

BARRIERS TO THE DEVELOPMENT OF THE HOTEL INDUSTRY OF MACAU DURING THE COVID-19 PANDEMIC

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INTRODUCTION

The hotel industry is an essential part of the leisure industry, with hotels playing the role of a home for tourists in a strange location. Hotels are uniquely positioned to bridge the gap between two worlds, domestic and commercial, in delivering on their service responsibilities (Crick & Spencer, 2011). Lai and Hitchcock (2017) shared that Macau was designated as a World Centre of Tourism and Leisure in the Chinese central government's 13th Five-year Plan. Loi and Kim (2010) claimed that despite its small land area, Macau has 52 hotels, ranging from two to five stars, many of which have direct links to casinos. Macau's leisure industry changed significantly in the last two years due to the COVID-19 pandemic. Tourism and the hotel business are cocreators and critical recipients of the impact and repercussions of the pandemic, as they are founded on human movement and intimate interactions (Christian & Thomas, 2020).

This study examines the situation of the hotel sector in the COVID-19 context after reviewing the development of the hotel business in Macau and outlining some of the barriers to its growth. This study concludes with a qualitative analysis, identifying the factors impeding Macau's hotel industry growth during the COVID-19 pandemic: occupancy, hygiene, customer loyalty, cost pressure, and regional isolation. Moreover, this study focuses on the hotel industry of Macau after the COVID-19 outbreak and analyses the factors affecting its development during the pandemic and the relationship between the two to provide a reference for research on the topic in the post-pandemic period. Meanwhile, this study also investigates crisis management in the hotel industry of Macau in the context of the pandemic (Liu et al., 2021). Unlike previous studies, this study focuses on some of the changes that occurred in the hotel industry of Macau under the constraints of the COVID-19 outbreak. Such changes have subliminally become norms in hotel management and will continuously impact subsequent hotel management practices. At the same time, this study analyses the reasons why such factors constrained Macau's hotel industry's development during the pandemic.

METHODOLOGY

A qualitative research approach was used in this study. One of the merits of qualitative research is that researchers can recognize possible biases in the data collection and analysis processes (Robertson, 2009). This method is appropriate for study findings not uncovered with quantitative or statistical techniques (Strauss & Corbin, 1998). Henwood and Pidgeon (1992) asserted that qualitative research has the advantage of providing possible explanations that are contextually sensitive, convincing, and relevant. Considering the study's objectives, using convenience and purposive sampling was appropriate, typical in qualitative research, to choose the research participants to understand the industry's viewpoint of Macau's hotel business. This study also used grounded theory, determined by the characteristics of the research objectives and data collation and analysis.

Interviewees were chosen from relevant businesses to effectively understand the hurdles to Macau's hotel industry development under COVID-19. The qualitative data were gathered through in-depth interviews with hotel industry representatives. A total of 13 respondents were chosen for the interviews from both the hotel and F&B service sectors. The interviews were semi-structured, with open-ended questions based on the hotel industry development features in Macau. Regarding the COVID-19 pandemic, the interview questions focused on how hotels enticed customers to stay, hotel occupancy rates, customer loyalty and renewal rates, hotel operational expenses, and hurdles to Macau's hotel industry development during the pandemic. To collect the data, in-depth interviews were conducted with the respondents from the Macau hotel business. One researcher asked the questions, while another recorded the replies. Each interview lasted around 10 minutes, and the questions were in Chinese and English. The data were recorded, processed, and analyzed using content analysis after the substance of each interview was collected.

The content analysis method was employed in this study. Drisko and Maschi (2015) explained that researchers could conduct content analysis to detect and document individuals' attitudes, beliefs, and interests and small or large and diverse cultural groups. The method can cope with enormous amounts of textual material from various sources and utilize it to corroborate evidence (Elo & Kyngäs, 2008). Allen (2017) believed that content analysis is adequate for characterizing communication messages and is generally unobtrusive, can provide a relatively safe process for examining communication messages, and has benefits in data gathering and qualitative data analysis. Chen and Luo (2021) also showed that an advantage of content analysis is that it allows for further debate and research on findings.

RESULTS AND DISCUSSION

In this study, individual interviews were conducted to evaluate the condition of the hotel sector of Macau and its barriers under COVID-19. A total of 13 respondents working in the hotel sector were interviewed, with the majority having over ten years of experience. All the interviewees held managerial positions or higher. The interviewees' demographic information is shown in Table 1.

Table 1 Demographic information of interviewees

Interviewee	Gender	Business	Position	Length of work experience
1	Female	Hotel	Manager	24 years
2	Male	Hotel	Manager	10 years
3	Male	Hotel	Manager	25 years
4	Male	Hotel	Manager	23 years
5	Male	Hotel	Manager	19 years
6	Female	Hotel	Manager	4 years
7	Male	Hotel	Manager	10 years
8	Female	Hotel	General manager and higher	11 years
9	Female	Hotel	Manager, in-room dining	19 years
10	Female	Hotel	Competent level	5 years
11	Female	Hotel	General manager and higher	18 years
12	Male	Hotel	General manager and higher	15 years
13	Male	Hotel	Manager	25 years

Figure 1 presents the framework highlighting the factors influencing the development of the hotel industry in Macau under COVID-19. The five factors represent the main restrictions on the development of the hotel industry in Macau under COVID-19 environmental constraints, including occupancy, hygiene, customer loyalty cost pressure, and regional isolation. The solid arrows in Figure 1 represent the direct influence on the development of the hotel industry in Macau, whereas the curved arrows indicate the interrelationships between the factors.

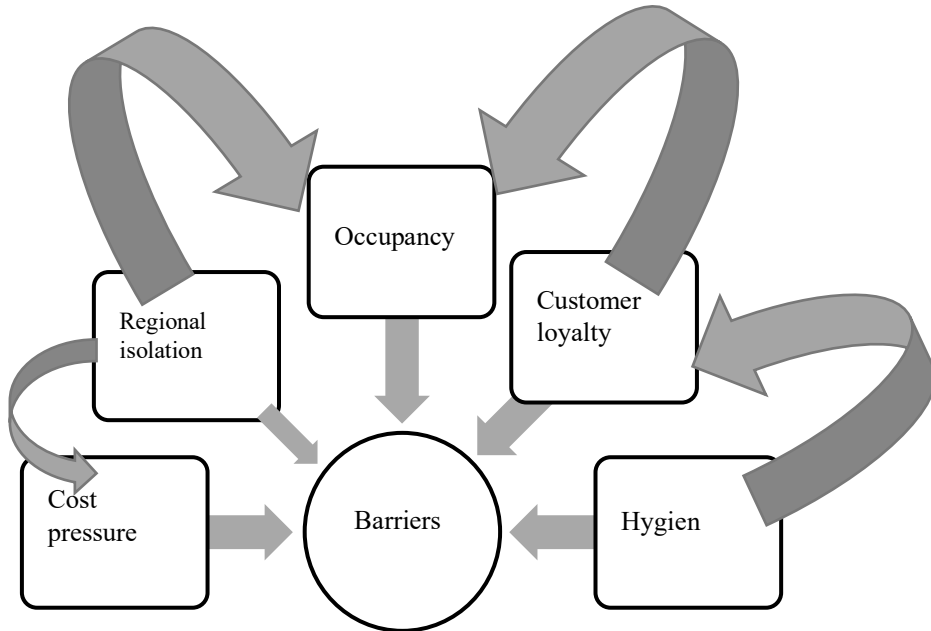


Figure 1 Factors restricting the development of the hotel industry of Macau under COVID-19

Hotels in Macau developed incentives to attract tourists and raise occupancy rates to offset the economic losses caused by the COVID-19 outbreak. Coupons are popular because they have the potential to increase sales and attract customers. Under normal circumstances, tourists have no strong desire to spend on expensive hotel accommodations. However, during a pandemic, hotel discounts and coupons may make tourists perceive a hotel as cost-effective. Besides, hotels in Macau can provide health and wellness packages, spas, and fitness programs to boost visitor welfare and improve the guest experience. Visitors are paying more attention to hotels' hygiene standards, which can directly affect their trust in the hotel and brand loyalty. A hotel's ability to adhere to strict hygiene and infection prevention standards in the context of the COVID-19 pandemic can also increase customers' trust.

In this study, the critical factor influencing customer loyalty was introduced, which significantly impacted the Macau hotel industry during the COVID-19 pandemic. The interviews showed that the hotel environment and service quality were the two main components of this factor. A safe and comfortable environment will give customers a feeling of being at home, whereas a poorly managed hotel environment can disappoint customers who lose confidence in booking again. Satisfactory hotel service quality is customer experience, which is critical during the COVID-19 pandemic to reduce anxiety caused by concerns about the immediate environment. Satisfactory service will leave a lasting impression on customers and increase their loyalty to a hotel. Hotel service and a good relationship between staff and

guests can influence customer loyalty. A hotel's service quality will also reveal guests' unique identity, affecting their loyalty.

Furthermore, hotels in Macau should reduce their expenses and waste to control their operating costs during the COVID-19 pandemic. Restrictions imposed by the pandemic on tourist activities and a significant drop in hotel profitability put a damper on the hotel industry. Macau hotel operations should reduce unnecessary costs, manage costs according to existing business conditions, avoid stockpiling, minimize waste, and recycle or reuse. Moreover, travel restrictions are the most crucial tactic for halting the global spread of COVID-19. More than 130 nations have implemented some travel restrictions, including screening, quarantine, and barring arrivals from high-risk locations. The Macau government's prevention and control policies follow those of the Chinese central government. Restrictions and precautionary measures, such as vaccination boosters, significantly reduced the occupancy rate of hotels in Macau and tourists' confidence to travel.

CONCLUSIONS AND IMPLICATIONS

In this study, five main constraints to the development of the hotel industry in Macau under COVID-19 conditions are identified: occupancy, hygiene, customer loyalty, cost pressure, and regional isolation. Some of the study findings are consistent with those of previous tourism research and add to the literature on the hospitality industry of Macau. Based on the five identified main constraints, this study can provide recommendations on the operation of the hotel industry of Macau during the latter part of the pandemic and mitigate the negative impact of tourism restrictions and the spread of the virus. In addition, this study can provide targeted recommendations on how the Macau government should support the hotel industry's operations. However, owing to the large number of hotels in Macau, this study could not account for all circumstances of all types of hotels. Future related studies could extend the focus to the perspective of tourists and communities.

Keywords: Customer loyalty, cost pressure, hygiene, occupancy, travel restriction

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