

## **Developing Tourism Industry in Vietnam: Current Situation and Solutions**

Hoàng Anh Đào<sup>1</sup>, and Đinh Thị Lan<sup>2</sup>

<sup>(1), (2)</sup> *Faculty of Economics and Business Administration, Tan Trao University, Tuyen Quang, Viet Nam.*

**ABSTRACT:-** Tourism industry is an integrated economic sector and playing an increasingly important role in the socio-economy of Vietnam. Developing tourism industry could not only effectively contribute to the economic restructuring process of the country, increase revenue for the state budget, attract investment, boost exports of local goods and services but tourism also has positive impacts on relevant industries. Recently, Vietnam has taken advantages of tourism potentials to gain positive results in tourism development. However, along with opportunities, today's challenging environment has also brought big threats for Vietnam's tourism industry. The study focused on SWOT analysis of tourism development in Vietnam in the period of 2009-2019, and then gave some recommendations to improve Vietnam's tourism competitiveness in the new period of the world economy.

**Key words:-** Tourism, Vietnam's socio-economy, development, visitors, arrivals, opportunities, challenges.

### **I. INTRODUCTION**

Tourism was already born early along with development of socio-economy. From 19<sup>th</sup> century, tourism has been considered as an industry. The tourism industry, also known as the travel industry, is linked to the idea of people travelling to other locations, either domestically or internationally, for leisure, social or business purposes. It is closely connected to the hotel industry, the hospitality industry and the transport industry, and much of it is based around keeping tourists happy, occupied and equipped with the things they need during their time away from home. In modern society, tourism industry has increasingly contributed to rise revenue for the State budget and national economic development.

By the end of the 20<sup>th</sup> century, the world tourism industry had grown rapidly. Tourism has become a common socioeconomic phenomenon. In the period of 1950-2005, each year the world tourism increased by 7.2% in arrivals international visitors and 12.3% in income. In 1950, the number of international visitors was only 25.3 million and the income from tourism was US\$ 2.1 billion. The corresponding statistics for 2005 were 808 million and US\$ 623 billion. On the other hand, the tourism industry is one of the three leading economic sectors in terms of export value.

Being a developing country located in Asia-Pacific area, developing tourism industry has recently had an important role in promoting economic development and increasing foreign currency earnings for the State budget. Vietnam has many comparative advantages with a strong travelling environment that have been attracting increasingly foreign tourists all over the world. As an integrated economic sector, tourism plays a role in promoting other economic sectors such as transportation, construction, post and telecommunications, banking, etc. to develop together. Therefore, the tourism industry has a multiplier effect and spillover effect in the national economy.

Estimated until 2019, there are more than 100 million arrivals of international tourists to Vietnam. Statistics of tourism industry have been increasingly showing its importance in national economy. The development of Vietnam's tourism in recent years was considered as a "miraculous story". In the period of 2016-2018, tourism industry doubled arrivals of international visitors. In 2018, this number was nearly 15.5 million arrivals and contributed 637 trillion VND to the State Budget. Especially, in 2019, Vietnam's tourism industry achieved many very important results. The whole sector has welcomed more than 18 million international visitors, serving 85 million domestic visitors and earned about 720.000 billion VND. With these results, Vietnam was rated as one of the 10 countries with fastest tourism growth in the world.

In addition, in 2019, Vietnam's Travel and Tourism Competitiveness (TTCI) was promoted from 67<sup>th</sup> to 63<sup>rd</sup> in the rank of the World Economic Forum (WEF). Accordingly, in three times of ranking (every 2 years), Vietnam's tourism increased by 12 places, from 75/141 economies (in 2015) to 63/140 (in 2019). Vietnam has surpassed Indonesia to reach the 4<sup>th</sup> position in terms of international arrivals in ASEAN region, after Singapore, Malaysia and Thailand. Last year, several international and regional events such as the ASEAN Tourism Forum (ATF) 2019, the 2<sup>nd</sup> US- North Korea Summit, the United Nations Vesak Great Buddha Day 2019,... were organized successfully in Vietnam. These impressive events created favorable opportunities to promote tourism industry and attract international visitors to Vietnam. The quality of travelling services has remarkably improved with the participation of many large domestic and foreign investors to change the quality of tourism service

infrastructure, to form many international – class resorts. Although Vietnam has ranked better in terms of tourism competitiveness, it has mostly reflected on international arrivals. Other statistics also showed that Vietnam’s tourism receipts were still lower than many countries in ASEAN region and in the world.

In 2020, Vietnam’s Tourism industry set the goal of 20.5 million international arrivals and improvement in their travelling consumption in Vietnam. However, the world economy and the region situation in 2020 have forecasted continuously to be complicated and unpredictable. Economic growth, international trade continued the downward trend; increased trade protection; competition between major countries and conflicts in many places fierce. Besides, non-traditional security challenges, especially natural disasters, epidemics, climate change, rising cyber security and crime have also been big threats for tourism industry in the world and in Vietnam.

## **II. METHODOLOGY OF THE STUDY**

This study almost uses secondary data. The author collected data about tourism industry in Vietnam from Statistical Yearbook by Vietnam National Administration of Tourism, General Statistic Office and Ministry of Culture, Sports & Tourism in the period of 2009-2019. Besides, the author also referred data of tourism mentioned in some manuscripts published specialized magazines. After that, the author aggregated necessary statistics for this paper.

After obtaining and integrating data, the author analyzed statistics by using graphs, tables and comparative method to make the study clear and lively. Besides, information technology softs such as Microsoft Excel, Paint,... and some computer tools were used to support the study.

The SWOT method was also used to analyze strengths and weaknesses of the situations of tourism in Vietnam, also opportunities and challenges in developing tourism industry. This method can be considered a main base to build and select suitable strategies for developing the national tourism industry in the next period of time.

## **III. RESULTS AND DISCUSSION**

### ***3.1. Conditions for Tourism development in Vietnam***

#### *Natural conditions*

Vietnam has great potential for tourism development because of favorable geographic location, climate and natural conditions. Vietnam has 3,260 kilometers coastline with 125 beaches. Most of them are very beautiful beaches and famous for tourism exploitation such as Hạ Long Bay, Phú Quốc Island, Nha Trang beach, and etc.

In addition, Vietnam has more than 40,000 monuments and landscapes, of which more than 3,000 relics are classified as national monuments, 5,000 relics are classified at provincial level. The Red River Delta is the region with the highest density and number of monuments at up to 70%. It also has 117 museums nationwide to preserve the heroic history of the nation.

Vietnam is one of the few countries in the world that has been recognized several heritages by UNESCO. Until 2019, there are 8 UNESCO-recognized heritage sites in Vietnam including Thang Long Imperial Citadel, Hoi An Ancient Town, Trang An Scenic Complex, Hue Citadel, Ho Dynasty’s Citadel, My Son Sanctuary, Phong Nha - Ke Bang National Park and Ha Long Bay. This is one of important potentials of Vietnam tourism to attract international visitors. Especially, Ha Long Bay achieved excellent results in the vote to become one of the new 7 natural wonders of the world.

Besides, Vietnam has been recognized by UNESCO for 8 world biosphere reserves such as Red river delta, Cat Ba Island, Ca Mau sea, ... All of them have been proving for a “golden forest – silver sea” country that is not only potential for developing tourism, but also contribute to developing national economy and enhancing national competitiveness.

#### *Social – cultural conditions*

Culture and cuisine in Vietnam have been more and more considering by international visitors all over the world. Vietnam has 54 ethnic groups having different cultural identities, customs, and lifestyles to create their own unique attractiveness so that cultural travelling has been becoming one of traveling experience tours chosen by visitors. Not only that, Vietnam also has a large famous intangible cultural heritage treasure. Until 2016, Vietnam has 11 intangible cultural heritages recognized by UNESCO including 9 intangible cultural heritages representing humanity and 2 intangible cultural heritages that need urgent protection. All of them have recently attracted both domestic and international tourists every year.

Additionally, Vietnam is considered situating in the period of “Golden population” because 60 percent of its population is in the working age (from 15 years old). It means that Vietnam has abundant human resources so that it has become an important factor to take advantage of natural-social conditions in tourism development.

*Politic and economic conditions*

Vietnam is also a country with a stable political regime under the leadership of a single political party and a strong government with policies of renovation, opening up and integration that have been creating favorable conditions for foreign economic relations, including tourism development.

The world economy has already had great development according to technological innovation, so people’s demand has been expanding and increasing more. It means that people have travelled all over the world easier and more frequent. During last decade, Vietnam has always been among the top countries with the highest economic growth rates in the world. The national economy has made remarkable changes, creating positive changes in the quality of life of the people. GDP per capital was 400 USD in 2000, but this figure has increased by 10 times, reaching nearly 4000 USD in 2019. One of the results is a great increase in travelling demand.

**3.2. Situations of Tourism industry in Vietnam**

In 1981, Vietnam became a member of the World Tourism Organization (UNWTO) and was a member of Asia Pacific Travel Association (PATA) in 1989. With the policy of turning tourism industry into an important economic sector in the national economic structure, Vietnam’s government has approved the overall national tourism development plan. International cooperation, promotion and marketing of tourism have been paying attention. Vietnam has signed several tourism cooperation agreements with many countries in the region and over the world. Many domestic tourism businesses have joined in regional and international organizations of tourism such as PATA, JATA and have had business relations with 800 enterprises in over 50 countries. Now, the country has over 80 operating international travel companies. The number and quality of hotels in recent years have increased significantly to meet the increasing needs of tourists. In recent years, the tourism industry has innovated in terms of technical facilities, management policies and development strategies to attract foreign tourists and overseas Vietnamese. The tourism industry initially achieved remarkable socio-economic results. Vietnam has become a world famous attraction with many destinations voted as favorite addresses of international visitors.

According to the annual statistics of Vietnam national administration of tourism, in the period of 2008-2019, there are 105,786,435 arrivals of international tourists welcomed in Vietnam, brought in total revenue of nearly 3,800 trillion VND to national economy. Average growth rate of international arrivals and revenue from tourism in this period are about 14 percent and 27 percent respectively. In 2009, there were many difficult changes in tourism activities, including the global financial crisis, world economic recession and social fluctuations which significantly affected on development of Vietnam’s tourism industry, causing a serious decrease in both domestic and international visitors. The decrease was estimated about 20% compared to 2008.

**Table 1. Statistics of Tourism in Vietnam in period 2009-2019**

<b>Year</b>	<b>International tourists (Arrivals)</b>	<b>Growth rate of International Arrivals (%)</b>	<b>Domestic tourists (Arrivals)</b>	<b>Growth rate of domestic Arrivals (%)</b>	<b>Total Revenue (trillion VND)</b>	<b>Growth rate of Revenue (%)</b>
<b>2019</b>	18,008,591	116.2	85,000,000	106.3	720	116.0
<b>2018</b>	15,497,791	119.9	80,000,000	128.8	637	117.7
<b>2017</b>	12,922,151	129.1	62,100,000	100.2	541	129.7
<b>2016</b>	10,012,735	126.8	62,000,000	108.1	417.27	117.5
<b>2015</b>	7,898,852	100.2	57,000,000	132.4	355.55	110.1
<b>2014</b>	7,887,013	104.0	38,500,000	110.0	322.86	111.4
<b>2013</b>	7,581,564	112.4	35,000,000	107.7	289.84	180.6
<b>2012</b>	6,744,158	113.9	32,500,000	108.3	160	123.1
<b>2011</b>	5,921,925	117.6	30,000,000	107.1	130	135.4
<b>2010</b>	5,304,712	133.3	28,000,000	112.0	96	141.2
<b>2009</b>	3,776,708	89.3	25,400,000	86.5	68	113.3
<b>2008</b>	4,230,235	-	29,350,000	-	60	-
<b>Total</b>	<b>105,786,435</b>	<b>114.79</b>	<b>564,850,000</b>	<b>109.76</b>	<b>3,797.52</b>	<b>26.91</b>

*(Source: Vietnam National Administration of Tourism)*

A few years later, the tourism industry made efforts to overcome difficulties. In 2011, Vietnam’s government also approved the tourism industry’s development strategy to 2020, vision to 2030, but the table showed that both number of international tourists and total revenue increased slowly and unstably. Until 2016, tourism industry surpassed the old long growth threshold to achieve impressive development. The total number

of international visitors to Vietnam in 2016 reached more than 10 million, an increase of 26.8% over the same period in 2015. In addition, the tourism industry had also served 62 million domestic visitors. Total tourism revenue reached 400 trillion VND, an increase of 17.5% compared to 2015.

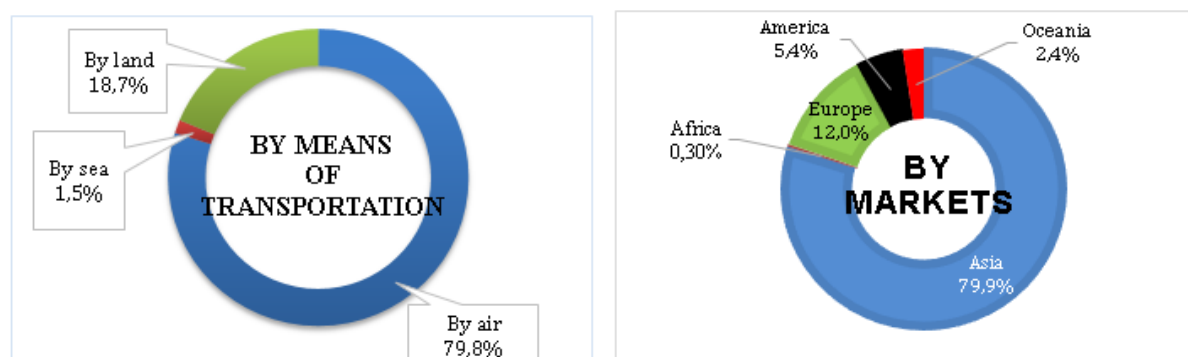
In 2018, arrivals of international visitors reached 15.5 million, three times higher than in 2010. In 2019, Vietnam’s tourism industry achieved many very important results. The tourism industry achieved a record number of over 18 million arrivals of international tourists (an increase of 16.2% compared to 2018) and serving 85 million domestic visitors. Therefore, total revenue also significantly increased to about 720,000 billion VND, approximated 116% compared to 2018. With this result, Vietnam is rated as one of the 10 countries with the fastest tourism growth in the world. It can be affirmed that 2019 is a very successful year for Vietnam’s tourism, not only reflected in the statistics but also rank in the world map. In particular, the country achieved several the awards such as “Asia’s leading destination”, “the best golf destination in the world 2019” and “the world’s leading heritage destination in 2019”.

**Table 2. Tourism accomodation establishments in Vietnam in the period of 2009-2019**

Year	No. of Acc	Growth rate of Acc (%)	No. of Rooms	Growth rate of rooms (%)	No. of 3-5 stars Acc	Proportion of 3-5 stars Acc (%)
2019	16,258	4.0	374,126	5.9	1,064	6.5
2018	15,626	-10.3	353,293	-4.7	970	6.2
2017	17,422	20.5	370,907	16.6	882	5.1
2016	14,453	10.9	318,237	10.1	784	5.4
2015	13,029	5.3	288,935	9.7	763	5.9
2014	12,376	24.1	263,468	20.5	668	5.4
2013	9,970	-35.2	218,611	-21.2	605	6.1
2012	15,381	11.8	277,421	8.1	528	3.4
2011	13,756	11.4	256,739	8.3	438	3.2
2010	12,352	7.7	237,111	9.4	390	3.2
2009	11,467	10.2	216,675	6.9	334	2.9

*(Source: Vietnam National Administration of Tourism)*

In the period of 2009-2019, tourism accommodations in Vietnam have been increasing in both quantity and quality while their infrastructure and facilities have also improved, according to Vietnam national administration of tourism. It is reflected not only in the increase in the number of accommodation establishments and number of rooms, but also the increase in the number of 3-5-star hotels which has been increasing the proportion of total domestic accommodation establishments. These statistics were mentioned in the Table 2 above.



*(Source: Vietnam National Administration of Tourism)*

**Grap 1. International visitors in Vietnam in 2019**

Generally in 2019, international visitors to Vietnam were estimated at 18,008.6 thousand arrivals, of which arrivals by air reached 14,377.5 thousand, accounting for 79,8 percent of total international visitors to Vietnam, an increase of 15.2%; by road reached 3,367 thousand, accounting for 18.7 percent and increasing by 20.4%; by sea reached 264.1 thousand, accounting for 1.5% and rising by 22.7%.

In terms of markets, international visitors have been from all over the world. In 2019, international tourists to Vietnam from Asia reached over 14.3 million arrivals, accounting for 79.9 percent of the total

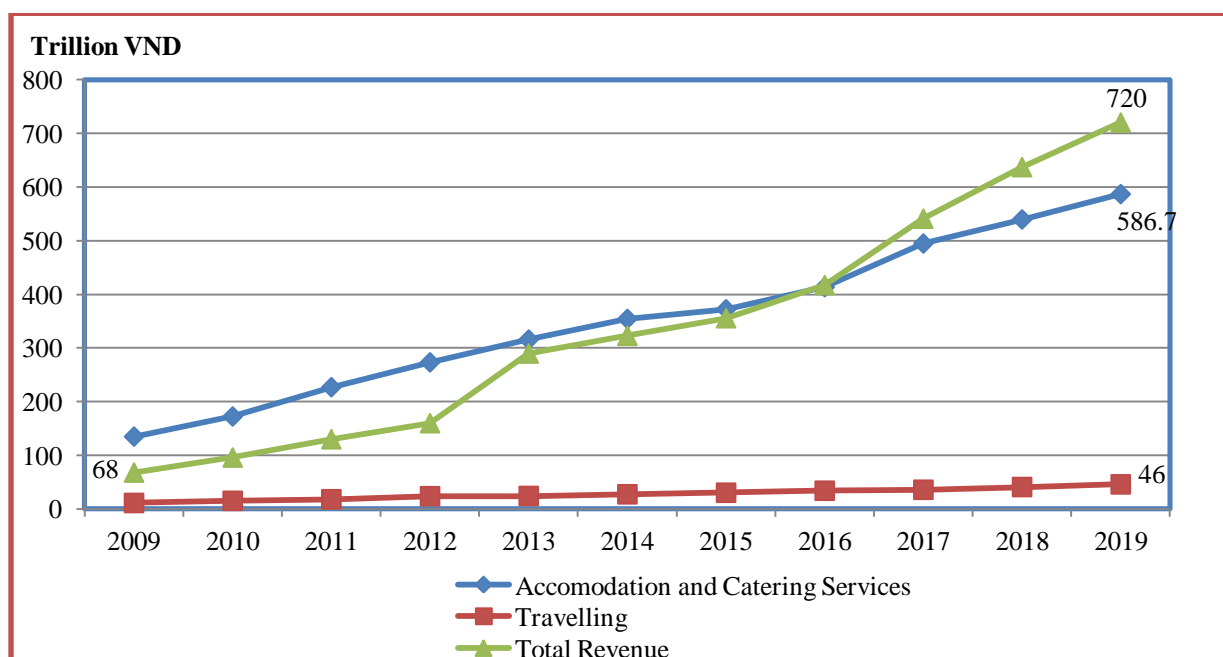
number. Three main Asian markets are China with 5,806.4 thousand, up 16.9%; South Korea with 4,290.8 thousand, up 23.1% and Japan with nearly 952 thousand arrivals, up 15.2% compared to 2018. Visitors from Europe in 2019 were estimated to reach 2,168.2 thousand, up 6.4% from the previous year and increase in most markets, of which visitors from the Russian Federation, Britain and France reached 646.5 thousand, up 6.6%, 315.1 thousand, up 5.7% and 287.7 thousand arrivals, up 2.9% respectively. Besides, some potential other markets including Germany, Finland and Spain also had positive increase. In addition, tourists from the America continent in 2019 increased neraly 8% compared to 2018. Visitors from these countries estimated to reach 973.8 thousand, mostly visitors from the United States reached 746.2 thousand, up 8.6%. This year, Vietnam also welcomed 432.4 thousand arrivals from Oceania area, down 1.2% over the previous year while from Africa reached 48,000 arrivals, an increase of 12.2% compared to 2018.

### 3.3. The SWOT analysis of Vietnam’s Tourism industry

#### 3.3.1. Contributions of tourism to Vietnam’s economy

Tourism has been contributing to economic growth. At the G20 Tourism Ministerial Conference on May 16<sup>th</sup> 2012 in Mexico, tourism was announced to account for 9% of total world GDP and to be one of the fastest growing economic sectors. In 2011, despite the fact that the world economy growth was slow and unstable, the worldwide tourism industry still increased by 4.6%, welcomed 982 million visitors and rised tourism income by 3.8% compared to the previous year. In 2016, global tourism industry contributed directly to GDP of over 2.3 trillion USD, equivalent to 3.1%. Recently, in Vietnam tourism industry has been becoming one of spearhead economic sectors because of its contribution to national economy. In the period of 2008-2019, total revenue of tourism industry reached 3,797.5 trillion VND. In 2018, Vietnam’s tourism industry directly contributed 8.39% of GDP and this statistic in 2019 was 6.6%.

Grap 2 above mentioned that revenue of tourism industry in Vietnam in period 2009-2019 generally increased year by year, of which revenue of accomodation and catering services has rather fast growth rate while revenue of travelling service has increased slowlier. Since 2016, total revenue of tourism industry has increased faster because of increase in international arrivals mentioned in table 1. In 2019, sales of accommodation and catering services achieved 586.7 trillion VND, accounting for 11.9% of the total and moving up by 9.8% while estimated sales of travelling reached 46 trillion VND, representing 0.9% of the total and climbing by 12.1%. Along with related services, tourism industry contributed the total revenue of 720 trillion VND to Vietnam’s GDP.



(Source: Caculated by the author basing on data from General Statistic Office of Vietnam)

Graph 2. Revenue of Tourism Industry in Vietnam in period 2009-2019

Tourism has been contributing to improvement of Vietnamese trade balance by increasing export turnover of goods and services. In terms of contribution of exports and foreign currency collection, in 2019, tourism exports reached US \$ 8.50 billion, accounting for about 4.91% of the total export value, 65% of the total



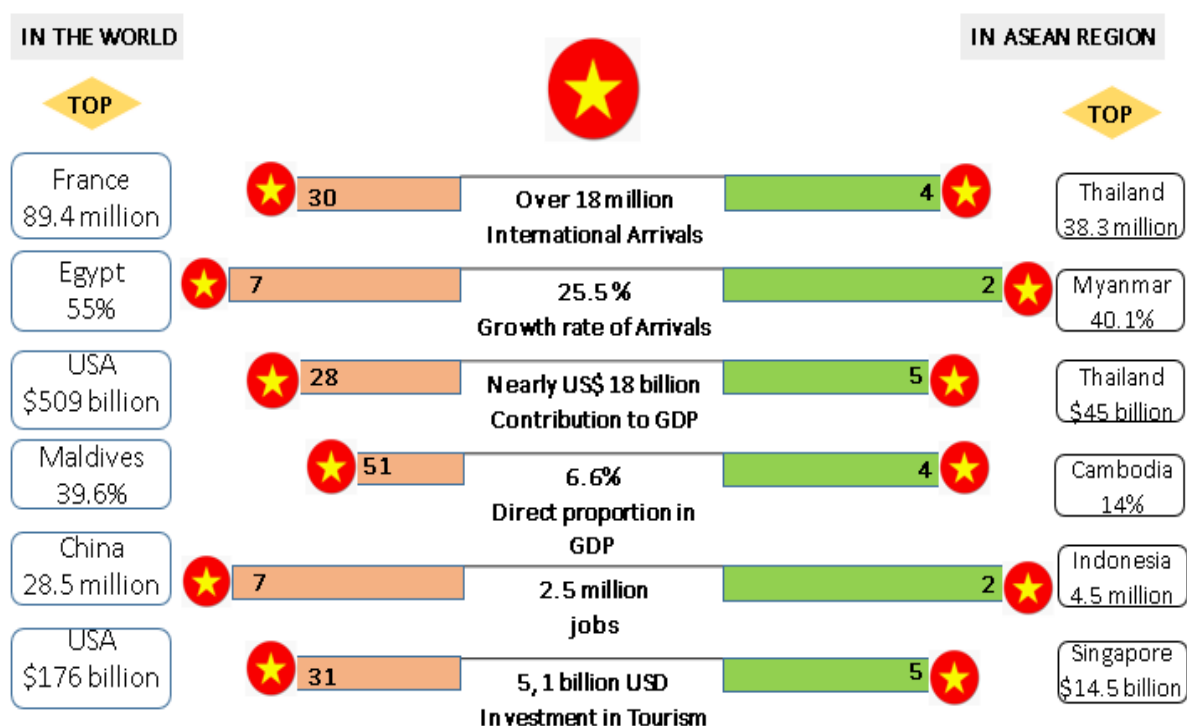
export value. service. Therefore, the Government has chosen to develop tourism into a spearhead economic sector, accounting for an increasing proportion of GDP structure and creating a driving force for socio-economic development.

*Tourism has been contributing to creating several jobs.* By the end of 2019, there were 2,656 international travel businesses nationwide, an increase of 21.9% compared to 2018 and an increase of 1,092 businesses compared to 2015. At the same time, the country has 27,100 tourist guides, an increase of 12.6% compared to 2018, including 17,230 international tour guides, 9,146 domestic tour guides and 724 tour guides working at the point. According to forecasts, in 2020 the tourism industry needs about 1 million direct workers, about 1.6 million in 2025 and about 2.25 million direct employees in 2030. Thus, in the coming period, each year the tourism industry needs to add about 100,000 trained laborers.

*Tourism has helped Vietnam to restructure economy in the direction of modernization.* Focusing on developing tourism as a spearhead industry has been creating important conditions to restructure economy in the direction of increasing the proportion of industrial and service sectors. In 2010, the service sector accounted for 38.33% of Vietnam's GDP, of which tourism industry accounted for 4.3%. Next years, along with tourism industry's contributions, the proportion of the service sector slowly increased. Since 2016, this statistic has been stable at level of over 40%. In 2018, the country welcomed more than 15.5 million arrivals of international visitors and 80 million ones of domestic tourists that brought the total revenue of 637 trillion VND, contributed to GDP by 8.39%. In 2019, the service sector reached 41.64% of Vietnam's GDP. Thus, economic restructuring in Vietnam can be faster and more effective, so that the country can change its economic growth model and improve its competitiveness.

### 3.3.2. Drawbacks of tourism in Vietnam

Few could argue that tourism industry has recently become one of the key sectors in Viet Nam's economic structure and made great contributions to the country's socio-economic development. However, in addition to the many advantages mentioned above, there are still drawbacks with this fast-growing sector. Firstly, the competitiveness of Vietnam's tourism is limited due to the intense competition of tourism in the region and the world. Management of natural environment and social environment in many tourist sites is weak and has not been taken into account. Destination management has not been implemented synchronously and effectively. Sequently, inspite of the increase in competitiveness ranked by UNWTO and WEF, Vietnam's tourism place has been not really as high as some countries in the ASEAN region and not reached the Top leading nations of the world in terms of several criterias.





(Sources: UNWTO, WEF, Vietnam National Administration of Tourism)

**Gráp 3. Vietnam in the world map of Tourism in 2019**

Secondly, negative activities in tourism areas have still existed so that they have affected on the industry’s competitiveness and attractiveness. For example, the situation of unsanitary, security and order at tourist destinations still happens frequently. Besides, unregistered cabs, rowing phenomenon, street vendors, frauds and compelling tourists often take place in many localities, especially in peak seasons. Meanwhile, tourism resources have not been listed, evaluated and classified to manage exploitation in a sustainable and effective manner. Sequently, the nation has a large number of tourism resources, but indiscriminate exploitation. The third weakness of tourism in Vietnam is about professionalism in building tourism products and promotion. Vietnam’s tourism products are still slow to innovate, poor, monotonous, lacking in characteristics, less creative, and overlapping between regions. The added value contained in tourism products is still low, asynchronous and lack of linkage in product development. Promotion activities are still limited, unprofessional, unprepared and ineffective. These activities have been just stopping to promote the general image, not creating a resonance and a specific attraction for each tourism product and brand.

Next, infrastructure system to approach destinations is still inconsistent. The system of material and technical foundations, accommodation establishments and tourism services has developed rapidly. However, the scale and comfort of tourism products are not really improved suitably. In addition, tourism industry’s human resources is also a major weakness of the tourism industry. Although the number of jobs in tourism industry has been increasing, training majors of tourism in educational system have not really been attractive with students and satisfactory with labor market’s demands.

Another drawback of tourism is about Vietnam tourism industry’s GDP spread coefficient is valued at 1.6 in 2019. However, it is still much lower than other developing countries in Southeast Asia, with an average value of about 2 and the global average of the tourism industry at 3.3. Similarly, the spillover effects of tourism spending on employment in Vietnam - equal to 1.7 compared to the regional and global average of 2.5 and 2.6, respectively. This showed that strengthening the connection between the tourism industry and the rest of Vietnam’s economy, enabling workers and businesses in other industries to benefit indirectly are very important in tourism industry development in Vietnam.

**3.3.3. Opportunities to develop tourism industry in Vietnam**

Tourism development contributes to economic restructuring, preservation and promotion of cultural and resource values; promote cooperation and integration. Recognizing the importance of the tourism industry, Vietnam government has published several national plans and strategies to promote tourism development. In particular, in 2017, the Politburo of the Communist Party of Vietnam issued a decision named the Resolution 08-NQ/TW on tourism development to become a key economic sector. That is an important orientation for the country’s economic development. At the same time, the Congress also approved new law of tourism, creating a favorable legal corridor for Vietnam’s tourism development in the new period. The visa policy for international visitors to Vietnam has been improved. For example, the extension of visa exemption regulations for citizens of five Western European countries, visa exemption for members of foreign airlines’ flight crews and granting electronic visas have been contributing to increasing the number of international tourists from many countries to Vietnam.

Vietnam's tourism industry has been changing and developing, attracting the attention of the whole society. It can be seen that the number of international tourists and domestic tourists has increased sharply. The rank of Vietnam has been improved in the world tourism map. This shows that Vietnam tourism has been increasingly affirmed in the world. Many destinations in Vietnam were voted as the favorite destinations of famous travel magazines, of which many locations were chosen to take film projects by Hollywood studios.

Vietnam's tourism market has many potentials to exploit. Recently, Vietnam has attracted the attention of many international and domestic airlines in developing direct flights that facilitate to tourism development. Many direct flights to Vietnam have been opened, typically as Vietnam - New Zealand; Shanghai - Ho Chi Minh City; Turkey – Hanoi/Ho Chi Minh City; Da Nang - Hong Kong; Sydney/ Melbourne - Ho Chi Minh City; Dong Hoi - Chiang Mai and etc. In addition, some airports are upgraded and expanded creating favorable conditions for tourism development. Moreover, thanks to political stability and social security, Vietnam has been chosen to hold many international cultural and sports activities such as USA-North Korea Summit in 2018, international fireworks performance competition, UN Vesak conference 2019, The 31th Seagames in 2021 and etc.

In addition, in recent years, Vietnam has attracted a lot of FDI capital into tourism projects. Many coastal resorts and 5-star hotels have been invested. By the end of 2017, tourist accommodation establishments had over 25,000 establishments, including 116 5-star hotels, 259 4-star hotels and 488 3-star hotels. The localities have paid attention and raised awareness about tourism development, improved services, quality security and safety for tourists. Although some parts of the world are unstable in terms of security and politics, in Vietnam this issue is highly appreciated and has also contributed to increasing attractiveness with international visitors.

The Industrial Revolution 4.0 in the digital era is taking place, contributing to the development of tourism worldwide. The Revolution 4.0 has been helping Vietnam in developing overall socio-economy. However, this is also considered a challenge of the tourism industry if it is not promptly changed in the application of tourism technology and products.

#### **3.3.4. Challenges to develop tourism industry in Vietnam**

Extensive integration into the regional and world economy has not only been opening up many opportunities for the overall development of the national economy, including the development of tourism but this also has coming with several challenges. The stronger the competition of tourism industry of countries in the region and the world is, the stronger Vietnam tourism industry's effort must be. For example, in 2016, Vietnam spent about 2 million USD on tourism promotion while this consumption in Thailand was 69 million USD and in Philippines was 54 million USD. Three countries which spent most on tourism promotion and advertising in Southeast Asia are Singapore with 80 million USD, Indonesia with 200 million USD and Malaysia with 105 million USD. Sequentially, Vietnam tourism industry's competitiveness has been not really positive compared to other countries in the same region which are considered to be direct competitors such as Thailand, Malaysia and Philippines. Vietnam's total revenue from tourism has recently improved but it was not as high as these countries' while increasing investment in tourism development has been rising. This is one of big challenges that Vietnam's tourism industry needs to face and overcome.

The 4.0 technology revolution has been increasingly showing strong influence on every country and every economic field, including tourism industry. The application of 4.0 technology in tourism has been opening up new steps in developing tourism programs, booking tours, booking hotels and providing abundant information about destinations to customers to satisfy tourists' need best, especially international visitors. However, quality of human resource in tourism industry is a threat to tourism development. Although the number of jobs in tourism industry in Vietnam has been increasing year by year, regarding the quality of human resources, Vietnam's human resources have not met the needs of AEC integration. Tourism workers in Vietnam are still less competitive than other countries with developed tourism industry in the region. Tourism quality in the whole industry is not high, the implementation of agreements on mutual recognition of ASEAN tourism occupies many difficulties and obstacles.

The covid-19 epidemic outbreaked late 2019 from China and has been still spreading to many countries around the world. This epidemic has greatly affected the socio-economy of hundreds countries and territories around the world, including Vietnam. Import and export of goods, services and tourism are the two areas directly affected by this pandemic. Maintaining the growth of the tourism industry will be a major challenge for all countries. Tourism industry has faced many challenges, especially decrease in the number of tourists. In the result, other services such as transportation services, accommodation and caring services and travelling sales have also been on the decline. Facing this situation, the units and businesses in the field of tourism have worked side by side to find solutions to restore the market, turning challenges into development opportunities. A new direction is gradually revealed, through solutions to market restructuring, stimulating domestic tourism demand with safety criteria placed on the top. According to the Vietnam Tourism Association, from the beginning of



2020, due to the impact of the Covid-19 epidemic, business activities at the accommodation reduced from 20% to 50% compared to the same period in 2019. The number of tourists coming to important destinations such as Hanoi, Quang Ninh, Ho Chi Minh City ... decreased by 20% -50%. Expected, the number of international visitors to Vietnam in March 2020 decreased by more than 60%, the number of domestic tourists decreased by 80%. Therefore, the immediate task of the tourism industry is to find solutions to stimulate demand to overcome this decline.

### **3.4. Recommendations for tourism development in Vietnam**

*Improving the quality of tourism services is one of the keys to promote Vietnam tourism's attractiveness.* Firstly, the management agencies should promote socialization to mobilize all economic sectors, investment resources for tourism technical and material facilities. At the same time, the government need planning to arrange and build service establishments with strict management of services and fees for tourists, improving the sense of service in business to avoid losing the Vietnamese traditional cultural value. Secondly, the tourism industry needs to attach importance to the development and diversification of tourism products, especially the chains of links and services, to meet international tourism standards in association with conservation, development and promotion the country's attractiveness. Additionally, in the next period, Vietnam's tourism industry needs promote the connection with other countries in the region to fully exploit the East-West corridor to build and develop new travelling programs to attract tourists all over the world. In addition, in the period of negative effects from the covid-19 epidemic, the tourism industry needs several new traveling programs direct to domestic market to limit the decrease in the number of international tourists.

*Building humanistic and sustainable tourism environment has been strategic solution for sustainable tourism development in Vietnam.* The government can take advantages of tourism to promote communication to raise the society's awareness of the responsibility for tourism environment protection, to encourage people in the building standards of behaviors towards tourists, preserving social safety and environmental sanitation.

*Improving the quality of human resources creates the advantages of tourism development.* Although the Industry 4.0 has brought several potential prospects that technology would replace labour in a lot of sectors, human resource still keeps its role. Thus, it is significant to improve the quality of labour force by giving them intense training so that they become high-quality technicians and managers to meet practical requirements on newly international environment. Training organizations and businesses need to equip tourism workers with knowledge of integration, foreign languages, information technology, tourism operations, market knowledge and international law to satisfy increasing demands of domestic and international labor market. At the same time, Vietnamese tourism companies must improve the quality of corporate governance and production management, especially when facing problems in work safety and environmental protection.

*Market development, promotion and tourism branding are important solutions in improving tourism's competitiveness in Vietnam.* The tourism industry needs to focus on selecting appropriate tourist market segments, developing a strong domestic tourism market and diversifying auxiliary products and services to stimulate tourism consumption, especially with international tourists. This may help the economy gain benefits commensurate with the number of tourists coming to Vietnam. At the same time, Vietnam also needs to focus on tourism promotion in a professional manner to target markets, to promote tourism associated with promoting the national image, in accordance with the identified goals.

Additionally, Vietnam needs comprehensive and flexible policies as well as long-term forecasts in tourism development, in order to focus on investment, avoiding spread and temporary situations. At the same time, the tourism industry needs to regularly base on the analysis and evaluation of prestigious organizations in the world through the statistics to re-evaluate specific targets and improve solutions in tourism development. Besides, strengthening inter-industry and inter-regional connectivity, creating a diversified products and services chain are important for attracting international visitors return to Vietnam.

## **IV. CONCLUSION**

Not only in developing countries as Vietnam but also in developed countries in the world, tourism has become a key economic sector with fast growth rate. Tourism not only contributes a great source of income to the economy, creates a big number of jobs, develops infrastructure for service industries, but it also promotes peace and cultural exchanges between different lands around the world. In the context of deep integration and globalization, Vietnam has been synchronously implementing many solutions to make tourism a spearhead economic sector of the country.

In January 2020, Vietnam's government approved The strategy for tourism development to 2030 which detailed the national strategic objectives for tourism industry. Particularly, by 2025, Vietnam will become an attractive destination which is in the three leading countries in tourism development in Southeast Asia and in the world top 50 leading countries in terms of tourism competitiveness. At the same time, Vietnam also set specific targets: reaching a total revenue from tourists of about VND 1,800 trillion (equivalent to US \$ 80 billion), an

annual average growth of 14% and direct contribution of 12- 14% of GDP; creating about 6 million jobs; attracting at least 35 million arrivals of international visitors and 120 million domestic visitors' arrivals. By 2030, tourism will be really a key economic sector, an strongly attractive destination in the Top 30 of the world's leading tourism competitiveness countries to fully meet the requirements and goals of sustainable development. In addition, tourism industry is expected to earn the total revenue from tourists of over 3,000 trillion VND (equivalent to over 130 billion USD), to create about 8.5 million jobs and to attract at least 50 million international arrivals and 160 million domestic ones.

To gain these goals, Vietnam's tourism industry has to plan and implement long-term solutions that emphasize on strengs to take advantages of opportunities and limit weaknesses to overcome challenges in integrated economic context. Building sustainable environment, focusing on tourism promotion and branding, and training high-quality human resources may be the most important solutions for tourism development in today's challenging international environment.

## REFERENCES

- [1]. Congress of The Socialist Republic of Vietnam. (2017). Tourism Law 2017. Hanoi, Vietnam.
- [2]. Deputy Minister Ho Anh Tuan. (2014). Decision No.3455/QĐ-BVHTTDL on tourism marketing strategy to 2020. Ministry of Culture, Sports and Tourism. Hanoi, Vietnam.
- [3]. General Statistics Office of Vietnam. (2008-2019). Monthly socio-economic situation. [<http://www.gso.gov.vn>]. Accessed on February 20<sup>th</sup> 2020.
- [4]. Hoang Lan. (2020). Vietnam's tourism industry has faced the Covid-19. Issue March 2020; Hanoimoi Newspaper. Hanoi, Vietnam.
- [5]. Kotler, P. and Armstrong, G. (2008). Principles of Marketing 1. Twelfth Edition. Jakarta: Erlangga.
- [6]. Kotler, P. Keller, K. (2012). Marketing Management, 12th ed., New Jersey: Pearson Education.
- [7]. Minister Nguyen Xuan Phuc. (2020). Decision No.147/QĐ-TTg on Strategy of Tourism Development in Vietnam to 2030. Hanoi, Vietnam.
- [8]. Ministry of Foreign Affairs. (2017). Natural and Cultural Heritages of the World. Hanoi, Vietnam.
- [9]. Nguyen Quoc Ky. (2008). Vietnam's Tourism Industry: Opportunites and Threats. Tourism Newspape. Hanoi, Vietnam.
- [10]. Nguyen Thi Thu Huong. (2017). Current situation and solution to promote the growth of Vietnam's tourism industry. Issue 5, Industry and Trade Magazine. Hanoi, Vietnam.
- [11]. Nguyen Van Manh, Pham Hong Chuong. (2012). Textbook: Business Travelling Administration. National Economics University Publisher. Hanoi, Vietnam.
- [12]. Nhat Nam. (2020). Vietnam's Tourism reached 4<sup>th</sup> leading country of international arrivals in ASEAN. Online Newspaper of the Government of Vietnam.
- [13]. Thanh Xuan. (2019). Vietnam's Tourism in 2019: Highlighting positive results. VGP News. Hanoi, Vietnam.
- [14]. UNWTO. (2019). Culture and Tourism; Statistics. Madrid, Spain. <https://www.unwto.org/> Accessed on February 2rd - 10<sup>th</sup> 2020.
- [15]. Vu Manh Ha. (2014). Textbook : Economics of Tourism. Vietnam Educational Publisher. Hanoi, Vietnam.
- [16]. Vietnam National Administration of Tourism. (2019). Tourism Statistic. Ministry of Culture, Sports and Tourism. Hanoi, Vietnam.