

COUNTRY/REGION REPORT

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Macau: A destination mixing integrated resorts with events

Dr. Lawrence Hoc Nang Fong (University of Macau, China)

Macau Representative of APacCHRIE. LawrenceFong@umac.mo

Macau is a destination renowned for its world-class casino amenities. In line with global trends in gaming destinations, Macau is equipped with integrated resorts, which are mega properties composed of such components as casinos, hotels, restaurants, retail shops, exhibition venues, theaters, spa services, and others. Some of the famous ones are Venetian Macau, Parisian Macau, Galaxy Macau Resort, City of Dreams, Macau Studio City, MGM Cotai, and Wynn Palace. They all have their own signature attractions, accommodating the needs of different tourists. For example, Venetian Macau and Parisian Macau offer a broad shopping experience to customers in their themed shopping areas, where items ranging from low-end to luxury brands are on offer. Galaxy Macau Resort has the world's largest skytop wave pool and longest skytop adventure rapids. City of Dreams is renowned for its spectacular show entitled The House of Dancing Water. Macau Studio City has the world's highest figure-eight Ferris wheel and the 4D Batman Dark Flight ride. MGM Cotai features the use of projection technology to enhance customers' experience. Wynn Palace features cable car rides during which passengers have a bird's eye view of the resort's Performance Lake.

Apart from these existing integrated resorts, Grand Lisboa Palace and a London-themed resort are being constructed and will open in the next couple of years. These mega resorts not only draw in a large volume of tourists, but also prolong tourists' length of stay. By mid-2018, tourist arrivals were recorded at 16.8 million – an 8.0% increase relative to the same period in 2017. Over the past five years, the average length of stay of tourists has increased from 1 day to 1.3 days. As the HK-Zhuhai-Macau bridge will soon be in operation, a further increase in tourist arrivals is promisingly likely.

Beyond enjoying integrated resorts, what else can tourists do in Macau? My recommendation is to attend the annual events held in the last third of the year. In September 2018, the 29th Macau International Fireworks Display Contest was held, with ten international teams, coming from the Philippines, South Korea, Japan, Belgium, France, Portugal, Germany, Austria, Italy, and China, competing for the championship. While enjoying the fireworks displays, the audience was able to attend a fireworks carnival near the riverside. Audience members could enjoy a close view of the fireworks from the Macau Tower, the tallest building in the city. Visitors to this attraction could also enjoy a bungee jump operated by the world-famous company, AJ Hackett.



Photos taken by Jack Meng Jeong, a student of the University of Macau

Macau is famous for its Sino-Portuguese culture, and two cultural festivals are being held in October 2018. The first is the 21st Lusofonia Festival, characterized by the tasting of Portuguese cuisine and a variety of music and dancing shows delivered by performing groups from Portuguese-speaking countries. The second festival is the 16th Macau A-Ma Cultural & Tourism Festival, aiming to promote the prevailing A-Ma (a goddess in China) customs and beliefs in Macau, held in the A-Ma Cultural Village. The grand ceremony and Chinese performances are the key activities of this festival.

In November 2018, one of Macau's most exciting and long-established events, the Macau Grand Prix, will be held. This year the Grand Prix celebrates its 65th anniversary. The four-day event includes a variety of races featuring motorbikes, touring cars, and Formula-3. Thousands of international tourists and residents will crowd the audience seats. The race track has groomed numerous Formula-1 world champions. After the races, tourists can enjoy the delicacies of different countries at the Macau Food Festival, a two-week evening event celebrating its 18th anniversary this year.

To conclude the year, two popular festivals composed of activities scattered all over the city will be held. The Macau Light Festival will last for about a month in December 2018. Using lighting technology and artistry, the organizer will transform specific recreational and cultural sites into eye-catching and romantic night spots where thousands of visitors can take memorable photos and selfies. Another mega-event in December is the Macau International Parade, which aims to celebrate Macau's handover to China. The parade will feature a series of moving artistic performances delivered by foreign and local teams across the streets in Macau, where onlookers can interact with the performers. The event will end with a stage performance at a plaza near the Macau Tower. This will be the most exciting moment of the event, when the thrilled audience dances with the performers.

The above events are held at designated time periods of the year, whereas Macau also features attractions which do not have time constraints. Its UNESCO listed World Heritage Sites are worth visiting given the unique Sino-Portuguese culture in Macau. Cultural heritage tourists may love to visit these sites and to learn about the colonial history of Macau. In November 2017, Macau was coined "Creative City of Gastronomy" by UNESCO. Tourists are recommended to taste the Macanese cuisine in restaurants scattered all over the city.

Inbound tourism in Japan
Dr. Hiroaki Saito (Ritsumeikan Asia Pacific University, Japan)
Japan Representative of APacCHRIE. hsaito@apu.ac.jp

Rapid growth of inbound tourism

Japan, the land of the rising sun, was not a primary choice for many international travelers until 1995. According to the United Nations World Tourism Organization (UNWTO), Japan was the 34th most visited country on the planet after Bulgaria, Ukraine, and Belgium. Over the next decade or two, the growth of inbound tourism in Japan was steady, mainly due to globalization, the development of information communication technology, and infrastructure system. However, over the past few years alone, the number of international tourists has increased remarkably. The figure from UNWTO (see Figure 1) shows that the annual number of international tourists visiting Japan reached 13.4 million in 2015. Then, the number jumped up to 19.7 million in 2016, followed by 28.7 million in 2017.

Annual overseas arrivals (millions)

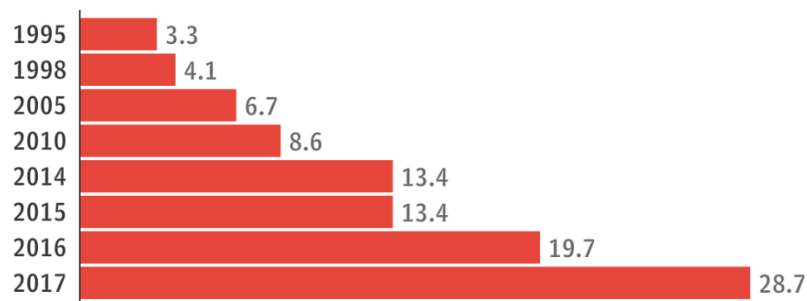


Figure 1. Annual overseas arrivals (millions)

Source: UNWTO in Smith (2018)



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Recent global tourism trends shows that travelling to Asian countries is becoming more popular than ever. In fact, the number of tourists visiting Thailand, Vietnam, Indonesia, and the Philippines has significantly increased in recent decades. However, compared to these neighboring countries, the growth rate of inbound tourism in Japan easily outstrips these rivals (see Figure 2), which has had the fastest tourism growth rate in the world since 2010 (Smith, 2018). Given the strong economic benefits inbound tourism brings to the country, the Japanese government has recently set the aspirational target of doubling annual inbound tourism from 19.7 million visitors in 2015 to 40 million in 2020, when the country will host two mega events, the Tokyo Olympics and Paralympics.

High risers

*Fastest-growing major travel destinations since 2010
(percentage)*

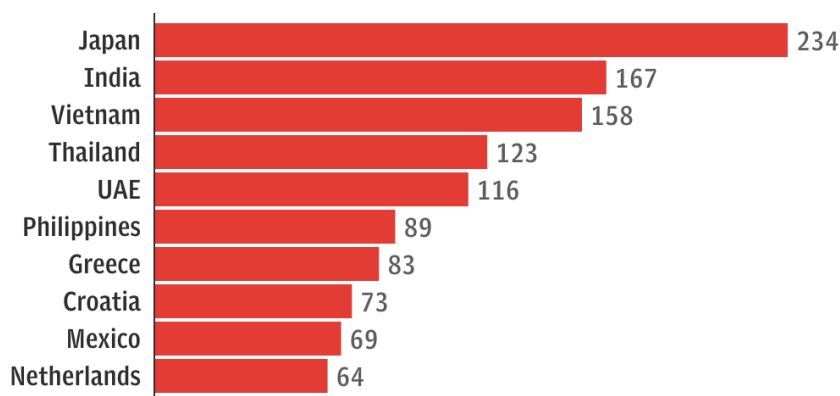


Figure 2: Fastest-growing major travel destinations since 2010

Source: Smith (2018)

While there are various factors behind the rapid growth of inbound tourism in Japan, major reasons, according to McKinsey & Company (2016), include the relaxed visa restrictions for residents of neighboring countries since 2013 (a total of 66 nationalities can now visit Japan as a tourist without a visa (Smith, 2018), the depreciation of the Japanese yen, and the strong economic growth of Asian countries, particularly China. All these factors have helped to make the country more accessible to foreign visitors.

Achieving the target by 2020: Current issues in tourism

Further growth of inbound tourism in Japan seems likely, but there are a number of issues the country needs to address in order to achieve the goal of 40 million international visitors by 2020. Among them, there are three key issues the country urgently needs to address: visitor-portfolio imbalance, skewed regional distribution, and capacity constraints in major cities (McKinsey & Company, 2016).

First, visitor-portfolio imbalance refers to the fact that approximately 72 percent of international tourists visiting Japan are from countries in East Asia, particularly China, and the number of visitors from other regions such as North America, Europe, and Australia is significantly limited (Japan National Tourism Organization Statistics, 2015). That is, compared to other top-tier destinations with more diversified visitor portfolios (i.e., a higher ratio of tourists from outside their own region), Japan heavily relies on “neighbors” for its inbound tourism. A number of reasons are considered to explain this imbalanced visitor-portfolio of Japan, including a lower awareness of Japan’s tourism assets, Japan’s reputation as a costly destination, a lack of an online tourism portal that could be more effective in accommodating users, and a lack of English-language infrastructure. For Japan to become a “tourism-oriented country” by 2020, this visitor-portfolio imbalance needs to be addressed urgently (McKinsey & Company, 2016).

Second, skewed regional distribution is another major issue. This suggests that most international tourists visit the “major cities” such as Tokyo, Osaka, and Kyoto (Japan Tourism Agency, 2015), which results in a loss of opportunities for regional cities to economically benefit from the growth of inbound tourism. In fact, in comparison to major cities, local regions take in 30 percent less tourism spending per day (McKinsey & Company, 2016). Often, these local regions can provide truly authentic cultural experience to the tourists in local settings, which major tourist cities may no longer be able to provide. In fact, major tourist cities are becoming more alike all over the world. Tokyo, Paris, New York, London, and Sydney may share more commonalities than differences, such as crowded roads, shopping arcades with the same brand merchandises, large building/towers, and restaurants, to name a few. Given that a growing number of tourists are seeking authentic cultural experiences at their destinations, redistributing tourists from the major

cities to regional cities by improving the infrastructure system is crucial for achieving the nation's goal by 2020. This issue of skewed regional distribution also leads to the next issue.



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There are capacity constraints in major cities, characterized by a lack of accommodation and infrastructure. Demand simulations for 2020 suggests that Japan would face up to a 50 percent shortage of accommodation in the major cities, and up to 30 percent overflow in air capacity for Haneda and Narita airports in Tokyo (McKinsey & Company, 2016). Thus, it is urgently required for elected officials, policy makers, and other stakeholders to recognize this issue and develop a range of strategies (e.g., easing regulation of vacation rentals and constructing new airport runways). Furthermore, the capacity constraints in major tourist cities also have negative impacts on local society. *Kankō kōgai*, or “tourism pollution” is a term recently introduced in the media, criticizing that most tourism promotion schemes in Japan do not take into account the numbers that they can actually materialize, nor the fact that many tourist sites are not able to handle the amount of traffic they have seen recently (Brasor, 2018). For example, a native of Kyoto, who is also the CEO of an eco-tourism company, said in Asahi Shimbun, one of the five national newspapers in Japan:

“(My hometown is) practically overrun by overseas tourists these days, and the residents don’t like it, despite the boost to the local economy. People who live along transportation routes that go through sightseeing areas find it difficult to use local buses anymore because they’re crammed with tourists. Restaurants are always booked because of social network hype. And foreign visitors are often inconsiderate – eating on the street, making too much noise in general, which is widely publicized in the media.

The rush of out-of-towners has destroyed ‘miyabi’ – that refined atmosphere unique to Kyoto” (Asahi Shimbun, April, 21, 2018, in (Brasor, 2018)).



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To overcome these key challenges and achieve 40 million international visitors to Japan by 2020, the country needs to develop appropriate strategies, such as adopting best-practice digital solutions for inbound visitors, employing an integrated online data platform (e.g., CRM) to support its tourism activities, developing unique service models in local regions, increasing public-private coordination, collecting data to tailor promotions and develop infrastructure systems from foreigners’ perspectives (e.g., for example, many tourist-oriented business still do not introduce credit-card facilities, which many international tourists prefer (Brasor, 2018)) (McKinsey & Company, 2016).

In recent decades, inbound tourism in Japan has shown dramatic growth. With the decline in the country’s population over the next decades, the increasing number of international travelers is hoped to offset the fall in domestic demand. However, to be able to achieve the aspirational target of 40 million foreign visitors by 2020, the country urgently needs to do its “homework”.

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Promising a Robust Climate for Philippine Tourism

**Dr Shirley V. Guevarra (University of the Philippines, the Philippines)
Philippines Representative of APacCHRIE. shirley_guevarra2001@yahoo.com**

Philippine tourism has kicked off to a good start with January 2018 international tourist arrivals reaching an unprecedented increase of 15.97 percent (732,506) from January 2017 (Mirafuentes, 2018). Koreans still topped the list of tourists at 198,145, or 28.36 percent versus same period of last year. If this trend continues, the number of Korean tourists is expected to increase toward the end of 2018, especially when Boracay opens in October, the island paradise being the top destination for this group last year. Boracay and Cebu were the top two destinations for Koreans in 2017.



Malapascua Island, Cebu
by Kimberly Mendero
Source: Dept. of Tourism

Chinese tourists consistently ranked second at 111,344 or 29.55 percent versus January 2017. The Department of Tourism (DOT) Office of Tourism and Planning Development placed the 2017 total Korean and Chinese tourist arrivals at 1,607,821 and 968,447, respectively. Undersecretary for Tourism and Planning Development, Benito Bengzon Jr., attributed the improved tourist arrivals to the DOT's fresh initiatives, such as the increased flights to the Philippines on emerging routes, thereby widening the latitude of connectivity with major markets like China (Mirafuentes, 2018). He cited two major partnerships such as the tri-weekly direct flights of Xiamen Airlines' 197-seater Airbus A321 between Fuzhou, China (FOC) and Kalibo, Aklan (KLO); and Puerto Princesa, Palawan (PPS), both located south of Manila. The second partnership is the Tianjin (TSN) – Puerto Princesa (PPS) route. Usi (2018) quoted DOT Route Development Chief Eric Balane's articulations that the FOC-KLO route is expected to produce 591 international air seats per week, or 30,732 seats per year. He also cited the Visa Upon Arrival (VUA) option for Chinese tourists and the improved relations between China and the Philippines.

Other major tourism flagship projects in the offing regard sports and adventure tourism, with the hosting of the Strongest Man and Iron Man competitions, among others (Usi, 2018). Mirafuentes (2018) mentioned faith-based tourism as another area that is expected to attract 6.6 million Catholic pilgrims. This will also dovetail with the preparations for the 500th celebration of the introduction of Christianity to the Philippines in 2021. About 81 percent of Filipinos are Catholic (Pew Research Center, 2015).



Magellan's Cross
by Cleo Ven Salutan
Source: Dept. of Tourism

Emergent tourism areas also include romantic destinations, which dot the whole archipelago, medical tourism, and cruise tourism. Bengzon explained that cruise tourism was strengthened by the arrival of luxury cruise ships, or “love boats”, last year. More are expected to dock in Philippine ports, bringing with them more tourists who seek rest and recreation. Usi (2018) reported that last year, Chinese tourists patronized this type of tourism the most, with 375,284 visiting Boracay, thereby surpassing the 356,644 South Koreans visitors.

Encapsulating all these tourism initiatives is the warm Pinoy (Filipino) hospitality that brings tourists back to the Philippines. This formula will surely achieve the National Tourism Development Program’s projected target of 7.4 million international tourists in 2018. Last year, the agency surpassed the 6.5 million mark, with the arrival of 6,620,908 tourists (Usi, 2018).

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