

**Japan International Cooperation Agency (JICA)  
Vietnam National Administration of Tourism  
The Socialist Republic of Vietnam**

**COMPREHENSIVE STUDY  
□ ON  
TOURISM DEVELOPMENT  
□ IN  
THE CENTRAL REGION OF  
THE SOCIALIST REPUBLIC OF VIETNAM**

**FINAL REPORT  
TECHNICAL PAPER**

**February 2002**

**Pacific Consultants International  
ALMEC Corporation**

## PREFACE

In response to the request from the Government of the Socialist Republic of Vietnam, the Government of Japan decided to conduct the comprehensive study on tourism development in the central region of the Socialist Republic of Vietnam and entrusted the study to Japan International Cooperation Agency (JICA).

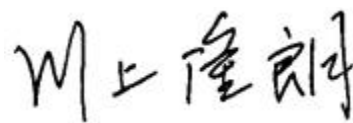
JICA dispatched a study team headed by Mr. Tadashi Kume of Pacific Consultants International and consisting of Pacific Consultants International and ALMEC Corporation to Vietnam, three times between November 2000 and February 2002. In addition, JICA set up an Advisory Committee headed by Mr. Yusuke Tamaki of Japan Seafarers Relief Association between November 2000 and February 2002, which examined the Study from specialist and technical point of view.

The team held discussions with the officials concerned of the Government of Vietnam and conducted field surveys at the study area. Upon returning to Japan, the team conducted further studies and prepared this final report.

I hope that this report will contribute to tourism development and promotion in Vietnam and to the enhancement of friendly relationship between our two countries.

Finally, I wish to express my sincere appreciation to the officials concerned of the Government of Vietnam for their close cooperation extended to the team.

February 2002



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Takao Kawakami  
President  
Japan International Cooperation Agency

February 2002

Mr. Takao Kawakami  
President  
Japan International Cooperation Agency  
Tokyo, Japan

### **Letter of Transmittal**

Dear Sir,

We are pleased to formally submit herewith the Final Report of “Comprehensive Study on Tourism Development in the Central Region of the Socialist Republic of Vietnam”.

This report compiles the results of the Study which was undertaken in the Socialist Republic of Vietnam from November 2000 through February 2002 by the Study Team, consisting of Pacific Consultants International and ALMEC Corporation.

We had been assisted by many people for the accomplishment of the Study, and we would like to express our sincere gratitude and appreciation to all those who extended their kind assistance and cooperation to the Study Team, in particular, Vietnam National Administration of Tourism who acted as the counterpart agency.

Also we acknowledge the effective assistance by all the officials of your Agency and the Embassy of Japan in the Socialist Republic of Vietnam.

We hope that the report will be able to contribute to formulate appropriate policies and measures for the future development of Vietnam.

Very truly yours,



---

Tadashi Kume  
Team Leader,  
Comprehensive Study on Tourism Development  
In the Central Region of the Socialist Republic of  
Vietnam



The Study Area Map

**COMPREHENSIVE STUDY ON TOURISM DEVELOPMENT  
IN  
THE CENTRAL REGION OF THE SOCIALIST REPUBLIC OF VIETNAM**

**Final Report  
Technical Report  
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## Abbreviation

ADB	Asian Development Bank
ALS	Average Length of Stay
AMTA	Agency for Coordinating Mekong Tourism Activities
APETIT	Asian-Pacific Education and Training Institutes in Tourism
ASEAN	Association of Southeast Asian Nations
CLH	Classified Hotel
COMECON	Communist Economic Conference
DOSTE	Department of Science, Technology and Environment
EIA	Environmental Impact Assessment
EIRR	Economic Internal Rate of Return
ESCAP	Economic and Social Commission for Asia and the Pacific
F/S	Feasibility Study
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIS	Geographic Information System
GMS	Greater Mekong Sub-region
GRDP	Gross Regional Domestic Product
GSO	General Statistical Office
HCMC	Ho Chi Minh City
HR	Human Resource
IEE	Initial Environmental Assessment
ITDR	Institute for Tourism Development
JICA	Japan International Corporation Agency
MARD	Ministry of Agriculture and Rural Development
MOC	Ministry of Construction
MOCI	Ministry of Culture and Information
MOET	Ministry of Education and Training
MOFA	Ministry of Foreign Affairs
MOSTE	Ministry of Science, Technology and Environment
MOT	Ministry of Transport
MOWR	Ministry of Water Resource
MPI	Ministry of Planning and Investment



NGO	Non-Governmental Organization
NTCCB	The National Tourism Curriculum and Certification Board
OJT	On the job training
PATA	Pacific Asia Travel Association
SME	Small and Medium Size Enterprise
SOE	State Owned Enterprise
TIC	Tourist Information Center
TITC	Tourism Information Technology Center
TTHue	Thua Thien Hue
UNDHA	United Nations Department of Humanitarian Affairs
UNDP	United Nations Development Programmed
USTDA	United States Trade and Development Agency
VINALINES	Vietnam national Shipping Lines
VINAMARINE	Vietnam National Maritime Bureau
VINASHIN	Vietnam Shipbuilding Industry Corporation
VINATOUR	Vietnam Tourism
VN	Vietnam Airlines
VNAT	Vietnam National Administration of Tourism
VND	Vietnamese Dong
VNTO	Vietnam National Tourism Organization
VR	Vietnam Railway
WTO	World Tourism Organization
WWF	World Wide Fund for Nature

## List of Participants

### Vietnamese Side:

	<u>Name</u>	<u>Position or Role</u>
<b>Steering Committee</b>		
<u>Chairman</u>		
1	Vu Tuan Canh	Vice Chairman - VNAT
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3	Thai Doan Tuu	Deputy Director of Trade & Services Dept., - MPI
4	Nguyen Van Luu	Director of ICD - VNAT
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6	Do Tung Lam	Official of A37 - MOPS
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14	Nguyen Xuan Phuc	Permanent Vice Chairman of Peoples' Committee of Quang Nam
15	Hoang Tuan Anh	Vice Chairman of Peoples' Committee of Da Nang City

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4	Mr. Isamu Koike	Market Survey/Market Development
5	Mr. Kanji Hoshino	Tourism Product Development
6	Mr. Yasuhiko Maeno	Tourism Promotion/Advertisement Plan
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12	Mr. Yoji Sakakibara	Demand Forecast/Economic and Financial Analyses/Investment Plan
13	Mr. Osamu Isoda	Environmental Impact Assessment
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15	Mr. Manabu Kawaguchi	System Engineer (GIS Related Data Collection/ Compilation)
16	Mr. Yoshinori Takahashi	System Engineer (GIS Database Design)
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5	Mr. Hiroyuki Kobatashi	JICA Vietnam Office

# 1. Introduction

## 1.1 Study Objectives

The objectives of the Study are:

- To review and analyze present condition including policies and strategies on tourism industry,
- To formulate a master plan for tourism development with target year of 2020;
- To implement feasibility studies for selected projects with target yeas of 2010;
- To establish a digital geographic database in the central region of Vietnam and a geographic information system (hereinafter referred to as GIS) database on Hoi An Old Town and its surrounding area; and
- To transfer technique on tourism development through the Study.

## 1.2 Study Area

The Study area is the Central Region of Vietnam, namely Quang Binh, Quang Tri, Thua Thien Hue, Da Nang, Quang Nam, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan and Binh Thuan.

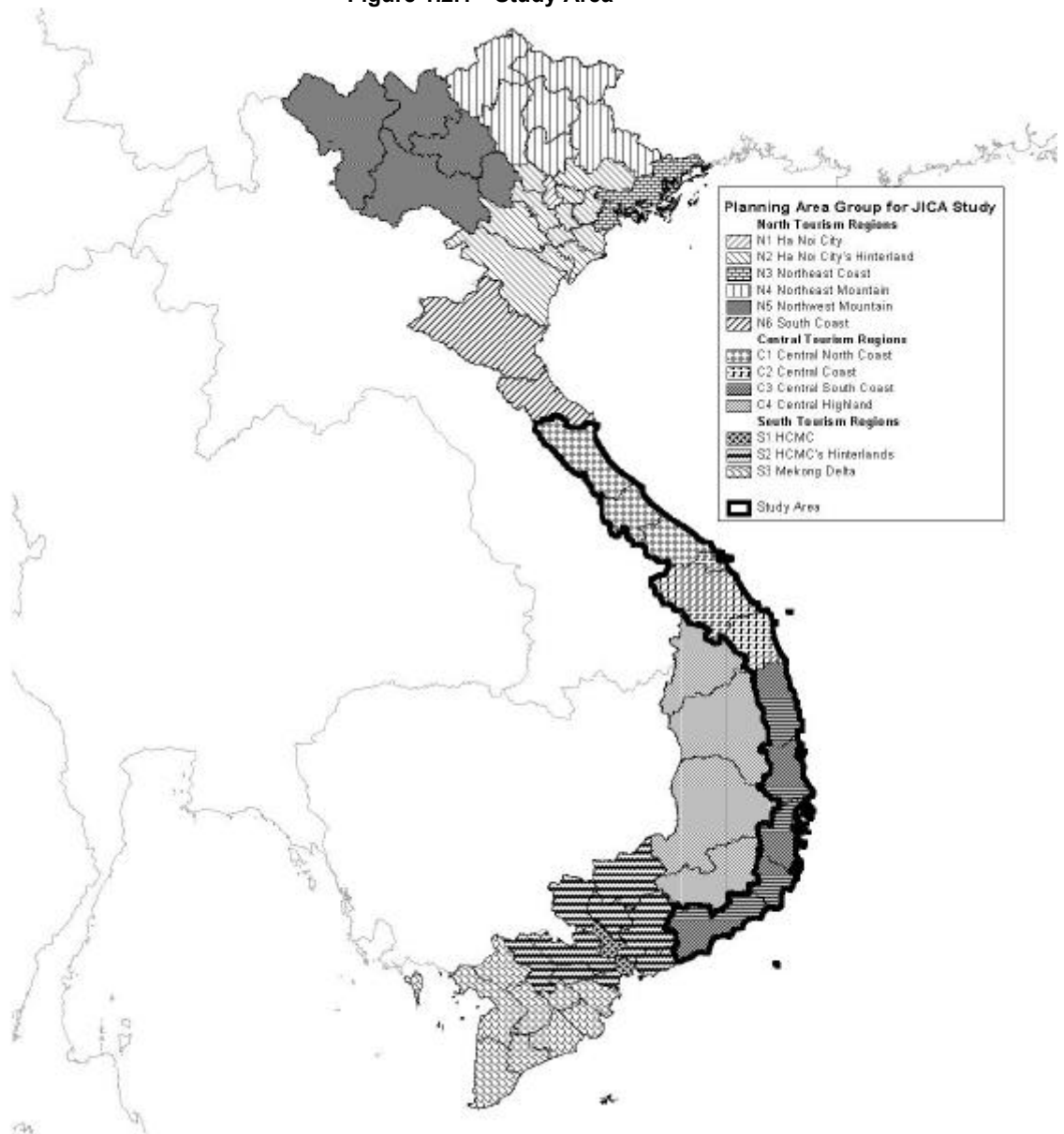
In this report, Tourism Regions and Tourism Zones are set as listed in Table 1. by JICA Study Team. Study area is C1 North Coast, C2 Central Coast, and C3 South Coast in the table.

**Table 1.2.1 Definition of Tourism Regions and Tourism Zones**

Master Plan by VNAT				JICA Study Team		
Tourist Zones	Tourist zones	Sub	Tourist Micro zones	Tourism Regions	Tourism Zones	
1	Northern		1.1 Central	Study area	1 North	N1 Ha Noi City
			1.2 Northern Littoral			N2 Ha Noi City's Hinterlands
			1.3 North-Eastern Mountain			N3 North Coast
			1.4 North-Western Mountain			N4 North-Eastern Mountain
			1.5 South Northern			N5 North-Western Mountain
2	North Central		2 Central			C1 North Coast
3	South Central and Southern	3.1 South Central	2.1 Northern Side	2 Central	C2 Central Coast	
			2.2 Southern Side		C3 South Coast	
		3.2 Southern	3.1.1 Littoral		C4 Highlands	
			3.2.1 East Southern		3 South	S1 Ho Chi Minh City
			3.2.2 West Southern	S2 HCMC's Hinterlands		
			S3 Me Kong Delta			

Source: JICA Study Team

Figure 1.2.1 Study Area



Source: JICA Study Team

### 1.3 Purpose and Contents of this Report

The JICA study team provides Technical Paper to show more detailed information and analysis of each sector. The study team has made tourism master plan and projects/ programs based the results of analysis compiled in this report. This report provides basic procedure and will avail to next step of execution for Vietnam tourism.

## 2. Tourism Market

### 2.1 Present Tourism Market in Vietnam

#### 2.1.1 Volume of International Tourists

##### General

Vietnam reached its million tourists in 1995. The Table 2.1.1 shows the record of annual international tourist arrivals in Vietnam and its comparison with the tourist arrivals in ASEAN as well as the worldwide total in the past 15 years. As shown in the table below, the average annual growth rate of Vietnam's international tourists between 1995-1999 (6.9%) surpassed that of ASEAN (3.4%) and the world total (4.2%).

**Table 2.1.1 Share and Changes of International Tourist Arrivals in Vietnam, ASEAN and World**

	Vietnam			ASEAN			World Total	
	Volume (thousand persons)	Share (%)	Change (%)	Volume (thousand persons)	Share (%)	Change (%)	Volume (thousand persons)	Change (%)
1985	40	0.01		10,103	3.08		327,853	
1990	250	0.05	44.3	21,471	4.68	20.7	458,331	8.7
1995	1,351	0.24	40.1	29,173	5.18	8.0	563,641	5.3
1996	1,607	0.27	18.9	31,042	5.23	6.4	593,638	1.3
1997	1,716	0.28	6.8	30,611	4.95	-1.4	618,213	1.0
1998	1,520	0.24	-11.4	28,951	4.55	-5.4	636,581	0.7
1999	1,781	0.27	17.2	33,377	5.02	15.3	664,437	1.1
CAGR (1985-95)			42.2			12.5		6.2
CAGR (1995-99)			6.9			3.4		4.2

Note: CAGR means compound annual growth rate  
Source: World Tourism Organization (WTO)

The number of international tourists to Vietnam from major source countries by ranking, share in ASEAN and the world are summarized in the table 2.1.2.

**Table 2.1.2 Ranking of Major Source countries of International Tourists in Vietnam, 1999**  
(Unit: thousand persons)

Rank		To Vietnam		To ASEAN		To World	
		A	A/B (%)	A/C (%)	B	B/C (%)	C
1	China	484	32	7.5	1,503	23.4	6,422
2	USA	210	13	0.5	1,582	3.5	44,682
3	Taiwan	174	11	3.2	1,585	28.9	5,490
4	Japan	113	4	0.5	3,008	13.6	22,175
5	Cambodia	74	-	-	-	-	-
6	France	69	14	0.3	505	2.5	20,007
7	Australia	63	4	1.4	1,534	33.3	4,610
8	UK	44	4	0.1	1,169	2.3	51,554
9	Korea	43	7	1.5	640	21.7	2,950
10	Canada	31	11	0.2	280	1.6	17,167
	Others	457	2	0.1	21,571	4.4	488,943
	Total	1,762	5	0.3	33,377	5.0	664,000

Source: Data from Tourism Department, VNAT 2000  
Outbound Statistics by Destination, Asia-Pacific Tourism Exchange Center (APTEC), 2000

### **Cross-border tourist traffic**

The remarkable increase in international tourist arrivals in Vietnam is substantially caused by the increase in cross-border tourist traffic from its neighboring countries such as China, Cambodia, Laos, and Thailand. In 1999, the share of cross-border tourists in the total international tourist arrivals was 34% as shown in the Table 2.1.3. Of this, 81% are from China and accounted for about 484,000. The growth rate of international tourist arrivals that year was 2.7%, up from the previous year. Although international tourists excluding cross-border tourists accounted for 66% of total arrivals, its annual growth was a mere 0.3%. To aid planning, the trend in international arrivals in Vietnam should be carefully examined by taking into account the number of cross-border tourists because of their substantial share in the total arrivals.

**Table 2.1.3 Changes in International Arrivals and Cross-border Traffic**

Year	1997	1999	Share <sup>1</sup>	Share <sup>2</sup>	Changes <sup>3</sup>
Total Arrivals	1,715,637	1,762,197	100%		2.7%
Cross-border Traffic	553,804	597,455	34%	100%	7.9%
China	405,389	484,102		81%	19.4%
Cambodia	124,851	74,366		12%	-40.4%
Laos	5,038	19,577		3%	288.6%
Thailand	18,526	19,410		3%	4.8%
Net International Arrivals	1,161,833	1,164,742	66%		0.3%

Notes: <sup>1</sup> Share in the total international tourist arrivals.

<sup>2</sup> Share in the total cross-border tourist arrivals.

<sup>3</sup> Change between 1997 and 1999.

Source: JICA Study Team

### **Geographical Segmentation by Region**

The number of international arrivals in Vietnam is limited as its international tourism is still a nascent industry. The statistics available for 1997 and 1999 were used for market analysis by volume of tourist arrivals. Table 2.1.4 and Table 2.1.5 show the changes in international arrivals by source country between 1997 and 1999 including and excluding cross-border tourists, respectively. The important change was the growth in tourist arrivals from the Americas, which registered at 38.3%. However, the volume of *Viet Kieu* (Vietnamese who has obtained American or Canadian citizenship) was not available. Australasians registered the most stable and favorable growth at 6.1%.

Tourists from Asia-Pacific, which posted a growth of 2.3%, follow it. However, it decreases to -5.1% when the number of cross-border tourist arrivals is deducted from the total arrivals from this area. Meanwhile, European tourists posted lower at -5.2%. From these registered data, it can be said that the sharp increase in tourists from the Americas and of cross-border tourists mainly from neighboring China compensated for the decrease in tourists from Asia-Pacific and Europe. In summary, Vietnam's international tourists increased by 2.3%.

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IN THE CENTRAL REGION OF THE SOCIALIST REPUBLIC OF VIETNAM

**Table 2.1.4 Changes in International Tourist Arrivals, 1997-99**

(Unit: thousand persons)

	1997		1999		Changes (%)	
Asia-Pacific Area	975,786		997,974		2.3	
Northeastern Asia		754,459		824,265		9.3
Southeastern Asia		215,176		167,281		-22.3
South Asia		6,151		6,428		4.5
Australasia	63,892		67,811		6.1	
America	176,159		243,549		38.3	
Europe	218,502		207,105		-5.2	
Central/East Europe		10,043		8,009		-20.3
Northern Europe		72,490		71,588		-1.2
Southern Europe		10,233		13,368		30.6
Western Europe		125,736		114,140		-9.2
Africa	626		4,599		634.7	
Not Specified	280,672		241,159		-14.1	
Total	1,715,637		1,762,197		2.7	

Note: The following table shows the composition of regions.

Area and Region	Major Source Countries
Asia-Pacific	
Northeastern Asia	China, Taiwan, Hong Kong, Japan, Korea
Southeastern Asia	Cambodia, Laos, Indonesia, Malaysia, Philippines, Singapore, Thailand
South Asia	India, Pakistan, Sri Lanka
Australasia	Australia, New Zealand
America	Canada, USA
Europe	
Central/East Europe	Bulgaria, Romania, Russia, Hungary, Slovakia
Northern Europe	Denmark, Finland, Iceland, Ireland, Norway, Sweden, UK
Southern Europe	Greece, Italy, Slovenia, Spain, Portugal
Western Europe	Austria, Belgium, France, Germany, Netherlands, Switzerland,
Africa	South Africa, Egypt

Source: WTO

**Table 2.1.5 Changes in International Arrivals Excluding Cross-border Traffic, 1997-99**

(Unit: thou persons)

	1997		1999		Changes (%)	
Asia-Pacific	421,982		400,519		-5.1	
Northeastern Asia		349,070		340,163		-2.6
Southeastern Asia		66,761		53,928		-19.2
South Asia		6,151		6,428		4.5
Australasian	63,892		67,811		6.1	
America	176,159		243,549		38.3	
Europe	218,502		207,105		-5.2	
Central/East Europe		10,043		8,009		-20.3
Northern Europe		72,490		71,588		-1.2
Southern Europe		10,233		13,368		30.6
Western Europe		125,736		114,140		-9.2
Africa	626		4,599		634.7	
Not Specified	280,672		241,159		-14.1	
Total	1,161,833		1,164,742		0.3	

Source: WTO

As shown in Table 2.1.6 the largest source of tourists in Vietnam is Asia-Pacific, which shares 57% of the total, followed by Europe and the Americas both at 12%. However, if cross-border tourist arrivals are excluded from the total arrivals, the share of Asia-Pacific decreases sharply from 57% to 35%. The ranking of source region, area and country of international tourists in Vietnam at present is summarized in the Table 2.1.6.



**Table 2.1.6 Ranking of Tourist Source by Region, Area and Country**

(Unit: percent)

Ranking of International Tourist Arrivals											
By Region			By Area			By Country					
1	Asia-Pacific	56.8	1	Northeast Asia	45.4	1	China	25.6	6	France	4.3
2	Europe	12.2	2	North America	12.0	2	USA	10.3	7	Australia	3.4
3	Americas	12.1	3	Southeast Asia	11.0	3	Taiwan	9.5	8	Korea	2.9
4	Australasia	3.8	4	Western Europe	6.9	4	Japan	6.9	9	UK	2.6
5	Africa	0.2	5	Northern Europe	4.1	5	Cambodia	5.7	10	Singapore	1.7
Ranking of International Tourist Arrivals (Excluding Cross-border Tourist Traffic)											
By Region			By Area			By Country					
1	Asia-Pacific	35.4	1	Northeast Asia	29.6	1	USA	15.4	6	Korea	4.3
2	Europe	18.3	2	North America	17.9	2	Taiwan	14.2	7	UK	3.9
3	America	18.0	3	Western Europe	10.3	3	Japan	10.2	8	Singapore	2.5
4	Australasia	5.7	4	Northern Europe	6.2	4	France	6.5	9	Canada	2.5
5	Africa	0.2	5	Australia/NZ	5.7	5	Australia	5.1	10	Germany	1.7

Source: JICA Study Team

As shown in the table above, the largest market of Vietnam by region is Asia-Pacific (57%), followed by Europe (12%). The share of cross-border tourist traffic from China is quite significant, accounting for almost 25% of total international arrivals. When cross-border tourist traffic is excluded, the combined arrivals from western and northern Europe increase to almost 17%.

## 2.1.2 Volume of Domestic Tourists

### Number of Domestic Tourists to the Central Region

The statistics on domestic tourist arrivals in central Vietnam is limited and ambiguous. In the Master Plan on Tourism Development in Vietnam (Period 1995-2010) prepared in 1994 by the ITDR, it estimated the number of domestic tourists as shown in Table 2.1.7 by tourist zone.

**Table 2.1.7 Estimated Number of Domestic Tourists**

Tourist Zone	Key Locations	Item	1995	1998	Share (%)
Zone I	Hanoi Hai Phong Quang Ninh	Number of Tourists (000)	2,550	3,380	27
		Average Length of Stay	3.3		
		Number of Bed-nights	8,415		
Zone II	Thua Thien Hue Quang Nam Da Nang	Number of Tourists (000)	500	660	5
		Average Length of Stay	2.6		
		Number of Bed-nights	1,300		
Zone III-1	Khan Hoa Lam Dong	Number of Tourists (000)	850	1,130	9
		Average Length of Stay	2.4		
		Number of Bed-nights	2,040		
Zone III-2	HCMC, Vung Tau Can Tho	Number of Tourists (000)	4,500	7,600	61
		Average Length of Stay	3.0		
		Number of Bed-nights	13,500		
Total		Number of Tourists (000)	8,400	12,560	100
		Average Length of Stay	3.0		
		Number of Bed-nights	25,255		

Source: Master Plan on Tourism Development in Vietnam (1995 - 2010), ITDR, 1994.

Note: The number of tourists in 1998 was estimated based on air traffic in Da Nang.

The central region is under Zone II and the number of domestic tourist arrivals is estimated at 500 thousand. The share of this zone was around 5% of the total domestic tourist arrivals in Vietnam in 1995. Of this, the number of domestic air passengers, as assessed in the "Study on the National Transport Development

Strategy” which was completed in 2000 with the technical assistance of JICA, was 2.9 million as shown in Table 2.1.9 below. The number of domestic air passengers who arrived via Da Nang Airport, which is a gateway airport to the central region, was 360,000. This is more than 12% of the total domestic air traffic or around 72% of the estimated domestic tourist arrivals in the central region (500,000). As it can be assumed that around 70% of domestic tourists used air transport, 500,000 is judged as a reasonable number of domestic tourists in the central region in 1995.

**Table 2.1.8 Air Traffic Trend**

		1995	1996	1997	1998	CAGR (%)
International Passenger (000)	Noi Bai	402	550	555	549	10.9
	Tan Son Nhat	1,265	1,896	1,848	1,782	12.1
	Total	1,667	2,446	2,403	2,331	11.8
Domestic Passenger (000)	Noi Bai	926	1,044	1,044	1,029	3.6
	Tan Son Nhat	1,149	1,354	1,344	1,309	4.4
	Da Nang	359	463	431	407	4.3
	Others	488	534	615	585	6.2
	Total	2,922	3,395	3,434	3,330	4.5

Source: The Study on the National Transport Development Strategy, JICA 2000

The growth rate of domestic air passengers between 1995 and 1998 in the national total and at Da Nang Airport was 4.5% and 4.3%, respectively. Assuming that the growth rate of domestic tourist arrivals corresponds with that of domestic air passengers, the former can be estimated at 660,000 in 1998.

The major mode of transport used by the domestic tourist is land, in particular rail. Although the estimation of the volume of domestic tourist in 1997 cannot be done using only the data relevant to air traffic, it can be possible when the data is combined with that on accommodations and other facilities by ITDR.

### 2.1.3 Interview Survey Results

#### Profile of Tourists by Region and Country

The interview survey for international tourists at the departure lounge of three major international airports, Hanoi, Da Nang and Ho Chi Min was conducted. The total number of samples collected was 2,100. One of the objectives of the interview survey was to assess the variety of purpose of travelers to Vietnam by each source country to figure out the market demand. The results of the interview survey were utilized to formulate an appropriate market development plan. The profile of the tourists is summarized in Table 2.1.9.

The questionnaires to be filled out by the tourist-interviewees are prepared in English, French, Japanese, and Chinese, reflecting the present dominance in the market share of the source countries where these languages are spoken.

2. Tourism Market

**Table 2.1.9 Tourist Profile by Region and Country**

East Asia					
		Japan	Taiwan	China	ASEAN
Average Age		33.2	39.6	33.6	40.1
Average Length of Stay (Day)		6.4	6.4	5.0	6.1
Average Expenditure per Day		US\$97	US\$93	US\$65	US\$115
Type of Travel Arrangement (%)	Package	32	44	61	21
	Own	68	56	39	79
Purpose of Travel (%)	Pleasure	73	39	70	20
	Business	19	18	5	62
Specific Purpose of Travel (%)	Culture	25	29	46	23
	Nature	17	36	40	17
	Beach Holiday	4	4	3	3
	Shopping	25	8	1	9
	Wining and Dining	19	8	2	3
Reason for Choosing Vietnam (%)	Historic Sites	14	31	31	15
	Nature	9	10	27	12
	Recommended	10	10	8	8
	Previous Visit	3	8	1	8
Europe					
		France	UK	Europe	
Average Age		46.5	41.2	43.1	
Average Length of Stay (Day)		13.1	12.9	14.7	
Average Expenditure per Day		US\$50	US\$75	US\$67	
Type of Travel Arrangement (%)	Package	63	26	43	
	Own	37	74	57	
Purpose of Travel (%)	Pleasure	77	69	73	
	Business	7	23	14	
Specific Purpose of Travel (%)	Culture	52	45	52	
	Nature	6	5	18	
	Beach Holiday	26	7	14	
	Shopping	4	9	7	
	Wining and Dining	4	3	3	
Reason for Choosing Vietnam (%)	Historic Sites	41	29	31	
	Nature	14	7	21	
	Recommended	6	17	15	
	Previous Visit	3	4	3	
Americas and Others					
		USA	Aus&NZ	Viet Kieu	Vietnam
Average Age		49.5	40.2	39.4	35.5
Average Length of Stay (Day)		10.3	16.3	27.1	8.1
Average Expenditure per Day		US\$107	US\$73	US\$27	US\$35
Type of Travel Arrangement (%)	Package	26	22	28	23
	Own	74	78	72	77
Purpose of Travel (%)	Pleasure	63	69	41	57
	Business	17	14	15	8
Specific Purpose of Travel (%)	Culture	45	39	25	48
	Nature	7	9	25	23
	Beach Holiday	2	6	5	4
	Shopping	7	12	13	6
	Wining and Dining	2	6	3	1
Reason for Choosing Vietnam (%)	Historic Sites	23	18	13	36
	Nature	6	6	15	16
	Recommended	13	15	0	7
	Previous Visit	7	4	9	9

Source: JICA Study Team

The interview survey is further detailed by source country and region in the Tables in Appendix. The ranking of international tourists (excluding Viet Kieus) by country and according to various aspects are shown in Table 2.1.10. As the

above table shows, China is the most important country in view of the number of tourists it sends and effect it generates on the economy. It should be noted, however, that the amount of total direct expenditure of China in the above table is calculated based on the interview survey conducted at the airport, where most of the interviewees came to Vietnam for business. Data from the second interview survey to be conducted in August may result in a lower figure since the interviewees will mostly be Chinese tourists. Whatever the survey results may be, it can easily be concluded that the China is the leading source of tourists of Vietnam in terms of volume and economic value, followed by the USA, France, Australia, UK, and Japan.

**Table 2.1.10 Ranking by Major Source Country**

	Rank				
	1	2	3	4	5
Average Length of Stay	AUZ&NZ (6.3)	France (13.1)	UK (12.9)	USA (10.3)	Japan, Taiwan (6.4)
Share of Own Arrangement	AUS&NZ (78)	USA, UK (74)	-	Japan (68)	Taiwan (56)
Share of Pleasure Purpose	France (77)	Japan (73)	China (79)	UK, AUS&NZ (69)	-
Share of Culture in Pleasure Purpose	France (52)	China (46)	UK, USA (45)	-	Taiwan (29)
Total Tourism Expenditure per Day	USA (US\$107)	Japan (US\$97)	Taiwan (US\$93)	UK (US\$75)	AUS&NZ (US\$73)

Source: JICA Study Team

### **Impression of Interviewed Tourists**

Tourists' impressions of Vietnam and its tourism were collected through the interview survey. The results of analysis are summarized in Table 2.1.12 and Table 2.1.13 for the positive and negative impressions, respectively.

Based on the compiled data shown in Table 2.1.12, the most important tourism resource is thought to be the "Natural Environment of the Country" followed by "People" and "Culture". The ranking of international tourists' best positive impressions of Vietnam does not differ much by region. However, it was observed that the farther the distance between the source countries and Vietnam are the better the tourists' impression of the latter's natural environment. The reason is simple because the natural environment of Vietnam is far attractive to European or American tourist than Asian tourists who live in a similar type of natural environment. The conservation of this important resource should thus be enhanced and maintained. In the course of tourism development, attention should be given to maintain the tourists' positive impression. In Table 2.1.13 below ranking the negative impressions, the complaint on the people's bad behavior is ranked the highest. Some of the respondents suggested that over-development or rapid development in the tourism sector, which may decrease the people's hospitality, should be avoided.

**Table 2.1.11 Positive Impressions**

Factor	Asia	Europe	Australia	North America	Total	Tourists' Remarks
Place and/or Country	33.7	40.5	30.3	34.9	36.5	Fantastic, interesting, comfortable country; beautiful nature and scenery, lot of things to see so want to visit again; nice climate
People	21.7	26.6	27.4	30.2	26.1	Nice, lovely, pleasant, charming. Friendly and hospitable people
Culture	13.4	17.3	16.4	20.1	16.6	Nice cultural and historic world heritage sites, interesting culture and comparison with own culture, etc.
Shopping	19.6	10.6	16.4	8.1	13.4	Enjoyable shopping, cheap and want to shop more, reasonable and inexpensive price of shopping items, etc.
Food	11.2	4.9	9.5	6.7	7.4	Tasty, good and delicious food, varied menu, etc.
Tourism Service	0.4	0.0	0.0	0.0	0.1	Good guide and good service

Source: JICA Study Team

The worst negative impression is the category “Shopping and Private Services” followed by “Transport Infrastructure and System” and “Tourism Service and Information”. The probable means to address these issues are discussed below by its priority.

**Shopping and Private Services:** The issues concerned to the first category can be totally addressed and improved through the efforts of those agencies responsible for tourism development to create an environment friendly to international tourists. One of the tools to improve such matter is dissemination of importance of tourism for Vietnam’s economy as well as welfare through specially designed education in the school or in the committee at local level.

**Transport Infrastructure and System:** The issues concerned to the second category, which can be improve or worsen, is, however, beyond the control of administrative agencies concerned with tourism development. The responsible agencies to undertake the improvement or maintenance of not only the transport infrastructure and other important infrastructure are organized under the leadership or facilitation of the agency directly concerned to the tourism development to prepare and implement the improvement, rehabilitation or new development plans in integrated manner.

**Tourism Service and Information:** The third issues concerned to the third category should be addressed and improved directly by the agency concerned to the tourism development by means of reinforcement of effective tourism promotion in and out of the country, tourism education, human resource development in the field of tourism services and establishment of tourism information centers at various places in the tourism regions.

**Environment and Sanitation:** These issues are concerned to the improvement of both public awareness for the beautification of cities and the institutional management system for environment conservation in general. Especially, a lack of number of hygienic public toilet and dustbins in the important tourism site should be addressed seriously and improved as soon as possible.

**Customs and Immigration:** The new international terminal is going to be put

into operation by the end of this year. This development of the airport facility at the gateway to Vietnam may eliminate such complains and bad impression of the international tourists. However, all authorities and agencies directly concerned to the customs and immigration system should concentrate efforts to improve the system of the customs and immigrations taking into account that the evaluator of the system is the international tourist. The improvement of machinery or sophisticated equipment alone may not attain a successful system but human resource development.

**Visa Arrangement:** Most of complains about the visa arrangement is of Europeans. If any improvement measures can be taken then the European countries should be given a priority.

**Improvement of Tourism Industry:** The tourism industry cannot be managed and improved by a single agency but by the coordinated efforts of all concerned agencies and authorities to the tourism industry. Most important element for the improvement of tourism service quality is the participation and shared responsibility of public and private sector organization as well as people.

**Table 2.1.12 Negative Impressions**

Factor	Asia	Europe	Australia	North America	Total	Tourists' Remarks
Shopping and Private Services	21.3	19.9	16.1	24.4	20.3	Different prices for locals and foreigners, too many street vendors, cheating by cyclo drivers, high cost of communication, etc.
Transport Infrastructure and System	15.6	21.4	24.5	18.3	20.0	Bad road condition, congested road traffic, lack of crossing, slow and poor train service, inadequate public transport, delayed domestic flight, etc.
Tourism Service and Information	16.9	19.6	26.5	18.3	19.6	Poor tourism services in general, low foreign language ability of guides, inadequate tourism information and information center locally and in origin countries,
Environment and Sanitation	14.3	11.5	16.8	15.3	13.3	Dirty streets and public toilets, bad sanitation condition in general, noisy car horns, heavy air pollution due to gas emission, etc.
Customs and Immigration	19.1	11.0	10.3	12.2	12.8	Insufficient airport terminal services and facilities, slow and unfriendly immigration and customs process, etc.
Security	6.7	2.6	1.3	5.3	3.8	Lot of thieves and pickpockets, lack of public security, lack of security in hotel, no emergency medical care available, etc.
Visa Arrangement	1.6	5.9	1.9	1.5	3.8	Annoying process and long time needed to get visa in the origin countries of tourists, high cost of visa, etc.
Hotel and Restaurant	1.6	2.3	0.0	3.1	1.9	Low-quality service of hotel and restaurants, lack of foreign language ability of hotel and restaurant staffs, etc.
Infrastructure	1.0	0.2	0.0	0.0	0.3	Lack of proper infrastructure
Development	1.9	5.6	2.6	1.5	3.8	Lack of preserving historical and heritage buildings and places, lack of protection for natural environment, avoid rapid and over development, etc.

Source: JICA Study Team

### 2.1.4 Characteristics of Major Source Countries

As shown in Table 2.1.6 the largest source country of international tourists in Vietnam are China followed by the USA, Taiwan, Japan, Cambodia, France, Australia, Korea, UK, Singapore, Canada, and Germany. The characteristics of these major source countries relevant to Vietnam tourism are given below according to source region and country.

#### **Japan**

An analysis of Japanese overseas travelers is summarized in the table below.

**Table 2.1.13 The Characteristics of Japanese Market**

Population in 1998 (Thousand)	126,000	Proportion	12.5%		
GDP per Capita in 1998 (US\$)	US\$34,220				
Year	1995	1996	1997	1998	1999
Overseas Travelers (Thousand)	15,298	16,695	16,803	15,806	16,400
Growth Rate (%)	12.6	9.1	0.6	-5.9	3.8
East Asia (Thousand)	9,125	10,368	9,278	7,913	
Share in Total Travelers (%)	60.3	62.1	55.2	50.0	
Vietnam (Thousand)	119	118	125	95	113
Share in East Asia (%)	1.3	1.1	1.3	1.2	
Growth Rate (%)	75.0	0.8	5.9	-24.0	18.9

Source: Japan National Travel Organization (JNTO)

In 1999, the number of Japanese traveling abroad totaled 16.4 million, less than the record 16.8 million set in 1997. With the continuing buoyant demand for travel, demand has resurfaced due to economic recovery and a strong yen, among the segment that had refrained from traveling under harsh economic conditions. In terms of market size, the largest segment remained women in their 20s (2.6 million or 28.1 %), followed by men in their 30s (1.9 million or 22.5 %), men in their 50s (1.7 million), and men in their 40s (1.7 million). As a proportion of the whole population, the national departure ratio was 12.9 % in 1999, or one in eight Japanese traveled abroad. A breakdown of the number of overseas travelers by destination reveals that most people traveled to Asia, accounting for 45.6% of the total, followed by North and Central America. The trend of increased visit to Vietnam continued in 2000 at a fairly rapid pace as it accounted for 153 thousand or an increase of 34.5% from the previous year. This rapid increase is due to the opening of a direct flight from Narita to Ho Chi Min on November 2000 by JAL. The opening of a direct flight by ANA for the same route on March 2001 will surely accelerate this upward trend. If this increase continues for some more years, Japan will become the second-largest market of Vietnam next to China.

The profile of Japanese travelers to Vietnam gathered from the interview survey conducted by the end of June 2001 (sample number: 224) is summarized in the table below.

**Table 2.1.14 The Profile of Japanese Tourists**

Average Age		33.0
Average Length of Stay (Day)		12.2
Average Expenditure per Day		\$118.0
Type of Travel Arrangement (%)	Package	31.8
	Own	68.2
Purpose of Travel (%)	Pleasure	75.0
	Business	19.6
Specific Purpose of Travel (%)	Culture	43.3
	Nature	29.5
	Shopping	4.5
	Wining and Dining	12.6
Reason for Choosing Vietnam (%)	Historic Sites	24.1
	Nature	16.1
	Recommended	18.3
	Previous Visit	0.0

Source: Interview Survey Report (July 2001)

## Taiwan

An analysis of Taiwanese overseas travel is summarized in the table below.

**Table 2.1.2.115 The Characteristics of Taiwanese Market**

Population in 1998 (Thousand)	21,871	Proportion	27.0%		
GDP per Capita in 1998 (US\$)	US\$12,200				
Year	1995	1996	1997	1998	1999
Overseas Travelers (Thousand)	5,189	5,713	6,162	5,912	6,600
Growth Rate (%)	9.4	10.1	7.8	-4.0	10.9
East Asia (Thousand)	4,647	4,977	5,394	5,217	
Share in Total Travelers (%)	89.6	87.1	87.5	88.2	
Vietnam (Thousand)	224	175	156	138	174
Share in East Asia Travelers (%)	4.8	3.5	2.9	2.6	
Growth Rate (%)	89.0	-21.9	-10.9	-11.5	26.0

Source: Transport Research Institute of Taiwan

The number of overseas travelers increased rapidly from 1979 to 1997 at the rate of 1 million per one or two years in this period. However, for the first time it dropped to 4% in 1998. Since then growth became moderate except in 1999, when the number of overseas travelers increased at a rate of 10.9 % compared with the previous year and reached 6.6 million, or almost one-third (1/3) of Taiwan's total population. The major destination of Taiwanese travelers is China via Hong Kong and Macao. Although the volume of tourists to Vietnam decreased continuously from 1995 to 1998, recently the level of visit returned to that of 1996.

The profile of Taiwanese travelers to Vietnam gathered from the interview survey conducted by the end of June 2001 (sample number: 74) is summarized in the table below.



**Table 2.1.16 The Profile of Taiwanese Tourists**

Average Age		40.0
Average Length of Stay (Day)		7.8
Average Direct Expenditure per Day		\$181.0
Type of Travel Arrangement (%)	Package	35.5
	Own	64.5
Purpose of Travel (%)	Pleasure	37.8
	Business	25.7
Specific Purpose of Travel (%)	Culture	33.8
	Nature	45.9
	Shopping	8.1
	Wining and Dining	8.1
Reason for Choosing Vietnam (%)	Historic Sites	36.5
	Nature	10.8
	Recommended	10.8
	Previous Visit	9.5

Source: Interview Survey Report (July 2001)

## **China**

An analysis of Chinese overseas travelers is shown in the table below.

**Table 2.1.17 The Characteristics of Chinese Tourists**

Population in 1998 (Thousand)	1,255,698	Proportion	0.6 %		
GDP per Capita in 1998 (US\$)	US\$738				
Year	1995	1996	1997	1998	1999
Overseas Travelers (Thousand)	7,139	7,588	8,175	8,425	9,232
Growth Rate (%)	16.9	6.3	7.7	3.1	9.2
East Asia (Thousand)	4,107	4,653	4,768	5,417	
Share in Total Travelers (%)	57.5	61.3	58.3	64.3	
Vietnam (Thousand)	63	378	405	420	484
Share in East Asia (%)	1.5	8.1	8.5	7.7	
Growth Rate (%)	350	600	7.1	3.7	15.2

Source: China National Travel Agency (CNTA)

The motivation to go overseas has been continuously increasing since the liberalization of overseas trip to Hong Kong in 1983 and to Macao in 1984, although during this period the trip purpose was restricted to meeting relatives. In 1990, the overseas trip was liberalized to include Singapore, Thailand and Malaysia. Then, overseas trip in groups was allowed in 1997. That year, Australia and New Zealand were added as destinations. In 2000, visiting Vietnam, Cambodia and other countries in Southeast Asia was also permitted.

In 1999, the total number of overseas travelers from China reached 9.2 million or 6.4 million excluding those visiting Hong Kong and Macao (2.8 million). The ratio of overseas travelers in the total population is 0.5 person/100 persons. The ratio, however, could dramatically increase in the next years, with Vietnam as one of those benefiting the most among the countries situated along the border with China.

The profile of Chinese travelers to Vietnam gathered from the interview survey conducted by the end of June 2001 (sample number: 37) is summarized in the table below.

**Table 2.1.18 The Profile of Chinese Tourists**

Average Age		38.0
Average Length of Stay (Day)		7.6
Average Expenditure per Day (US\$)		\$171.0
Type of Travel Arrangement (%)	Package	61.8
	Own	38.2
Purpose of Travel (%)	Pleasure	36.1
	Business	33.3
Specific Purpose of Travel (%)	Culture	29.7
	Nature	43.2
	Shopping	13.5
Reason for Choosing Vietnam (%)	Wining and Dining	18.9
	Historic Sites	18.9
	Nature	18.9
	Recommended	13.5
	Previous Visit	8.1

Source: Interview Survey Report (July 2001)

## **France**

An analysis of French overseas travelers is summarized in the table below.

**Table 2.1.19 The Characteristics of French Tourists**

Population in 1998 (Thousand)	58,847	Proportion	34.0%		
GDP per Capita in 1998 (US\$)	US\$24,669				
Year	1995	1996	1997	1998	1999
Overseas Travelers (Thousand)	18,686	18,151	17,115	18,007	
Growth Rate (%)	5.5	-2.9	-5.7	5.6	
East Asia (Thousand)	1,038	1,037	1,076	1,070	
Share in Total Travelers (%)	5.6	5.7	6.3	5.9	
Vietnam (Thousand)	118	74	67	68	68
Share in East Asia Travelers (%)	11.4	7.1	6.2	6.3	
Growth Rate (%)	8.7	-37.3	-9.5	1.5	0

Source: WTO

The dominant destinations of French overseas travelers are concentrated in European countries such as Spain, UK, Italy, etc. For long-haul destinations these are Tunisia, Morocco, etc. Major destinations in the Asia-Pacific are Thailand (223 thousand in 1998), Hong Kong (115 thousand) and China (138 thousand). The number of trips to former colonies is relatively high, the same as that of other colonial countries. Vietnam is a typical destination for French travelers to Asia.

The profile of French travelers to Vietnam gathered from the interview survey conducted by the end of June 2001 (Sample number: 396) is summarized in the table below.

**Table 2.1.20 The Profiles of French Tourists**

Average Age		50.0
Average Length of Stay (Day)		17.2
Average Expenditure per Day (US\$)		\$133.0
Type of Travel Arrangement (%)	Package	32.1
	Own	67.9
Purpose of Travel (%)	Pleasure	80.3
	Business	7.3
Specific Purpose of Travel (%)	Culture	70.0
	Nature	7.6
	Shopping	4.8
	Wining and Dining	5.3
Reason for Choosing Vietnam (%)	Historic Sites	60.4
	Nature	20.7
	Recommended	8.8
	Previous Visit	5.1

Source: Interview Survey Report (July 2001)

**UK**

An analysis of British overseas travelers is summarized in the table below.

**Table 2.1.21 The Characteristics of UK Tourists**

Population in 1998 (Thousand)	58,649	Proportion	86.7%		
GDP per Capita in 1998 (US\$)	US\$23,656				
Year	1995	1996	1997	1998	1999
Overseas Travelers (Thousand)	41,345	42,050	45,957	50,872	
Growth Rate (%)	4.3	1.7	9.3	10.7	
East Asia (Thousand)	2,300	2,447	2,535	2,751	
Share in Total Travelers (%)	5.6	5.8	5.5	5.4	
Vietnam (Thousand)	53	41	45	40	68
Share in East Asia Travelers (%)	2.3	1.7	1.8	1.5	
Growth Rate (%)	34.6	-22.9	9.9	-2.2	70.0

Source: WTO

The dominant destinations of British overseas travelers are concentrated in European countries, such as Spain, France, Ireland, etc., followed by the USA. For long-haul destinations these are Tunisia, Morocco, etc. Major destinations in the Asia-Pacific are Australia (467 thousand in 1998), India (376 thousand), Singapore (358 thousand), Hong Kong (325 thousand), and Thailand (376 thousand). The number of trips to former colonies is quite high, the same as that of other colonial countries such as France. The shares of trip purpose are 63% for leisure, 16% for business and 13% for meeting friends and relatives, respectively.

The profile of British travelers to Vietnam gathered from the interview survey conducted by the end of June 2001 (sample number: 181) is summarized in the table below.

**Table 2.1.22 The Profiles of UK Tourists**

Average Age		40.2
Average Length of Stay (Day)		13.6
Average Expenditure per Day (US\$)		\$152.0
Type of Travel Arrangement (%)	Package	24.4
	Own	75.6
Purpose of Travel (%)	Pleasure	70.5
	Business	23.6
Specific Purpose of Travel (%)	Culture	42.9
	Nature	6.0
	Shopping	0
	Wining and Dining	0
Reason for Choosing Vietnam (%)	Historic Sites	50.5
	Nature	12.1
	Recommended	29.7
	Previous Visit	7.1

Source: Interview Survey Report (July 2001)

## USA

An analysis of American overseas travelers is summarized in the table below.

**Table 2.1.23 The Characteristics of USA Tourists**

Population in 1998 (Thousand)	267,901	Proportion	21.0%		
GDP per Capita in 1998 (US\$)	US\$30,276				
Year	1995	1996	1997	1998	1999
Overseas Travelers (Thousand)	50,763	52,311	52,944	56,287	
Growth Rate (%)	9.3	3.0	0.8	6.3	
East Asia (Thousand)	4,654	4,873	5,067	5,254	
Share in Total Travelers (%)	9.2	9.3	9.6	9.3	
Vietnam (Thousand)	189	146	148	176	210
Share in East Asia Travelers (%)	4.1	3.0	2.9	3.3	
Growth Rate (%)	-38.0	-22.7	0.7	0.7	19.4

Source: WTO

The number of American overseas travelers has been constantly increasing as a reflection of the favorable economic conditions in the USA. The destinations of more than half of the total number of American international travelers are its neighboring countries such as Mexico and Canada. The number of international travelers to other areas of the world exceeded 24 million in 1999. Major destinations of Americans are Europe, the Caribbean, East Asia, and the Pacific. Major destinations in the Asia-Pacific are Hong Kong (773 thousand), Japan (668 thousand), China (677 thousand), Philippines (469 thousand), Thailand (361 thousand), and Australia (373 thousand). The average annual income of the American traveler is estimated at around US\$100,000 per household. And the average age is 40s. The share by gender is 60% for male and 40% for female. Although there is no concrete data, it seems that a considerable number of American citizens residing in Asia often visit Vietnam both for leisure and business.

The profile of American travelers to Vietnam gathered from the interview survey

conducted by the end of June 2001 (sample number: 138) is summarized in the table below.

**Table 2.1.24 The Profile of USA Tourist**

Average Age		50.0
Average Length of Stay (Day)		10.9
Average Expenditure per Day (US\$)		\$319.0
Type of Travel Arrangement (%)	Package	25.7
	Own	74.3
Purpose of Travel (%)	Pleasure	68.6
	Business	26.8
Specific Purpose of Travel (%)	Culture	54.3
	Nature	8.7
	Shopping	21.6
	Wining and Dining	2.2
Reason for Choosing Vietnam (%)	Historic Sites	42.8
	Nature	10.1
	Recommended	22.5
	Previous Visit	13.0

Source: Interview Survey Report (July 2001)

### 2.1.5 Characteristics of Domestic Tourists

The profile of Vietnamese travelers gathered from the interview survey conducted by the end of June 2001 (sample number: 89) is summarized in the table below.

**Table 2.1.25 The Profile of Domestic Tourists**

Average Age		38.8
Average Length of Stay (Day)		11.7
Average Expenditure per Day (US\$)		\$85.0
Type of Travel Arrangement (%)	Package	11.3
	Own	88.7
Purpose of Travel (%)	Pleasure	16.7
	Business	36.7
Specific Purpose of Travel (%)	Culture	21.8
	Nature	35.9
	Shopping	10.3
	Wining and Dining	1.3
Reason for Choosing Vietnam (%)	Historic Sites	17.3
	Nature	5.3
	Recommended	4.0
	Previous Visit	2.7

Source: Interview Survey Report (July 2001)

## 2.2 Market Segmentation Plan

### 2.2.1 Product-led Market Segmentation

Product-led market segmentation, which involves grouping tourists according to their preference, interests, lifestyle, and travel motivation, etc. depends largely on the tourism products, including type of accommodation, being offered. These can be outlined through an analysis of the supplemental interview survey conducted in this Study that aimed to identify and classify the international tourists in Vietnam or, to some extent, in the central region. Tourism products are categorized in Table 2.2.1 below, and the trend in selecting the Asian destination is shown in Table 2.2.2.

### **2.2.2 Categorization of tourism products**

In the past, the tourism was broadly categorized into two-mass tourism and independent tourism (foreign independent tourists or FIT)-based on the number or volume of tourist arrivals. As the diversity of trip purpose has increased, this manner of categorization has become no longer applicable. Mass tourism, which is still a major type in emerging source countries or areas, and the FIT are now more appropriately referred to as “conventional” and “alternative” tourism, respectively.

Thus, in this report tourism is broadly categorized as conventional and alternative. In these days the development of alternative tourism is more important than conventional tourism in meeting the growing demand and diversity of the international market as discussed in the foregoing section of this report.

### **2.2.3 Strategic market segmentation**

The trip purpose of international travelers has become wide-ranging especially in most of the traditional source markets – the industrialized and advanced countries such as western European countries, Japan and the North American countries. However, Vietnam’s market should not necessary be limited to them, since there is a huge potential demand from developing countries, such as ASEAN, and China, which are considered to be the market for conventional tourism.

Table 2.2.2 illustrates the preference level of each major international-tourist-generating country for Asian destinations by tourism type. In making the market development plan for Central Vietnam based on the market segmentation plan, it should take into account the preference of travelers by source country.

Central Vietnam is richly endowed with the combined tourism resource of culture and history in the north and the beach resorts in the south. Tourism in this region is still in infancy, although its potential is quite high in view of the growing preference for culture tourism in the world market. The strategic market development plan should therefore be based on segmentation by demography and preference as well as by source country to attain optimum development as well as sustainable tourism in this region.

Table 2.2.1 Categorization of Tourism by Trip Purpose

Purpose of Trip Type of Tourism	Activities										Remarks
	Sightseeing	Observation	Educational Study	Shopping	Relaxation	Meeting People	Participatory Activity	Sports	Night Life	Business	
Conventional Tourism											
City Tourism											Sightseeing, shopping, etc.
City & Tourism Spots	■			■					■		General viewing, pleasure, etc.
Leisure Tourism											Relaxation, amenities, etc.
Beach Resorts	■			■					■	■	Sailing, fishing, diving, etc.
Mountain Resorts	■			■					■	■	Golfing, driving, trekking, etc.
Meeting, Incentive, Conference											Business, conference, meetings,
Business Meetings	■									■	Meeting, exhibition, conference, etc.
Alternative Tourism											
Cultural Tourism											Sightseeing of culture, etc.
Historic Row of Houses		■									Viewing streets, houses, etc.
Historic Structure		■									Engineering structures, etc.
Historic Building		■									Castle, temple, church, etc.
Historic Monument		■									Mausoleum, archeological site, etc.
Historic Ruins		■									Archeological sites, etc.
House of Historic Persons		■									National and world-famous persons
History Museum		■									Historical items exhibition
Nature Museum		■									Natural items exhibition
Ethnic Museum		■									Major and minority cultures
Art Museum		■									Traditional, modern, contemporary
War Relics		■									Battle fields, remnants, etc.
Traditional Handicraft		■									Wood, stone, earth, textile, etc.
Traditional Arts		■									Artifacts, drawing, carving, etc.
Traditional Festival		■									Religious, seasonal, etc.
Traditional Way of Life		■									Common peoples' lifestyle
Performance of Traditional Arts		■									Theater, art festival, etc.
Traditional Foods and Drinks		■									Restaurants, street vendors, etc.
Village Tourism		■									Village lifestyle, handicraft, etc.
Farm Village		■									Farming, eating, etc.
Fishery Village		■									Fishing, eating, etc.
Nature Tourism		■									Trekking, sightseeing, wildlife, etc.
Terrestrial Nature		■									Viewing, trekking, etc.
Terrestrial Wildlife		■									Wildlife and bird watching, etc.
Marine Nature		■									Marine animal watching, etc.
Marine Wildlife		■									Snorkeling, diving, sailing, etc.
Eco-tourism		■									Educational trekking, etc.
Adventure Tourism		■									Sports, cycling, trekking, etc.
Mountain	■										Climbing, trekking, rock climbing,
Hill	■										Paragliding, gliding, etc.
River	■										Rafting, canoeing, fishing, etc.
Cave	■										Spelunking, canoeing, etc.
Ocean	■										Fishing, sailing, diving, etc.
Cruise Tourism		■									Sightseeing, dining and wining, etc.
Ocean and Calling Ports	■										Cruise ship sailing, port calling
Beach	■										Relaxation, marine sports, etc.

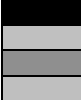
Note: "Sightseeing" and "observation" differ in the depth of research and investigation done by the tourist on and his outlook toward objects in front of or surrounding the tourist himself/herself. A study on the historical background of objects is somehow done prior to the tour itself. The objective of a "heritage tour" is not simple sightseeing but observation.

Source: JICA Study Team

COMPREHENSIVE STUDY ON TOURISM DEVELOPMENT  
IN THE CENTRAL REGION OF THE SOCIALIST REPUBLIC OF VIETNAM

**Table 2.2.2 Preference Level in Selecting the Asian Destination by Tourism Type**

Asian Destination	Tourism Type							
	Conventional Tourism				Alternative Tourism			
	City Tourism	Leisure Tourism	MICE	Culture Tourism	Village Tourism	Nature Tourism	Adventure Tourism	Cruise Tourism
Asia-Pacific								
Northeast Asia								
<b>China</b>	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
<b>Taiwan</b>	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Hong Kong	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Korea	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
<b>Japan</b>	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Strong
Southeast Asia								
Cambodia	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Laos	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Indonesia	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Malaysia	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Philippines	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Thailand	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Singapore	Strong	Medium	Low	Not interesting or affordable in general	Medium	Low	Not interesting or affordable in general	Strong
South Asia								
Sri Lanka	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
India	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Australasian								
Australia	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
New Zealand	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
America								
Canada	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
<b>USA</b>	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
Europe								
Central Europe								
Russia	Strong	Medium	Low	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general	Not interesting or affordable in general
Northern Europe								
Denmark	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
Sweden	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
<b>UK</b>	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
Southern Europe								
Italy	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
Western Europe								
<b>France</b>	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
Germany	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
Switzerland	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium
Africa								
South Africa	Medium	Low	Not interesting or affordable in general	Strong	Medium	Low	Not interesting or affordable in general	Medium

Legend:  Strong  
Medium  
Low  
Not interesting or affordable in general

Source: JICA Study Team



### **2.3 Market Development Plan**

As discussed in the foregoing section the country as source market particularly for the Central Region of Vietnam is prioritized as USA, China, Japan, EU, Taiwan, UK, France and Taiwan. These countries can be grouped by the distance of travel as the long-haul countries (USA, France, UK, other EU member countries); as the short-haul countries (Japan, Taiwan, ASEAN and Australia), and neighboring country (China). The market development plan of these source markets is as follows:

#### **USA**

The major purpose of American overseas travelers visiting the Vietnam is “Culture”. The average length of stay of them is 10.9 days, which is shorter than the average of whole countries (14.3 days). The probable direct expenditure of American tourists is around US\$320 per day (Direct expenditure of the same is US\$101.) and the highest amongst others. The average age of American tourist according to the interview survey is 50. The American tourist has a special feeling or nostalgia about Vietnam, however, the number of tourist whose special interests is to visit former battlefield such as the DMZ seems limited judging from the this average age of the tourist. According to the interview survey the type of accommodation preferred is thought to be the classified or higher ranked hotels. The most positive impression of the American tourist about Vietnam is its culture and beautiful natural scenery follows. The tourism of the Central Region can simply be categorized as “Culture based Tourism”. Thus, the most important tourism region for the American tourist is this region. This region can offer the sightseeing tour of the War relics to which the American tourist might draw their great interest as well.

#### **France**

The major purpose of French overseas travelers visiting Vietnam is “Culture” and it account for around 70 %, which is the highest followed only by Canada. The demand of beach holiday accounts for around 35 % as well. The average length of stay of them is 17.2 days and slightly longer than that of total average. The probable direct expenditure of French tourists is around US\$133 per day (Direct expenditure is US\$41.), which is almost the lowest amongst other countries. The average age of French tourist according to the interview survey is 50 like the American tourist. The French tourist has a special feeling or nostalgia about Vietnam, but it is not like the same of the American’s. It is the nostalgia about the historical background of the modern history of Vietnam as the French colony for around 150 years. According to the interview survey the type of accommodation preferred is thought to be middle ranked hotels. The most positive impression of the French tourist about Vietnam is its culture including the life of people. The Central Region is endowed a rich cultural tourism resources such as the World Cultural Heritage sites. Therefore, the tourism of the Central Region can simply be categorized as “Culture based Tourism”. Thus, the most important tourism region for the French tourist is this region. If the town of Hue would be restored to maintain the nostalgic feeling and atmosphere of the colonial area by European

design architecture, moles, pedestrian pavement, etc. the French tourist would be surely fascinated.

### **UK**

The share of “Culture” selected, as a purpose of visiting Vietnam by the British overseas travelers is somewhat low as it accounts for only 42 %. The demand of beach holiday accounts for around 10 %. Around 20 % of the British tourist selected “Adventure”. This is quite peculiar selection among others. The purpose of British overseas traveler visiting Vietnam is mixed as such. The average length of stay of them is 14.6 days and same as that of total average. The probable direct expenditure of British tourists is around US\$152 per day (Direct expenditure is US\$52.), which is same of the total average. The average age of British tourist according to the interview survey is 40, which is the youngest among the countries of long-haul destinations. This might be the reason why the share of “Adventure” is higher than the others. The British tourist has no special feeling or nostalgia about Vietnam like French or American. According to the interview survey the type of accommodation preferred is thought to be low ranked less expensive hotels. The British tourist belong to the young age group tend to enjoy to visit the World Heritage Sites.

### **Other European Countries**

The German overseas travelers are the most significant presence among other source countries belongs to other European countries such as Italian, Scandinavians, Dutch, Swiss, etc. The most preferred destination of German overseas traveler visiting the East Asia – Pacific Region is Thailand, which accounts almost 378,000 in 1998 or 24 % in total number of German tourists visited to this region. The same of the French is 223,000 or 20 %. The number of French tourist to Vietnam was 83,000; therefore, it was around 37 % of the tourists to Thailand. If this sharing ration of Vietnam versus Thailand of French tourist is applied simply to German tourist, the number of German tourist to visit Vietnam is 139,000 and surpass the number of French tourists to Vietnam. In this point of view, German market is quite important to Vietnam. The share of “Culture” in the selection of purpose of visit was 67.5 %, which is second highest point after French. Judging from such data, German can be listed as highest priority source country to be exploited for the promotion of the tourism of the Central Region. However, the reason of low presence of German tourists in Vietnam is thought to be a lack of well-prepared beautiful beaches and other amenities when these are compared with the product offered by Thailand.

The overseas travelers of other European countries including Germany are know as sun-seekers and beach holiday lovers because of their climate in their home countries. The countries gave high preference on the “Beach Holiday” was France, Scandinavian, Germany and UK and their points were 34.6 %, 24.5 %, 23.9 % and 10.4 %, respectively. The preference of the “Beach Holiday” by region is ranked as Europe (26.1 %), Australia (9.7 %), Asia (5.3 %) and North America (3.1 %). Thus, the development of beach holiday products is quite important element to exploit the European market. However, the quality of beach or coast of Vietnam is dominated by the climate and its quality changes drastically by season

unlike the competitive beaches in other Asian countries such as in Thailand. Therefore, the exploitation of European market should give importance of the mixture of products between Culture-based tourism and Beach-holiday tourism.

### **Japan**

The major purpose of Japanese overseas travelers visiting the Vietnam is “Culture”(43.3%) followed by “Nature” (29.5%). Then, “Wining and Dining” follows by 12.6 %. The average length of stay of them is 12.2 days, which is the longest among other source countries of East Asia including ASEAN. The probable direct expenditure of Japanese tourists is around US\$118 per day (Direct expenditure of the same is US\$34.), which is the lowest amongst others. The average age of Japanese tourist according to the interview survey is 33, which is the youngest in all source countries. The most positive impression of the Japanese tourist about Vietnam is its nature and the country as a whole. The Japanese tourist gave the highest point for “Shopping” next to the USA and its account for 19.6 % (Average 13.4 %). Vietnam is now deemed as a destination for the shopping of Vietnamese handicrafts especially for the young Japanese ladies. However, this phenomena is thought to be a booming and it is not predicted how far this booming would continue. The Culture-based Tourism for the Japanese overseas travelers has been expanding because of the increased number of elder market into the overseas travel market. This, tendency may continue to the future as the number of retired person increases. In this point of view, Vietnam’s culture-based tourism should be exploited further in Japanese market.

### **Taiwan**

The share of “Culture” selected, as a purpose of visiting Vietnam by the Taiwanese overseas travelers is somewhat low as it accounts for only 37.8 %. The same of “Business” accounts for around 25.7 %. When the share of “Government Mission” (13.5 %) and “Incentive” (10.8 %) is included as business by category, then, the share of “Business” become 50 %. The purpose of Taiwanese overseas traveler visiting Vietnam is mixed as such. The average length of stay is 7.8 days. The probable direct expenditure of Taiwanese tourists is around US\$181 per day (Direct expenditure is US\$80). The average age of Taiwanese tourist according to the interview survey is 40. The Central Region is endowed a rich cultural tourism resources such as the World Cultural Heritage sites, however, two of them are somewhat concerned with the history of Taiwan or Chinese civilization. Therefore, the culture-based tourism in the Central Region may draw a sort of nostalgia of Taiwanese tourists. Especially, in Hoi An, there Taiwanese tourists find the several assembly halls such as Chinese, Cantonese, Phuc Kien, Trieu Chau, and etc. those call ancient relationship and foot-prints of their ancestors. In parallel with the expansion of business and trade between Vietnam and Taiwan, the number of Taiwanese tourists who would visit to the Central Region will increase continuously.

### **Australia**

The major purpose of Australian overseas travelers visiting Vietnam is pleasure (69.1 %), especially the “Culture”. It account for around 61.2 % of the travel of

which purpose is pleasure, which is higher than the average in total. The share of “Adventure” and “Shopping” are significant as 29.1 % and 18.2 %, respectively. The demand of beach holiday accounts for only 9.7 %. The average length of stay is 16.6 days and slightly longer than that of the total average. The probable direct expenditure of Australian tourists is around US\$111 per day (Direct expenditure is US\$55). The average age of Australian tourist according to the interview survey is 40.2. The preference of tourism activities of Australian tourists is similar to that of UK. It is mixed and with interest on “Adventure” tours.

### **China**

The share of “Pleasure and Holiday” as a purpose of visiting Vietnam by Chinese overseas travelers is 36.1 % followed by “Business” at 33.3 %. The share of “Incentive” and “Government Mission” are quite high as 13.9 % and 11.1 %, respectively. This is quite peculiar selection among others. The share of “Culture” selected, as a specific purpose of visiting Vietnam by the Chinese overseas travelers is low as it accounts for only 29.7 % of those selected “Pleasure” as their travel purpose, which is the second lowest next to ASEAN. The share of “Nature” is highest among others at 43.2 % then by “Wining and Dining” at 19.9 %. These figures characterize the profile of the Chinese overseas traveler. The average length of stay of them is 7.6 days. The probable direct expenditure of Chinese tourists is around US\$171 per day (Direct expenditure is US\$83.), which is higher than the total average. The average age of Chinese tourist according to the interview survey is 38. As the number of the Chinese tourists visiting Vietnam is the highest among others and will continue to be a leading country in terms of tourist arrival in Vietnam.

The second interview survey has been under way especially to collect the data from Chinese and domestic tourists taking into account of the importance of these two groups in terms of number and influence to the future of Vietnam’s tourism. The results of analysis delineated from the second interview survey will be compiled into this report at a later stage.

### **Conclusion**

It is needless to say that the culture-based tourism is the most important factor for the tourism development in this region at present and in the future. Therefore, the precious and historical as well as cultural heritage of the Central Region must be preserved, restored and maintained properly, as well as attractively manicured, especially for the European and American tourists. The major purpose of all tourists, whichever their country, visiting the Central Region is for pleasure and holiday and its specific purpose is the culture. It is evident that the longer distance of trip the more interest to visit the culture-based tourism sites as discussed above. Then, those who prefer to visit the culture-based tourism sites tend to intend to enjoy various alternative tourisms such as village tourism and adventure tourism. In the case of European tourists, they add the beach-holiday on top of these alternative tourisms. Although the average length of stay of the tourists grouped in the long-haul tourists is generally longer than that of the short-haul tourists, the effective transportation system connecting various sites of various type of tourism is to be properly developed and provided. The tourism product preferred by each

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major source country is summarized as shown in Table 2.2.3.

preferred is thought to be middle ranked hotels. The most positive impression of the French tourist about Vietnam is its culture including the life of people. The Central Region is endowed a rich cultural tourism resources such as the World Cultural Heritage sites. Therefore, the tourism of the Central Region can simply be categorized as “Culture based Tourism”. Thus, the most important tourism region for the French tourist is this region. If the town of Hue would be restored to maintain the nostalgic feeling and atmosphere of the colonial area by European design architecture, moles, pedestrian pavement, etc. the French tourist would be surely fascinated.

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parallel with the expansion of business and trade between Vietnam and Taiwan, the number of Taiwanese tourists who would visit to the Central Region will increase continuously.

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of trip the more interest to visit the culture-based tourism sites as discussed above. Then, those who prefer to visit the culture-based tourism sites tend to intend to enjoy various alternative tourisms such as village tourism and adventure tourism. In the case of European tourists, they add the beach-holiday on top of these alternative tourisms. Although the average length of stay of the tourists grouped in the long-haul tourists is generally longer than that of the short-haul tourists, the effective transportation system connecting various sites of various type of tourism is to be properly developed and provided. The tourism product preferred by each major source country is summarized as shown in Table 2.2.3.

### 3. The Role of Tourism in Economic Activities

#### 3.1 Tourism in National Economy

##### 3.1.1 Contribution of Tourism to GDP

The Table 3.1.1 and Figure 3.1.1 shows the changes of Real Gross Domestic Product (GDP), international tourist arrivals and domestic tourist generations in 1990s.

In 1990, Real GDP was VND131,968 billion, and it had increased VND 273,582 billion in 2000. International tourist arrivals have increased from 250 thousand to 2,140 thousand, and domestic tourist generations have increased from 1,000 thousand to 11,200<sup>1</sup> in 10 years. In the Figure 3.1.1, figures in 1990 are set as 100, and it shows that the increase of international tourist arrivals and domestic tourist generations are much more than the increase of Real GDP. Indeed GDP has developed twice in ten years, international tourist arrivals and domestic tourist generation has developed seven times and 11 times respectively.

**Table 3.1.1 Changes of GDP, international tourist arrivals and domestic tourist generations**

	1990	1995	1996	1997	1998	1999	2000
GDP (VND bill)	131,968	195,567	213,833	231,264	244,596	256,272	273,582
International visitor arrivals (thou persons)	250	1,351	1,607	1,716	1,520	1,782	2,140
Domestic tourist generations (thou persons)	1,000	6,908	7,254	8,500	9,600	10,685	11,200

Source: Data from Tourism Department, Vietnam National Administration of Tourism (VNAT)  
Statistical yearbook 1999, General Statistical Office (GSO)

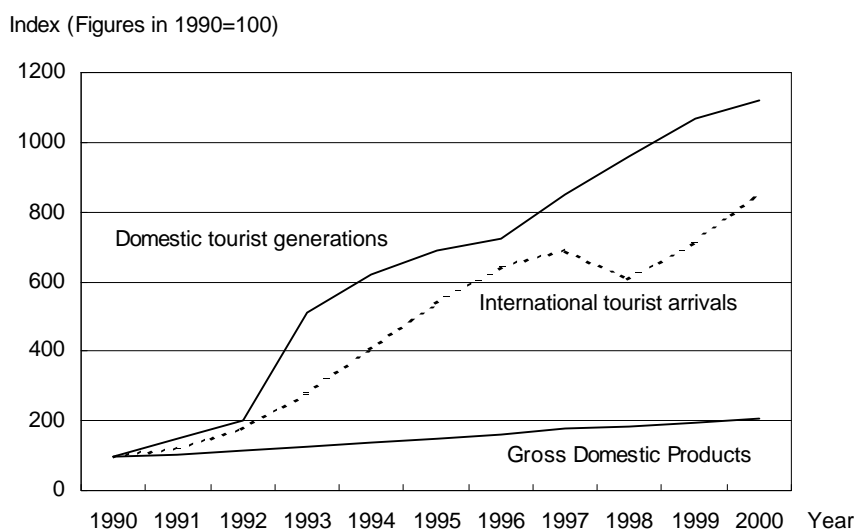
The Table 3.1.2 shows the changes of the Tertiary Industry and Hotel & Restaurant Industry in Real GDP. In spite of the rapid growth of international tourist arrivals and domestic tourist generations, the percentage of Hotel & Restaurants Industry has been around 3% in recent five years. The percentage of Tertiary Industry has been declining gradually from 43.8% in 1995 to 41.9% in 1999 because of the development of the Secondary Industry.

Regarding to tourism related industry such as transportation, wholesale & retail trade, and recreational, culture & sports activities, percentages are around 4%, 17% and 0.6% respectively in recent five years.

These figures mean that in spite of rapid growths of international tourist arrivals and domestic tourist generation, they have not contributed enough to national economic development.

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<sup>1</sup> This figure is comes from statistic data of Vietnam National Administration of Tourism (VNAT). Otherwise statistics data of General Statistical Office (GSO) indicate that total of domestic guests of accommodations is 7,194 thousands in 2000. Data of VNAT is used here because it has time series data. But the JICA Study Team estimates that domestic tourist generation in 2000 is 10 million when it prepares for frameworks for tourism development.

**Figure 3.1.1 Index of GDP, international tourist arrivals and domestic tourist generations**

Source: Data from Tourism Department, Vietnam National Administration of Tourism (VNAT)  
Statistical yearbook 1999, General Statistical Office (GSO)

**Table 3.1.2 Percentages of the Tertiary Industry and Hotel & Restaurant Industry**

Items	1995	1996	1997	1998	1999	2000*
<b>Figures (VND bill)</b>						
GDP	195,567	213,833	231,264	244,596	256,272	273,582
Primary	51,319	53,577	55,895	57,866	60,895	63,353
Secondary	58,550	67,016	75,474	81,764	87,957	96,916
Tertiary	85,698	93,240	99,895	104,966	107,420	113,313
Hotels & Restaurants	6,461	7,428	7,948	8,307	8,517	8,913
Wholesale and retail trade, etc	33,595	36,886	39,422	41,170	41,994	44,612
Transport	7,851	8,429	9,178	9,536	10,141	10,890
Recreational, Culture & Sports	1,100	1,191	1,309	1,412	1,505	1,628
<b>Shares (percent)</b>						
Primary	26.2	25.1	24.2	23.7	23.8	23.2
Secondary	29.9	31.3	32.6	33.4	34.3	35.4
Tertiary	43.8	43.6	43.2	42.9	41.9	41.4
Hotel & Restaurants	3.3	3.5	3.4	3.4	3.3	3.3
Wholesale and retail trade, etc	17.2	17.2	17.0	16.8	16.4	16.3
Transport	4.0	3.9	4.0	3.9	4.0	4.0
Recreational, Culture & Sports	0.6	0.6	0.6	0.6	0.6	0.6

Source: Statistical yearbook 1999 and 2000, General Statistical Office

Note: Figures & shares in 2000 are estimation

### 3.1.2 Tourism Receipts

Data on Tourism Receipts (total of payment by international tourists and/or domestic tourists) isn't clear in Vietnam. GSO and VNAT have the different figures, and both of them are too small from the consideration of daily payment by international tourists and domestic tourists. The Table 3.1.3 shows the turnover of tourist business shown in the Statistical Yearbook. The turnover of tourist business means Tourism Receipt of international tourists and domestic tourists. According to the Statistical Yearbook Tourism Receipt in 2000 is about VND6 trillion.

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**Table 3.1.3 Turnover of tourist business in Statistical Yearbook**

(Unit: VND billion)

	1995	1996	1997	1998	1999
From international tourists	-	3,206.6	3,575.7	3,387.6	3,792.4
From domestic tourists	-	2,747.6	2,811.6	3,196.6	2,673.1
Total	5,635.2	5,969.5	6,430.2	6,631.0	6,519.9

Source: Statistical Yearbook 2000 by GSO

**Table 3.1.4 Estimation of Tourism Receipt by VNAT**

(Unit: VND billion)

	1990	1995	1996	1997	1998	1999
Sales in Hotel Industry	650	6,007	6,330	7,000	6,400	7,400
Tourism Receipt	1,365	12,615	13,293	14,700	13,440	15,540

Source: Data from VNAT

Note: Tourism Receipt is introduced by multiplying sales in Hotel Industry by 2.1.

VNAT is estimating that Tourism Receipt in 1999 was VND16 trillion, two times larger than the figure of GSO. The figure comes from sales in Hotel Industry. The changes of the figures are shown in the Table 3.1.4.

The Table 3.1.3 and the Table 3.1.4 also show that the increase of Tourism Receipt is much lower than the increase of international tourist arrivals. Annual average growth rate of Tourism Receipt from 1995 to 1999 is 3.7% in GSO estimates and 5.4% in VNAT estimate. Otherwise annual average growth rate of international tourist arrivals at that time is 9.6%. If these estimations are reliable, it means that Average Length of Stay or expenditure per day is decreasing in that period.

In the course of this Study, JICA Study Team conducted the Airport Exit Survey, in February and July in 2001. In the survey daily payment as same as purpose of trip, length of stay, impressions and opinions are asked of international and domestic tourists. The Table 3.1.5 shows the tourist expenditure per day by origin countries. According to the output of the survey, daily expenditure of international tourists is estimated to be US\$75. Daily payment of domestic tourists is estimated about VND525,000. From such estimation, Tourism Receipt from International Tourist is estimated to around VND20 trillion. The figure from the Airport Survey shows that the figures of GSO and VNAT are underestimate.

**Table 3.1.5 Tourist Expenditure per day by Origin Countries**

	Unit	Japan	France	UK	USA	Taiwan	Aus&NZ	Asean	Asia	China	Europe	America
Expenditure	US\$	97	50	75	107	93	73	115	111	45	67	77
Market Share in 2000	%	8	4	3	10	10	4	13	4	30	13	1

Source: JICA Study Team

**Table 3.1.6 Estimation of Tourism Receipt from the Airport Survey**

	Tourist Arrivals (000 persons)	Average Length of Stay (days)	Expenditure per day	Int'l Tourism Receipt (US\$ mill)	Tourism Receipt (VND bill)
International Tourism Receipt	2,140	5	US\$70	749	11,235
Domestic Tourism Receipt	10,000	1.7	VND500,000		8,500

Source: Data from VNAT

Estimation of JICA Study Team

The Table 3.1.6 also indicates that International Tourism Receipt in 2000 is much larger than the export amount of coffee in 1999 (US\$585 million). It means that tourism activities also contribute to the national economy, from the point of foreign currency earnings.

### 3.1.3 Employment

The Table 3.1.7 shows the number of employment and number of hotel rooms. The first row of the table, “Employment in tourism” means the human resource which VNAT is considering as a target in their human resource development plan. They are workers & managers working in hotels tour companies, tour guides, international-class restaurants, etc. In this report, trainings and improvement of this category shall be considered.

On the other hand, the forth row, “Employment in hotel & restaurant” means human resource who are working in hospitality business for both international tourists and Vietnamese, and it include not only for tourism business for international but also restaurants for Vietnamese<sup>2</sup>.

Number of employment per a room increased from 0.9 to 2.6 in 1990s. It is due to the actual increase of employment and the increase of persons to be counted as employment in tourism. The figure in 1996 is higher than that in the world (0.9 in 1995) and in South-eastern Asia (1.3 in 1995). According to the cross-country data, the less development countries have the larger number of labors per hotel room, in general. Tourism industry, such as hotel industry and tourism companies, seems to be in a situation that they need labor force more in accordance with rapid increase of international tourists or domestic tourists. From the point of employment generation, development of tourism will be able to contribute to national economy, and tourism development should also be promoted.

**Table 3.1.7 Number of employment and number of hotel rooms**

(Unit: persons)

	1990	1996	1997	1998	1999	2000
Employment in tourism	17,000	98,700	130,000	132,000	150,000	180,000*
No of hotel rooms	18,000	55,600	56,000	60,300	63,580	68,000
No of employment per room	0.9	1.8	2.3	2.2	2.4	2.6
Employment in hotel & restaurant	-	518,000	519,000	-	-	-

Source: Data from Tourism Department, VNAT  
Pillars of Development, Vietnam Development Report 2001

Note: In the beginning of 2000, VNAT had conducted census of employment in tourism. At that time 180,000 questionnaires were distributed and collected.

### 3.1.4 Investment and Foreign Direct Investment

#### (1) Process for investment

In Vietnam the Decree 52 on issuance of Regulation on Construction, Investment Management (No. 52/1999/ND-CP), the Law on Foreign Investment in Vietnam (Law No. 18/2000/QH10) and the Decree 24 on providing detailed regulations of the implementation of the Law on Foreign Investment (No.

<sup>2</sup> Data on employment in private companies is not covered in the Statistical Yearbook. Data described here is estimated in the course of compilation of the report, “Vietnam Development Report 2001”.

24/2000/ND-CP) are adopted for investment and Foreign Direct Investment (FDI) activities.

Decree 52 divides investment projects, both of hardware development but also establishment of enterprise into 3 categories, Category A, B and C. These categories are set by fields of investment and investment amount. In case of investment for tourism, investment more than VND\$75 billion is categorized as A, from VND7 billion to VND75 billion is categorized as B, and less than VND7 billion are categorized as C. In Category A, Ministries of the central government such as MPI and MOC are responsible for issue of licenses, and responsible ministries for issue of licenses are listed in the Table 3.1.8.

**Table 3.1.8 Responsible Agencies for issue of licenses**

	Central Government (Category A)	People's Committee of Provinces (Category B, C)
Investment	MPI	Department of Planning and Investment (DPI)
Construction	MOC	Department of Construction (DOC)
Land Use	MOC	Department of Construction (DOC)
Business	Ministry of Trade	Department of Trade (DOT)
Resource Utilization	MARD	-

Source: No. 52/1999/ND-CP

In Category B and C, departments of People's Committee are responsible for issue of licenses. According to the decree, it takes 60 days to obtain licenses in Category A, 40 days in Category B, and 20 days in Category C.

According to the Law on Foreign Investment, three kinds of investment methods, Joint Venture (JV), 100% foreign investment and business cooperation contract are possible. Foreign partner companies have to capitalize at least 30% of capital reserve. Prime Minister or MPI are responsible for all FDI project in tourism.

(2) Characters of investment in recent years

Investment in tourism industry is decreasing in terms of the amount and the share in total investment. Table 3.1.9 shows the amount and share of investment in Hotel & Restaurant in total investment. Gross investment in the first row include depreciation, such as a replacement of old machines and buildings. Otherwise net investment doesn't include depreciations.

The amount of gross investment in real terms has been decreasing in recent years, and the share in GDP lowered from 5.9% in 1996 to 4.4% in 1999. The share of net investment is only 0.6% in 1999, though it recorded 7.0% in 1997. Such decreases come from the decrease of international tourist arrivals and Foreign Direct Investment due to Asian Financial Crisis and recession of Asian economy in the end of 1990s.

**Table 3.1.9 Investment in Hotel & Restaurant**

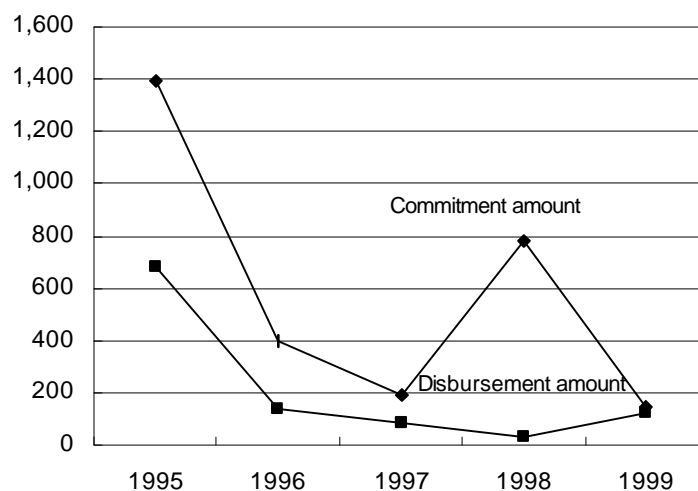
(Unit: VND billion in 1994)

	1995	1996	1997	1998	1999
Gross Investment	3,363.0	3,928.2	4,407.5	3,343.3	3,498.8
Share in total (%)	5.8	5.9	5.6	4.4	4.4
Net Investment	2,899.8	3,374.3	4,257.3	898.3	335.2
Share in total (%)	5.8	6.5	7.0	2.7	0.6

Source: Statistical Yearbook 1999 &amp; 2000, GSO

The commitment amount<sup>3</sup> of FDI in Hotel & Tourism recorded US\$1,393 million in 1995, and it decreased to 1/7 in 1997. The disbursement amount of Hotel & Tourism also recorded the highest, US\$681 million in 1995, and dropped around US\$100 million. These declines of the amount are due to not only the recession of Asian Economy but also a regulation for development of hotel & apartments buildings by the government<sup>4</sup>.

The other characteristic of FDI in recent years is the difference between commitment amount and disbursement amount. The disbursement amount is almost less than the half of the commitment amount during the period.<sup>5</sup> Though the percentage of Hotel & Tourism in total FDI is about 20% in both of commitment and disbursement in 1995, it shrunk to 4% in 1996 suddenly. It recovered a little, but was still low level in 1999.

**Figure 3.1.2 Foreign Direct Investment in Hotel & Tourism**  
Amount (US\$ mill)

Source: Vietnam: Statistical Appendix and Background Notes, IMF Staff Country Report No. 00/116, IMF 2000

<sup>3</sup> Commitment amount described here includes investments by domestic joint partners.

<sup>4</sup> Due to booming in real estate investment in the first half of 1990s, Vietnamese government regulated the investment in 1994.

<sup>5</sup> Disbursement amount includes the borrowings by Vietnamese partner actually. According to the estimation by IMF Staff, modified disbursement amount in 1999 would be US\$700 million, the half of disbursement amount reported by Ministry of Planning and Investment.

**Table 3.1.10 Share of Hotel & Tourism**

	(Unit: percent)				
	1995	1996	1997	1998	1999
Commitment amount	21.1	4.6	4.0	20.1	9.5
Disbursement amount	22.3	4.5	3.5	1.8	8.2

Source: Vietnam: Statistical Appendix and Background Notes, IMF Staff Country Report No. 00/116, IMF 2000

## 3.2 Tourism in the Study Area

### 3.2.1 Contribution of Tourism to GRDP

The Table 3.2.1 shows international tourist arrivals and domestic tourist arrivals in the Central Region. International tourist arrivals to the Central Region have increased gradually in recent five years. Though it experienced high growth in 1995 and 1996, the growth rate turned to small since 1997. It experienced decrease in 1998 due to Asian Financial Crisis. Percentage of the Central Region in the sum of regional tourist arrivals in Vietnam is almost fixed around 10%.

On the other hand, the percentage of domestic tourist arrivals in the Central Region continued to decrease from 10% to 8% in recent five years however it experienced growth rate of 4 to 15% annually. It would be considered that the Central Region is losing domestic market share because domestic tourists prefer to visit big cities in the Northern and Southern Region such as Ho Chi Minh and Hanoi.

**Table 3.2.1 Tourist arrivals in the Central Region**

	1995	1996	1997	1998	1999
International tourist arrivals	257,203	291,908	309,638	303,705	330,463
Sum of regions in Vietnam	2,558,713	2,949,363	2,887,128	2,721,630	3,096,089
Percentage of the Central Region (%)	10.1	9.9	10.7	11.2	10.7
Annual growth rate of international tourist arrivals (%)	17.3	13.5	6.1	-1.9	8.8
Domestic tourist arrivals	891,203	934,848	971,776	1,059,013	1,233,750
Sum of regions in Vietnam	8,798,199	10,673,130	13,172,221	13,817,131	15,067,026
Percentage of the Central Region (%)	10.1	8.8	7.4	7.7	8.2
Annual growth rate of domestic tourist arrivals (%)	14.6	4.9	4.0	9.0	16.5

Source: Data from Institute for Tourism Development & Research (ITDR)

Changes of Gross Regional Domestic Products (GRDP) of the Study Area are listed in the Table 3.2.1. The table shows that the contribution of Tertiary Industry has been limited until now. Tertiary Industry of the 11 provinces accounts for 8% of the Tertiary Industry of GDP. Otherwise the share of GRDP in 11 provinces is 9% of GDP.



**Table 3.2.2 GRDP structure of the Study Area**

(Unit: percent)

Items	1995	1996	1997	1998	1999
Tertiary Industry (Bill dong in 1994)	6,640.0	7,499.1	8,303.0	8,846.4	9,080.9
Percentage of Tertiary Industry of GDP (%)	7.7	8.0	8.3	8.4	8.5
GRDP (Bill dong in 1994)	17,364.4	19,241.4	21,163.6	22,651.3	23,041.7
Percentage in GDP	8.9	9.0	9.2	9.3	9.0
Population (000 persons)	9,819.9	10,026.8	10,190.9	10,362.8	10,532.5
Percentage in the nation (%)	13.6	13.7	13.7	13.7	13.8

Source: Data from Statistical Office collected by Transport Development and Strategy Institute (TDSI) Statistical Yearbook 1999, GSO

The Table 3.2.2 also shows that the share of GDP in 11 provinces is 4 to 5% lower than that of population. That means GDP per capita in 11 provinces is under the average of national level.

In 11 provinces, the following provinces have the higher percentage of Hotel & Tourism than the national average. These provinces have the common characteristic: they have attractive tourism destinations and/or accumulated accommodations.

- Thua Thien Hue (4.5% in 1999), Da Nang (6.9%), Quang Nam (6.8%), Quang Ngai (4.8%), Khanh Hoa (5.0%), Binh Thuan (6.3%).

### 3.2.2 Tourism Receipts

According to provincial data, the turnover of hotel industry in 9 provinces<sup>6</sup> is VND643 million, 8.7% of that in Vietnam, in 1999. It is low level in consideration with the shares of tourist arriving and hotel rooms in the Central Region even if it in Da Nang City is added.

**Table 3.2.3 Tourism Receipt in the 9 Provinces in 1999**

Provinces	Figures (VND mill)	Shares (Percent)
Khanh Hoa	170	2.3
Thua Thien Hue	154	2.1
Quang Nam	105	1.4
Ninh Thuan	85	1.1
Quang Ngai	75	1.0
Other provinces	54	0.7
9 province total	643	8.7
Vietnam	7,400	

Source: Data from Statistical Office collected by TDSI

### 3.2.3 Employment Generation

Total employment of Hotel & Restaurant in the Study Area is 85,800 persons, 1.3% of total employment. In Khanh Hoa Province and Da Nang City, the share of labor in Hotel & Restaurant is 4.2%, and that is about four times of the national average. On the other hand, it is only 0.7% in Quang Binh Province and 0.9% in Quang Nam Province.

<sup>6</sup> Tourism receipts in Da Nang City and Binh Thuan Province are not included due to lack of data.

**Table 3.2.4 Employment of Hotel & Restaurant in 1999**

Provinces	Figures (thou persons)	Share (Percent)
Khanh Hoa	18.2	3.5
Thua Thien Hue	11.4	2.2
Quang Ngai	9.8	1.9
Da Nang	9.5	1.8
Binh Dinh	8.2	1.6
Other provinces	28.7	5.5
11 provinces total	85.8	16.5
Vietnam	519.0	

Source: Data from Statistical Office collected by TDSI

### 3.2.4 Investment and Foreign Direct Investment

Total investment amount of Hotel & Restaurant in 9 provinces<sup>7</sup> is VND111.8 billion and VND102.9 billion in 1998 and 1999 respectively. It has the share of 1.6% and 1.4% in total investment of 9 provinces. Da Nang City had the largest share, which is 42% in 1998 and 28% in 1999 in it.

18 hotel & accommodation development projects (total commitment amount was US\$180 million) were implemented by FDI in the Central Region from 1988 to 1999. The investment amounts are 14.4% and 5.0% of hotel & accommodation investment amounts in Vietnam respectively. But locations of such projects are limited in some destinations such as Thua Thien Hue, Da Nang, Quang Nam, Khanh Hoa and Binh Thuan shown in the Table 3.2.5.

**Table 3.2.5 Foreign Direct Investment of hotel industry in the Central Region**

Provinces	No of project	Disbursement amount (VND Thou)	Share (%)
Da Nang	6	35,394	2.8
Thua Thien Hue	3	8,115	0.6
Quang Nam	1	2,250	0.2
Khanh Hoa	5	25,370	2.0
Binh Thuan	3	6,677	0.5
Vietnam	125	1,254,207	

Source: Data from ITDR

## 3.3 Tourism Development Direction and Policy in the Study Area

### 3.3.1 Ten-year Socioeconomic Development Strategy and 7<sup>th</sup> Five-year development Plan

Ten-year Socioeconomic Development Strategy (2001-2010) and 7<sup>th</sup> Five-year Development Plan will be the new challenge after economic stagnation for Vietnam. They are going to be approved by the 9<sup>th</sup> National Congress of Communist Party of Vietnam on March 2001, and published in April. The essences of the strategy, written in "Vietnam Development Report 2001: Pillars of Development" are listed in the Table 3.3.1.

<sup>7</sup> Due to the lack of data, figures in Ninh Thuan and Binh Thuan are not included.

**Table 3.3.1 Targets of Ten-year socioeconomic development strategy**

(Unit: Percent)

Real GDP annual growth rate	7.0 (2001-2005)	7.5 (2006-2010)
Agriculture	3.5 (ditto)	3.5 (ditto)
Industry	10.0 (ditto)	10.0 (ditto)
Services	6.4(ditto)	7.5 (ditto)
Investment/GDP (%)	30	
FDI/GDP (%)	3 to 5	
Annual export growth rate (%)	14 (2001-2010)	
Annual labor force growth (%)	2.4 (ditto)	

Source: Vietnam Development Report 2001: Pillars of Development, The World Bank, Asian Development Bank (ADB), and United Nations Development Programme (UNDP), 2000

Development target of tourism in the Central Region has to be coordinated with the national targets described above. And more, it must be emphasized that tourism development has the same function as export from the point of foreign currency earnings.

### 3.3.2 Tourism Development Master Plan (VIE89/003)

This plan was prepared by World Tourism Organization (WTO) with a finance of UNDP. This is the oldest tourism development plan that JICA Study Team can access. The target year of the plan is in 2005, and phased development frameworks are set in the Table 3.3.2. Target numbers in the plan are pessimistic because it is formulated before rapid economic growth in 1990s.

**Table 3.3.2 Development Frameworks in Tourism Development Master Plan**

		1992	1995	2000	2005
Tourist arrivals (persons)	National	53,577	128,108	354,589	685,708
	Central Region	34,152	91,118	177,409	270,948
Employment generation (persons)	Hotel industry	2,685	7,739	16,099	25,095
	Tourism industry	4,403	12,692	26,402	41,156
	Induced job	8,807	25,384	52,805	82,313
Foreign currency earnings (US\$ in 1990)		-	-	-	1 million
Contribution to GDP (%)		-	-	-	3.5

Note: Central Region in this table includes Central Highland Provinces.

Source: Tourism Development Master Plan

### 3.3.3 Master Plan for Tourism Development in Vietnam (1995-2010)

Master Plan for Tourism Development in Vietnam (1995-2010) is developed by VNAT with assistance of WTO. The development targets set in the year of 2010 are ambitious (Refer to the Table 3.3.3). For example, international tourist arrivals are estimated to be 8.7 million in 2010.

The role of the tourism development in the Central Region will be more and more important in the plan. For example, the share of international tourism receipt there is expected to increase from 10.4% in 1995 to 17.6% in 2010.

**Table 3.3.3 Development Frameworks in Master Plan for Tourism Development in Vietnam**

	1995	2000	2005	2010
International tourist arrivals (thou persons)	1,400	3,800	6,200	8,700
Bed nights in the Central Region <sup>8</sup> (thou bed nights)	980	2,770	6,010	12,260
Total bed nights in Vietnam (mill bed nights)	9,100	26,600	46,600	69,600
Domestic tourist generation (mill persons)	4,500	11,000	18,000	25,000
Bed nights the Central Region (mill bed nights)	3,300	9,440	17,550	29,300
Total bed nights in Vietnam (mill bed nights)	25,215	66,500	116,000	180,000
Employment generation in tourism and tourism related industry in the Central Region (persons)	30,400	81,600	149,100	257,600
Employment generation in tourism and tourism related industry in the Central Region (persons)	205,400	546,800	915,600	1,339,200
Tourist receipt from international tourists (US\$ mill) in the Central Region	78	277	768	2084
Tourist receipt from international tourists (US\$ mill) in Vietnam	728	2,660	6,045	11,832
Tourist receipt from domestic tourists in the Central Region (US\$ mill)	42	141	351	732
Tourist receipt from domestic tourists in Vietnam (US\$ million)	324	997	2,320	4,500
Value added of tourism in GDP (US\$ mill)	799	2,850	6,357	12,000
Value added of induced industry in GDP (US\$ mill)	1,212	2,654	7,430	14,994

Source: Master Plan on Tourism Development in Vietnam (1995-2010)

### 3.3.4 Master Plan for Tourism Development in Vietnam (2001-2010)

WTO has been supported to develop new tourism development master plan for Vietnam since October 2000 until March 2001. Report on this plan has not published as of October 2001.

### 3.3.5 The Study on the integrated regional socio-economic development master plan for the key area of the central region

This plan is prepared by Japan International Cooperation Agency in 1997. The target year is 2010, and the target area is Quang Tri, Thua Thien-Hue, Da Nang, Quang Nam and Quang Ngai Provinces. The plan include multi-sector such as tourism, agriculture, industry. Tourism is positioned as one of the key sectors for the study area, and pre-feasibility studies on tourism infrastructure improvement in tourist destination such as Da Nang, Hue, Hoi An, and development of tourism promotion zone in Hoi An and Lang Co. Socio-economic frame and tourism development frame are shown in the Table 3.3.4.

**Table 3.3.4 Development Framework in the JICA Study**

	2000	2005	2010
GRDP per Capita (VND billion)	556,687	945,663	1,642,448
GDP per Capita (VND)	793,733	1,106,670	1,583,542
GRDP	2,981	5,600	10,641
Of which Tertiary industry (%)	49.6	52.5	56.1
Employment	2,200	2,434	2,662
Of which Tertiary industry (%)	22.2	22.8	35.3
International tourist arrivals	485	1,518	2,361
Hotel rooms	5,951	10,560	19,150

Source: The Study on the Integrated Regional Socio-economic Development Master Plan for the Key Area of the Central Region

<sup>8</sup> The Central Region in the table includes central highland area.

### 3.3.6 Preparation of a Development Strategy for the Central Region of Viet Nam (TA No 2529-VIE)

This study is conducted as a Technical Assistance (TA) of ADB. The target year of the strategy is 2010, and the target area includes 18 provinces from Thanh Hoa to Binh Thuan and central highland provinces. The strategy consisted of tourism, agriculture, industry, infrastructure, etc.

**Table 3.3.5 Tourism Development Framework in Development Strategy**

	2000	2005	2020
International tourist arrivals (thou persons)	655	1,310	2,620
Domestic tourist arrivals (thou persons)	2,800	4,940	8,460
Bed nights of international tourist (thou bed nights)	1,150	3,500	7,850
Bed nights of domestic tourists (thou bed nights)	5,600	12,340	25,380
Hotel rooms (rooms)	26,000	84,000	198,000
Tourist receipt from international tourist (US\$ mill)	41	148	368
Tourist receipt from domestic tourists (US\$ mill)	84	216	508
Employment in hotel industry (persons)	31,000	84,000	198,000
Employment in tourism related industry (persons)	92,000	251,000	594,000
Value added of tourism (US\$ mill)	65	188	452

Source: Preparation of a Development Strategy for the Central Region of Viet Nam

## 4. Tourism Promotion and Marketing

### 4.1 Institutional Setting of Tourism Sector

#### 4.1.1 Tourism Administrative Organizations

##### Outline of the Central Government of the Socialist Republic of Vietnam

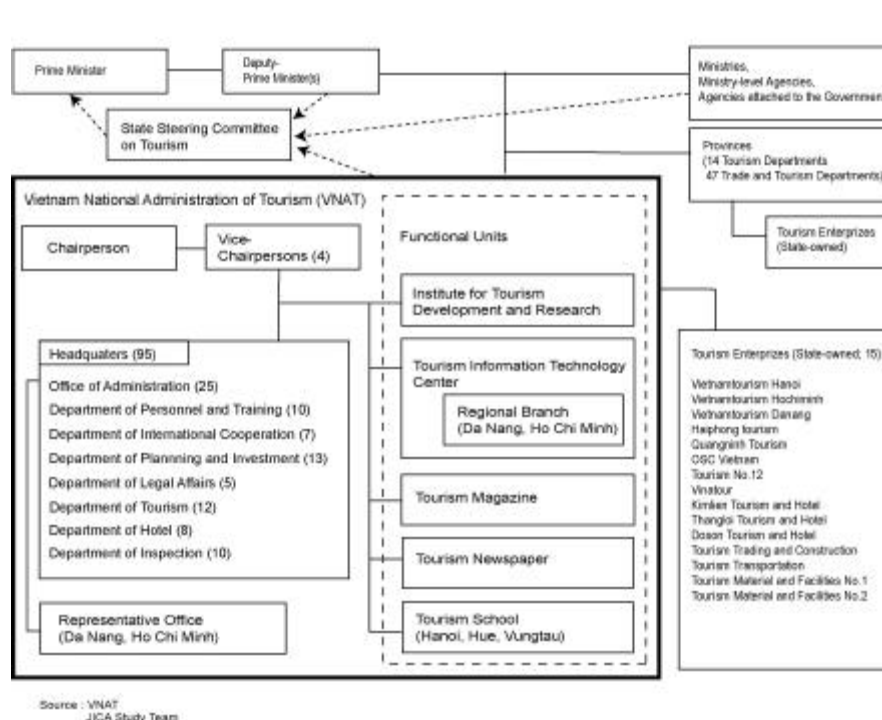
The Vietnamese central government (the Government) is responsible for planning, implementation and management of the policy throughout the country. The Government is headed by Prime Minister and consists of the ministries, ministry-level agencies and agencies.

##### Vietnam National Administration of Tourism (VNAT)

The initial establishment of tourism administration dates back to 1978 when Vietnam Tourism General Department was founded under the Government Office. After several organizational changes, Vietnam National Administration of Tourism (VNAT) was established as an agency attached to the Government in 1992. VNAT has the responsibility same as Ministries and Ministry-level agencies.

Organization of VNAT was defined under the decree No.53/CP in 1995. VNAT consists of the headquarters (functional departments), regional representative offices and functional units as shown in the Figure 4.1.1.

Figure 4.1.1 Organization Chart of Tourism Administration in Vietnam



Source: VNAT  
JICA Study Team

The number of staff is about 120 in the headquarters (including ITDR and TITC) of VNAT, and the budget in 2000 was about VND15 billion.

VNAT exercises the state management on tourism throughout the country such as making policies, development strategies and regulations. The role of VNAT was re-defined obviously in the Tourism Ordinance that was promulgated in 1999.

The main functions of VNAT are:

- Making policies and regulations on tourism;
- Formulating tourism development strategies;
- Human resource development;
- Conducting research;
- Tourism promotion and international cooperation;
- Issue of licenses or certifications for tourism activities; and
- Instructing and inspecting the implementation of policies and regulations.

The main functions and responsibilities by departments of VNAT are disclosed in the web site built by Tourism Information Technology Center (TITC).

#### **Council for Tourism Policy**

State Steering Committee on Tourism chaired by Deputy Prime Minister was established in 1999. It consists of VNAT (including ITDR and TITC) and tourism related ministries and agencies of the Government as follows.

- Deputy Prime Minister (Chairperson of the Committee);
- Vice Minister of Foreign Affairs;
- Vice Minister of Culture and Information;
- Vice Minister of Transportation;
- Vice Minister of Trade;
- Chairperson of VNAT (Vice Chairperson of the Committee);
- Vice Minister of Public Security;
- Chairperson of Civil Aviation Administration of Vietnam; and
- Vice Minister of Military.

Cooperation between Ministries and agencies of the Government is indispensable to achieve sustainable tourism development.

The main functions of State Steering Committee on Tourism are to make effective suggestion to the Prime Minister on tourism development policies based on the cross-sectional and cross-regional collaboration, and providing guidance to VNAT and related Ministries on the implementation of the tourism policies.

#### **Local Governmental Organizations Related to Tourism**

People's Committees of Provinces and particular Cities (Hanoi, Hai Phong, Da Nang, Ho Chi Minh City), directly under the jurisdiction of the Government, have the right to exercise the state administration over tourism at the local level as stipulated by laws. There are 61 Provinces, and each Province has

tourism-related administrative department. 14 Provinces have Department of Tourism and 47 others have Department of Trade and Tourism. In the JICA study area Thua Thien Hue Province and Da Nang City have Department of Tourism and 9 others have Department of Trade and Tourism. The organization chart of Da Nang City's Tourism Department. The roles of Provincial Department of Tourism (or Department of Trade and Tourism) are:

- Deciding the implementation of tourism development plans
- Management of sustainable tourism development
- Preservation and protection of tourism-related resources
- Administration of tourism activities at the Provincial level

Tourism Department of some Provinces is understaffed (4 or 5 staff-members only). Whereas Provinces can decide the implementation of some plan, VNAT can also provide proposals for it.

As a rule of Vietnamese government, any foreign investments need to be approved by Ministry of Planning and Investment. However, in case the estimated investment cost of the project being less than US\$10 million, Provinces are entitled to approve it. People's Committees of smaller municipality (such as districts, provincial towns, cities, communes, wards and towns) are also entitled to exercise state administration over tourism on the parts (spots) as stipulated by laws.

### **State-owned Enterprises**

The majority of tourism enterprises are owned by the public sector (i.e. State-owned). In the commercial tourism company sector, VNAT has 15 State-owned companies, and most of the local governments also have State-owned companies. In the hotel sector, 61.8% of hotels are State-owned in 2000.

In the hotel sector, the Development Plan<sup>1</sup> had recommended the Government to implement a pilot project to privatize some of State-owned hotels. However, the project has not been carried out yet.

### **Quasi-governmental and Public Tourism Organizations**

There is no association organized by any category of tourism industry (hotels, travel companies, transporters, tour guides, etc.). The Development Plan had mentioned necessity to form such relevant associations in order to support the tourism development. However, while VNAT has no concrete plan to form such associations, Thua Thien Hue Province has an idea to form the hotel association at the provincial level.

## **4.1.2 Tourism Policy**

### **Tourism Development Plan**

VNAT possesses the master plan on tourism development for the period

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<sup>1</sup> Refer to 2.4.2 in regard to tourism development plan



1995-2010 (the Development Plan) which was formulated under the auspices of UNDP/WTO, and the Development Plan is currently being reviewed for revision by the end of 2001 by the same international and national team (UNDP/WTO/the Government). VNAT and each Tourism Department of Local governments formulate the annual and 5-year plan.

### **Provision of Information**

As part of tourism promotion means, VNAT has the Internet web site that was established in 1997. It is the first web site, ever launched by the Vietnamese governmental organization. VNAT has also produced multimedia products such as CD-ROMs and Videos. In the web site, VNAT disseminate information not only for tourists but also for investors such as statistical data, both tourism and foreign investment related laws and regulations.

### **Laws and Regulations for Tourism**

The Government has formulated the system of laws and regulations to fit the market-led economy under the economic reform called “Doi Moi”. Existing tourism related laws and regulations are shown in Appendix 2.4-4.

In 1999, Tourism Ordinance was promulgated not only as a legal ground for sustainable tourism development but also for a legal benchmark to perfect the state management over tourism activities in Vietnam. Now VNAT has to exercise leadership in implementation of Tourism Ordinance, preventing any possible disorder or chaos in related-ministries, provincial governments, municipal authorities, travel industry, etc.

In course of the country’s sustainable tourism development, review of the existing tourism laws and regulations by VNAT is necessary for possible revision or annulment or for formulation of adequate one to match the reality of the times.

### **Incentives for Tourism Activities**

The Government gives tourism industry incentives to encourage their tourism activities, especially to increase the number of international tourists. Such incentives are given to foreign investors to enhance tourism-related projects too.

The examples of incentives are:

- Value-added Tax (VAT) to tourism business is temporarily reduced from 20% to 10%;
- Tourism companies can use lower rated loan in order to upgrade their facility;
- Visa fee of cruise visitor is reduced from US\$25 to US\$10; and
- Exit visa for Vietnamese tourists to go abroad has been abolished.

There are incentives for foreign investments in particular project such as building hotels. However, most of these remain same as the ones extended to the other industries. This means that the Government does not give any of more lucrative incentives as exception to the tourism-related foreign investment.

### 4.1.3 Issues and proposals

#### **Perfection of VNAT’s organizational structure to move forward with “sustainable tourism development”**

In 1999, Tourism Ordinance was promulgated, and State Steering Committee on Tourism was established. Now VNAT is in the stage to strengthen its foothold for sustainable tourism development.

VNAT has to perfect its own structure to exercise leadership in various tourism activities. As for VNAT headquarters, they should simply concentrate on making policies and managing regulations of present VNAT functions<sup>2</sup>. To be concrete, some responsibilities of VNAT headquarters should be transferred to its representative offices or nonprofit organizations under VNAT as shown in the Table 2.4.2 and Appendix.

**Table 4.1.2 Proposed transference of responsibilities**

	Present	Proposal
VNAT headquarters	(Department of Tourism) <ul style="list-style-type: none"> <li>• implement marketing and advertising</li> <li>• issue licenses of travel business</li> <li>• issue licenses of tour guide</li> <li>• issue licenses of tourist transport</li> <li>• issue licenses for setting up representative offices of foreign tourism companies</li> </ul>	(Department of Tourism) <ul style="list-style-type: none"> <li>• supervise Vietnam National Tourism Organization (VNTO)</li> <li>• manage regulations and standards to upgrade tourism business activities (excluding hotel services)</li> <li>• supervise tourism-related associations (excluding hotel associations)</li> <li>• manage license system of tourism business</li> </ul>
	(Department of Hotel) <ul style="list-style-type: none"> <li>• issue classification of hotels</li> </ul>	(Department of Hotel) <ul style="list-style-type: none"> <li>• manage regulations and standards to upgrade hotel services</li> <li>• supervise hotel associations</li> <li>• manage classification system including its criteria</li> </ul>
VNAT representative offices ( Hanoi, Da Nang, Ho Chi Minh )	<ul style="list-style-type: none"> <li>• consult regional tourism development plans</li> </ul>	(Office of Administration) <ul style="list-style-type: none"> <li>• consult regional tourism development plans</li> </ul>
		(Department of Tourism) <ul style="list-style-type: none"> <li>• issue licenses of travel business</li> <li>• issue licenses of tour guide</li> <li>• issue licenses of tourist transport</li> <li>• issue licenses for setting up representative offices of foreign tourism companies</li> </ul>
		(Department of Hotel) <ul style="list-style-type: none"> <li>• issue classification of hotels</li> <li>• reevaluate classified hotels</li> </ul>

Source: JICA Study Team

Quality of tourism business activities is one of the most important factors. Without upgrading tourism business activities, Vietnam will not be able to meet with tourist’s various needs. At least healthy growth of tourism business for tourists should be indispensable to implement sustainable tourism development.

VNAT headquarters should concentrate on making policies and managing

<sup>2</sup> Referred to 2.4.1 in regard to main functions of VNAT

regulations. And they should strengthen liaison with Ministries and agencies of the Government.

Building capacity of VNAT headquarters should be required immediately. VNAT will be also short of qualified staff to promote tourism and to supervise tourism business according to the demand forecast of tourists, especially international ones.

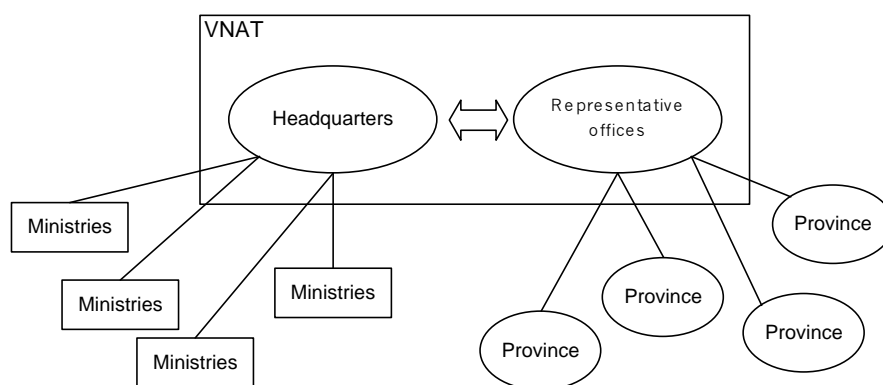
VNAT should transfer task of promotion activities to the external organization<sup>3</sup> under the direction of VNAT.

In order to simplify procedure of issuing licenses and certifications, the responsibility of issuing them should be transferred to VNAT representative offices.

Department of tourism and department of hotel will be established in VNAT representative offices in the way same as VNAT headquarters. The number of staff of VNAT representative offices will be increased. And it is recommended to establish the VNAT representative office in northern Vietnam.

This means that VNAT representative offices should strengthen liaison with provincial tourism departments.

**Figure 4.1.2 Concept of partnership between ministries and provinces**



Source: JICA Study Team

### **Upgrading the procedure of granting tour guide license**

As foreign visitors to Vietnam are increasing, more tour guides should be supplied. Whereas only licensed tour guides can provide guiding service to “international tourists”, existing requirements for tour guide applicants are too strict.

According to the definition in related decrees, “international tourists” are both inbound tourists and outbound tourists. Inbound tourists are foreigners and Vietnamese who live overseas. Outbound tourists are ones who live in Vietnam.

This definition of a tour guide is too wide for applicants to acquire specialized

<sup>3</sup> that is VNTO, in detail refer to “6. Tourism Promotion and Marketing”

knowledge. This will be made up with the division of a license type<sup>4</sup> as shown in the Table 4.1.1.

**Table 4.1.1 Proposed division of license type**

	License type	Guiding service for
Present	(a single type)	International tourists
Proposal	Inbound (General)	Foreign visitors traveling in Vietnam
	Inbound (Region-limited : Northern, Central and Southern)	Foreign visitors traveling in specific region of Vietnam
	Outbound	Vietnamese travelers to go abroad and return to Vietnam

Source: JICA Study Team

On the other hand, demand of tour guides is easily influenced. There can be a lot of ways of contracts between licensed tour guides and tourism companies. And tour guides should be required to have deeper and wider knowledge about specific tourism resources in Vietnam. Requirements of qualification tour guide applicants should be more strictly reviewed.

Under the circumstances, the tour guide association should be established. The tour guide association manages licensed tour guides and improves standards of guiding services.

According to the decree No. 27/2001/ND-CP issued on June 5, 2001, some strict restrictions are retained. For example, international travel companies must have at least 3 licensed tour guides. Management cost of tour guides imposes a heavier financial burden especially for medium and small-sized travel companies. Requirements for travel companies should be eased, and it can be one of choices to use tour-guide dispatch service of the tour guide association.

It is one of requirements for applicants to have certification of tour guide training course. This means that any institutions, which have training courses approved by VNAT, will be able to be established. Then, a written examination should be added to the procedures of licensing because capability of tour guide applicants should be confirmed. The task of conducting the examination may be entrusted to VNTO (with assistance of the tour guide association) from the viewpoint of budget and staff of VNAT.

Upgrading teaching methods and skills of Tourism Schools should be undertaken before the written examination is adopted. Training course should be organized each for three categories of tour guide services as proposed in table 2.4.4.

#### **A case of privatization pilot project**

Establishment of the tour guide association mentioned above will be a pilot project in tourism sector. The tour guide association, which is not grown at all in Vietnam, should be formulated as a part of private tourism sector.

It must be easier than any other tourism sectors that laws and regulations for tour guide companies are enacted immediately, because establishment of the

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<sup>4</sup> To divide the license by language is just as it is.

tour guide association and tour-guide dispatch companies is new in the tourism sector. In laws and regulations, it should be specified to prohibit participation of States and to limit establishment of subsidiaries of State-owned companies.

## **4.2 Vietnam National Administration of Tourism (VNAT)**

### **4.2.1 Budget of VNAT**

The marketing budget is 300,000 US dollars per year, which VNAT considers insufficient. VNAT annual budget is about one million US dollars, including ITDR and TITC. (Source: JICA S/W Report of Comprehensive Study on Tourism Development in the Central Region of Socialist Republic of Vietnam; JICA Comprehensive Tourism II Seminar 1999 – Vietnam Country Report).

### **4.2.2 VNAT Promotional Activities under Tourism Ordinance**

VNAT's tourism promotional strategy and undertakings are being made in line with Vietnam Tourism Ordinance. The ordinance was taken effect on January 5, 1999.

In its Article 10, the terminology of "Tourism Promotion" is construed as "an activity aimed at seeking, stimulating opportunities for tourism development.

Article 17 under Chapter III, "TOURISM PROMOTION" is stipulated that the State shall adopt policies and measures to boost tourism promotion with the following major contents:

- Widely propagandizing and introducing the Vietnamese country and people; cultural heritage and natural resources, and
- Raising social awareness of tourism.
- Developing diversified and unique tourism resorts and attraction of high quality,
- Developing infrastructures, physical-technical facilities for tourism, and improving the quality of tourism services.

### **4.2.3 Promotional Undertakings under STATE TOURISM ACTION PROGRAM AND TOURISM EVENTS FOR 2000**

For specific tourism promotional actions for the year 2000 (the new millennium), VNAT has undertaken their tourism promotional tactics and measures according to one of the contents of the state action program – "Launching the tourism promotional campaign".

The followings are promotional activities by VNAT under STATE TOURISM ACTION PROGRAM.

- VNAT has achieved its targeted receipt of 2 million international visitors, 11 million domestic visitors in 2000 year. Actual receipt: 2.13 million international tourists; 11.2 million domestic tourists.
- In early December 2000, the VNAT deputy chairman welcomed the two millionth foreign tourist at Noi Bai Airport, Hanoi, and the news and photos were released to local media.

- “Vietnam - a destination for the new millennium”: This campaign wording together with an image of the lady’s profile with a bamboo hat and a smile ubiquitously appears in tourism publications, made by VNAT and Vietnam Airlines, and in brochures/posters by tour companies, hotels.
- VNAT executives had participated in key tourism trade fairs such as ITB Berlin, WTM London, etc. despite their limited promotional budget.
- Publication of tourism printed materials: VNAT published “VIETNAM” tourist guidebook (both English and French edition), “Classified Hotels in Vietnam” (hotel guidebook), both of which carry the new millennium campaign lady’s smiling face and the campaign wording, and CD-ROM Vietnam tourism series such as “Viet Nam”, “Sai Gon – Ho Chi Minh, a tourist city”, etc.
- VNAT had proposed to the Government that set-up of Vietnam National Tourism office in France, Japan, China and Thailand should be approved.
- The first Hue Festival 2000 (held in April) was successfully organized by the ancient city of Hue under the sponsorship of France. (as stipulated in “PROGRAM ON DEVELOPING CULTURAL TOURISM” in the State Action Program and Tourism Events for 2000).
- VNAT publishes “Vietnam Tourism Review” (in Vietnamese) monthly for the targeted readers (those engaged in tourism industry).
- VNAT publishes “Tourism Newspaper” weekly plus one end-of-month for the targeted readers (those engaged in tourism industry).

#### **4.2.4 Other Promotion Activities of VNAT**

In November 1995, VNAT organized the first international travel fair, namely Vietnam International Fair (VITFA) with the participants of 173 exhibitors and visitors from 16 countries.

VNAT has proposed to the Government that Japanese and French tourists staying less than 15 days in Vietnam should be exempted from a visa in 2001. Already entry visa exemption has been granted to Thai and Filipino citizens staying in Vietnam for less than 30 days.

A VNAT marketing staff-member had participated in some joint-promotion activities within ASEAN tourism cooperation framework such as Working Group on ASEAN Joint-Marketing.

#### **4.2.5 Promotional Activities by Provincial Tourism Department (or Trade and Tourism Department)**

The followings are some cases of tourism promotion activities, undertaken by some provincial tourism department (or trade and tourism department).

- The Ho Chi Minh City Department of Tourism (HTD) (Saigontourist) and Vietnam Airlines co-organized the familiarization trip (Fam trip) “New Millennium Rendezvous at HCM” from December 6 to 12th 2000.
- The HTD has launched out “Introduction to the Land of the South 2001” campaign and “Can Gio Tourism” events (Can Gio mangrove forest district).

- Each of these three provinces had collaborated mutually to formulate “Tourism Plan 2001 - Da Nang, Thua Thien Hue and Quang Nam” (September, 2000). In the Plan, strategies such as “Promoting Da Nang as a Gateway to Vietnam”, “Promoting Da Nang as a Gateway to Indochina”, “Develop longer stay Da Nang, Central Vietnam” are stated.
- The Tourism Department of Da Nang made a promotional 30 min. video program, “Da Nang - Charm of Vietnam”, both in English and French. The Department presented it to the JICA team in December 2000.

#### **4.2.6 Promotional Activities by Vietnam Airlines (VN)**

The followings are some cases of promotional activities by VN.

- Once in every two months, VN issues “HERITAGE”, complimentary in-flight magazine, which is disseminated to their passengers to add understanding and appreciation of Vietnam. The magazine carries various topics both in Vietnamese and English such as Vietnam’s people, way of life (food, fashion, etc.), cultural heritage, etc. besides VN’s promotional articles. Such quality inflight magazine contributes to enhancement of VN image.
- VN has their own offices in 18 countries, which include Vietnam’s key source markets such as France (Paris), China (Guangzhou), Japan (Tokyo, Osaka), and Taiwan (Taipei, Kaohsiung).
- VN introduced Frequent Flyer Program (FFP).
- VN and the Ho Chi Minh City Department of Tourism (HTD) co-organized the familiarization trip (Fam trip). VN and HTD offered the free package tours (including round-trip air ticket, local transportation, city tour, hotel accommodation and meals) for 35 journalists and 50 travel agents and tour operators from source markets.

#### **4.2.7 Promotional Activities by Tour Companies (ground-handlers)**

The followings are some cases of promotional activities which undertaken by some of tour companies.

- Every tour company publishes its sales-promotional brochures to win business from possible foreign tour operators or travel agents of the world source markets. In the promotional prints, they mention their company profile, strong sell-points, recommended tour itineraries and accommodation, and suggested price.
- Many of Vietnamese tourism companies are taking part in the reputed international travel fairs such as Internationale Tourismus-Boerse/ITB, World Travel Mart – WTM, JATA International Congress and Travel Fair, etc.
- Some Vietnamese tourism companies have become a member of international or regional tourism organizations such as ASTA, PATA, JATA, etc. For the case of VINATOUR (Vietnam National Travel Agency), they are a member of ASTA, PATA, and JATA.
- Some Vietnamese tourism companies have their representative offices in

key source markets such as the case of Huong Giang Tourist Company (Hue), which has a representative office in London, Frankfurt and even in Mexico City (for Viet Kieu market).

- In joint venture with a Japanese business firm, Saigon Tourism Corporation (Saigontourist) opened two Vietnamese restaurants in Tokyo and Yokohama in October 2000. Saigontourist had sent its top chefs. The two restaurants are making a great exposure of a part of Vietnam (food delicacy) to the Japanese public in the two large Japanese cities, and are helping promote Vietnam tourism.
- Exotissimo's head office in HCMC disseminates their news-bulletin (published once in two months) to overseas one thousand business contacts. The news-bulletin contains many of the latest tourism-related articles on Vietnam tourism (e.g. opening of a new hotel).

#### **4.2.8 Promotional Activities by Hotel Industries (Hoteliers)**

Fortunately, there exists quite a few of international-standard hotels in Vietnam, which are managed by reputed-international hotel chain, such as:

- Hilton Hanoi Opera - Hilton hotel chain
- Hanoi Daewoo Hotel - A member of The Leading Hotels of the World
- Sofitel Metropol Hanoi, Sofitel Plaza Saigon - ACCOR hotel chain
- Melia Hanoi – Melia hotel chain
- Hotel Nikko Hanoi – Nikko (JAL) Hotels International
- Furama Resort Danag – Furama Resort Chain and a Member of SRS-World Hotels Deluxe Collections

These hotels can take great advantage of their related-international hotel chain's promotional support such as being included in the chain-hotel directory and the chain-hotel worldwide reservation system. Melia Hanoi's brochure reads "AS BIG AS YOUR WORLD 240 Hotels in 28 countries". This means, sales-promotion wise, Melia Hanoi is supported by other Melia hotels in 28 countries.

In human resources development, these hotel employees are trained to cater the world-class service, which is another merit to join such worldwide hotel-chain.

Some hotels in HCMC and Hanoi have an efficient Japanese staff-member who coordinates with Japanese tourists in their property – strong promotional keyword "we know how to satisfy Japanese guests", by which they get Japanese tour operators motivated to select the hotel in the tour packages. These hotels are well aware of the prominent element to hinder Japanese from making overseas trip - language problem.

Some hotels promote themselves by accommodating familiarization tours on complimentary basis. They offer familiarization tour-members inspection tour of the hotel and promotional seminar. Furama Resort (Da Nang China Beach)/Caravel Hotel (HCM) coordinated with VN to realize the Familiarization trip from Japan in February 2001.



### **4.3 Other Organizations Involved**

For tourism promotion, the following organizations are being involved.

#### **4.3.1 Public Sector**

##### **Organizations to be involved in tourism promotion other than VNAT**

Those to be involved at ministries and ministerial-level agencies for specific cross-sector collaboration:

- Provincial People's Committees/ Provincial Tourism or Trade & Tourism Department - to promote national tourism development strategy with provincial department of tourism or trade & tourism, and to promote local festivals, cultural sites, etc.
- Ministry of Transport and Communications - to promote more direct flights to fly into HCMC, Hanoi and Da Nang from key source markets and to promote railway-tourism
- Ministry of Culture and Information - (a) to promote cultural tourism associated with historical remains and traditional festivals (b) to promote Vietnam tourism through the nation's official media
- Ministry of Planning and Investment - to promote foreign direct investment (FDI) for tourism project
- Ministry of Education and Training - to promote "importance of tourism development" in school education to increase public awareness over the role of tourism for the country
- Ministry of Foreign Affairs - to promote more number of incoming foreign tourists by exempting their entry visa
- Ministry of Trade - to promote tourism-investment in international trade fairs such as the International Trade 2000 Fair in HCMC, sponsored by the HCM People's Committee and Ministry of Trade.

#### **4.3.2 Commercial Sector Organizations**

##### **Airlines**

Close collaboration with airlines, not only with VN but with other air carriers such as JL, is indispensable. VN has their own offices in key source markets. Either of JL and NH is promoting Vietnam tourism market with tour operators in Japan.

##### **Hotels (Hoteliers)**

Some hotels have their sales-promotional means through the own or associated international hotel chain.

##### **Tour Companies (Ground-handlers)**

They promote a great portion of Vietnam tourism by individual-commercial activities such as preparing their printed-tour programs, attending key travel trade fairs in major source markets, considering needs of the customer (foreign

tour operators), receiving foreign tourists with their sound and quality ground arrangements at competitive price, dealing with complaints from tourists, etc.

### **Media**

The media run tourism-related articles in their newspapers, magazines, TV, etc., which include the news released by VNAT. These articles contribute to awake the Vietnamese people's public awareness for importance of tourist for the country's economy.

Some media contributes to promote the tourism industry such as the case of "The Guide Magazine", a portion of the Viet Nam Economic Times, which had honored hotels and restaurants with The Guide Awards 2000 ("Special Award for Service", "Best Luxury Hotel", "Best Cheap Eats").

## **4.4 Issues on Present Marketing and Promotion**

### **4.4.1 Restraints on VNAT's Marketing and Promotional Activities**

VNAT is responsible for tourism marketing and promotion. However, its capacity of these is much limited, coupled with the fact that the main function of VNAT is centered on tourism-related administration as the organization carries "Administration" in part of its naming.

The main function of VNAT leans heavily toward tourism administration including supervision (inspection), control and authorization (licensing or certifying). Tourism Department of VNAT is responsible for marketing (promotion and advertisement). The Department is understaffed<sup>5</sup> and lacks skilled personnel for promotional undertaking.

VNAT lacks sufficient budget for marketing (promotion, advertisement, etc.) (US\$ 0.3 million)<sup>6</sup>. Some joint-venture Vietnamese ground-handler expressed their concern about VNAT's marketing and promotion capacity to the Study Team that: "putting up billboards and posters of 'A Destination for the New Millennium' in Vietnam does not promote Vietnam as a tourist destination overseas' and "more professional VNAT booth at overseas travel trade shows with quality promotional materials and professional English speaking staff are needed".

VNAT's tourist information brochures are issued in much limited quantity and in variety (mostly "country information in general"). Some of VNAT's brochures are on sale at book stores or souvenir shops. Basically these brochures are not distributed to visitors free of charge<sup>7</sup>.

### **4.4.2 Restraints on Cross-sector Collaboration between VNAT and Commercial Travel Trade Sector**

Both VNAT and commercial tourism sector share the same goal that is "To

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<sup>5</sup> Some of the JICA Team's questionnaires submitted to VNAT were never responded.

<sup>6</sup> Thai Tourism Authority (TAT) 1999 marketing budget: 1790 mil baht (37 mil US\$), which is 68% of the total budget of 2649 mil baht (55 mil US\$).

<sup>7</sup> TAT's tourist information brochures show "NOT FOR SALE" printed on those cover.

develop Vietnam as an attractive destination.” For effective collaboration between the two sectors, there exists no Vietnam Hotel Association and Vietnam Travel Company Association, which can represent the interests and willingness of their respective industry towards VNAT. VNAT and either or both of the travel trade associations can jointly work out dynamic marketing and promotion of Vietnam as an attractive and competent tourist destination.

Both Vietnam Hotel Association and Vietnam Travel Company Association can devote themselves to rise to higher level of the qualified and accredited supplier of tourism services and products. Eventually, being a member of either of the Association will give accredited assurance to their end-users (customers such as tour operators in major source markets) in source markets.

#### **4.4.3 None Existence of VNAT Branch Office in Key Source Market**

Any of Vietnam governmental tourism office is located in key source markets such as Paris (France), Tokyo (Japan), Los Angeles (U.S.A.). To win more number of incoming tourists from these major source markets by those tourists receiving countries is much competitive. Many of enthusiastic governmental tourism organizations of tourist destination countries have their branch office established in the key source markets for all sorts of their positive promotional activities. In case of Tourism Authority of Thailand (TAT), they have office in Asia & Pacific (Kuala Lumpur, Singapore, Hong Kong, Taipei, Seoul, Tokyo, Osaka, Fukuoka<sup>8</sup>, and Sydney), Europe (Frankfurt, London, Paris, Rome) and U.S.A. (Los Angeles, New York).

#### **4.4.4 None Existence of Tourist Information Center (TIC) which is Genuine**

Currently there is no TIC in the most needed locations such as Hanoi and Ho Chi Minh City (both at Airport Terminal and in city center). Tourists are not able to make adequate access to appropriate tourist information on arrival at Hanoi or HCMC Airport – money exchange, transportation to the city, recommended hotels for their budget, and so on. In the city, they wish to get *a free-of charge city* map, information for tours, budget but clean restaurants, specialty shops, and so on.

To increase tourist-friendliness and improve the quality of tourist receiving, establishment of VNAT TIC is a must at the country’s gateway airport terminal and city center.

As the country’s living standards go up, more number of the people may make a domestic travel. Not only foreign visitors but the citizen will find VNAT TIC helpful.

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<sup>8</sup> TAT has three offices in Japan, namely Tokyo (Northern Area of Honshu Island and Hokkaido Island), Osaka (Southern Area of Honshu Island) and Fukuoka (Kyushu Island, Shikoku Island, Okinawa). In 1999, 1.07 million Japanese visited Thailand.

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## **4.5 Marketing and Promotion by Source Market**

### **4.5.1 Overall Advantage for Vietnam's Country Image in East and South East Asian Tourist Destinations**

Whilst some countries in the Southeast Asia have some social upheavals or unrest which reported in world media, Vietnam stays as safe-destination for tourists for longer time. Sound-security tourist destination is a great booster for Vietnam to be widely and positively promoted as peaceful country along with activities, cultural identity and friendliness.

### **4.5.2 Vietnam wished for Visa-free status Destination**

Currently visitors from Thailand and Philippines are granted visa-free. Visa-free is one of effective promotional means to win more number of tourists from source markets.

#### **Short-haul Market (East Asia, South Asia)**

Target Areas: Japan, China, Thailand, Taiwan, and Korea

#### **Japanese Market**

Japan is yet suffering from economic recession. However, the number of Japanese overseas travelers in year 2000 was 17,820,000, the highest record in the Japanese outbound tour market history (the 2<sup>nd</sup> highest: 16,803,000 in year 1997). Japan stays as the region's largest source of tourists. In year 1999, over one million Japanese visited Thailand first time (1999: 1,065 thousand; 1998: 986 thousand).

In year 1999, out of Japanese travelers for major short-haul destinations (the total 12,5909 thousand), 9,316 thousand (74.5%) traveled to East and South Asia, including Vietnam (113,000). Japan is an important source market for Vietnam.

Strength of Vietnam in Japanese Market:

- Good security-image of the country as a destination, while unrest prevails in some other Asian countries.
- Direct flight service between HCMC and Osaka/and Tokyo
- Hanoi-Tokyo direct flight service, once if realized after Tokyo (Narita) gets its new runway will give further strength.

Weakness of Vietnam in Japanese Market:

- No Vietnam governmental tourism promotion office in Tokyo, and Japanese tour operators hardly can have professionally needed tourist information on Vietnam.
- Current Vietnam tour boom particularly by young ladies owe greatly to Japanese magazines. This results in current popularity of HCMC mono-destination carefree packages (3 nights stay, hotel accommodation with breakfast, roundtrip airport-hotel transportation).

Vietnam is highly recommended to open its Governmental tourism promotion

office (Vietnam National Tourism Organization – NTPB) in Tokyo and possibly in Osaka, and shall exert its best efforts for the followings:

- Keep the current Vietnam tour boom, even these young-lady magazines had shifted their interests from Vietnam to some other destinations (no one knows when they do it anytime).
- Work closely with Japanese tour companies (tour operators) to introduce more of varied tour packages such as excursion-typed, culture-oriented tours which include the central region for longer stay, the northern region in addition to HCMC short-stay packages.
- Assist Japanese tour companies to organize possible special interest tour (SIT),
- Attend JATA Trade Fair jointly with Vietnamese tourism exhibitors.

### **Chinese Market**

Prevailing market situation:

- Majority of 626,476 Chinese visitors (FY 2000) are cross-border tourists, which create “low-cost, low tour quality market”.
- Cross-border tourist market is largely supported by tourist card system which makes them come to the Northern part of Vietnam (mainly to Halong Bay).
- Since June 2001, China allows its citizens to apply for tourist visa for Vietnam.
- In year 1999, 813,000 Chinese visited Thailand, 34.6% increase over the previous year figure (in FY 1998 604,000). [Source: TAT]
- Direct air routes opened: HCMC-Guangzhou, HCMC – Hong Kong, Hanoi – Hong Kong, Hanoi-Guangzhou, Da Nang – Hong Kong.
- In October 2001, the new direct air route Hanoi – Beijing, Hanoi – Kunming are expected to open. In year 2002, HCMC – Shanghai is expected to open.
- The 2008 Olympics is officially announced to be held in Beijing. China’s GDP will be grown yearly, and more Chinese may afford to overseas traveling.
- Star Cruise liners call at Vietnam shores (Halong Bay, Da Nang) from Hong Kong. Passengers include few well-to-do Chinese.

Under the market circumstances, the following marketing and promotional measures are recommended.

- Set-up of Vietnam Governmental tourism promotion office in Guangzhou (NTPB Guangzhou Branch) to promote Vietnam as a tourist destination by 2005.
- Set-up of Vietnam Governmental tourism promotion office in Beijing (NTPB Beijing Branch) by 2010 to get Chinese market doing and trend in the country, which may become the major engine of Asia-Pacific growth in the near future.
- Market and promote Vietnam for both a low-cost market (cross-border

tourists) and upmarket (quality tourists who come to visit by flight or cruise).

- Be careful not to make an established image of Vietnam destination as a low-cost, low-quality destination in Chinese source market.
- Positive and intensive attendance to International Travel Expo Hong Kong (ITE)

### **Thailand**

Prevailing market situation:

- Direct air routes opened: HCMC – Bangkok, Hanoi – Bangkok, Da Nang – Bangkok
- In 1999, 1.65 million Thais traveled overseas, mostly within the region. The most popular destinations were Singapore, Hong Kong, Taiwan and China. (Source: TAT)
- Since year 2000, Vietnam extends a visa-free status to Thais tourists.
- In the Study Team's interview survey with hoteliers in HCMC, one higher-category hotel manager commented that they started to receive Thais tourists who come in 2~3 nights packaged tour (middle-income visitors). The manager further commented that this is a good result of Vietnam having extended visa-free status to Thais.
- Thai being the biggest promoter for Tourism Cooperation in the Greater Mekong Sub-region (GMS), which includes Vietnam.

Under the circumstances, the following marketing and promotional measures are recommended.

- Set-up of Vietnam Governmental tourism promotion office in Bangkok (NTPB Bangkok Branch) by 2010 to promote Vietnam as a tourist destination and to promote the country to be included in the GMS tour programs with influential local tour companies (ground-handlers) or the branch or liaison offices of European, Japanese tour operators.
- Promote Thais tour packages to include the Central and Northern region of Vietnam other than HCMC.
- Be careful not to make an established image of Vietnam destination as a low-cost, low-quality destination in Thais source market.

### **Taiwan**

Prevailing market situation:

- In 2000, Taiwanese was the second biggest number of overseas visitors (212 thousand) after China (626 thousand) despite the country is suffering from economic downturn since late 1998 (the big earthquake disaster in the same year too).
- Taiwan being the second biggest investor in Vietnam after Singapore as of June 2001. The country has larger expansion of business relations with Vietnam.

- Majority of Taiwanese visitors are business purposed (80%).
- Pleasure visitors (tourists) come mostly on HCMC short-stay program<sup>9</sup>, and very few excursion-typed or culture-oriented tours.
- Direct flight route opened: HCMC – Taipei, HCMC – Kaohsiung
- Vietnam airlines plan to open Da Nang – Taipei air route in the near future.
- In the Study Team’s interview survey with hoteliers in HCMC, they commented that Taiwan market is very price competitive.
- Thai suffers from a long-time standing image of a low-cost tour destination in Taiwan market, and is attempting to erase it, but not much successful yet, according to TAT.

Under the circumstances, the following marketing and promotional measures are recommended.

- Promote Taiwanese tour packages to include the Central and Northern region of Vietnam other than HCMC mono-shorter stay programs.
- Be careful not to make an established image of Vietnam destination as a low-cost, low-quality destination in Taiwanese source market.
- Positive and intensive attendance to Taipei International Travel Fair (ITF).

### **Korea**

Prevailing market situation:

- Korea being the fourth biggest investor in Vietnam after Japan as of June 2001. The country has larger expansion of business relations with Vietnam.
- Korea market got sluggish in 1998 due to its economic recession, but now recovering.
- Direct air route opened: HCMC – Seoul, Hanoi – Seoul<sup>10</sup>

As Korea’s economy gets its strength back and grows, more number of Koreans may travel overseas for pleasure. Currently most of Korean visitors to Vietnam are supposed to be business-purposed, but in the future those for pleasure may increase. Vietnam needs to watch its market doings, meanwhile making positive and intensive attendance to Korea World Travel Fair (KOTFA) in Seoul.

### **4.5.3 Long-haul Market**

#### **Europe**

Target Areas: France, UK, Germany, and Scandinavia

Prevailing European Market Situation

- The European economy stays strong in general.
- Tour operators play a leading part in Europe in its outbound tour market as its historical background shows that Thomas Cook organized the first

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<sup>9</sup> According to the Study Team’s interview with Tien Giang Tourist which operates Mekong Delta Cruise, Taiwanese tourists are the largest customer for the Cruise, followed by Japanese.

<sup>10</sup> Korean Air resumed these flights after two year freeze

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packaged tour in history by train in UK in 1841.

- For beach resorts, majority of Europeans go to short-haul destinations such as Spain, Portugal, North Africa (e.g. Tunisia, Egypt) because of price considerations. They hardly go for beach holiday in long-haul destinations.
- There is an exception for their beach holiday in long-haul destinations. The rise of tourists coming from Scandinavia to Phuket in Thailand by chartered flights is becoming remarkable. (Source: TAT) The Study Team learnt through interview with Vietnamese ground-handlers and hoteliers that Scandinavians come to HCMC by chartered flights and break up for Nha Trang and Phan Thiet for nearly two weeks stay in winter season.
- Cultural purposed traveling for pleasure is strong in the market, particularly in French, German and UK market.
- Various influential travel trade fairs are held in European market such as ITB (Berlin), WTM (London) etc.
- Many of packaged tours from France and some from other European countries (e.g. Spain) come to Vietnam via Thai Airways International (TG) or Singapore Airlines (SQ) mainly because they offer European tour operators competitive airfare. The tours fly into either Bangkok or Singapore by wider-bodied plane, but must change to medium or smaller sized-planes for the on-to flight into Hanoi, HCMC or Da Nang, thus it creates serious booking-bottleneck for the European tour operators. In worst case they have to minimize the tour size to half (e.g. reduce 30 expected tour members to 15). (Source: The Study Team's interview with various ground-handlers in Vietnam)

#### Marketing and Promotion Necessarily to be Undertaken

Overall undertakings for the European market:

- Open Vietnam Governmental tourism promotion office in Paris (NTPB Paris Branch) by year 2005, and make aggressive marketing and promotion of Vietnam as a tourist destination in French and other markets.
- Open Vietnam Governmental tourism promotion office in London (NTPB London Branch) by year 2010, and make aggressive marketing and promotion of Vietnam as a tourist destination in UK and Scandinavian market.
- Keep close contacts with European tour operators at all times.
- Intensive attendance to the major travel trade fairs in Europe such as under-mentioned, and aggressive promotion (presentation) of Vietnam as a tourist destination ((Internationale Tourismus Borse (ITB) in Berlin, World Travel Market (WTM) in London, Feria Internacional de Turismo (FITUR) in Madrid, TOP RESA in Deauville, France, Business Convention Du Tourisme d'Affaires (BCTA) in Paris, Borsa Internazionale el Turismo (TIT) in Milan)).
- Increase number of direct air routes and of flights between major gateway cities in Europe and Vietnamese gateways, hence air fare gets more competitive besides more supply of seats, and European tour operators can



send more packaged tourists to Vietnam.

- Target at incentive markets as it is strong in Europe. Incentive tour organizers are always looking for new destinations as its invitees (customers) do not like repeat visiting the same place. The Study Team has learnt that some Vietnamese ground-handlers already handled some European incentive tours such as Renault and Citroen groups (both French auto makers).
- Organize FAMILIARIZATION tours for tour operator programmers/travel agents to get them acquainted with Vietnam tourist attractions and to provide them with updated travel information on Vietnam.
- Extend financial and editorial support for media (prominent travel writers, photographers, TV crews) to get them acquainted with various tourist attractions in Vietnam. They will write many articles on Vietnam for their media.

### **France**

- Establish Vietnam government tourism promotional office in Paris (NTPB Paris Branch) by year 2005.
- Attend TOP RESA (Deauville) and Business Convention Du Tourisme d’Affairs (BCTA) (Paris) for aggressive promotion of Vietnam as a tourist destination.
- Keep close contacts with French tour operators, and help their Vietnam tour programming in all possible ways.
- Influx of French visitors to Vietnam is largely supported by their cultural interests, which is largely attributable to their one-time historical ties with Vietnam (nostalgic tourism). Their nostalgic motivation may be fading away as younger generation comes into the market. Vietnam as a cultural tourism destination needs to be intensively promoted.
- Market and promote incentive tours to Vietnam.

### **UK**

- Keep promoting cultural tours to Vietnam as this typed tours are traditionally strong in UK outbound tour market. For example, UK tourists like to travel on so-called “Classical Route” when they come to Egypt, which includes pre-historic remains of Pharaoh dynasties in the upper-Nile (Luxor, Aswan) other than Pyramids in Cairo.
- Establish Vietnam government tourism promotional office in London (NTPB London Branch) by year 2010 for more precise and aggressive marketing and promotion.
- Keep close contacts with tour operators in UK, and help their programming Vietnam tours in all possible ways.
- Attend WTM in London for aggressive promotion of Vietnam as a tourist destination.
- Market and promote incentive tours to Vietnam.

### **Germany**

- Keep promoting cultural tours to Vietnam as this typed tours are traditionally strong in Germany outbound tour market.
- Promote soft-adventure tours to Vietnam as this typed tours are traditionally popular in the country's outbound tour market.
- Promote nature-theme tours to Vietnam, as they are nature lovers.
- Attend ITB in Berlin for aggressive promotion of Vietnam as a tourist destination.
- Keep close contacts with tour operators in UK, and help their programming Vietnam tours in all possible ways.
- Market and promote incentive tours to Vietnam.

### **Scandinavia**

- Scandinavia is a new European market for Vietnam though their coming by chartered aircraft is limited to their severe cold season. Promote this market to grow in all possible ways.

### **North America**

Target Areas: U.S.A.

Prevailing U.S. market situation

- The U.S. economy is stronger, and more number of Americans are traveling overseas for pleasure. In 1999, Thai received 514,595 Americans, which was 14.6% growth over the previous year.
- In year 2000, the number of visitors from U.S.A. (208,642) is the third largest after China and Taiwan.
- The number includes many Viet Kieus, who reside in the U.S. west coasts (Los Angeles, San Francisco).
- Number of Vietnam War veterans and families to visit American war relics is increasing.
- The bilateral trade treaty will be signed shortly between Vietnam and U.S.A., which expands business relations. It may induce more U.S. visitors either business or pleasure purposed.
- U.S.A. market is spread out on such huge territory (New York is 3 hours ahead of Los Angles).
- In May 2001, Vietnam Airlines (VN) and Taiwan's China Airlines (CI) began code-share flights (HCMC – Taipei – Los Angles; Taipei – San Francisco).
- In July 2001, Vietnam Airlines and American Airlines (AA) signed a code-share agreement. Once Vietnam and U.S. bilateral trade pact was ratified, direct flights between the country and U.S. could be started by 2005 or 2006. (Source: Viet Nam News July 21, 2001)
- Fewer information on Vietnam as a tourist destination.
- MICE culture is strong in the States since these (Meeting, Incentive, Convention, Exhibition) were originated there many years ago.

#### Recommended marketing and promotional measures

- Establish Vietnam government tourism promotional office in Los Angeles (NTPB Los Angeles Branch) by year 2005.
- Establish Vietnam government tourism promotional office in New York (NTPB New York Branch) by year 2010.
- Carry out regional marketing and promotional activities by NTPB branch in Los Angeles and New York, such as dissemination of travel information and brochures to travel agents, of news releases to media and of contribution of articles to newspapers and magazines.
- Even region has a large area. Constant contacts with media such as contribution of articles, dissemination of news releases, etc. will be effective.
- Extend financial and editorial support for media (prominent travel writers, photographers, TV crews) to get them acquainted with various tourist attractions in Vietnam. They will write many articles on Vietnam for their media.
- Participate and exhibit Vietnam in ASTA World Congress – Trade Show.
- Promote Vietnam as a destination for MICE, particularly for incentive tours.
- Participate in IT & ME Show (convention industry trade show) in Chicago.
- Organize FAMILIARIZATION tours for tour operator programmers/travel agents to get them acquainted with Vietnam tourist attractions and to provide them with updated travel information on Vietnam.

#### **Oceania**

Target Areas: Australia

Prevailing Australian market situation:

- In year 1999, 63,000 Australians visited Vietnam. In 1998, 302,000 Australians visited Thailand. Why not more to Vietnam.
- Direct air routes opened: HCMC – Sydney, HCMC – Melbourne
- The interview survey with 164 Australian travelers by the Study Team shows: 22% by packaged tours, 69% for pleasure, 61% interested in Vietnamese culture. 34% said they could recommend Vietnam as a tourist destination.

Recommended Promotional measures

- Establish Vietnam government tourism promotional office in Sydney (NTPB Sydney Branch) by year 2010.
- Market and Promote cultural aspect of Vietnam
- Keep close contacts with tour operators in Australia, and help their programming Vietnam tours in all possible ways.
- Organize FAMILIARIZATION tours for tour operator programmers/travel agents to get them acquainted with Vietnam tourist attractions and to provide them with updated travel information on Vietnam.
- Extend financial and editorial support for media (prominent travel writers, photographers, TV crews) to get them acquainted with various tourist attractions in Vietnam. They will write many articles on Vietnam for their media.

## **4.6 Marketing and Promotion at National-level, and VNAT and Related Organizations in the Future**

### **4.6.1 Marketing and Promotion at National-level**

#### **Importance and Necessity of National-level Presence in Marketing and Promotion Overseas**

In Vietnam, public tourism sector is formidably large while private tourism sector is very minimal. All of VNAT, provincial P.C.-related tourism companies (eg. Saigontourist of HCMC), municipal P.C.-related tourism companies or state-owned companies' tourism firms fall into the governmental tourism sector.

As Saigontourist stated that before the end of 2001 they will set up marketing offices in Japan, France, Australia, Canada and U.S.A., and they will coordinate with Vietnamese embassies around the world to organize trade fairs. (Source: Vietnam Investment Review July 23-29, 2001) Some other provincial-related tourism companies may undertake similar marketing and promotional measures.

Taking advantage of their position being a governmental tourism organization, they may take a stance to represent Vietnam tourism on behalf of the country in overseas source markets, but totally for their own profit making. Such should never be happened as Vietnam national collective strong message and strong selling of "Vietnam as a tourist destination" in key source markets becomes disarrayed and impaired.

Source markets will be much perplexed with duplicate or triplicate appearance of Vietnam government tourism organizations for marketing and promoting Vietnam tourism. It will make Vietnam tourism feeble and ambiguous in source markets. One solid national-official level tourism organization of Vietnam is ultimately needed to represent the entire tourism background of the country in the source markets, sending collective strong promotional message and dialogues to lure more tourists. One solid national-level tourism organization shall play a leading part at Vietnam booths in key tourism trade fairs overseas, too.

VNAT should be the one who acts as solid national-level tourism organization of Vietnam in marketing and promoting Vietnam tourism in the source markets.

### **4.6.2 VNAT and Related Organizations in the Future**

#### **VNAT Restrains and Necessity to Establish National-level Tourism Marketing and Promoting Organization**

VNAT restrains in tourism marketing and promotion are mentioned in "6.4. Issues on Present Marketing and Promotion". (Marketing and promotional function of VNAT (Department of Tourism) shall be transferred to an external professional organization under the direction of VNAT, which main functions shall be concentrated on making policies, managing regulations, effective liaison with other related Ministries and agencies of the Government.

### **Establishment of Vietnam Tourism Promotion Board (VTPB)**

By year 2005, Vietnam Tourism Promotion Board (VTPB) shall be established under the direction of VNAT as a solid and sole national agency to market and promote Vietnam as attractive tourist destination in source markets.

VTPB should be staffed by management members who had commercial travel trade background and by suitably qualified staff-members who are ready-to-serve minded (no red-tape minded), skilled in marketing and promotion, market and sales oriented, information-delivery oriented, fluent in English and other foreign languages of key source markets.

VTPB requires its members to do more leg works to visit source markets for market survey or to meet possible tour operators for Vietnam programs, to attend key trade fairs. VTPB is responsible for production of promotional materials in conformity with its strategy to create favorable national image of Vietnam as tourist destination in source market.

### **Recommended NTPB Organization**

The various formation means of NTPB are considered. The feasible one must be selected by the Government of Vietnam (VNAT).

NTPB is to be founded as a nonprofit and statutory consortium organization in the capacity of quasi-national agency. NTPB is responsible for professional marketing and promotion of Vietnam tourism to welcome more visitors from source markets.

NTPB is to be administered and directed by its Administrative Council. The board-directors of the Council are both from VNAT (Governmental tourism administration) and from various Governmental commercial tourism trade organizations which have made annual revenue contributions to NTPB (e.g. HCMC PC's Saigontourist, Hanoi PC's Hanoi Tourism Co., Da Nang PC's Da Nang Tourism Service Co., Vietnam Airlines, etc.).

The head and senior members in "Overseas Promotion Dept.", "International Marketing Dept." and "Promotion Support Dept." shall be posted by those, who possess profound experience in the commercial travel trade.

### **Sources of Revenue**

Under-mentioned options are considered.

Option I: Totally subsidized by the Government (VNAT). This case will be unfeasible in the circumstances the smaller Government is a world trend.

Option II: Subsidized jointly by the Government (VNAT) and the commercial trade sector. Partly subsidized by the Government (through VNAT) & the remainder contributed by the governmental commercial tourism trade organization (e.g. Province PC-related tourism companies, Vietnam Airlines) This consortium-financed and managed organization is considered most suitable for the goal of NTPB. The commercial tourism trade sector can raise their opinions and interests in formulation of the national strategies for effective

marketing and promotion of Vietnam tourism in source markets. The tourism trade sector could send their senior experts to NTPB's administrative council members.

Option III: Contracting one particular commercial travel trade company to represent NTPB. The Government (VNAT) entrusts the national marketing and promotion of Vietnam tourism in source markets to any of the commercial tourism trade company (e.g. Saigontourist) by contract with management fee paid. The commercial tourism trade company such as Saigontourist has experience and knowledge on marketing and promotion in overseas market, and has skilled personnel in the field, who are fluent in English and other foreign languages. Management fee for the assignment could be smaller than the total annual budget for NTPB. However, it does not contribute to sustainable and fair development of Vietnam tourism in source markets mainly by the reason that the assigned company may put priority and strength on their own business rather than national interests.

### **Organizational Functions**

#### Overseas Promotion Department

- Administering the overseas offices
- Promotional Activities (Advertisement; Media Assistance; Activities for Travel Trade; Regional Tourism Promotion; Overseas Fairs and Exhibitions; Information Service, etc.)
- Production of promotional Materials (printed materials; audio visual; photographs, displays)
- Periodical renewal of the contents of materials and displays
- International Cooperation (WTO; PATA; ASTA; JATA; ATMA; AMTA etc.)
- Convention and Incentive Travel Promotion

#### International Marketing Department

- Marketing and Research (marketing activities jointly by both the public and commercial tourism sector in Vietnam; research of source markets; research on marketing strategy; survey of overseas visitors to Vietnam; Statistics on Inbound and Outbound Tourism, etc.)
- Vietnam Travel Updates (Website)

#### Promotion Support Department

- Administering reception services for foreign visitors (Tourist information services through TIC)
- Promoting tourist information delivery service through NTPB/Provincial TIC
- Training and retraining provincial TIC staff

#### NTPB Overseas Office

- NTPB/Provincial Tourist Information Center:
- For organizational and functional cases of JNTO and TAT for reference, refer to the under-mentioned Appendices.

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### **4.6.3 Set-up of NTPB Overseas Office in Key Source Market by year 2005**

By year 2005, set-up of NTPB Overseas Offices is proposed in the under-mentioned locations of each different key source market as a bridgehead to make aggressive marketing and promotion of Vietnam as a tourist destination.

In Tokyo, forty-nine countries have established their Governmental tourism promotion office to win as much visitors from lucrative Japanese market (in 2000, 17.82 million Japanese went overseas). Tourism Authority of Thailand (TAT), which received 1.06 million Japanese tourists in 1999, has three TAT branch offices in Japan (Tokyo, Osaka, and Fukuoka).

#### **Bridgehead Locations Set Up by 2005**

In Europe: Paris (France, Spain, Portugal, Belgium, Luxembourg, Italy, U.K., the Netherlands, Germany, Denmark, Norway, Sweden, Finland, other central/ eastern European countries)

In East Asia: Tokyo (Japan, Korea, Taiwan), and Guangzhou (China, Hong Kong)

In North America: Los Angeles (U.S.A., Canada, Mexico)

#### **Sources of Revenue**

Fully subsidized by NTPB

#### **Organizational Functions**

Staffed by NTPB manager and a few local employees

Conduct various tourist promotional activities such as:

- Deliver Vietnam travel information to travel trade of the country
- Hold Vietnam tourism seminar and workshop for the travel trade
- Assist tour operators in Vietnam tour programming (e.g. destination photos for their tour brochures)
- Providing media assistance to travel trade publications, media
- Participation in fairs and exhibitions
- Advertising in leading newspapers, magazines, travel trade publications
- Research on the assigned travel market(s), and feed the NTPB head office with data obtained
- Carry out joint tourist promotion efforts in cooperation with the Vietnamese tourism industry

#### **Monthly Estimated Expenses of NTPB Office in Tokyo**

Based on frugal (cost-reducing) set-up (e.g. reasonable-rent location, one home staff + two local younger Japanese staff-members, etc.), the annual expenses will be roughly around 36,000,000 yen (US\$288,000).

Publicity and advertisement fees are estimated at minimal.

In year 2000, 152,753 Japanese visited Vietnam. Supposing that US\$288,000

were spent for set-up of NTPB Tokyo Office in 2000, the invested cost per one Japanese visitor would be US\$1.89. This is worth making such promotional investment to grow up Japanese tourist market for Vietnam. Currently no such promotional investment has been made by VNAT, but somehow the number is increasing by luck. However, nobody knows when the growth will be drooped without such promotional investment.

**Table 4.6.1 Estimated annual expenses of NTPB Tokyo Office**

Items	Amount	Remarks
Office rental	JPY10,000 x 70sq m x 12 months	Reasonable rent place (not in the best business district)
Personnel expenses	JPY9,000,000	Manager's annual salary
Personnel expenses	JPY450,000 x 18 months	For experienced Japanese staff
Personnel expenses	JPY250,000 x 18 months	For secretary
Others	JPY500,000 x 12 months	Transportation, communication, publicity
Total	JPY36,000,000	US\$288,000 (US\$1=JPY125)

Source: JICA Study Team

#### 4.6.4 A Case of Vietnam Monitor Tour Series

NTPB Tokyo Office cooperates positively with Japanese tour operators to run “Vietnam Monitor Tour” series to expose Vietnam tourism to the Japanese traveling public (**particularly effective to commemorate the opening of NTPB Tokyo Office**).

For the Monitor Tour, NTPB gives the tour operator its patronage and its Tokyo office manager sends his/her “Welcome Message” together with portrait in the operator’s tour advertisement in major national newspapers. Depending on a country, their Ambassador to Japan sends his/her “Welcome Message” and portrait too.

In return for NTPB collaboration, the tour operator gives NTPB valuable evaluation data, collected from questionnaires completed by participants after the tour.

The tour operator pays at least 2.5 million yen (US\$ 20,000) for such “Monitor Tour” advertisement on Friday or Saturday evening paper for two million paper-circulation in Tokyo area. Vietnam tourism is widely propagated at the tour operator’s cost. Thus, many Government Tourism Promotion Office from foreign countries in Tokyo work out such “Monitor Tour” series with any possible Japanese tour operators.

#### 4.6.5 Set-up of Additional NTPB Overseas Office in Key Source Market by year 2010

Additional NTPB overseas offices are proposed to establish as further bridgehead of aggressive marketing and promotion of Vietnam tourism as a tourist destination in the under-mentioned locations in key source markets by year 2010.

- Europe: London (U.K., Denmark, Norway, Sweden, Finland, the Netherlands)



- East Asia: Osaka (western part of Japan market), Beijing (China, Hong Kong market), and Bangkok (Thailand, Greater Subregion market)
- North America: New York (mid-west, eastern part of U.S.A. and Canada)
- Oceania: Sydney (Australia and New Zealand)

#### **4.6.6 Set-up of Tourist Information Center (TIC)**

By year 2005, set-up of Tourist Information Center (TIC) is proposed in the under-mentioned locations so that Vietnam tourist-information delivery service and tourist-friendliness should keep up with the world standard.

##### **Most needed locations by 2005**

- Hanoi (Northern Region Gateway City): Noi Bai Airport, and City Center
- Da Nang<sup>11</sup> (Central Region Gateway City): Da Nang Airport, and City Center
- Hue (UNESCO World Heritage Site): Airport, and City center
- Hoian (UNESCO World Heritage Site): Town center
- HCMC (Southern Region Gateway City): Tan Son Nhat Airport, and City Center

##### **Sources of Revenue**

The under-mentioned options are considered.

- Option I: Fully subsidized by NTPB: This case will be unfeasible in the circumstances “decentralization” is the world trend and regular annual budget of NTPB, a central government-related organization, will be limited, and
- Option II: Fully subsidized by Provinces under NTPB’s Operational Support.

Fully subsidized by relevant Provincial tourism authority meanwhile NTPB shall undertake its operational support, which details are mentioned hereunder.

##### **NTPB supportive functions<sup>12</sup>**

Administrate quality and quantity of tourist information delivery service of Provincial TIC as a reliable sign of Vietnam’s tourist reception services.

- Set-up of the national unified logo mark for TICs in the three gateway locations.
- Unified business hours
- Unified lay-out of TIC (e.g. clean toilet for tourists)
- Unified staff-uniform

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<sup>11</sup> Tourist information delivery service in Da Nang shall cover Hue (Thua Thien Hue) and Hoi An (Quang Nam). For the regional tourism development, close collaboration amongst these three provinces is inevitable.

<sup>12</sup> Supplying TICs with the basic national tourist information printed materials such as “Vietnam Tourist Map & Guide” in English, French, Japanese, and Chinese. These prints expenses are borne by NTPB. NTPB’s basic promotional materials are mentioned in Table 6.6.3.

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### **Provincial Functions**

- Bear TIC set-up and operational expenses.
- Assignment of TIC staff.
- Supplying TIC with local tourist information printed materials such as a city map, site-information handouts, etc. (delivered to tourists free of charge).

### **TIC's Main Aims of the Working Programs**

- Ease and resolve visitors' language problems. So positioned by multilingual staff (English is a must)
- Answer all sorts of inquiries by foreign tourists
- Distribute information materials (free and handout) such as Vietnam tourist map, city map, etc.
- Promote mutual understanding and friendship between foreign visitors and the Vietnamese.

#### **4.6.7 Set-up of Tourist Information Center (TIC)**

Additional establishment of TICs are proposed to set up at the following locations in other ten provinces of the Central Region by 2010.

- Dong Hoi (Quang Binh)
- Dong Ha (Quang Tri)
- Quang Ngai (Quang Ngai)
- Qui Nhon (Binh Dinh)
- Tuy Hoa (Phu Yen)
- Nha Trang (Khanh Hoa)
- Phang Rang (Ninh Thuan)
- Phan Thiet (Binh Thuan)

#### **4.6.8 Recommended Overseas Promotional Materials (Prints) by NTPB**

Basic promotional prints shall be made by VNAT (with its LOGO) for overseas promotion of Vietnam tourism, meanwhile provincial tourism authority prepares local and site tourist information prints. Some of NTPB promotional materials shall be disseminated to foreign tourists, who are on leg of their trip in Vietnam, at Tourist Information Centers (TICs).