

I. TOURISM BUSINESS IN HO CHI MINH CITY

1. Tourism market situation

HCMC is the economic, trading, service, cultural, scientific and technological center of Vietnam, as well as the hub of airways, roads, waterways, and tourist attractions with the best infrastructure in Vietnam. These shall create favorable conditions for attracting international and domestic tourists.

a. International tourist market:

From 1996 to 2002, the number of tourist arrivals to HCMC accounted for 51% of the total to Vietnam.

In 2002, total arrival was 1,433,000, up by 16.8% as compared with 2001, equivalent to 206,600 arrivals (Table 2).

Analysis of the main markets reveals Asian tourists accounted for the overwhelming part and brought the much higher growth rate as compared with previous years (Japanese tourists 35.7%, Korean 39.8%, Chinese 59.2%, Thai 41.3%). The traditional European market increased fairly

SOLUTIONS TO TOURISM DEVELOPMENT IN HCMC TO 2010

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Table 1: Tourist arrivals 1996 - 2002

Year	Int'l Arrivals	Int'l Arvl to HCMC	Weight (%)
1996	1,607,155	925,000	57.55
1997	1,715,637	921,000	53.68
1998	1,520,128	884,000	58.15
1999	1,781,754	975,000	54.72
2000	2,140,100	1,100,000	51.40
2001	2,330,050	1,226,400	52.63
2002	2,630,000	1,433,000	54.49

Table 4: Domestic Tourist at HCMC

Year	In Vietnam	In HCMC	Change (%)	%
1996	7,254,000	573,000		7.89
1997	8,500,000	576,000	0.52	6.77
1998	9,600,000	852,000	47.92	8.87
1999	10,662,000	970,000	13.85	9.10
2000	11,200,000	1,050,000	8.25	9.38
2001	11,650,000	1,100,000	4.76	9.44
2002	13,000,000	1,250,000	13.64	9.61

Table 2: Int'l arrivals to HCMC

	2001	2002	+/-
1. Total	1,226,400	1,433,000	+16.8%
2. Tourists			
- Foreigners	911,773	1,092,040	+19.4%
- Overseas Vietnamese	314,627	340,960	+8.4%
3. Foreigners by purposes			
- Tourism	676,642	807,969	+19.4%
- Business	178,008	211,594	+18.9%
- Other	57,123	72,481	+26.9%
4. Foreigners from main markets			
- Japan	178,938	242,842	+35.7%
- Taiwan	176,525	189,180	+7.2%
- Korea	60,447	84,535	+39.8%
- The U.S.	46,032	50,974	+10.7%
- France	39,499	47,362	+19.9%
- U.K.	37,030	41,467	+12.0%
- China	23,734	37,791	+59.2%
- Thailand	17,951	25,368	+41.3%
- Germany	15,286	19,337	+26.5%

Table 5: Tourist revenue in HCMC

Year	Revenue in VND bil.	Increase (%)
1992	806	
1993	1,265	56.95
1994	2,210	74.70
1995	2,523	14.16
1996	2,830	12.17
1997	2,986	5.51
1998	2,600	-12.93
1999	3,201	23.12
2000	4,142	29.40
2001	4,702	13.52
2002	5,361	14.00

Table 3: Int'l Arrivals to HCMC by means of transportation

Year	By air		By land		By sea		Total arrivals
	Arrivals	%	Arrivals	%	Arrivals	%	
1999	838,718	86.02	127,792	13.11	8,490	0.87	975,000
2000	934,642	84.97	156,936	14.27	8,422	0.76	1,100,000
2001	1,066,645	86.97	147,174	12.00	12,581	1.03	1,226,400
2002	1,279,782	89.31	142,946	9.97	10,292	0.72	1,433,000

(French 19.9%, British 12%). American arrivals increased sharply following Vietnam - US BTA, and maintained a fair rate. The German market, although newly developed, was promising (up by

26.5%). In 2002 only, HCMC received 242,842 Japanese tourist arrivals, accounting for 16.95% of the total. To Japanese female youth, travel to Vietnam for shopping has been "a fashion", and this trend has been forecast continuing in the next years.

Tourists arriving at HCMC were mainly by air, to Tân Sơn Nhất Airport. However, since 1999, tourist arrivals by sea have been well increasing (Table 3). This market should be paid more attention, as investing more into seaports. These tourists were mainly Saigontourist's customers.

2. Tourism business situation

a. Revenue from tourism:

Tourism business has generated a big revenue and contributed considerably to the State budget. An average employee in HCMC tourism could generate a revenue of 1.5 times higher and contributed to the budget 3.8 times higher than the national average.

Tourist revenue in HCMC increased sharply in 1993 (56.95%), and 1994 (74.70%), then gradually decreased: in 1998 down by 12.93% due to regional

was one of the important industries in the service sector of HCMC economic structure: tourism revenue reached VND4,702 billion, up by 13.52% as compared with 2000. In 2002, the revenue of the whole industry was estimated at VND5,361 billion, 6% more than the planned target and up by 14.02% as compared with 2001.

Over ten years from 1992 to 2002, tourism revenue in HCMC in 2002 increased 6.65 times, reaching VND4,555 billion. This number contributed considerably to the GDP growth of HCMC in particular and of Vietnam

tomers of these companies increased regularly.

c. Accommodation business:

In 2001, there were 624 accommodation businesses with 17,022 rooms in HCMC (excluding accommodation businesses licensed at district and ward administrative levels), 27 businesses with 624 rooms more than in 2000. A fair growth in international and domestic arrivals facilitated accommodation business in HCMC as domino effect. Average occupancy rate for the whole industry was 48%, up by 3% as compared with 2000. Average room rate was

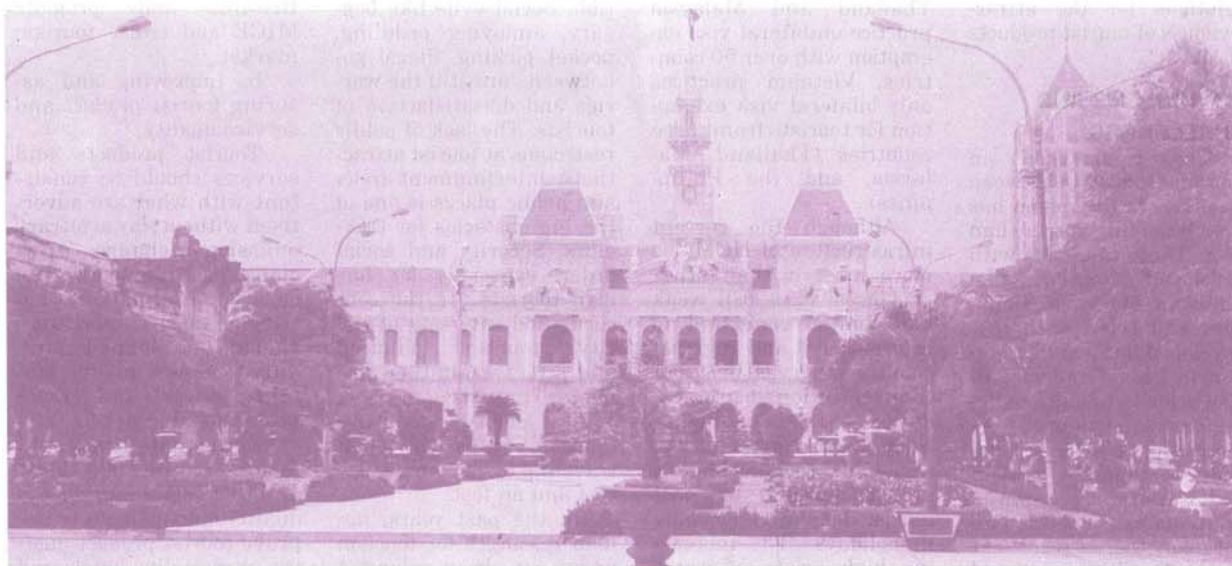


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b. Domestic tourist market:

The domestic market share of HCMC in the whole country in 1996 was 7.89%. In 1997, this number was only 6.77% (Table 4) due to regional crisis. Since 1998, although the growth rate has been unstable, the number of arrivals has been quite good, especially in 2002 tourist arrivals increased sharply by 13.64%. This proved that HCMC tourism has been developing, partly due to the increase in demand, partly due to efforts to effectively exploit the market of HCMC tourist companies.

financial slump (see Table 5).

Since 1999, with regulatory and encouraging policies from the State and City government as well as the efforts of the whole tourism industry, the increasing number of arrivals helped tourism revenue to increase again (although not stable in the past few years). In 2000, tourism revenue reached VND 4,412 billion, up by 29.40% as compared with 1999. In 2001, although the terrorist attack of September 11 caused severe losses to tourism in many countries, HCMC still gained satisfactory results, confirming that tourism

in general; it should be promoted.

b. Travel business:

The number of tourist companies operating in the travel section has been unstable. There are currently about 286 companies in the travel section, including 95 SOEs, 183 private companies, and 8 JVs (see Table 6). There are 90 international travel companies, and 196 domestic travel companies. The travel companies of HCMC are among the dominant. Seven HCMC-based travel companies featured in Top Ten 2001. Over the past years, international and domestic cus-

VND357,000 per room day, up by 5.8% compared to 2000. In 2001, three hotels in HCMC were included in the Top Ten Hotels 2001 by VNAT: Rex Hotel, Majestic Hotel, and First Hotel. Majestic Hotel was the first of Vietnam hotels to be awarded ISO 9001 certificate in quality management. Up to 1991, 90 hotels in HCMC were awarded star status: 6 got five star, 4 four star, 21 three star, 36 two star, and 23 one star.

In 2002, the average occupancy rate was estimated at 51.6%, up by 3.2% compared to 2001. Four- and five- star hotels reached the rate of 72%,

Saigontourist's hotels 78.1%, Grand hotel 92.1%, Quê Hương IV 90%, Continental 87.9%, New World 82.1%. However, the rate in the private hotel sector increased by 3.1%, but only came at 31.7%.

The above achievements, however, have not been satisfactory in comparison with tourist potential of HCMC. To maintain and promote the achievements in the past few years and ensure that the tourism industry can develop in a sustainable manner, problems of and challenges to HCMC tourism should be recognized in order to devise suitable solutions for the attractiveness of tourist products of HCMC.

II. PROBLEMS AND CHALLENGES

The competition in tourism industry between countries in the region has been becoming fiercer than ever. Those countries with developed tourism like Thailand, Malaysia, Singapore and those with less developed tourism like Myanmar, Laos, Cambodia all give priority to tourism development strategies. As compared to other countries, Vietnamese tourism still contains definite shortcomings. There are not many tourist resorts at national and international levels, or unique and special tourist products with charming cultural characters. Service quality is moderate. Facilities are not modern enough. Investment and infrastructure are deficient, and usage is ineffective. Tourism promotion and publicity are still low and unimpressive.

Our policies to encourage tourism development do not match the regional requirements and demand. The implementation are not combined and synchronized. Although it has been improved, the coordination between related industries still does not meet the development require-

ments of the tourism industry. Bureaucracy and complexity are still present in reality. Typically, procedures for foreign tourist cars to enter Vietnam have not been settled for two years. VNAT still have to submit application for batch by batch. Visa exemption for cruise travelers, entry and exit procedures for international tourists to Vietnam have been much improved; however entry visa to Vietnam awarded to travelers in foreign countries are not really favorable, there are still many complaints about visa fee and visa processing duration. While Thailand and Malaysia practice unilateral visa exemption with over 50 countries, Vietnam practices only bilateral visa exemption for tourists from three countries (Thailand, Malaysia, and the Philippines).

Although the current infrastructure of HCMC is more modern than other provinces, it is still weak and limited compared to international and regional countries. Service prices of communication, accommodation, airfare... are higher than other countries in the region. Three-star hotels are not enough to meet tourist demand, especially in holidays... The increasing high prices of water and power, phone and communication as compared to more developed countries in the region have been affecting the service quality and performance of tourist businesses, especially those in accommodation and entertainment business.

Tourist products are still in raw forms, and lack diversity. They cannot attract tourists, therefore cannot keep them staying long and make them spend all the money they bring along. Foreign tourists in Vietnam spend only a half or a third of the amount spent in Thailand or Singapore, or a tenth to a fifth of that in Japan. Dual

price mechanism for most tourist products is not fully abolished. Tourist products are monotonous. Tour programs are not flexible and diverse enough for tourists to select. Tourist attractions, entertainment areas, and shopping centers still do not meet demand of international tourists both in quantity and quality.

Tourist awareness is not comprehensive, tourist knowledge not spread in the general public. The protection and long-term exploitation of cultural, historic and natural sites are not fully appreciated. Cultural heritage conservation is paid little attention. Social evils like beggary, annoying peddling, pocket picking, illegal go-between... are still the worries and dissatisfaction of tourists. The lack of public restrooms at tourist attractions, entertainment areas and public places is one of the big obstacles for travelers. Security and social order, especially for foreign tourists are the concerns and interests of the city's tourism. Pollution and street sanitation also make tourists worried. Traffic safety is always tourists' obsession when traveling by personal vehicles and on foot.

In the past years, human resources for tourism have not been planned properly. This led to the unbalanced structure and standard of tourism employees. Tourism high skilled personnel and professionals are too few to meet the demand, and tend to concentrate in big cities, high-class hotels, or foreign-invested businesses. There has been 60% of tourism personnel in HCMC who never underwent training. Separate professional training programs, low training quality, no tourism university are just some big obstacles in the training and development of tourism human resources.

III. SOLUTIONS TO TOURISM DEVELOPMENT IN HCMC TO 2010

From view of the above mentioned situation, HCMC tourism should carry out the following measures:

a. Defining critical markets^{vi} and designing tourists' products accordingly:

Based on analyses and forecasts of important markets from WTO and current situation, HCMC tourism should concentrate its efforts in critical markets: Japan, Taiwan, Korea, China, Thailand, the US, France, Germany, Britain; and promote MICE and cruise tourism market.

b. Improving and assuring tourist product and service quality:

Tourist products and services should be consistent with what are advertised without any arbitrary omission or changes, especially package tours. The close co-ordination between tourist operators should be planned carefully to assure quality, stabilize prices, and create professional styles.

Encouraging the application of ISO-9000:2001 and ISO-14000 into service quality management to improve tourist product quality, especially hotel and restaurant management, travel, transportation and entertainment businesses.

Handicraft products should get more investment. Typical products should be selected and improved in quality, design and price terms. Quality and price standards should be set for observation.

c. Diversifying tourist products and services:

Tourist products should bear unique national characters, typical for HCMC and corresponding to cultural, historic and artistic traditions to attract international guests, create competitiveness, and control and expand markets into health and beauty

care tourism, medical treatment tourism, countryside tourism, history exploration tourism, culture tourism, especially eco-tourism, discovery tourism, food and beverage tourism.

HCMC should mobilize resources to build at least 3 big tourist resorts equipped with modern facilities. Traditional trade villages should be restored, such as Gò Vấp woolen carpet village, decorative plant village...

d. Concentrating investment on exploiting MICE markets:

The Asia-Pacific region is estimated a growth of 20.3% for MICE markets. Vietnam has become an ideal place since the terrorist attacks took place in other Southeast Asian countries. The year 2003 should be a golden chance to promote Vietnam's images through international and regional fairs. Although the expenses shall be large, profits from these markets are 3 to 8 times higher than other normal markets.

The favorable conditions for exploiting this market in Vietnam are: a stable political system, a high economic growth, a safe destination in the Asia Pacific region, a long-lasting and unique history and culture, abundant and diversified scenes, many tourist attractions (with 4 world heritages), convenient transportation, good facilities and communication systems, modern conference halls... MICE is both an opportunity and a challenge to Vietnam's tourism. Development in this market shall entail the possibilities to expand tourist markets, increase tourist arrivals, and improve Vietnam tourism's reputation. To realize this opportunity, the coordination among tourism industry, aviation, and other related industries should be close enough to work out policies that can bring favorable develop-



Photo by Hoàng Tuấn

ment for MICE in Vietnam.

HCMC have more advantages in terms of infrastructure, hotels and restaurants, high-quality banking and telecommunications. According to tourist professionals, MICE cannot be exploited with only international class conference halls. The lack of professional service operators, or, more accurately, of service personnel is considered the weakness of Vietnam for the approach to this market. Therefore, HCMC should devise its own plans to invest and exploit effectively this market.

e. Conserving and promoting HCMC tourist resources:

- For natural resources: It's necessary to invest in preservation of the ecosystem in Sóc forest (Cần Giẽ district); coordinate with local governments to prevent deforestation, fire, and illegal hunting; prepare budget for sub-contracts for local households to protect forests; form more official and professional protection forces. The comprehensive architecture plans for Cần Giẽ ecotourist resorts should be completed soon; infrastructure, roads and transportation should be built to

attract tourist to this ecotourist destination.

Improvement and expansion of Long Thanh My Co garden in Thủ Đức district shall turn this into an ecotourist area, including garden houses, fruit orchards, canals and rivers to attract tourists and make more income for the local people.

HCMC's canals and rivers should be dredged, and slums cleared off for ecotourist tours around the city and to the surrounding areas like Lái Thiêu district, or Đồng Nai province...

Afforestation in the mangrove swamps in Thủ Đức district is needed for developing forest scenes, attracting more birds, and in the same time building large-scale crocodile pools to serve cruise guests.

- For Humanity resources: There must be plans to restore old streets, artistic and historic architectural structures for sightseeing activities, especially the 33 heritages already recognized and classified by the Ministry of Culture and Information. Proper management is required to save tourists from chaos and jostle at festivals. Clear and attractive handouts about the heritages and museums can help tourists

form a total view, and publicize the conservation of heritages, museums and religious establishments.

Encouragement could be given to villages specialized in handicrafts to produce high-quality souvenirs. Such tourist resorts or villages as Bình Quới - Thanh Đa resort, Thạnh Lộc and Củ Chi villages could provide tourists with chances to explore family traditions, customs, and culture of Vietnamese peoples.

Project to build an ethnic cultural park in District 9 initiated by the HCMC People's Committee to introduce Vietnam and HCMC's history must be carried out quicker. Expanding the underground tunnels of Củ Chi, building the tourist harbor of Bình Thung in District 7, upgrading the tourist harbor of Bạch Đằng, and increasing the express boat tours to the Southwestern provinces are also what should be done soon.

In addition, proper attention could be paid to tasks of organizing traditional festivals in HCMC; collecting, and improving traditional arts, encouraging and training public traditional dance groups, and organizing food and beverage services to serve tourists.

f. Training and developing human resource for HCMC tourism:

To improve service quality and diversify tourist products, human resource plays a critical role to success. Therefore, the tourist employees and administrators should be surveyed and classified to devise plans for training and re-training accordingly.

The training should focus on professional ethics and skills to standardize tourist personnel, especially the administrators, guides, receptionists, and attendants...

Guide training is very important. The training should be continuous to screen those with good command of language, wide social knowledge of national history, geography, culture, and good physical characteristics.

For the development of MICE, the requirements should be studied thoroughly to recruit and train professionals for this form.

International cooperation should be strengthened to gain professional experience and training from developed countries like France, the U.S., Canada, Singapore... by sending trainees overseas, inviting experts to give lectures, hiring foreign executives, and taking advantage of the training assistance offered by the Luxembourg government.

g. Promoting and publicizing tourism:

Promotion offices in foreign countries should be more active, city's tourist symbol set up, materials about history, culture, customs... spread widely, tourist information centers established, hot lines for tourists built up, and web sites to present city's tourism and development programs opened.

Encouraging city's citizens to travel, educating city's citizens the obligations to develop tourism, bringing tourism into school programs, organiz-



Photo by Hoàng Tuấn

ing tourism discovery contest...

- Regularly attending meetings and fairs on tourism, promoting tourism in important markets, hosting more exhibitions in HCMC, building and expanding relationships with General Consulates in HCMC to help tourism companies in this task, devising cooperation plans with other countries and cities: Shanghai, Busan...

- Tourist contests should be organized in such fields as tourist guides, attendants, cooks, and tourism promotion.

h. Attracting investment:

- Classifying investment projects, facilitating investment from all economic sectors with proper mechanism and policies.

- Continuing the privatization of State tourist businesses for more capital as required by Decree 44/1998/TTg of the Prime Minister.

- Planning the formation of the Tourism Investment and Development Bank to strengthen domestic joint venture and attract idle capital from the public.

- Attracting foreign capital through joint ventures to build entertainment parks, golf courses... by tax exemption for priority areas.

i. Upgrading and building new infrastructure and facilities for HCMC tourism:

- Upgrading and expanding the traffic networks to assure traffic safety and clearance, and opening special road systems into tourist attractions for tourists' convenience and safety.

- Upgrading Tân Sơn Nhất Airport, renovating; improving and building new harbors to facilitate cruise guest reception, and reforming public transportation for convenience and safety.

- Upgrading the system of existing hotels into at least 3- star level and improving their service quality (as for MICE markets, trying to focus on the development of international-class hotels with modern facilities).

- Service quality in restaurants can be improved by using skilled cooks, bartenders... and focusing on the training of cheerful, helpful and considerate attendants.

- Promoting Vietnamese traditional dishes, organizing Vietnamese food contests between restaurants and publicizing Vietnamese dishes by foreign fairs.

- Transportation businesses should have more

modern vehicles with high quality facilities, especially vehicles for long distance trips. Vehicles for the disabled should also be ready for use. The tour drivers should be screened more strictly for service quality.

- Entertainment parks should be upgraded. Old streets, especially the eastern herbal streets in District 5 should be restored. Sports and fair complexes should be built near future business areas and supermarkets.

j. Associating and connecting with surrounding regions to invest and exploit tourist products and services

Co-operating to diversify tourist products, exploit abundant potential of the adjacent areas

k. Socializing tourism:
HCMC should become a tourist city with the awareness and support from every level from the government to the people, not only from the tourist industry.

l. Other supporting measures

- Strengthening tourist security and safety, food safety, environment, fire prevention and protection should also be considered carefully.

Tourism is a collective field, so the solutions should be carried out synchronously, consistently with close co-ordination and mutual assistance among levels, localities, administration and other industries. Only doing so, the development solutions are effective, and they can bring fast and sustainable development to HCMC tourism.

IV. PROPOSAL

Tight, but clear, legal passage for tourists' entry and exit should be created. Unnecessary procedures should be eliminated. Visa-free entry for ASEAN guests should be offered as other member countries are doing. ■