
THE IMPACT OF COVID-19 ON SOCIAL INNOVATION IN THE TOURISM INDUSTRY IN MACAU

新冠疫情对澳门旅游业 社会创新的影响

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ABSTRACT

Innovation is crucial to society's development; studying innovation will inspire organisations to move them forward. Can social innovation (SI) keep Macau's Tourism sector moving, or can it benefit Macau society in the long run, once the pandemic quarantine policy is abandoned? This research will first review the definition of SI and understand SI's basic features and their effect. Selected cases from the Tourism industry will be explored to explain the SI situation in Macau. Then, through qualitative interviews with the SI developers, I will describe their impact of this quarantine situation and evaluate their products' contribution to SI in Macau. As a significant tourist destination in China and surrounding areas, focusing on the Tourism industry will highlight the communication situation and the effect of SI on the dialogue during the pandemic crisis. This article then discusses the influence of SI, focusing on SI cases in the Tourism industry from 2020 onwards, to examine whether such innovations can strengthen or weaken the social dialogue between China and Macau SAR.

Keywords: Social Innovation on Tourism, Augmented Reality products, Online Tour products. Innovation effect on Tourism

Introduction

Macau is well known as the cultural bridge between China and the western world since the Portuguese settlement in the mid-16th century. This dialogue has continued after the handover of Macau to China in 1999. In the first five years' development plan by the Macau SAR Government (2016-2020), Macau was positioned as the platform of commerce and trade between China and the Lusofonia countries and as a leisure tourism centre for the world. However, after the first case of COVID-19 reported by China in late December 2019 and the outbreak in Macau in late January 2020, both Macau and the China government implemented many quarantine procedures that temporarily blocked tourists and residents' traffic. Travelers still needed to obtain a negative nucleic acid test. The policy made many tourists hold back their journeys during those two years. Without tourists, many shops could not continue their business and started to close or downsize. The economy dropped to the bottom, people started losing jobs, and many social problems emerged.

more tightly linked, and these two areas' social interactions have no reason to stop, even in the wake of Covid. In this circumstance, what will impact the dialogue if these quarantine policies continue for the foreseeable future? If they do, will Social Innovation (SI) assist society in getting back on the right track?

The Meaning of Social Innovation

The European Commission defines Social Innovation (SI) as suitable to improve society. The development and implementation of new ideas (products, services, and models) to meet social needs and create new social relationships or collaborations...Social innovations are social at both their ends and their means. They are innovations that benefit society and enhance individuals' capacity to act. (European Commission, 2013). The Commission also mentioned that SI relies on the inventiveness of citizens, civil society organisations, local communities, businesses and public servants, and services.

Tourists are the central core of the travel business. Currently, the SI products in Macau cannot improve society or countervail the quarantine effects immediately. Still, if such efforts fail, it will make Macau less competitive and keep us from participating in the communication process within the GBA area and the rest of the world. Whether a new service by the industry or a product developed by university research, the aim is to level up Macau's attractiveness and improve society's quality.

Nevertheless, with the new Greater Bay Area (GBA) plan introduced by the Chinese Central Government in 2017, the social connection between Macau and Guangdong Province became

Mike Thompson pointed out that the development of SI by companies for various motivations could address global social and ecological challenges. (Thompson 2017).

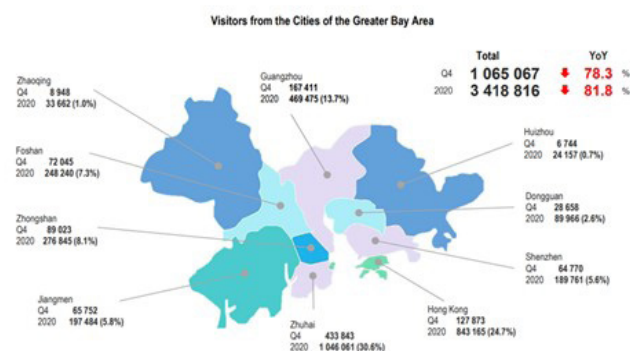
However, he also observed that limited evidence indicates that motivations exist to engage in SI. These motivations are likely mixed and complex, but the evidence demonstrates that SI offers new paths for civil society and its representative institutions. It also supports social businesses and large multinational companies to achieve social change. (Thompson 2017). Even with tourism expenditure in 2020 dropping 79.8% compared to 2019¹, we can see from the following cases that the industry is still finding ways to survive during the pandemic, for example, with online tours, hotel staycation packages, and new IT technology in attractions promotions.

Social Innovation in Macau

The success of the GBA will lie in transforming research results into real-world applications that benefit society through collaboration between industry and academia. With the development of the higher education sector, it will gradually focus more on technical innovation. In Macau, when referring to social innovation, most of the time, people refer to social services or social enterprises. However, all industries have undergone some innovation. Due to the business development process, most social resources have gone to gaming and related industries. In a 2009 review of the Macau SAR policies, it was stated that government will start developing Social Enterprises with local characteristics 馮家健 (2014). Local associations will cooperate with the government to develop a list of new social services. The gaming operators will start collaborating with local SMEs to find new ways to achieve social change. They began to

use more local suppliers and even held workshops to help the SMEs to level up their products or services to fit their standards.

In the Gaming and Tourism industry, nearly 40 million visitors visited Macau in 2019 (MGTO 2020), but dropped 85 per cent to around 5.8 million visitors in 2020 (MGTO 2021). Moreover, the GBA market, which is the closest source of visitors to Macau, also experienced a significant downturn. Fig. 1 below also shows that the number of visitors from GBA in 2021 dropped more than 81% compared to 2020. Gaming revenue also shrank tremendously. Many shops in tourist areas closed; this affected the industry income and negatively impacted the Government income from the gaming tax. Do we have any social innovation products sponsored by the Gaming industry to attract visitors to Macau? Tourists will change from time to time, and other surrounding destinations are also undergoing innovations; our competition and pressure are not small. What follows are two examples for us to discuss.



1 Data from Tourism Satellite Account 2020, Macau SAR Government Statistics and Census Services.

Examples of Social Innovation in the Macau Tourism Industry

Even though we have fiber optic internet and 5G telecommunications coming to Macau, the IT technology application in the Tourism industry is not widely accepted and developed. Here are two promising exceptions:

The Case of Live Online Tour

In a face-to-face interview, Mr Manuel WU, the Managing Director of Macau Explorer Cultural Travel Limited, reported that the health quarantine measures nearly stopped his business. The agency's primary income was from local and international group tour operations. He thus provided the following innovation example to demonstrate the point.

the Tabaco Prohibition work in Macau; thus, the tour guide walks through famous attractions and public bus stops to explain the policies and actual outcomes of the Macau SAR Government's work. The tour guide can listen to what the participants ask and adjust the camera's angle to their wish with the help of a technical assistant. The total process time is two hours. The customer reported that the participants are satisfied and would prefer to continue in the future with other programs, if the quarantine policy remains in force.

Mr Wu said this technology using the zoom platform is a familiar product, but implementing it in a guided tour by a local travel agency is an innovation. The customer contacted him to request this product through their online promotion and continues to discuss the process through the internet. Unfortunately, due to quarantine, customers cannot enter Macau to

This technology [Live Online Tours] using the zoom platform is a familiar product, but implementing it in a guided tour by a local travel agency is an innovation. The customer contacted him to request this product through their online promotion and continues to discuss the process through the internet. Unfortunately, due to quarantine, customers cannot enter Macau to join a physical tour. The company thus proposed to use the live tour mode to introduce Macau.

In 2021, people travelling from Hong Kong to Macau needed a 14 to 21 days quarantine. No tourists are willing to spend their time in quarantine. Nevertheless, his company conducted an online live tour for their customers in Hong Kong SAR. The tour was conducted through zoom meeting software; the tour guide and the participants could have immediate voice interaction. The customers planned the routes according to their desires. One program explored

join a physical tour. The company thus proposed to use the live tour mode to introduce Macau. The product is not a traditional virtual tour; the participants can interact with the tour guide. The total price is lower and around half of a normal physical one, as there are no transportation fees, meals, or entrance tickets. On the other hand, Mr Wu needs to invest in IT equipment and internet data to develop the tours online. He admitted that this new social innovation helped his company

survive the pandemic and continuously motivated him to promote Macau through this channel even though the return on this product has not made a profit.

The Case of the AR Game Promotion Campaign in the Old District of Macau (關前薈 Arraial na Ervanários)

Rua dos Ervanários (關前正街) is the oldest China customs border area in Macau; it is now a district with lots of old buildings, stores, and small restaurants. These abundant tourist resources have attracted many tourists; however, with the Covid crisis tourist numbers dropped. The shops were facing the most challenging time of the decade, and some shops had already closed. Mr Choi, President of the Macau Historical Districts Developments Promotion Association, said the Government Economic and Technological Development Bureau (DSED) approached their association in 2021 to start a program. Its name is “*Arraial na Ervanários* (關前薈),” and the aim is to promote this area for tourism by introducing new IT technology elements like Augmented Reality (AR). As their association also aims to promote and preserve the traditional local culture, thus they started the program in late 2021.

With experience in previous community work, the association combined the AR photo games concept on mobile phones with lucky draw prizes to attract more expenditure and tourists to this area. The awards include discount coupons from the shops within the district and gifts sponsored by mega resorts in Macau. To get the prize, visitors need to play the AR photo game by scanning the code physically in the dedicated photo area and spend a minimum amount to

get the chance to draw. The rule increases the interaction time for both parties. Even though no study on the effect of this program, it has gained positive feedback both from the shop owners and the tourists. The organiser extended the program twice until October 2022. Mr Choi added that more shops would like to join the program, and even the owners of closed shops want to lease their shops for business again. The government even copied the idea to promote other districts like “*Arraial Na Taipa* (悠氹仔)” and “*Arraial em Coloane* (悠路環).” Mr Choi believed their work could provide innovative ideas and a platform between the community, government, and people to share new ideas and a place for execution. Whatever happens to pandemic policies and the return of tourists to Macau, the creative platform can ensure the district is attractive and competitive with other destinations and make Macau more sustainable.

Discussion

The above cases can only solve some problems caused by the quarantine issue resulting in no visitors and loss of revenues. Still, it shows that social innovation initiatives depend on the service provider and customer acceptance. However, such innovations can maintain the customers’ interest in visiting Macau. As more surrounding countries return to normalcy, visitors may visit other destinations without quarantine. Mr Wu also mentioned that not using this live tour would cause business loss and a reluctance to invest in Tourism products in the future.

Moreover, both interviewees emphasised that keeping the tourist’s interest in travelling and visiting Macau is essential. Once their interest in Macau has waned, we need help to bring them

back. Mr. Wu also mentioned that to make the live tour possible, an extra IT support team needs to be organised. Mr Choi added that around China, we have lots of old districts like the Rua dos Ervanários area; we should have something different inside to attract tourists from all over the world. He also mentioned that they need time to explain the promotion concept and logistics to the shop owners. Not all the shops were willing to join for the first launch, but with more positive feedback, the second round could attract more stores. The examples confirm what the European Commission defines as SI's tendency to enhance individuals' capacity to act. (European Commission 2013).

The point of motivation for global social innovation (Thompson, 2017) is also reflected here. In the case of "*Arraial na Ervanários*," Mr Choi said he tried to combine AR technology in an event in 2018, but it was not a success because the visitors' mobile phones still could not widely acquire this new thing and the shop owners were unwilling to participate. After several years of development, the people widely accepted the AR concept, which motivated him to do this type of project again. The providers themselves cannot work the innovation alone, for they need to see if the environment can afford it or if people are willing to try new products. Mr Choi's experience points out the importance of innovations in interactions. As a result, it may motivate entrepreneurs and social leaders to answer the social needs for progress.

Based on the current pandemic situation and through the innovation above, one example can keep tourists interested, and the other can promote competitiveness. This innovation did not just save the current business but also pushed

the industry toward a more sustainable situation. With the possibility of removing the quarantine policy soon, tourists will come back to Macau, and the industry may face the threat of losing the motivation to create more innovation. The above examples proved that businesses could keep up their competitiveness, regardless of the health issue. The industry can keep the innovation method but change the target to foreign visitors. It can also help the community to achieve greater levels of participation.

Conclusion

Tourists are the central core of the travel business. Currently, the SI products in Macau cannot improve society or countervail the quarantine effects immediately. Still, if such efforts fail, it will make Macau less competitive and keep us from participating in the communication process within the GBA area and the rest of the world. Whether a new service by the industry or a product developed by university research, the aim is to level up Macau's attractiveness and improve society's quality. Significant impacts already have emerged from the quarantine policy. With the above example from the Tourism Industry, we can see that even with the pressure of the current business environment, some entrepreneurs in the community still prefer to find their way to survive the pandemic and continue contributing to Macau. Customers are willing to try and keep in contact with society, and it depends on the product's innovation and competitiveness. Therefore, motivations exist, and the industry needs to catch up with the trend as time is required to implement new products. SI can be one of the ways to help the industry to overcome its difficulties.

Furthermore, the government should work closely with society to create innovative products to attract more business in the future. Both interviewees pointed out that government support or coordination is crucial in developing SI projects as the current regulations may not fit the new products.

We are still determining when society will return to normal or return to the situation before the COVID-19 crisis; we need to prepare ourselves for any new challenges. Tourists will switch to other destinations if their products are more exciting and have fewer health issue restrictions. The motivation to innovate is there; once one business keeps trying, the tourists and local community will start to participate in attracting and serving the tourists. In this circumstance, social innovation is one of the best ways to respond to this challenging environment. Macau is a major city within the GBA area; we can also share our experience or learn from other cities' advantages in social innovation development or cooperation.



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