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ANALYSIS OF CRISIS MANAGEMENT IN THE HOTEL INDUSTRY: THE CASE OF MACAU

Abstract: Everywhere in the world, the COVID-19 pandemic is still raging, though at a different pace, and Macau is no exception. Due to the coronavirus outbreak, Macau was among the first places outside of Mainland China to begin a cautious tourism shutdown in February 2020. And despite being vital to Macau’s economy, tourism and hospitality had all but disappeared by March 2020 after the city closed its borders to domestic and international travelers. This led to a sharp decline in the number of tourists, which had a negative impact on the hotel businesses and gambling establishments that depend on tourists’ income. As a result, Macau’s hotel income declined. Nonetheless, the decisiveness and speed of Macau’s government decision-making of were valid for the hotel recovery and future development of hotel industry. Also, hotels showing their willingness to support and conform to the government’s policy was crucial to the management of the crisis.

Key words: COVID-19, crisis management, hotel industry, Macau

JEL Classification: L83; Z32; Z38

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Introduction

The global hotel industry has seen unprecedented levels of disruption as a result of the COVID-19 outbreak. Numerous hotels have been forced to temporarily close or run at a small portion of their capacity as a result of local lockdowns and travel restrictions. And even though the hotel industry is used to dealing with disruptions (for example, the 2003 SARS outbreak), it has never been on this scale.

With every hotel at every corner of the globe being affected at different levels, the hotel sector value chain touches almost all aspects of a country's economy, especially for countries that are highly dependent on tourism. For Macau, the city that is most reliant on tourism, thus directly supporting more than half of its GDP¹, closure due to the virus outbreak came at a huge price, seriously debilitating the hotel sector. On January 22, 2020, the first case of the COVID-19 virus in Macau was verified to have occurred². The country's government then decided to take additional action by enacting several public policies to stop a community outbreak. However, the policies that were implemented concurrently to lessen the economic shock came in thanks to the government's strong financial position, which was made possible by the pre-COVID-19 gaming tax revenue that resulted in a reserve of almost MOP 580 billion (US\$72 billion) at the end of 2019³. Also, among the uneasy but pragmatic measures were the suspension of tourists visiting the city and an agreement with hotel casino operators to temporarily shut down business for 15 days in February 2020⁴. With this, Macau became the first city outside of Mainland China to enact a tourism lockdown⁵.

¹ World Travel and Tourism Council (2019). *Macau 2019 Annual Research Report: Key Highlights*. Available at: <https://wttc.org/Research/Economic-Impact>.

² Ieng, S. M., & Cheong I. H. (2020). An Overview of Epidemiology of COVID-19 in Macau S.A.R. *Frontiers in Public Health*, 8(550057). 1-6.

³ Siu, R. (2020). *Policy pragmatism key to Macau's COVID-19 success*. Available at: <https://www.eastasiaforum.org/2020/09/30/policy-pragmatism-key-to-macaus-covid-19-success/>

⁴ Lam, A. (2020). *Quarantine capacity rising after Sheraton becomes first Cotai property to volunteer*. Available at: <https://macaudailytimes.com.mo/quarantine-capacity-rising-after-sheraton-becomes-first-cotai-property-to-volunteer.html>

⁵ Keegan, M. (2020). *Lessons from Macau, the densely populated region beating back COVID-19*. Available at: <https://www.usnews.com/news/cities/articles/2020-03-24/macau-how-a-densely-populated-chinese-territory-is-keeping-coronavirus-at-bay>

1. THE IMPACT OF THE PANDEMIC ON THE HOTEL INDUSTRY AND ITS RESPONSE

The crisis caused by COVID-19 induced a complete collapse of the hotel industry in Macau, creating a dramatic impact on its tourism-dependent economy. As coronavirus cases grew in China, Macau decided to go into lockdown, imposing border restrictions on some visitors worldwide as well as the closure of leisure facilities, canceling events and shows, and taking quarantine measures. In 2019, an increase of 10.1% year-on-year compared with 2018 was recorded in total tourist arrivals, resulting in 39.40 million, out of which 27.92 million (70.9%) came from Mainland China, 7.35 million (18.7%) from Hong Kong, 1.06 million (2.7%) from the Taiwan region, and 13.07% (7.8%) from other markets⁶. A decline in tourists of -85% to 5.89 million was recorded in 2020 due to the travel restrictions. Once their largest market, tourists from Mainland China recorded an 83 percent decline, resulting in 4.75 million⁷.

A moreover dramatic collapse has been seen in the hotel industry, where the occupancy rates in 2020 accounted for barely 28.6%, as opposed to 90.8% in 2019 and 91.1% in 2018 (see Table 1). At the end of 2019, there were 123 operating hotel establishments, with a decrease of 3 hotel establishments in 2020 to 120⁷.

Table 1. Hotel performance indicators 2015-2020

Year	2015	2016	2017	2018	2019	2020
Category	%	%	%	%	%	%
Grand total	81.5	83.3	87.2	91.1	90.8	28.6
Hotels	82.0	83.8	87.7	91.6	91.4	28.4
5* hotels	83.4	83.7	87.8	92.4	92.2	25.1
4* hotels	80.6	86.3	89.4	91.3	90.2	33.0
3* hotels	79.7	82.3	86.2	91.5	92.2	37.3
2* hotels	67.4	68.4	75.1	73.2	73.9	30.2
Guest houses	59.8	56.5	59.5	62.1	63.8	34.7

Source: Macau Statistics and Census Service (2020)

⁶ Macau Statistics and Census Service (2019). *Macau Travel and Tourism Statistics*. Available at: https://industry.macaotourism.gov.mo/e-publication/MTTS2019/2019_MGTO_Statistics.pdf

⁷ Macau Statistics and Census Service (2020). *Macau Travel and Tourism Statistics*. Available at: <https://dataplus.macaotourism.gov.mo/document/CHT/Book/MacauTourismFigures/2020/index.html#p=1>

When Macau imposed a tourism lockdown and an entry ban on all visitors worldwide from March 18, 2020, visitors from Mainland China, Hong Kong, and Taiwan were still permitted to enter. Hereby analyzed by type of expenditure, tourists spend MOP 2.54 billion (US\$314.4 million), or 21.3%, on accommodation and MOP 2.15 billion (US\$267.1 million), or 18.1%, on food and beverages out of the total MOP 11.93 billion (US\$1.47 billion)⁸.

The total number of hotel overnight guests (see Table 2) was 3.8 million, a decrease of 72.5% from 14.1 million in 2020. If compared with the tourism arrivals in 2020, which amounted to 5.89 million, 3.8 million overnight stays mean that nearly 65.7% of the tourists stayed in hotel establishments. For 2019, out of 39.4 million tourists, 14.1 million account for only 35.7% of overnight stays in hotel establishments. During the travel ban in 2020, Europe saw the biggest decline in Macau with overnight guests of -91.3%, followed by the Americas with -89.7% and Oceania with an -88.8% decline.

Table 2. Hotel overnight guests* 2015-2020

Market Year	Asia	Americas	Europe	Oceania	Others	Total
2015	10,174,836	93,240	66,433	47,925	186,435	10,568,869
2016	11,569,698	103,235	75,262	52,465	199,074	11,999,734
2017	12,710,602	99,477	73,768	49,675	221,651	13,155,173
2018	13,506,092	105,453	72,089	50,167	220,091	13,955,891
2019	13,685,842	106,217	70,240	45,485	194,641	14,102,425
% (18/19)	1.33%	0.7%	-2.5%	-9.3%	-11.5%	1.04%
2020	3,817,669	10,859	6,041	5,076	34,662	3,874,307
% (19/20)	-72.1%	-89.7%	-91.3%	-88.8%	-82.1%	-72.5%

*- Hotel overnight guests – people who stayed in hotel establishments.

Source: Macau Statistics and Census Service (2020)

⁸ Macau Statistics and Census Service (2020). *Macau Travel and Tourism Statistics*. Available at: <https://dataplus.macaotourism.gov.mo/document/CHT/Book/MacauTourismFigures/2020/index.html#p=1>

The devastation caused by the COVID-19 pandemic can be seen everywhere in the mentioned statistics. Hotel occupancy, visitor arrivals, and overnight guest stays all decreased sharply. Aside from the losses, Macau's preparations in the COVID-19 pre-crisis phase in coordination with the hotel industry have proven successful with an outcome of zero deaths and 46 infected cases⁹. Beginning with the cancellation of the Chinese New Year celebrations in mid-January, the Macau government immediately imposed a broad ban on all public celebrations and holidays¹⁰. Working closely with the hotel industry, good crisis management measures also included a 14-day immediate quarantine policy upon discovering the first imported case, as well as border temperature detection systems¹¹. Hotels and other companies all over Macau have also followed the government's requests and have either adjusted their working hours or suspended service until further notice for at least two weeks from February 5, 2020, on. Moreover, hotels were used as quarantine hotels, with, by the end of March, 12 hotels with a total room capacity of 4,534, or 10% of Macau's hotel inventory¹². The decision for hotels to provide rooms for quarantine is expected as a part of corporate social responsibility¹³ and a test for gaming operators on an issue that could be included in the public tendering of future casino licenses¹⁴. Macau's casino licenses will expire in 2022, signaling the start of a global casino tendering process¹⁵. By the beginning of April, Macau's government started handling back the quarantine hotels, thus spending US\$6.26 million in this period using private sector hotels for the

⁹ Macau Government Tourism Office (2020). *Special webpage against epidemics*. Available at: www.ssm.gov.mo/

¹⁰ Macau Tourism Dataplus (2020). *1st October golden week (2019)*. Available at: www.pata.org/macaotourism-data-plus-debuts-golden-week-statistics/

¹¹ Liu, M. T., Wang, S., McCartney, G. & Wong, I. A. (2021). Taking a break is for accomplishing a longer journey: hospitality industry in Macao under the COVID-19 pandemic. *International Journal of Contemporary Hospitality Management*. 33(4), 1249-1275.

¹² Lam, A. (2020). *Quarantine capacity rising after Sheraton becomes first Cotai property to volunteer*. Available at: <https://macaudailytimes.com.mo/quarantine-capacity-rising-after-sheraton-becomes-first-cotai-property-to-volunteer.html>

¹³ McCartney, G. (2021). *The impact of the coronavirus outbreak on Macao. From tourism lockdown to tourism recovery*. *Current issues in tourism*, 24(19), 2683–2692.

¹⁴ Wong, J. K. C. (2020). *Macau Chief Executive says COVID-19 an "exam" for gaming concessionaires' CSR contribution*. Available at: <https://www.asgam.com/index.php/2020/03/24/macau-chief-executive-says-covid-19-an-exam-for-gamingconcessionaires-csr-contribution/>

¹⁵ Ristova Maglovska, C., & Angelkova Petkova, T. (2020). *Casino tourism and casino hotels*. Goce Delcev University of Stip. ISBN 978-608-244-759-9.

quarantine program¹⁶. By the end of May, the Macau government had spent an additional US\$8.6 million on quarantine hotels¹⁷.

On March 17, Macau finally prevented all visitors outside non-resident workers and closed the borders to all other non-residents¹⁸. The IVS (Independent Visitors Scheme) was reinstated by the Chinese government in August, allowing for independent travel to Macau from any of China's provinces in exchange for passing the COVID-19 test. While international visitors are not allowed to enter the city until 2020, residents of Macau who are returning from abroad must undergo a 14-day quarantine¹⁹.

When at the beginning of 2020 the Macau government started converting hotels into medical observation centers where visitors may quarantine for as long as was necessary, these hotels were either included on the “designated list” of accommodations or they might have been chosen voluntarily or by the government. The quantity of quarantine hotels varied in line with the anticipated demand in 2020. Around the end of 2020, visitors indicated a desire to have the option of choosing where to quarantine. Therefore, the previously known “designated list” of hotels for medical surveillance was divided into two new lists starting on December 20, starting as an “optional list”²⁰ and “designated list”²¹. The average number of people per room is assumed to be 1,27²².

¹⁶ Macau News. (2020). *Macau's financial reserves gain 5.6% in 2019*. Available at: <https://macaunews.mo/macaus-financial-reserves-gain-5-6-in-2019/>

¹⁷ Lou, L. (2021). Casino capitalism in the era of COVID-19: examining Macau's pandemic response. *Social Transformations in Chinese Societies*, Vol. ahead-of-print No. ahead-of print.

¹⁸ Asia Gaming Brief. (2020a). *Macau closes borders after new infections*. Available at: <https://agbrief.com/headline/macau-closes-borders-after-new-infections/>

¹⁹ McCartney, G., Pinto, J., & Liu, M. (2021). City resilience and recovery from COVID-19: The case of Macao. *Cities*, 112(103130). 1-9.

²⁰ The “optional list” is available for residents, relatives, and nonresidents. Inbound visitors staying at optional hotels can choose which establishments they would like to quarantine at, but must bear the costs of their stay. At optional hotels, the price for a full quarantine is defined by the establishment (Moura, 2020).

²¹ The hotels on the “designated list” for medical observation are only available for Macau residents, relatives, and non-resident workers. Inbound visitors staying at designated hotels still have no choice regarding the hotel they are staying at, but part of the costs incurred while quarantining are partially subsidized. Residents and relatives pay 400 MOP (US\$49.5) per person per day to quarantine at designated hotels. (Moura, 2020).

²² Salgado, A. C., & Neves, D. L. (2021). *Macau's hospitality sector: planning a response to the pandemic*. Available at: <https://run.unl.pt/bitstream/10362/139186/1/macaus-hospitality-sector---planning-a-response-to-a-pandemic.pdf>

Macau’s collaboration with the hotel industry as a part of crisis response can be shown as a positive impact or a “first line of defense” against potential carriers of COVID-19¹⁷ during the pre-crisis and crisis waves. Still, in order to handle the crisis management properly, hotels will need to develop a response plan for future pandemic outbreaks such as COVID-19, as their frequency has been rapidly increasing. Just in the past century, there were five registered pandemics, but this century, up until 2021, only four have been registered: severe acute respiratory syndrome (SARS), swine flu, Middle East respiratory syndrome (MERS), and COVID-19. Although certain crises are unavoidable, Macau has learned from them and used what it has learned to prepare for possible future problems.

In their consulting project, Salgado and Neves (2021)²³ prepared and analyzed a crisis response scenario for the 5-star luxury StarWorld hotel. The analysis put StarWorld hotel in two annual scenarios as a hotel on the “designated quarantine list” (see Equation 1) and the “optional quarantine list” (see Equation 2). The results in both scenarios showed disappointing data, not necessarily due to the implications of the scenarios on its accommodation segment, but instead due to the impact of the scenarios’ conditions on casino revenues. The StarWorld hotel is heavily dependent on its gambling segment, whose business model focuses more on its integrated casino than on the hotel’s accommodation. Therefore, the hotel’s best chance is to follow the standard scenario (see Equation 3) and continue operating as usual, as this scenario does not undermine casino revenues further.

Equation 1. Designated crisis response scenario for StarWorld hotel

$$26.456 \text{ quarantied residents} \times 14 \text{ days} = 91.206 \text{ nights} \div 1.2 \text{ people per room} \\ = 84.125 \text{ rooms sold} \times \text{MOP } 400 = 55.1 \text{ million room revenue}$$

Equation 2. Optional crisis response scenario for StarWorld hotel

$$21.431 \text{ quarantied residents} \times 14 \text{ days} = 52977 \text{ nights} \div 1.2 \text{ people per room} \\ = 54.065 \text{ rooms sold} \times \approx \text{MOP } 784 = 51.3 \text{ million room revenue}$$

Equation 3. Standard crisis response scenario for StarWorld hotel

$$51.000 \text{ rooms sold} \times \text{MOP } 1509 \text{ ADR} = 77.1 \text{ million room revenue}$$

Source: Galaxy Entertainment Group Annual 2020 Report

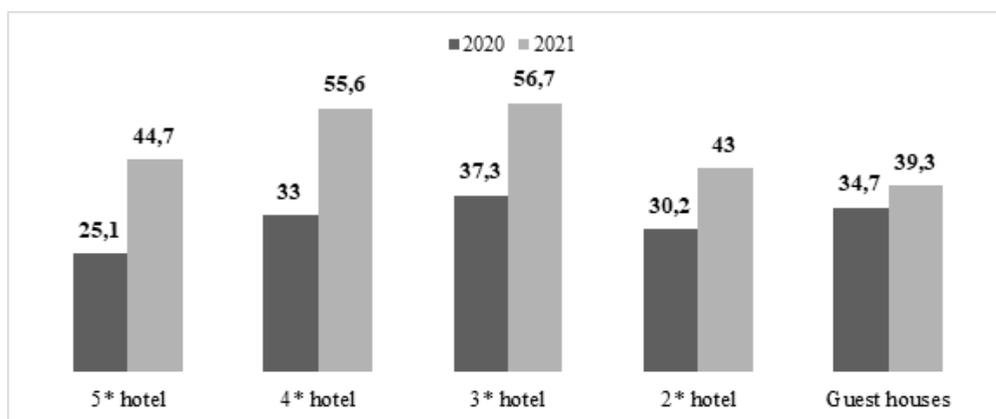
Source: *Galaxy Entertainment Group Annual 2020 Report*

²³ Salgado, A. C., & Neves, D. L. (2021). *Macau’s hospitality sector: planning a response to the pandemic*. Available at: <https://run.unl.pt/bitstream/10362/139186/1/macaus-hospitality-sector---planning-a-response-to-a-pandemic.pdf>

This situation imposes another challenge for Macau hotels when it comes to crisis responses, and that is that the hotels should invest in upgrading their offer beyond the casinos or ensure that the casinos are operating properly by employing strategies during crises. The truth is that Macau's hotel industry is closely associated with tourism and gaming, making it highly dependent on their success. Contrarily, the best course of action for StarWorld hotel and every other casino hotel is to concentrate on how they can set themselves apart from the quarantine lists. The primary strategy to accomplish this is to raise awareness that casino hotels are secure locations, while maintaining the hotel's value proposition of superior gaming services.

Considering the successes in managing the crisis response in the hotel industry, measures have shown an increase of 21.5% occupancy in all types of hotel establishments in 2021, resulting in a total of 50.1%. Among the most visited hotels are again the 3-star hotels, which recorded an increase of 65.7%²⁴.

Graph 1. Occupancy rates of hotel establishments



Source: Macau Government Tourism Office (2021)

According to the Macau Government Tourism Office, as of December 2021, there were 136 hotel establishments, providing 44,224 rooms, while in 2022 there were 140 hotel establishments, providing 45,251 rooms, an increase of 2.4% (Macau Government Tourism Office, 2021; 2022b). Still, the

²⁴ Macau Government Tourism Office (2021). *Monthly Tourism Highlights*. Available at: https://dataplus.macaotourism.gov.mo/Publication/document/ENG/Book/VAHighlights/2021/tourism%20highlights_Dec_%202021_E.pdf

average room rate recorded a decline from MOP 920.4 (US\$114) in 2020 to MOP 834.5 (US\$103.3) in 2021²⁵.

Aside from the statistics, it must be considered that Macau hotels have also taken prompt actions towards fighting the COVID-19 battle. With around 30,000 employees and 13,000 hotel rooms, Sands China Ltd. initiated several corporate health and sanitization initiatives and ran a marketing campaign using those photos as part of the property recovery. More than 50 different internal staff training sessions on health, safety, and virus protection were held by Galaxy Entertainment Group. Wynn Macau and MGM Macau also contributed a range of COVID-19 preventive items, including protective clothing, face masks, and liquid bleach, to help local charities and social care groups²⁶.

Macau's crisis management measures still impose some restrictions, even in 2022, where all international visitors must undergo a 10-day quarantine at a designated location upon arrival and undergo self-health management for 7 more days. Most arrivals must pay quarantine fees, if applicable. Residents from Mainland China, Hong Kong, and Taiwan may enter Macau if they have not been to other locations in the previous 21 days²⁷. And while the COVID-19 pandemic is still spreading and cases are increasing as a result of newly mutated varieties, the sense of urgency affects all the Macau government's decisions and actions, including the economic rescue and recovery.

2. ECONOMIC RESCUE AND RECOVERY

Macau is a casino-based economy, thus being the largest casino economy globally²⁸. Macau's economic structure is very simple. Gaming taxes account for most of the government's revenue. Tourism, hotels, retail, and other industries are mostly derivatives of the gambling industry²⁹. Casino taxes

²⁵ Macau Government Tourism Office (2022a). *Global Indicators*. Available at: <https://data-plus.macaotourism.gov.mo/document/CHT/Report/GlobalIndicators/2021/1.%20Global%20Indicators%20%202021%20Dec.pdf>

²⁶ Liu, M. T., Wang, S., McCartney, G. & Wong, I. A. (2021). Taking a break is for accomplishing a longer journey: hospitality industry in Macao under the COVID-19 pandemic. *International Journal of Contemporary Hospitality Management*. 33(4), 1249-1275

²⁷ Government Information Bureau (2022). *Latest epidemic-prevention measures for arrivals at Macau*. Available at: <https://www.gcs.gov.mo/ncv/annex/index.html?p=0&l=en>

²⁸ McCartney G. (2019). Securing Chinese mass market visitation to Cotai's Integrated Resorts (IRs). Determinants of gaming and non-gaming attributes that influence IR selection. *Tourism and Hospitality Research*, 20(3). 317-330.

²⁹ Yanfeng, B., & Yongxi, L. (2020). Macao COVID-19 epidemic response mechanism and

contributed US\$12.3 billion (85%) of Macau's total tax revenue of US\$14.4 billion in 2019. The country now has total fiscal reserves of about MOP 580 billion (US\$72 billion)³⁰ and one of the highest GDPs per capita in the world at US\$79,975³¹. The International Monetary Fund (IMF) acknowledged that Macau's huge reserves offered a significant buffer against shocks to the economy but cautioned that because most visitors were coming from Mainland China, Macau's economy remained vulnerable to changes in policy and economic conditions there³². In conclusion, the decrease in arrivals and total visitor spending move linearly along with the decrease in the Macanese Gross Domestic Product (GDP). According to the Statistics and Census Service (2022)³³, Macau's gross domestic product dropped 54.1% from MOP 445,530 million (US\$55.4 million) to MOP 204,410 million (US\$25.4 million). In 2021, the GDP was MOP 239,406 million (US\$29.7 million), which is an increase of 17.1%.

For Macau, the biggest sector of the gaming industry is "Games of Fortune". Total gross revenue from "Games of Fortune" was MOP 60,441 million (US\$7.5 million) in 2020, while in 2019 it was MOP 292,455 million (US\$36.3 million)³⁴, it declined significantly by approximately 79% over the last years. In 2020, a total of 23.1% of Macau's employed population was working in the entertainment, cultural, gaming, and other service sectors, with gaming and related activities accounting for 20.5% of that total. The industry that includes hotels, restaurants, and other related businesses employed 13.8% of all workers, coming in second only to gambling³⁵.

Since the outbreak, it is fair to say that Macau's economic activities are far from having returned to "normal" as they were before COVID-19, but thanks to the tens of billions of unused casino taxes sitting in its government

financial implications of emergency response. *Sub National Fiscal Research*, 4, 26-35.

³⁰ Asia Gaming Brief. (2020b). *Macau financial reserves reached over US\$72 billion in 2019*. Available at: <https://agbrief.com/headline/macau-financial-reserves-reached-over-us72-billion-in-2019/>

³¹ Census and Economic Information Center. (2020). *Macau SAR, China GDP per capita*. Available at: <https://www.ceicdata.com/en/indicator/macau/gdp-per-capita>

³² International Monetary Fund. (2019). *People's Republic of China - Macau Special Administrative Region*. IMF Country Report No.19/123. Washington, D.C.: International Monetary Fund.

³³ Macau Statistics and Census Service (2022). *Gross Domestic Product (GDP) and per-capita GDP*. Available at: <https://www.dsec.gov.mo/ts/#!/step2/PredefinedReport/en-US/32>

³⁴ Gaming Inspection and Coordination Bureau Macau (2021). *Gaming sector*. Available at: <https://www.dicj.gov.mo/web/en/frontpage/index.html>

³⁵ Macau Statistics and Census Service (2021). *Labor force*. Available at: <https://www.dsec.gov.mo/en-US/Statistic?id=3>

coffers, Macau's government was able to lessen the economic shock. Even though the gaming revenues have gone down slightly in recent years, the figures are still about four times that of Las Vegas, accounting for more than 80% of government revenues in Macau³⁶. This is because licensed casino operators in Macau are required to "pay 35 percent casino tax on gross gaming revenues and not less than 2 percent to a public foundation for the promotion of cultural, social, economic, educational, scientific, academic, and charity projects"³⁷. Subsequently, local service sectors such as hotels profit from this as well.

As part of the recovery phase, the Macau government took several economic measures to stimulate the hotel industry. Highlights of these measures included the following³⁸:

- Exemption of rent charges on properties owned by public authorities from February 1 to April 30, 2020 (e.g., for hotels and establishments serving food and beverage);
- Tax-related measures include: the exemption of the circulation tax paid on commercial vehicles, such as buses, taxis, goods-transportation vehicles, tractors, school vehicles, instruction vehicles, cross-border hire vehicles, and vehicles registered by hotels or the refund of the amount already paid;
- Casinos, hotels with fewer than three stars, and government entities are included in the subsidy of utilities;
- From May to December 2021, the government reduced an estimated MOP440 million (US\$55.0 million) in tourist tax, which is generally imposed at 5% on services provided by hotels;
- Additionally, the local government spent up to MOP120 million, or roughly US\$15 million, between April and December 2021 to pay for locals to stay in one of the city's hotels for a single night. Locals who stayed at a hotel during that time were credited MOP200 (US\$25) by the government;
- The Macau Government provided US\$625 per month for three months for eligible employees and self-employed professionals, including hotel employees. In the first half of 2020, Macau's unemployment rate only increased to 3.5%.

³⁶ Lou, L. (2021). Casino capitalism in the era of COVID-19: examining Macau's pandemic response. *Social Transformations in Chinese Societies*, Vol. ahead-of-print No. ahead-of print.

³⁷ Lo, S. (2009). Casino capitalism and its legitimacy impact on the politico-administrative state in Macau. *Journal of Current Chinese Affairs*, 38(1), 19–47.

³⁸ Government Information Bureau (2020). *Economic Stimulus Package*. Available at: <https://www.gov.mo/en/news/122812/>

As such, the fight is far from over, but recovery and sustained growth post-COVID-19 in Macau are possible. Yet the question to be asked is: has Macau been overly reliant on gambling revenues, and has it allowed, for that matter, the COVID-19 pandemic to have devastating results for the other industries and sectors? If not for the gaming tax revenues, the main government and industry revenue streams suffered dramatically during the pandemic, which devastated the hotel industry even more. Being already dependent on casino establishments, the hotel industry has proven to be very vulnerable.

Conclusion

Highlighting Macau as a case study will amplify the collaborative efforts between the government and the hotel industry that have proven to be particularly interesting cases worth studying from a crisis management perspective. Through collaboration, both sides showed their ability to be resilient and to implement wide-ranging economic stimulus incentives as well as prompt actions not only to control the pandemic but also to recover after COVID-19. The hotel industry deployed distinctive, supportive efforts and conformity with governmental power and policies. This can be described as a rational approach because, simply put, there are no alternative revenues that could be made in a lockdown situation. Positively, this resulted in having hotels act as the “first line of defense” against possible COVID-19 carriers, while tax payments from the gambling industry helped Macau’s struggling economy.

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