

University of Macau

Faculty of Business Administration

A Business Case Study on the Cirque du Soleil – ZAIA in Macau: Standardization approach or not?

by
Lai Kin Peng, André
(M-A8-5714-9)

Supervised
by
Joseph Sy-Changco



Abstract

Since Macau opened the gaming industry back in 2000, several new large casino operators have established themselves in the city. In addition, Macau was appointed one of the World's Heritage Sites a few years ago. Both these factors played a very important part on the tremendous increase of the city's tourism industry. This increase led to the Macau's entertainment industry to try releasing more products, other than gaming activities, into this market. The research subject of this thesis, the Cirque du Soleil's permanent show in Macau named ZAIA, is a good example.

When releasing an existing product to a new market, one of the most important marketing decisions faced by businessmen is whether to standardize or adapt their products to the target customers belonging to the new market. This paper attempts to contribute to the growing literature that states that standardization and adaptation of a product can co-exist, by analyzing the performance and the marketing strategy of Cirque du Soleil's show in Macau within the context of Chinese consumers and culture. With the framework introduced by Jain (1989), and by scrutinizing 4Ps and the experience of Cirque du Soleil in Macau, the author attempts to evaluate the degree of standardization and adaptation needed to implement in a product for it to be successful in the international market.

Key words: standardization, adaptation, Chinese tourists, Cirque du Soleil, consumer behavior.

Acknowledgement

I would like to say thank you to Dr. Joseph Sy-Changco. I am so grateful to have his support and his precious opinion which allowed me to benefit much from this research process. With his patience, guidance, encouragement and knowledge, I learned a lot and gained memorable experiences. Dr. Joseph gave me a lot of support in conducting the interviews; especially I am so thankful for his help in arranging meetings for me to talk to his undergraduate students who had seen ZAIA. Without his support, I don't think I can complete this paper. In addition, I would also like to say thank you to the students of Dr. Joseph for their information on ZAIA which they generously shared with me. I was indeed very happy to discuss ZAIA with them. In particular, I would like to give special thanks to his students because they did a very good video interview with the manager of ZAIA which helped me a lot in becoming familiar with ZAIA.

I am also thankful to everyone who had helped me in completing this paper. Special thanks to Ray Chan and Leo Ieong for their assistance in preparing this paper. Ray Chan is one of my best friends. He helped me a lot for this paper. For instance, he helped me in checking the thesis proposal. He also accompanied me to interview the Chinese tourists in the street outside The Venetian so I could have a preliminary understanding of Chinese tourists. I am so thankful he is my friend. Moreover, I would like to say thank you to Ms. Rosario for helping me proofread this paper.

Last but most importantly, I am so grateful to my parents and my wife for their unlimited support and bearing with my bad temper. They always take care of my daily

needs. They provide me unlimited happiness and love. I love them so much! To them I dedicate this thesis.



Contents

Abstract	a
Acknowledgement.....	b
Chapter 1 – Introduction	- 1 -
Chapter 2 – Background.....	- 4 -
2.1 Macau’s Gaming Industry	- 4 -
2.2 Cirque du Soleil in Macau – the show ZAIA	- 5 -
2.3 Chinese Tourists.....	- 7 -
2.4 Chinese Tourists In Macau.....	- 8 -
Chart I – Total numbers of visitors and non-residents (by Entry Points) [Source:	- 9 -
DSEC 2010]	- 9 -
Chart II – Number of Visitors between Mainland China and the West [Source: DSEC	- 9 -
2010]	- 9 -
2.5 Tourist behavior (General Concepts)	- 10 -
2.6 Standardization and Adaptation (General Concepts)	- 11 -
2.7 Cirque du Soleil’s Global Marketing Strategy	- 17 -
Table I – Comparison of Cirque du Soleil between Las Vegas & Macau by using 4Ps .	- 17 -
Chapter 3 – Research Method	- 19 -
3.1 Research Objective.....	- 19 -
3.2 Research Design.....	- 20 -
Chapter 4 – Results and Discussion	- 23 -
4.1 Results	- 23 -
4.2 Discussion	- 25 -
Chapter 5 – Conclusion & Management Implication.....	- 36 -
Chapter 6 - Limitations and Future Studies.....	- 41 -
Reference.....	- 43 -
Appendix	- 49 -
Appendix 1 – Number of Visitors by Place of Residence.....	- 49 -
Appendix 2 - Questions for Focus Group and In-depth Interviews.	- 50 -
Appendix 3: Comments from Western and Chinese audiences	- 52 -
Appendix 4 – Interview with Mainland Chinese for Cirque du Soleil ZAIA	- 54 -
Appendix 5: Main Purpose of Visit to Macau.....	- 63 -

Appendix 6 - Per-capita Spending / non-shopping spending / shopping spending of interviewed visitors by Type of Expenses (excluding gaming expenses)	- 64 -
Appendix 7 - Visitor Spending by Type of Expenses (excluding gaming expenses)	- 65 -
Appendix 8: Per-capita spending of interviewed Mainland Chinese visitors	- 66 -

