

TOURISM: CENTRAL REGION IN VIETNAM STRUGGLING



The year 2012 saw the central region in Vietnam receive a lot of tourists. The Hue City was able to award a gift to the 2-millionth tourists while the Da Nang received about 2.7m tourists. Hoi An town received up to 4,000 tourists on the New Year's holiday in 2013. The ancient Hoi An town is recognized by the US journal Conde Nast Traveler as among the top 10 best tourist towns in Asia.

The town's chair, Le Van Giang, articulated that indeed the Hoi An is a top tourist attraction in the central region and that its popularity is manifested in the number of tourists that come in and out of the ancient town.

However, firms and professionals in the tourist industry in Vietnam's Central region are feeling uneasy about the performance of the industry in 2013. This anxiety is not unfounded. Although receiving a good number of travelers, the region did not see any good earnings.

Many investors built hotels and even increased the number of rooms in existing hotels with anticipation of a growing tourism sector in the region. However, in most places, the rooms have remained unoccupied due to the limited number of guests. Hundreds of souvenir shops have also complained of modest sales. Travelers seem to have a small budget for their trips so much so that spending of most tourists is limited to excursion tickets, meals and accommodation.

The Deputy Director General of Hoian Silk village, Chi Mai, reported that the board of management decided to reward taxis to bring travelers into the site. This strategy taken by the craft village tourist site has not culminated to increase earnings since most tourists just come into the site to tour and do not actually buy the silk products.

The economic recession has seen travelers try to cut down their own expenses. A shift from the luxurious Chinese and Japanese styled restaurants to small restaurants by the travelers in the Hoi An town is also evident. Vinh stated that the Da Nang is actually experiencing a sharp decrease in the tourists spending as well as their numbers. This is despite the fact that the city is known to be home to one of the world's most beautiful beaches.

More bad news has made the travel firms more worried about the industry's performance in 2013. **The Ministry of Finance made the decision to increase entry visa fee from \$25 to \$45 since the 1st of January 2013.** Consequently, this has increased the travelling expenses of tourists and this might in turn translate to decreased numbers of visitors coming into the region.

The economic recession has made many investors - who had rushed to develop hotels due to the rapid growth in the industry in the previous years - experience losses. In Da Nang City, the number of hotels increased from 3,000 to 10,000 in just 3 years. Furthermore, 1,500 4-5 star hotel rooms are expected to be operating in 2013. This hotels development has created an oversupply of hotels and hotel rooms during this economic downturn.

Hue City is recorded to have complained that the aggressive Da Nang's tourism investment and development has negatively affected tourism in ancient capital city. Apart from developing more hotels, Da Nang has diversified to Meeting, Incentives, Conference and Exhibition (MICE) tourism,

modern amusement parks as well as novel spiritual tours. All these efforts have been pegged on the ambition of attracting more tourists during this changing times.

The Deputy Director General of Vitour, Cao Tr Dung, stated that the difficulties that came with the economic recession have actually resulted in very unhealthy competition as tourist firms try to survive in the harsh industry. For instance, some 4-star hotels in Hue City have been forced to offer their rooms for 3-star hotel room and service rates. All businesses in the tourism industry are now doing the best they can to remain afloat.

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