

DEVELOPING TOURISM IN VIETNAM EMPLOYING E- MARKETING

by MEcon. PHẠM PHŨ TRỌN

Up till now, everybody recognizes the Internet as one of the greatest inventions in the twentieth century. It affects the global economic development and the live of all individuals. Fast development of the Internet and its superb features has created unprecedented business opportunities for companies in general, and tourism agencies in particular. Employing the e-marketing to promote and sell tours through the Internet has been appreciated and developed by tourism agencies from all over the world and produced great results.

In Vietnam, some tourism companies have used e-marketing to promote their products and sell tours, especially to inbound tourists. Our survey, however, shows that the e-marketing in Vietnam reveals many shortcomings. This paper aims at assessing the e-marketing by tourism companies in Vietnam and suggesting some measures to help local tourism companies to promote their products and improve their competitiveness in the coming years. The paper comprises: (1) advantages of the e-marketing for tourism products and tours; and (2) e-marketing in Vietnam; and (3) some measures to improve the situation.

As for methodology, the paper is based on researches on available information and interviews with persons in the tourism industry. Data used for the paper are secondary ones from such sources as General Statistics Office, General Tourism Office, newspapers and magazines, and some websites on the e-marketing.

Internet users increase overnight all over the world. A study by Forrester – Office of European financial institutions publicized on July 21, 2009 says that the Internet users topped the 1.5-billion mark in 2008 and will rise to 2.2 billion in 2013; and Asian accounts for 43% of the figure and China 17%. Geographically, the Internet users in Asia makes the highest increase, from 38% to 43% while North American accounts for only 13%, Europe 22% and Latin America 11%. In China alone,

there will be some 377.1 million users by 2013 representing 17% of the world Internet users. In Vietnam, according to the Vietnam Internet Center statistics up to the end of March 2008, Vietnam ranked 17th in terms of Internet users. An interesting fact is that Vietnam gains the highest growth of the Internet users in the years 2000 – 2008: 9,561.5% , some 7.8 times higher that the figure found in the country in the second place. Compared with Asian countries up to 2007, Vietnam ranked fifth in terms of the internet users, after China, Japan, India, South Korea and Indonesia. The survey shows that some 42% of population in the four biggest cities in Vietnam are Internet users. Up to June 2009, the number of Internet users was 21,524,417 people equaling 24.98% of the population [18].

As for tourists, searching for information and buying tour through the Internet is convenient because it helps save time and cost, and it has become a habit of international tourists in recent years. Statistics of the World Tourism Organization show that 78% of US tourists (some 79 million persons) used the Internet to get information about destinations and tours and 82% of them bought tours through the Internet. In France, over 50% of tourists selected and bought tours through the Internet. As for Asia, the World Tourism Organization estimates that China will become the world's biggest destination with over 10% of visitors getting support from the Internet [4]. These are preconditions for tourism companies to advertise their products and sell tours online, thereby creating a business channel that serves international tourists better.

1. Strong points of the e-marketing for tourism

Applying the e-marketing to advertisement and promotion of tourism bring about many advantages to tourism companies. Generally, it has the following strong points:

- The e-marketing helps tourism companies

send information to potential customers all over the world. The Internet doesn't depend on time and space and it can reach customers globally as long as they are Internet users.

- Cost of developing the e-marketing is much lower than the cost spent on traditional marketing devices, such as ads on newspapers, radio or TV. Tourism companies can cut expenses on printing and sending materials to their customers.

- The e-marketing allows the company to concentrate on target market segments, access customers directly and provide them with information in the quickest way.

- The e-marketing can prompt customers into action quickly. Information about products and services sent to customers are not only advertising materials but also a call for response and action. The company can get orders from customers right after they receive the information.

- The e-marketing allows Vietnamese tourism companies to act quicker and keep abreast with changes in the market. In time of economic recession or epidemic, Vietnamese companies can take action quickly to attract tourists to Vietnam by, for example, launching sales promotion campaigns, cutting prices of service, or developing new tourism products, etc.

- Results of the e-marketing operations can be quantified exactly and cheaply. The company can know exactly how many times a banner appears within a period of time, how many users click on the banner, how many visitors come to its website, where they from, what they look for, and how long they stay, etc., which can help the company learn about their needs and work out appropriate policies.

- By using storing and searching engines in the Internet, companies can easily build databases of customers in details including names, house and email addresses, and phone numbers, etc. Gathering such information in large quantities is almost impossible when using traditional marketing tools. The database becomes target customers where the marketing campaigns aim at.

- The e-marketing also help companies interact with customers to learn about their potential expectations. This is a superb feature of the e-marketing in comparison with traditional marketing mix. With the e-marketing, companies can talk di-

rectly to customers thereby understand their needs.

Besides the strong points, the e-marketing also has its own shortcomings:

- (1) Reliability of the information gathered from the Internet varies widely because everybody can post any information on the Internet, therefore it's difficult to check online opinions.

- (2) The e-marketing is associated with the information technology, and fast changes in this technology make it difficult for companies to keep abreast with them, even if they are advertising companies. In Vietnam, most advertising and marketing companies fail to keep up with technological advances while IT companies have a limited knowledge of the marketing mix, and enterprises don't know what they want from the e-marketing. That is why development and application of the e-marketing meet with many difficulties.

- (3) Companies can't look for and make direct contact with customers in a proactive manner. This is a disadvantage of the e-marketing in building trust and persuading the customers. In addition, e-commerce has been distorted and online fraud is widespread, and as a result, many customers want to go to tourism agencies in person to select tours and make payments.

2. Development of the e-marketing in Vietnam

"Vietnam joined the worldwide web in a meaningful time, and although some people wanted to do it sooner, in my opinion, Vietnam couldn't do it much sooner," observed former Minister of Post and Telecommunications of an unforgettable moment in the history of the Vietnam post and telecommunication industry on Nov. 19, 1997 – the first day Vietnam integrated into the Internet. He said, "While telecommunications of Vietnam was 40 or 50 years later than the world and the mobile phone service from 15 to 20 years later, the Internet service is only from seven to eight years later than the world's first step, and only a couple of years later than some countries in the region [5]." Having just made its appearance in Vietnam for some 10 years, the Internet service made remarkable progress. Internet applications cover all aspects of the daily life of the Vietnamese population, from economic development, culture, and education to security and national defense.

Tourism companies are among the first concerns that use the Internet to do their business because of its benefits and characteristics of the smokeless industry. Early applications include exchange of e-mails with foreign partners, and then some companies opened their websites and sold their products online. Tourism authorities also encouraged companies to employ the e-marketing to attract tourists to Vietnam. Until recently, the General Office of Tourism, Vietnam Chamber of Commerce and Industry, and provincial departments of tourism have held many roadshows and workshops on tourism development in different provinces and cities in order to help tourism companies improve their knowledge of the e-marketing and its applications to business.

Most recently, on May 25, 2009, a workshop on "Effective publicity and exploitation for tourism" held by Bình Thuận Department of Tourism in co-operation with Association of Tourism tried to estimate efficiency of application of the digital marketing in Vietnam and introduce measures to develop the tourism business more effectively. In fact, many companies have succeeded in using the e-marketing to advertise and sell their products online, such as Viettravel Agency with the online tourism website www.travel.com.vn, and Saigon Tourist with its website www.dulichvietkiem.com & www.dulichhe.com by which many tours have been sold to domestic tourists. Some small-scale tourism agencies specializing in inbound tourists, such as Tam Kỳ Trading and Tourism Company (Threeland Travel) www.threeland.com; Ban Mai Agency (Aurora Travel) www.vietnamstay.com; Online Tourism Company Việt Nam (Sun & Sea Travel) www.traveltovietnam.com; and Bình Minh Joint Stock Company (ATC group) www.active-travel.com, are also successful in introducing their tours to such potential markets as the U.S., France, Japan and Australia. Number of tourists who buy tours online from these companies is much larger than number of customers who buy tours in traditional ways from agencies. In the Tam Kỳ Trading and Tourism Company for example, 90% of its customers have ordered tours through the Internet [7].

According to the latest statistics of Yahoo! of searches made by foreign tourists on tours in Vietnam, there are about 1.5 searches from the U.S. annually. A recent statistic result reveals that

there are some 52,000 searches a week from five countries and territories most interested in the Vietnamese tourism. Of these searches; 27,267 are from the U.S.; 9,268 from Japan; 7,214 from Taiwan, 3,387 from China; 3,283 from South Korea and 1,486 from Australia. The most-searched keywords are: Vietnam Airlines Cathay Pacific, Vietnam Dalat, Vietnam Ha Long Bay Pictures, Vietnam Tour, Vietnam Tourist Authority, Hotel Hanoi Vietnam, Timetable of Vietnam Airlines, Beach Location Vietnam, Grand Hotel Hanoi, and Hotels Vung Tau. [1]. These are really impressive data that encourage local tourism companies to beef up their digital marketing activities. These activities, however, contain many shortcomings, and the following are some of them:

- Many tourism companies fail to realize importance of the e-marketing to the publicity and sale of tourism products. Many of them, especially the smaller ones serving domestic tourists, have no websites and their main tools for doing business with customers are phone and fax, which is costlier and less effective. Some others have their own websites but their design and information supplied is poor.

- Most companies have no marketing programs with the result that e-marketing activities are not well organized with specific goals, and they can't estimate efficiency of the e-marketing and respond quickly to customers' needs.

- In most companies, funds for development of the e-marketing are small in comparison with the ones used for traditional forms of marketing while the e-marketing requires time, money and continuous efforts to produce intended results. As for some e-marketing tool, such as pay by click and banner, the companies have to pay some fees. In addition, the companies should also buy some specialized software programs and invest in the building of the database about customers. Many managers only think that the e-marketing comprises only a website with some information available for customers. In fact, many efforts should be made to advertise the website in order to increase the number of viewers and visitors.

- Most companies have no specialists in e-marketing. Many of them are content with assigning e-marketing activities to IT companies and having their websites ranked high in some search engines in terms of visitors. In this case, the com

pany accepts a passive role and can't adjust effectively to changes in the market.

- Efficiency of e-marketing activities depends on technological factors, especially the new ones. To conduct the e-marketing activities effectively, the companies should buy specialist software to run well their websites and handle requirements from customers. Foreign tourism companies have come a long way in this aspect as compared with local ones.

- Making online payment is still difficult in Vietnam. This factor affects badly the e-commerce. At present, such payments are time consuming and require complicated procedures. Some banks accept online payments but they also require bank deposits and charge high fees.

- Opening a website – or an online company – has never been so easy. Many companies exist in the Internet and have no brick-and-mortar offices. They have no legal entity and business license. Moreover, some of them even commit frauds and unfair competition, and supply false information about Vietnam tourism, which makes customers less confident when selecting tourism products offered online.

- Some companies are reluctant to do business online for fear of fraud, loss of information, distrust by customers, etc.

Situation of the e-marketing activities by tourism companies is common among local ones engaging in the e-commerce. According to a report by the VCCI, the industries with the largest number of websites are financial- banking sector (88.9% of banks have their own websites), and tourism (65.2%). Their websites are usually used for presenting or advertising the companies while the e-commercial activities are a concern for only 36.7% of the companies (2007) and online payments: 4.8% [3, p. 90]. According to a survey of trend of use of the Internet in Vietnam conducted by TNS Media and Yahoo! in December 2008 by interviewing directly 1,200 Internet users in Hà Nội, TPHCM, Đà Nẵng and Cần Thơ, the e-commerce represents only a small proportion: 7% of users exchange goods online; 8% do some trade; and 6% make some money in the Internet [2].

3. Suggested measures to improve the efficiency of the e-marketing in Vietnam

To deal with the said shortcomings and im-

prove the efficiency of the e-marketing for tourism development, we suggest the following measures.

a. For tourism companies:

- Managers of the tourism companies must realize the importance of the e-marketing to advertisement of products and invest more energy and money in the e-marketing development. This is a precondition for applying the e-marketing to business and encouraging employees' participation.

- The company should train or recruit employees of good expertise and experience to develop the e-marketing, and apply new technologies with a view to improving its efficiency. At present, there are courses in the digital marketing in some universities and training centers. The company had better encourage its employees to take these courses in order to enhance their performance. In addition, the company should form an e-marketing department to carry out business plans and strategies in a proactive manner instead of relying on e-marketing service companies.

- Full attention must be paid to design of corporate website because it is part of the corporate public image and can produce good impressions on visitors. The website must be artistically designed, and offer useful and diverse information along with easy and convenient access. The information about products and services must be honest, accurate and updated in order to persuade into buying them.

- The e-marketing department must conduct various activities to enhance the efficiency of the digital marketing, such as offering search engine marketing and email marketing, placing banners, issuing online press release, introducing marketing through blogs and affiliate marketing, etc. At present, most tourism companies only use email and website marketing. These activities are cheap but their effects are not high. The companies had better diversify marketing activities to improve the performance and efficiency.

- An e-marketing program must be developed to enhance the advertisement and exploitation of tours. The program must identify corporate targets, strong points and weaknesses and include necessary aspects such as measures to achieve the targets, necessary outlay, action plan, and mechanism for checking the implementation of the program. A detailed program can help the company avoid waste of time and money.

b. For related authorities:

- More investment must be made to develop IT infrastructure needed for social welfare and growth of the e-commerce. The IT infrastructure in Vietnam in recent years has been improved remarkably but it has a long way to go to meet international standards. The fact that the Internet is still lacking in many districts has produced bad effects on online sale of tourism companies.

- More training programs must be offered to produce the human resource for development of the information technology. Vietnam is badly in need of a human resource for the information technology. Experts have estimated that the demand for IT technicians of all levels is still on the increase in the coming years. To meet this market demand, however, will take time and require joint efforts from various ministries and the public as well.

- Leading ISPs in Vietnam, such as VNPT, Viettel, FPT, and SPT should apply new technologies in order to enhance service quality, increase download and up load speed, enhance privacy and security, and reduce cost to encourage companies to make the best use of the Internet.

- Perfecting the legal infrastructure and protecting legitimate interests of the e-commerce are also conditions for the development of the e-marketing. Registration and operation of tourism websites must be well under control. Sanctions against digital frauds, unfair competition, supply of false information, and spread of viruses are much needed because these practices damage the e-commerce.

- Local banks must upgrade their technologies to simplify procedures for online payments, cut fees for such payments, offer more online-payment services, and beef up inter-bank cooperation.

Facing keen competition in the globalization, new ways to access customers can provide companies with new competitive edge. The Internet with its own advantages has become an important instrument for tourism companies to advertise and sell their products and services. The above-mentioned e-marketing solutions are based on realities and performance of local tourism companies, and the market demand for the application of IT to the e-commerce in the coming years. These solutions certainly bring about better performance for the tourism companies and help promote Vietnamese

tourism products to international tourists■

References

1. Tuyết Ân (2009), "Gia tăng lợi nhuận cho ngành du lịch", Thời Báo Kinh Tế Sài Gòn Online [http://www.thesaigontimes.vn/Home/kinhteso/giaiphap/9068, June 8, 2009]
2. Thu Hiền (2009), "Người Việt sử dụng Internet ngày càng nhiều", Thời Báo Kinh Tế Sài Gòn Online [http://www.thesaigontimes.vn/Home/kinhteso/toan-can/17145, July 1, 2009]
3. Phạm Thị Huyền (2009) *Marketing trực tiếp và ứng dụng vào Việt Nam* (Direct marketing and application to Vietnam), National University of Economics, Hà Nội
4. Tường Linh (2007), "Hiệu quả thu hút khách du lịch qua mạng internet", [http://www.cpv.org.vn/cpv/Modules/News/NewsDetail.aspx?co_id=30066&cn_id=19745 7, July 1, 2009]
5. Thủy Nguyên (2007), "10 năm Internet Việt Nam: Những bước tiến ấn tượng", VN Media online – VNPT [http://www.vnmedia.vn/NewsDetail.asp?Catid=35&NewsId=90348, July 8, 2009]
6. Thanh Thanh (2009), "Vào 2013 có 2,2 tỉ người truy cập internet", Thời Báo Kinh Tế Sài Gòn Online [http://www.thesaigontimes.vn/Home/kinhteso/muon-neo/21352 ngày 02/08/2009]
7. Threeland Travel (2008), Báo cáo kết quả e-marketing (Report of e-marketing results)
8. Elias M. Awad (2004) *Electronic Commerce* (2nd edition), Prentice Hall.
9. El-Ansary, A. et al., (2003) *E-Marketing* (3rd edition), New Jersey, Pearson Education Inc.
10. Turban, E. et al. (2006), *Electronic Commerce - A Managerial Perspective*, New Jersey: Pearson Education Inc
11. http://www.emarketing.vn
12. http://www.emarketingassociation.com
13. http://www.emarketer.com
14. http://www.marketingchienthuoc.com
15. http://www.thanhvien.com.vn
16. http://www.thesaigontimes.vn
17. http://www.tuoiitre.com.vn
18. http://www.vnnic.vn
19. http://www.vneconomy.vn