

# VIETNAMESE TOURISM INDUSTRY CHALLENGES



The Vietnamese tourism industry is on the rise. There have been a significant development in the infrastructure and the government also supports the promotion of Vietnamese tourism industry abroad. The number of visitors has risen over the last few years. In 2006 some 3.6 million tourists visited the country and they generated some US\$2.4 billion (around 3.9% of overall GDP). In fact the World Travel and Tourism Council (WTTC) predicts that Vietnam is going to be among the top ten major tourist destinations in the world in the next ten years. The rise in number of visitors has led many hoteliers and other players in the accommodation business to expand. They have upgraded their properties and now offer more luxury services. Not so many of them build new hotels or resorts as the government policies on real estate and construction is quite tight.

The country has presented itself as an inexpensive, yet exotic destination. "Vietnam has been successful at attracting tourists. It is a safe, exotic and a price competitive destination," Patrick Gaveau, Focus Asia's sales and marketing director said. Last year, tourists could rent an elegant four-star hotel room in downtown Hanoi for \$50 a night. Nevertheless, this has changed. In fact, travel agents now claim that accommodation prices have risen by as much as 50 per cent in comparison to the last year. Many tourism experts see this development as a big problem. Jean Luc Bonneau, general manager of the four-star Sunway Hotel claims that the rates will impact the image of Vietnam in the international tourism market and decrease the attractiveness of Vietnam in the eyes of foreign tourists if the quality and prices are not matching. The tourism industry faces also other challenges. It lacks trained staff and the pollution at the main tourism sites rises. All these negative factors naturally dissuade the tourists and therefore the problems need to be eliminated.

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