

MACAU: THE ECONOMY AND FUTURE IN RETAIL



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Macau is one of the greatest shopping and gambling destinations around the world. This is the only place in China, where you can bet legally. People come here from all around, win big on gambling and then spend the money over shopping – a vicious circle that everyone wants to be a part of.

Disagreements and General Worries

People don't shop here for the names of brands but go for the variety of things on display. The city has its population of just about 600,000 people but attract tourists more than a few times than that – last year the city welcomed 31.5 million visitors.

Just a few kilometers away from Hong Kong, Macau has everything to offer to the visitors. But the occasional absence of high profile gamblers has left the gambling conditions in jeopardy. That is the reason, why the authorities are keen on making Macau a family vacation destination.

According to statisticians however, the high number of tourists have ensured that the revenue of the city still reaches pretty high. As for gaming revenues, Macau has earned a whopping \$44.2 billion in comparison to a mere \$6.4 billion made by Las Vegas. So, it is understandable that retail business has a very high potential in Macau in general.

The Great Renovation

In 1999, the small Portuguese colony of Macau was handed over to China. According to many, there was no future at all for the city and it was destined for ultimate doom. The city was basically owned by a single person named Stanley Ho. In 2002, foreign competition and retail marketing was allowed to enter Macau. That changed the economic scene forever.

Over the last year and a half, the authorities have started to diversify the casinos. The casinos now offer not only gambling, but a wide variety of retail experience, including luxury dining and shopping opportunities.

One of the biggest resorts of Macau, Galaxy's phase II complex was unveiled in May 2015 and that have marked the introduction of several world renowned brands in the city. A number of other retail stores and studio and film cities are scheduled to open by 2017, expanding the retail space of the city to another 3.2 million square feet.

A Thing for the Consumers

According to business experts, gaming is no more the prime attraction of the city and shopping, high quality dining, tours around the city are also cutting in big in the city's economy. Being a very recent affair, the growth of retail in Macau puts them ahead of Las Vegas and other such cities of the world.

According to Michael Norsa, the Chief Executive of Salvatore Ferragamo, the economic and marketing possibilities of Macau are more promising than those of the entire countries like Brazil and India. The shopping retail is booming and the fact that Macau's "Four Season" mall is actually

the highest grossing mall in the world with an average sale of \$5810 per square feet adds greatly to the credibility.

The Worries

It is true that the economy is reaching new heights in Macau but there are some worries too. The aggressive marketing strategy and anti-graft campaign of rival city Hong Kong and Macau's over dependency on the tourists may prove to be a serious issue in the growth of the city. There are also allegations that some of the retail store owners do illegal businesses under the rug and in the strict laws of China, this really hurts the possibilities of Macau. If not taken care in due time, these events may cause Macau losing the popularity and credibility among the tourists.

Something to Cheer up

But the authorities have started taking these issues under their consideration. The government is allocating separate budgets and plans for Macau on yearly basis. The businessmen are also investing heavily in the city and its prospects.

Nevertheless, with the backing of the local and Beijing governments — plus the multi-billion dollar budgets of the casino operators — Macau's long-term success as a shopping hub is likely to continue. The authorities are looking to increase the general population of Macau by attracting people to live and work there, thus making the economy of the city less dependent upon tourists. A new connectivity has been proposed with Hong Kong and Zhuhai which is going to increase the area as well as the population of Macau.

Avery Booker from China Luxury Advisors has said that Macau should concentrate on attracting more and more foreign tourists, from countries like Japan, South Korea and other adjacent countries as this will give a sudden boost to the economy of the city as a whole. The authorities should focus more on turning Macau from a national tourist spot to a global shopping destination.

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