



TOURISM DEVELOPMENT IN THE NORTHERN CENTRAL OF VIETNAM: CHALLENGES IN THE NEXT DECADE

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- ✓ The situation of tourism development in the Northern Central
- ✓ New development context
- ✓ Challenges for the Northern Central of Vietnam in the next decade



THE SITUATION OF TOURISM DEVELOPMENT IN THE NORTHERN CENTRAL

The situation of tourism development in the Northern Central

Potential and advantages of tourism development in the North Central

Natural tourism resource abundance:

- Nice beaches
- Attractive caves
- Rivers, hot springs
- National parks;
- Protected areas

Having many traditional handicraft villages

- Sedge mat in Nga Son
- Pottery in Yen Thanh ...

➔ **Provide souvenir for tourists**



Under the influence of the East-West Economic Corridor.

Cultural tourism resources

- Including 5 world heritage sites recognized by UNESCO
- Many historical relics associated with festivals.
- Numerous folks songs and folks dances, Nha Nhạc royal songs

The potential to develop many types of tourism

Beach tourism, beach resort



Lang Co Beach – Hue

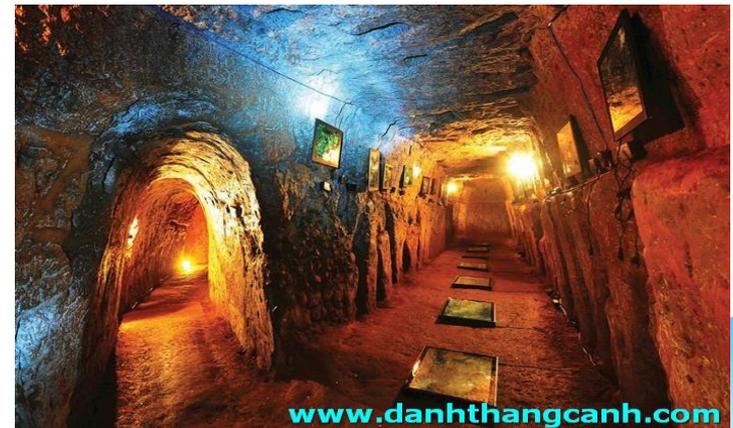


Nhat Le beach – Quang Binh

Visit revolutionary historical relics



Ancient Citadel of Quang Tri



Vinh Moc Tunnel

The potential to develop many types of tourism

Heritage tour, sightseeing- convalescence



Hue ancient citadel

Community- based ecotourism



Thien Duong cave



Bach Ma National pa



National park – Phong Nha Ke Bang

Besides:

- Festival tourism – Belief
- Traveling to explore the shore island
– Medical tourism



Enhancing and upgrading infrastructure

Transportation:

Road, rail road and airway have been upgrading.
Nevertheless, the waterway transportation has not been utilized.

Major important roads to promote tourism development

- National NR.1a and Ho Chi Minh road
- NR.8, NR.9 (East-West corridor in Vietnam)
- NR.10, NR. 12A, NR.45. NR. 46.....

“Hard” Infrastructure:

- Accommodations have been constructed
- New development trends of resort and condotel in the northern central
- Cross border trade facilitation enhancing

“Soft” Infrastructure:

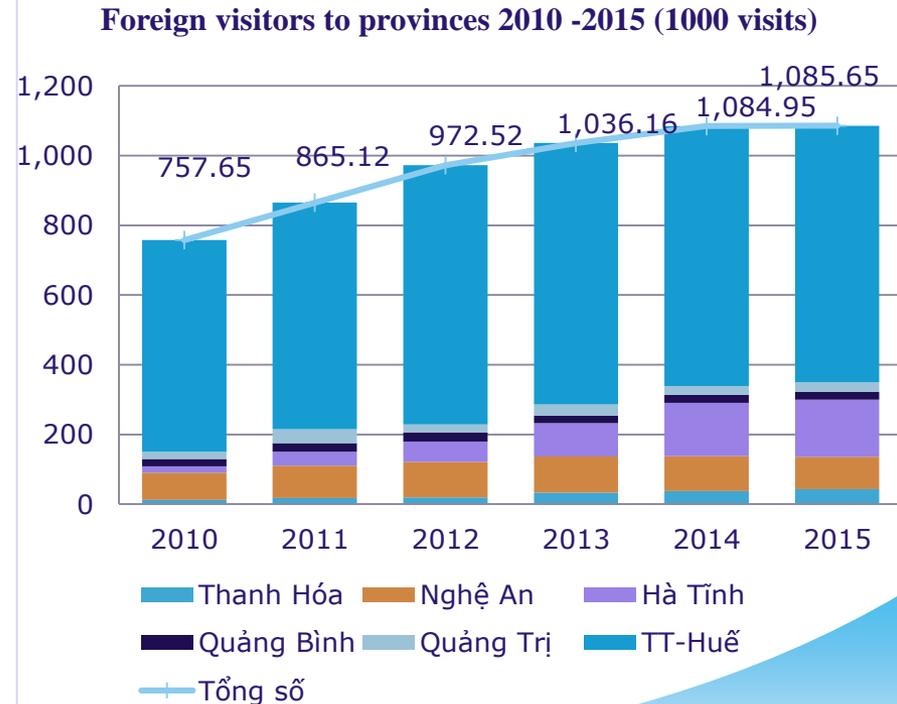
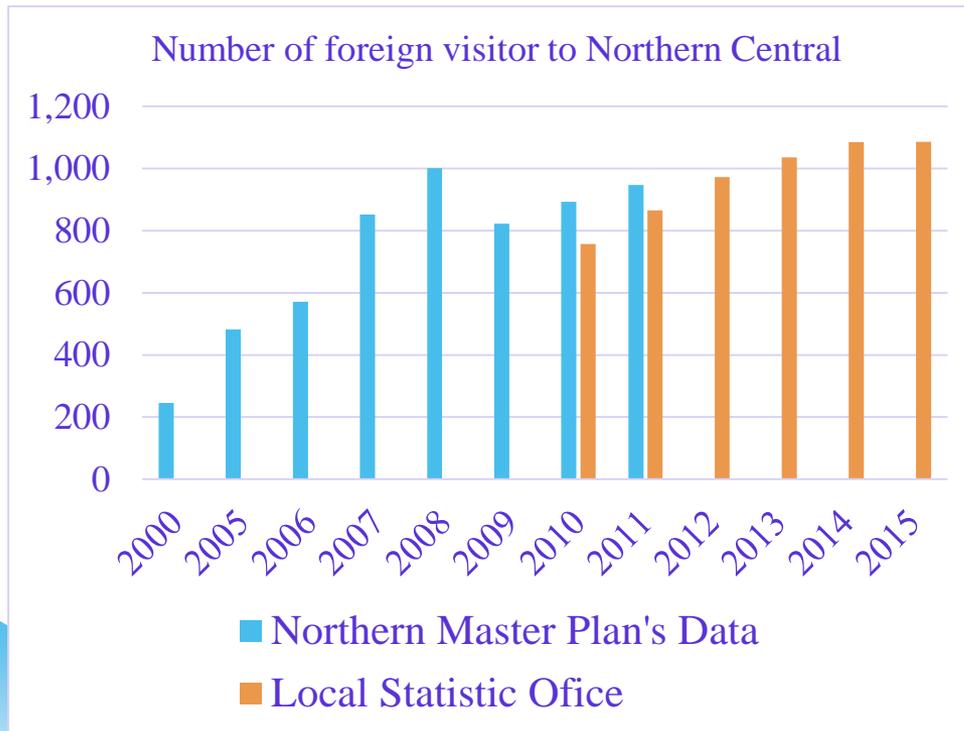
- Immigrant procedures and trade procedures have been reducing
- Tourism human resources have been improved significantly.

Foreign visitors to Northern Central of Vietnam

The annual growth rate of foreign visitors to the Northern Central (2000-2015) is 10.4%

The structure of market:

The number of visitors from South East Asia (Lao, Thai, Myanmar) is the largest;
Followed by West Europe





The situation of tourism development in the North Central

The proportion of foreign visitors to Northern Central

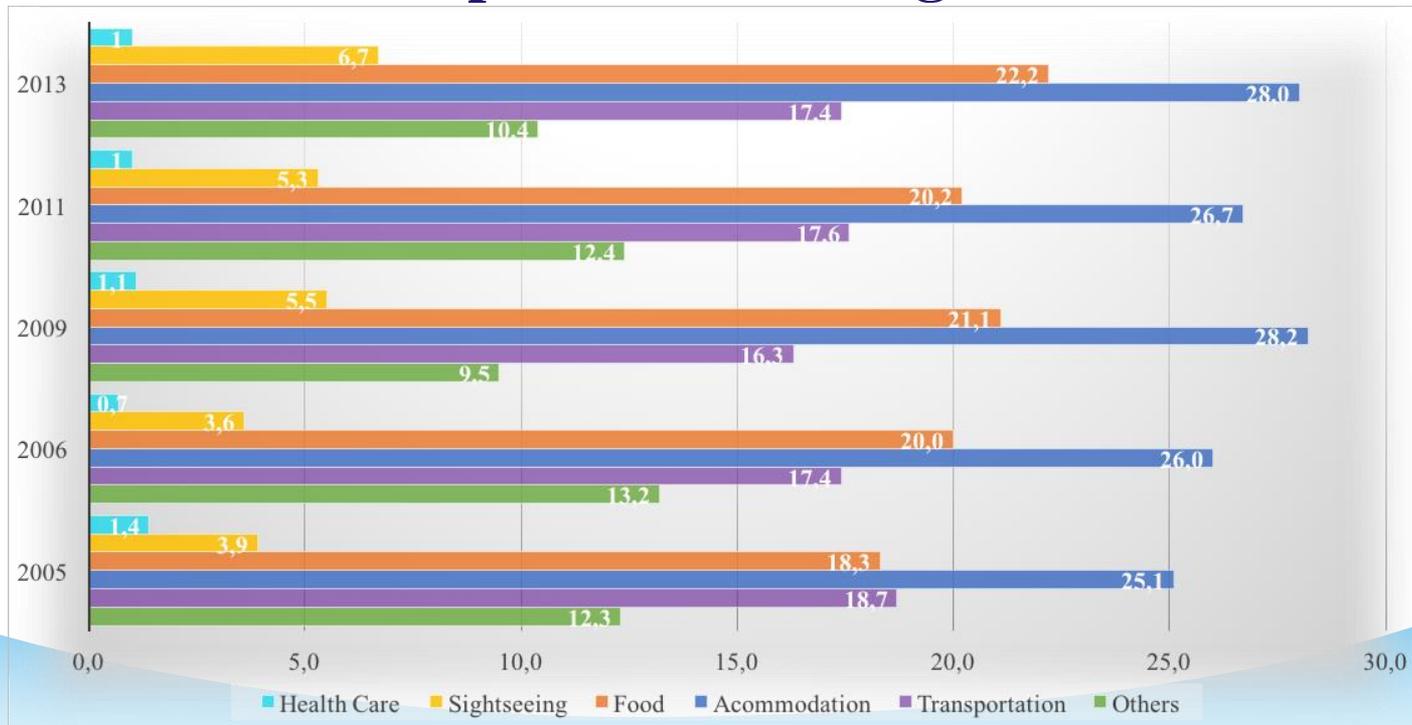
	2010	2011	2012	2013	2014	2015
Northern Central	757.65	865.12	972.52	1,036.16	1,084.95	1,085.65
Vietnam	5,049.8	6,014.0	6,847.7	7,572.4	7,959.9	7,943.6
% foreign visitors to North Central	15.00%	14.39%	14.20%	13.68%	13.63%	13.67%

Expenditure of foreign visitors

The average expenditure per day by foreign visitors is increased from \$76.4 in 2005 to \$95.8 in 2013.

Spending on accommodation, food and transportation increased from 62,1% (2005) to 67,6% (2013)

Structure of Visitor Expenditure During 2005 - 2013



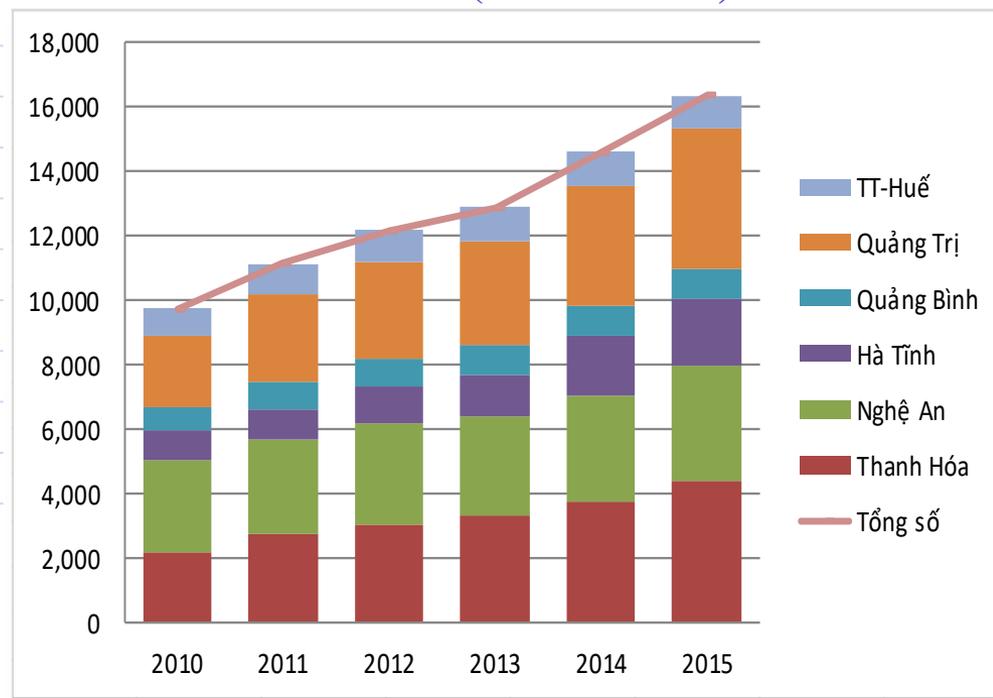
Domestic visitors

The average growth rate of foreign visitors to the North Central region (2000-2015) is 17% per year.

Domestic visitors to the North Central Vietnam 2000-2015 (thousand visit)

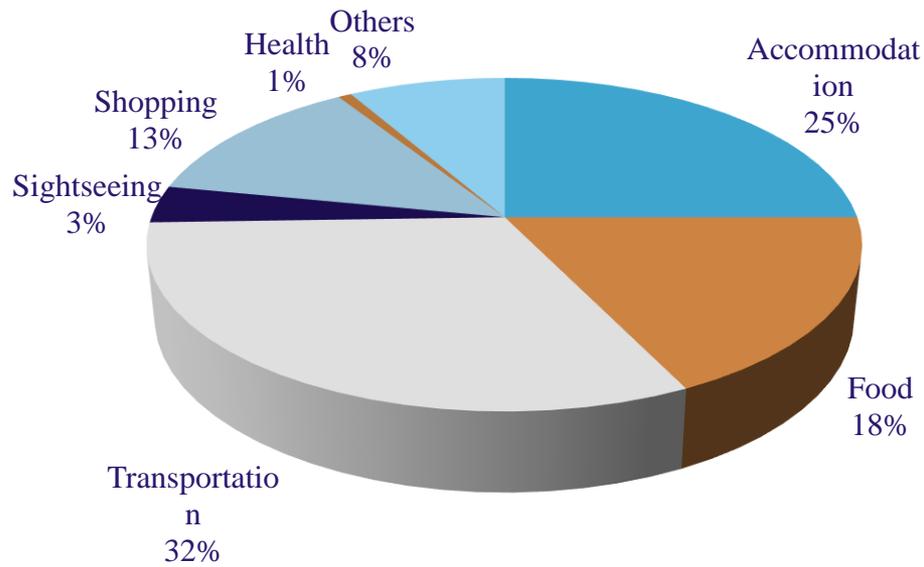


Domestic visitors to the North Central Vietnam 2010-2015 (thousand visit)

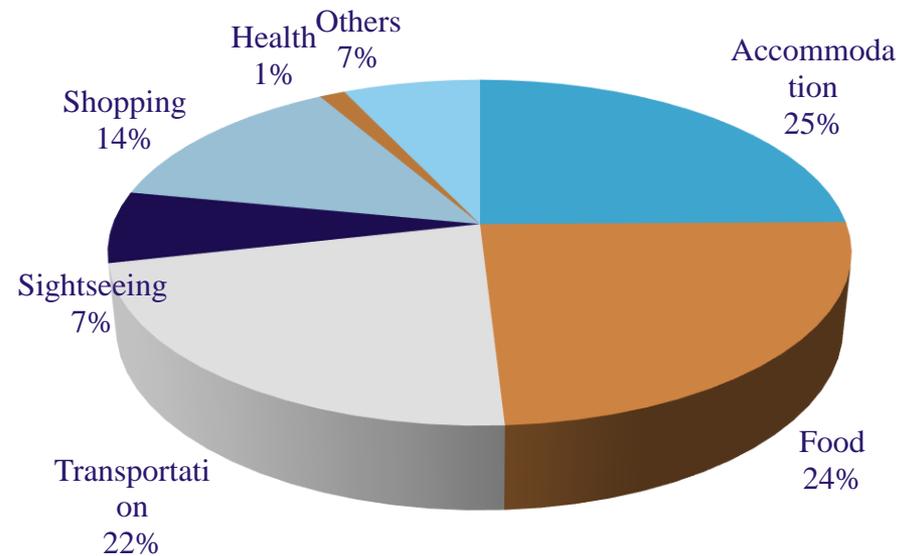


Expenditure Structure of domestic visitors (%)

2006



2013



Source: Statistical Yearbook of Vietnam

2006: Average expenditure per day: VND 550,000

2013: Average expenditure per day: VND 1,148,000

Tourism turnover (current prices)

Unit: million VND

	Provinces	2010	2012	2013	2014	2015
1	Thanh Hoa	531,861.80	892,109.00	1,025,809.00	1,233,099.00	1,480,469.20
2	Nghe An	485,357.00	681,401.00	686,257.00	730,460.00	800,876.00
3	Ha Tinh	207,465.00	275,730.00	354,250.00	492,370.00	527,160.00
4	Quang Binh	121,856.00	194,220.00	203,626.00	246,436.00	341,914.00
5	Quang Tri	63,535.00	96,505.00	107,283.80	99,773.60	106,473.50
6	Thua Thien - Hue	919,675.00	1,230,890.00	1,436,527.00	1,558,863.00	1,483,390.00
7	Total	2,329,749.80	3,370,855.00	3,813,752.80	4,361,001.60	4,740,282.70

Accommodation establishments, of which mostly private and household businesses, contribute mostly to the total revenue

- ✓ Domestic visitors account for the larger proportion;
- ✓ Per day expenditure of domestic visitors is less than that of foreign visitors. Among categories of expenditure:
 - ✓ shopping and sightseeing expenditures account for small proportion
 - ✓ transportation & other costs account for large proportion.
- ✓ To keep visitors stay longer, the region lack of products that embedding its advantages of nature resources, cultural and historical prosperity
- ✓ The cooperation between production of traditional craft villages and tourism service is not strong enough
- ✓ The quality of tourism services lower than visitors' expectations



NEW DEVELOPMENT CONTEXT

- With the support of digital technology, tourism sector will develop towards intelligent service. Robot can replace people in some stages.

- All of the visitor's travel planning processes are done remotely with the support of technology. Require to change approach methods to maintain loyal customers.



Industry 4.0 can break the traditional supply chain of tourism products → New challenges.



Vietnam: Artificial Intelligence Product "Social Network Data Production System" - Le Cong Thanh et al in Topica AI Lab is used to locate brand by tourism sector

Tourism is called the smokeless industry. However,

- Many hotels, restaurants was built at the coastal areas
- Overcrowded tourists at the beaches and lack of traveler's consciousness on environmental issues
- Climate change

→ Natural resources (tourism resources) are exhausted by the pollutions (water, solid wastes ...)



31/12/2015: AEC is officially established

The ASEAN Mutual Recognition Agreement On Tourism Professionals (**MRA_TP**) is an important driver in raising standards of tourism and improving qualifications of the tourism workforce in the ASEAN region



Making commitments in AEC have positive effects on Vietnam tourism. Number of visitors from ASEAN market contribute 15% in the total foreign visitors to Vietnam

However, there are challenges to Vietnam tourism in order to To ensure competition with businesses in AEC



THE BOOMING OF CHINESE TOURISTS

2016: About 2.7 million Chinese visitors to Vietnam, accounting for 27% of total international arrivals

The North Central provinces have a special attraction to the people of the western China, because :

- (i) From western China, accessing to Northern Central of Vietnam is much convenience than that of the China's coastal region
- (ii) Within budget constraint, travelling cost to Northern Central Region is affordable in comparison with that of the China's coastal region
- (iii) Attracting destination with for people who have never been there

THE BOOMING OF CHINESE TOURISTS

Foreign visitors cross Da Nang border by nationality in 2003 (visit)

Quốc tịch	Khách đến Đà Nẵng		Khách chuyển cảnh	
	Nhập cảnh	Xuất cảnh	Đến	Đi
Thái Lan	0	4	20	19
Lào	0		0	0
Campuchia	0		0	0
Malaysia	57	93	75	32
Singapore	29	34	67	60
Trung Quốc	10827	23013	15230	3044
Hàn Quốc	28	44	44	29
Nhật	809	785	120	83
Mỹ	661	104	3525	4051
Australia	504	31	2181	2892
Anh	339	30	2150	2217
Pháp	122	3	634	850
Đức	339	12	324	649
Khác	3923	792	3961	7061
Total	17638	24945	28331	20987

(Nguồn: Tổng cục Thống kê)



NEW DEVELOPMENT ORIENTAION

Resolution No. 08-NQ/TW released on January 16th, 2017, views development of tourism into a spearhead industry as a boost for development of other industries → Create an important premise for Vietnam tourism development in the new period

Decree No. 07/2017/NĐ-CP : The Vietnamese government has announced a two-year pilot plan to launch an electronic visa (E-visa) system for foreign tourists visiting Vietnam (40 countries)



CHALLENGES FOR TOURISM DEVELOPMENT IN THE NEXT DECADE



The industrial revolution (industry 4.0)

1. Develop next generation of tourism products that integrate advanced technology to meet customer's demand
2. Enhancing enterprises competitiveness, with better service quality on the basis of cloud computing and internet of things
3. Changes in tourism business operation and management models; inventing new tools to build and maintain customer loyalty;
4. Have new training and improve skill levels of labors in tourism sector in order to adapt to new technology



Challenges from environment issues

1. For sustainable development, it is a challenge to shift structure of tourism products toward environmental friendly, consuming less energy and natural resources, utilizing recycle energy.
2. Solutions to adapt to climate change should take into account the damage of tourism resource



Challenges from AEC commitments

- (1) Fostering enterprise development toward large-scale travel agencies and enhancing cooperation among enterprises.
- (2) Capacity building for some large enterprise of the region in setting up new value chains in tourism sectors
- (3) Human resource development in tourism sector with international standards. Enhancing competitive capacity of Vietnamese labor in tourism sector for better position in AEC competition.



Challenges from booming the Chinese visitors

Developing tourism products in order to keep loyalty of tradition customers as well as attracting Chinese visitors

Cultural conflict between Chinese and the Western may push Vietnam Tourism industry to a position of trading off between Chinese and western (EU, US) visitors

(2) Environmental and natural resources' protection. Upgrading products quality, increasing turnover to compensate for tourism environmental degradation.

Deciding development Priorities

- Adjusting socio- economic development strategy of each province in the Northern Central, focusing on the adjustment of manufacturing development strategy.
- Encouraging investment in tourism sector, and
- Enhancing the environmental responsibility of manufacturing enterprises.

Enhancing competitiveness of tourism sector

- Introducing new products to keep visitors stay longer
- Introducing new cooperation mechanism among enterprises in this region



Thank you!