

Vietnam's Tourism Companies and Global Competition

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Abstract: Tourism is one of industries that is cared for and encouraged in Vietnam. To develop the smokeless industry, tourism companies should obtain the best conditions in order to deal with keen competition in the globalization. This paper only mentions important factors in their operations (product, price, human resource and strategy) with their strengths and weaknesses with a view to working out measures to improve their competitiveness.

Vietnam's accession to the WTO in 2007 offers both opportunities and challenges to local companies because the global competition is very fierce in all industries in an open market.

In the past 10 years, the tourism has been one of industries of great concern. The Government considered it as a key industry that could help Vietnam develop and reduce the poverty.

Oxford Metrica, an English advisory company, in its study, said that in five years, some 83% of companies had to face a crisis in competition. What is the present situation of Vietnam's tourism companies, and what are measures to turn Vietnam into an important market for tourism and help local companies compete successfully against foreign rival on the domestic market?

Speaking of the tourism, most people usually discuss the tourism market and the tourism as an industry and only a few mentions tourism companies, and there is no a real study of tourism companies and their situation and strengths. In this paper, I want to present some aspects that tourism companies should pay attention to with a view to maintain their market shares in the global competition. These companies include Vietnamese hotels and tour agencies.

I. NECESSARY AND SUFFICIENT CONDITIONS FOR TOURISM COMPANIES

1. Necessary conditions

To sell products, advertisement campaign launched by companies is a noteworthy matter. Some 10 years before, Vietnam was not considered as a promising destination although Asia has replaced America as an emerging market in spite of its shortcomings in various aspects in comparison with Europe. In this reality, the Vietnam's tourism industry, especially its major companies, has invested a lot of money in advertisement of Vietnam's tours. Big hotels in HCMC, such as Continental, Majestic, Rex, and Quê Hương; and leading tour agencies, such as Saigontourist, FidoTourist and Vietravel, has opened their websites in order to ad-

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vertise their products and offer online transactions. Tourism companies have realized importance of information technology and communication to their efforts to tap potentials of the market.

In the 2007 report of the Asian tourism made by Jones Lang Lasalle Hotels, there is an estimate of development of Vietnamese hotels. With an annual increase of 17% in number of foreign visitors, high-end hotels are not enough to meet demand of tourists, which leads to a problem for tour agencies: room rate keeps increasing so continuously that the agencies have to cancel tours or raise the selling prices. We see that relations between companies are very important. In the globalization trend, monopoly is not an advantage, and a sole company can't deal with complex changes in the market.

When the socioeconomic life is improved and the globalization become widespread, the market demand also changes. Traditional products become less attractive in the eyes of tourists and they want newer and more original products while local tourism companies are still busy themselves with traditional and imitative products. In a workshop held by HCMC Service of Tourism on Sep. 21, 2006, many tour agencies and experts who were interested in city tours expressed their worries about lack of tourism products in the Vietnam's biggest city. In the Mekong Delta where the National Tourism Year 2008 Festival was held, tourism products were also discussed in many workshops and on newspapers because of the shortage of tourism products in a region of great potentials.

The year 2008 is considered as a hard time for the world economy because of falls in the dollar, rises in the oil price and inflation in many countries. Besides above-mentioned rises in the room rate because demand exceeds supply, increases in

the price of fuel forces tourism companies to review their pricing policies. Many foreign tourists and tour agencies complained that Vietnamese tour agencies didn't accept prices agreed upon by two parties in the previous year with the result that customers cancelled or changed the tours, as presented by the Director of the Saigontourist at the HCMC Tourism Conference on March 27, 2008.

2. Sufficient conditions

In recent reports on the Vietnam's tourism industry, there is a piece of noteworthy information: The industry is suffering a great shortage of skilled and well-trained laborers. According to the latest statistics, only 50% of the labor force of some 850,000 persons (250,000 of them are direct workers) are trained properly. As everybody knows, the tourism business is highly seasonal and its labor force increases and decreases continuously. It is, however, only an objective factor. There are many others and their effects on the competitiveness of tourism companies are remarkable.

Experts in the industry in HCMC usually say that if a five-star hotel is about to open, other five-star hotels face many changes in their personnel, especially in senior managers and employees. Among tour agencies, there is only a handful of tour guides who can speak such languages as Korean, Spanish and German. Many English- and French-speaking guides have limited skills and experience because they had no training in tourism and they got present jobs just because of their language skill.

Another sufficient condition that is not less important is association of tourism companies. Up till now, many associations of this kind have come into being, such as ones of tour agencies, hotels, tourism companies and city tourism, etc.

II. BETTER COMPETITIVENESS FOR VIETNAMESE TOURISM COMPANIES

The above-mentioned difficulties require overall solutions and it's necessary to find them as soon as possible. Feasible measures could come from companies, governmental bodies or the society.

Advertisement of Vietnamese tourism must be more professional and regular in order to reduce cost for companies. Some experts are of the opinion

that in advertising such events as Huế Festival, it's necessary to tell visitors about the next festival when they came to Huế this year. By doing so, companies can save some expenses and identify immediately potential customers for their next products.

Information has become a matter of life and death now, and companies had better pay full attention to business information and invest more money in it. Most local companies spend only small sums of money on market researches while they can save them from many expenses in future when new tourism products are launched.

In addition, companies should choose right products to advertise. Philip Kotler in his visit to Vietnam last year suggested that Vietnam could market itself as a kitchen of the world. This opinion can help solve the poverty of tourism products in Vietnam. Companies can at least renovate old products to attract tourists during a period of high inflation rates. Cooperation among companies can help them avoid offering similar products, and on the contrary, they can improve products of one another to differentiate them. It's unreasonable to launch such a slogan as "Three countries a destination" and fail to develop a combined product for the Mekong Delta!

The world economic depression at present forces companies to review their cost and profit. Cuts in costs usually affect the product quality and leads to downsizing. Cooperation among companies can help them reduce cost and maintain the product quality, and moreover, develop new products.

Tourism companies should also pay attention to effects on the environment by the tourists because it is one a great concerns to society. We can realize now messages to tourists and actions for the environment taken by companies of all industries (asking tourists to save resources when staying at hotels, or offering eco-tours, etc.) and many tourists, especially foreign ones, have also become aware of environmental issues. Regrettably, there is no study of relations between corporate sales and policies on environmental issues.

Shortage of human resource and lack of professionalism of the labor force, are great obstacles to corporate competitiveness. At present, most companies are giving on-the-job training to help employees fulfill their tasks. Skill training, however, requires big investments and long periods of time, so companies can not improve their competitiveness within a short period.

To reduce the shortage of human resource, some companies have cooperated with schools in designing training programs and engaging in teaching as well. In March 2008, the Ministry of Education and

Training held a workshop of the human resource for the tourism industry with participation of many tourism companies.

The General Tourism Office in cooperation with the EU has launched a project to develop the human resource for the tourism industry since 2001 giving many short-term training courses to laborers in the industry at home and abroad. The project also produced standards of tourism-related occupations with a view to helping companies standardize their services thereby improving their competitiveness.

Efforts from companies, however, couldn't produce intended result without consistent policies from governments of all levels. And one of sufficient conditions for the development of the industry is support from the public who play the decisive role in the building of a civilized society to support operation of the tourism industry in the globalization. ■

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