the local small and medium enterprises (SMEs). Therefore, it is necessary to create top-quality exhibition brands to increase the profit made in the fairs, which is important for making the industry more commercial.

- Constantly organising local enterprises to join the fairs in different places, strengthening commercial exchanges and exchanges in the MICE industry between Macao and the rest of the world so that the products and services are more able to meet international standards.
- Further simplifying the clearance procedures and arrangement for visas, and improving transportation routes to Macao.

Medium term – The government directs the events related to the emerging industries until the events have grown up in scale. They could then incentivise the market players to continue running the events.

- Presenting rewards to outstanding exhibitions according to the measurements of exhibition areas, proportion of overseas participants, and participants’ satisfaction levels.
- The government and the MICE industrial sectors should consider constructing smart convention platforms collaboratively, integrating the Internet of Things, cloud computing and big data technology, and summing up data about people inside and outside of the venue and the environment, and provide the holders and service providers of the convention and exhibition services, exhibitors, and the visitors with accurate, timely and participant-friendly information (including suggestions on events, forums and seminars). The government should also strengthen the effectiveness of the event for the participants and the experience (including accurate business matching, instantaneous online enquiries, delivery of discount information, and suggestions on transportation).
- The Macao MICE industry can coordinate with the event agenda of surrounding cities, so that the tourists for conventions and exhibitions can join the convention events within the region by having a “multi-destination tour”, opening up the entrance for conventions and exhibitions between eastern and western Guangdong province.

Objective 3:

Nurturing sufficient and long-serving professionals for conventions and exhibitions

The result of the study points out that Macao needs to strengthen its workforce for conventions and exhibitions in both quantity and quality. Introducing overseas specialists would be necessary. The scale of the industry should be enlarged before local professionals are motivated to join the industry.

Medium term – Driving coordination between institutions and the industry, augmenting education in conventions and exhibitions and enhancing its practicality and professionalism. It is also

suggested arranging for longer study hours to ensure the students have sufficient time to experience the entire process of organising events, and nurturing soft skills such as event management and communication. In addition, the government can also sponsor tertiary students to engage in internships related to conventions and exhibitions, encourage students to participate in overseas MICE events, and obtain experience from the events.

- Coordinating with the government’s policies of human resources, promote certifications of different job types, clearly define professionals and the necessary skills to equip, and cultivate professionals through recognised programmes. The industry associations can also promote programmes and take part in teaching to increase the recognition of the industry so as to motivate youths to participate in the MICE industry.

Long terms – Increasing the number of Portuguese-speaking professionals and enhancing their quality, meeting the demand of the conventions, exhibitions, and trade activities in relation to the “One Platform”. The government suggests reserving business and trade professionals who are bilingual in Chinese and Portuguese in its five-year plan. The Central Government also proposes assisting Macao in building the “foundation for cultivating Chinese-Portuguese bilingual professionals” to encourage more people to learn both the Chinese and Portuguese languages.

Objective 4:

Elevating the stimulation program and making good use of resources to enhance the performance of the MICE industry

The study shows that the neighbouring regions are contributing to the development of their MICE industries through incentive measures. These are very important for the successful commencement and growth of the emerging convention and exhibition events.

Short term – Event quality evaluations should be included to the

stimulation program in order to decide the actual amount of sponsorship. In addition, timely adjustments to the amount of sponsorship will also be made according to the sponsorship policies adopted in neighbouring cities, so as to enhance the competitiveness of Macao's MICE industry throughout the region. As the sponsored event becomes mature, the amount of sponsorship granted to a single project will decrease gradually over the years to motivate the industry to enhance the scale and quality of the convention events.

- If the events are beneficial to Macao in achieving a higher MICE city ranking and promote its reputation, or concern the city development strategies and emerging industries., the host can negotiate on the different forms and amounts of sponsorship with the government based on individual cases.

Objective 5:

Conventions and Macao – Contributing to related industries through conventions and exhibitions, and advancing the development of economic diversification.

Since the participants in the conventions and exhibitions stay longer in Macao and spend more, they can help boost the development of other industries. Macao should capitalise on the convention and exhibition events, bringing about benefits for the neighbourhood and opportunities for the development of other industries.

Short term – The MICE industry includes more surrounding business activities and social events that are rich in features in convention and exhibition events, and boosts tourism.

- Arranging some conventions to be held in venues in the neighbouring communities and bringing about the development of the neighbourhoods.
- Selecting themes of local and international characteristics (including events, people, works and trademarks), or introducing exhibitions of the similar nature from overseas to

Macao. As such residents have more opportunities to take part in convention events.

Medium term – In the plan for future pavilions, the land or newly reclaimed land in the neighbouring communities can be considered.

– In the future, if the government plans to construct event venues, it is possible to formulate policies and convenient measures to encourage local small and medium enterprises to be engaged in the events.

5. Conclusion

Considering the multiplying and integration effects of the MICE industry, the MICE industry should be planned at a strategic level in the city. On the one hand, it aims to facilitate the economic diversification of Macao, while on the other hand, it enables Macao to play a unique and active role in the national development strategies in the Guangdong – Hong Kong – Macao Greater Bay Area. The MICE industry will continue generating positive impacts on the development of different industries and economic diversification, bringing about benefits to the development of the community. It is hoped that Macao residents can fully take part in the MICE development and share the fruitful results.