

# **ADVANCE IN THE LOCAL TOURISM THROUGH MARKETING APPROACH**

Case HO CHI MINH CITY, VIETNAM

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Bachelor's Thesis



**Abstract**

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<p>Abstract</p> <p>The aim of this thesis was to research how marketing approach could be used to make the advance in the local tourism in Ho Chi Minh City, Vietnam. Obviously, the research revealed that tourism in Ho Chi Minh was facing a number of internal and external inadequacies of public inconveniences, flexibility of product quality/ prices, unprofessional staff, and limited budget. As a result, it was targeted at proposing some practical solutions to eliminate dissatisfaction of tourists.</p> <p>This study began by assessing major theories of tourism marketing, including specific product characteristics and customer purchasing behavior elements. Based on this background, it involved potential resource of Vietnam in general and that of the city in particular. In order to evaluate the existing circumstances of tourism in Ho Chi Minh, both quantitative and qualitative methods were used. The online survey was delivered to the visitors through a direct link provided on popular travelling forums Fodor's, Phuot. In addition, detailed data obtained through open-ended interviews to three top employers of this leisure industry was collected to give out overarching outcomes.</p> <p>The result of research produced improvement ideas for positioning product differentiation such as making more investments, emphasizing the quality and raising some promotions. It also drew out the noticeable requirement of training staff. The next logical stage is launching the suggestion of Meetings, Incentives, Conventions and Exhibitions segment (MICE) by reason of the potentiality of physical elements in Ho Chi Minh City.</p>			
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## 1 INTRODUCTION

*“Tourism is a multidimensional, multifaceted activity which touches many lives and many different economic activities.”* (Cooper, Fletcher, Fyall, Gilbert, and Wanhill 2005, 12) This “smokeless industry” has always been seen as one of the fastest growing fields and it plays a very strong impact on the branches and territorial structure of the economy of Vietnam in general and Ho Chi Minh City in particular. Some main insufficient issues are being gradually resolved and from the point, it brings about the primary benefits such as creating jobs for people, increasing incomes for the local economy or directly gaining the profit for small enterprises of services etc.

Ho Chi Minh City is also known as the bustling largest one that sets the cultural and economic pace for Vietnam. It becomes centralized with the advance in the infrastructures of international airports, harbors, modern technologies, natural resources, and favorable geographical conditions that adapt to the needs of visitors. Through these factors, people experience the potential superiority of a dearly called “Diamond of the Far-east” place. (Destination marketing 2012)

In current years, the growth of tourism in Ho Chi Minh City has taken steps to develop strongly and consistently but somehow inadequately due to lots of unpredicted elements. The whole economy is recently in a time of crisis, customers must consider before making any decisions. Besides, each country has its own attractive points, which result in the strictly competitive edge among domestic partners of the capital Ha Noi, and the potential Central land of Da Nang in Vietnam. In addition, in the South East Asia, the main competitor of tourism in Ho Chi Minh is that of Bangkok. The authorities have not exploited and utilized effectively the huge potentiality of the city. Tourism industry has been suffering significant damage. (Ho Chi Minh Department of Planning and Investment 2012)

Apparently, this leisure industry in Ho Chi Minh City has suffered from numerous uncomplimentary opinions by the discontented customers due to the internal and external difficulties regarding pollution, flexibility of quality/prices, public inconveniences (beggars, rip-off and so on), employees’ unprofessionalism and many other criticisms about the services delivered. Towards these unexpected issues, the objective of the research was to realize what the distinctive causes are and from this point, it proposes



some equivalent suggestions to invest and make use of tourism products efficiently, change the current state of affairs of travelling industry in order to appropriate all the growth potential and meet the needs of customers. This study also concentrates on identifying the development of the city tourism that would be sustainable and cost-effectively viable in a long term. After all, customers could make their thorough assessment to the prospective image Ho Chi Minh, the heart of Vietnam as an appealing destination for travel.

Both the quantitative and qualitative methods were used. An online survey was sent to the popular travelling forums of Fodor's, Phuot, and the questions are hanging around all the remaining matters of physical landscapes, channels of supplying services, tour guides' skills, etc. Respondents show out how they evaluate the situations, based on their experience. Moreover, open-ended interviews conducted by the top employers of tourism business will clarify and consolidate the overarching viewpoints.

## 2 TOURISM MARKETING

There is no doubt that visitors have a variety of choices for destinations over the world. It produces several challenges to the global competition today. Hence, the function of marketing as a leading key in travelling industry is vital for organizations to forward customer loyalty and speed up the sustainable development of tourism products. People always want to be well-served the best quality of guides, foods, hotels, or transports etc so strategic approaches of marketing combine both the improvement of service products and segmentation issues of travelers. Visitors always raise awareness to consider the places where they spend money valuably and enjoy it.

### 2.1 Features of tourism marketing

Recently, marketing is not limited within a company, a business, a field, or a specific product. It has been expanding drastically throughout a region, a locality, and a nation. The local on its own should take full advantage of the tourism industry and utilize the tactics to promote the completely appealing image towards oriented market. For this reason, the authorities have to build up their region by defining core tourism marketing and populating the special features of service products efficiently with the goal of differentiating destination of vibrant, charming elements from other competitors.



FIGURE 1. Core marketing concepts (Kotler, Bowen and Makens 2006, 13)

### *Needs, wants, and demands*

The prerequisite to form marketing concepts is that of human needs. It could be the basic necessity for foodstuff, accommodation, or safety, and then the more complex ones of entertainment, relaxation. Those factors lead to the needs of recreation from which it could be found travelling aspect. The second basic thought is that of human wants, a form of expression of needs. It will be shaped by culture and individual dignity. In other words, wants reflect on how people communicate their needs. Sometimes suppliers have some confusion between two definitions of needs and wants. Sellers can misunderstand the purpose of purchasing a drill bit of customer while the fact that he needs a hole from this device. Obviously manufacturers just turn on existing wants, but forget underlying customer needs. The latest element constituting up buying power is demand. When people have many wants, but limited budgets for satisfying all the products, they must pick out the best choice fulfilling their money. For instance, depending on consumers' financial plan, they could spend their trip in a five star luxury and status hotel of Sheraton, New World (District 1) or just in a motel accommodation of low prices, convenience. (Kotler et al. 2006, 14-15)

### *Products*

A product is anything provided to satisfy a need/want. Assume that after hard working days, people could entertain with enjoying at a favorite café, shopping, joining a gym class or even planning a far-away vacation to reduce the stress. The conception of product includes both sides of tangible and intangible objects that target on meeting the requirements of customer. It could be experiences such as Dam Sen Water Park, Binh Quoi eco-tourism site or recreational places of new-opened Starbucks coffee shop in District 1 etc. (Tran and Tran 2008, 9)

### *Customer value, satisfaction and quality*

The differences between the benefits customer receive from a product and the costs of getting it mean customer value. The understanding of this value is not only budgetary but also nonmonetary in time, especially for the leisure industry of travelling. Tourists deciding to spend their trip in five-star hotel will not stand in line to register. In a time of strict competition nowadays, it is getting familiar with rising customer value when lots of services of delivering products to home such as foods, nail services etc. However, it could be seen as one of the biggest to increase the value of products.

Customer satisfaction is the target for each business to desire to obtain. It understands that the purchaser could feel dissatisfied when the product performance does not meet their expectation and vice versa. This can be smart marketing strategies when companies provide services more than they promise, which make consumers delighted. The process of achieving level of expectations takes challenges because customer will rely on past purchasing experiences, or opinions through acquaintances. Marketers always need to set it carefully. Currently, companies often supply products to create customer delight rather than merely satisfy them. Sellers know that delight could make repeat purchases, remain customer loyalty and less sensitive price. Apparently quality of products or services provided is the real factor deciding customer value and satisfaction. (Kotler et al. 2006, 16-19)

#### *Exchange, transactions, and relationships*

When certainly satisfying their value and the quality of products, customers decide exchange marketing. It means people could gain a chosen piece from somebody by offering something in return. For instance, tourists want to rest at one resort and use up all the benefits given. They will probably offer money in response to this pleasure. While exchange is concerned as the core concept of marketing, a definition of transaction is marketing's unit of measurement. It must consist of at least two points of value, agreement time, and agreement place. It understands that a traveler gives 250 euro to five-star Sheraton Hotel Saigon for a suite room and he could get one night for the use of it, which is called a classic monetary transaction. Moreover, relationship marketing plays the essential idea to a greater extent. Marketers attempt to build up strong relationships by providing best quality services with fair prices. The marketing orientation is no longer increasing the profit on the individual transaction. The mutually beneficial relationships between their customers and parties of distributors, suppliers, etc are placed on the prerequisite. (Kotler et al. 2006, 20)

#### *Markets*

The definition of market is very common at present. This term stood for a location where sellers and purchasers could exchange their products. Both sides are connected. For example, tourists want to seek out the details about their upcoming vacations. In the market of a variety of travel agencies, sellers supply the market with information. It is the reason why the concept of transaction exists, which leads to a market.

## 2.2 Service characteristics

Nowadays, the global economy is developing in relation to the major trend of service sector. In fact, tourism industry in particular consistently experiences service as an indicator during the whole process. Since, tourism is a wide variety of activities to achieve leisure and come in to shopping, sightseeing etc. *“Tourism is just one form of recreation, one use of our discretionary time.”* (Holloway 2004, 16) Four main factors of service are considered below to understand how marketers could exploit and apply them to advance tourism products.

### *Intangibility*

Services of tourism are nonphysical products. Customers could not gain any experience before they decide to purchase, consequently purchaser unexpectedly takes risks involved. The feature causes the challenges for customer to evaluate the value and quality. However, to solve those difficulties, they have a tendency to seek out some evidence of quality and rely on other opinions.

### *Variability*

There is always the high variability of services. Tourists cannot make sure of receiving the best-quality products due to numerous reasons. It is challenging to control the quality while the production and consumption of services occur at the same time. Moreover, suppliers could not deliver constant tourism products during the times of peak demand. For instance, in Ho Chi Minh City, Son Think hotel typically has been criticized because of dirty rooms, bad service of breakfast or checkout etc for the period of summer times. (Travel Reviews 2012) Besides, some other subjective reasons of staffs' skills and performance to the guest tremendously affect the decision of (re)purchasing the products. (Kotler et al. 2006, 44)

### *Perishability*

The tourism product is a highly perishable one. It cannot be stored. For example, hotel room at the time of lack of tourists implies that it loses the opportunity of sale forever and no way to gain this chance again. The feature does not cause much of trouble once need of customers is stable. However, organizations meet with difficulties in periods of extraordinarily flexible demand service. The fact is of importance for marketing because

consumers could be offered a discount price. Purchasing special fares of airline ticket on unmarketable occasion is possible due to the empty seats filled. (Holloway 2004, 18)

### *Inseparability*

Unlike goods, services of tourism activities cannot be manufactured and stored for later supply. It means that providers will produce and travelers consume depending on their demand at the same time. Customers could not serve themselves with breakfast or lunch, bedrooms for a rest etc, which asserts that supplier turns out to be an integral part of tourism. Obviously, products are purchased including the elements of sellers' social skills in dealing with. As a result, training contributes an essential key for achieving the great success of travel marketing. (Holloway 2004, 18)

## 2.3 Promoting tourism product

In order to fulfill changing demands of tourists and guarantee the long-run cost-effectiveness of the industry, product development relying on the wise use of the cultural and natural resources of the destination, is always a precondition. At first, the term of "generic product" is to make understanding of the tourism core, besides other marketing tools supporting for the travelling development.

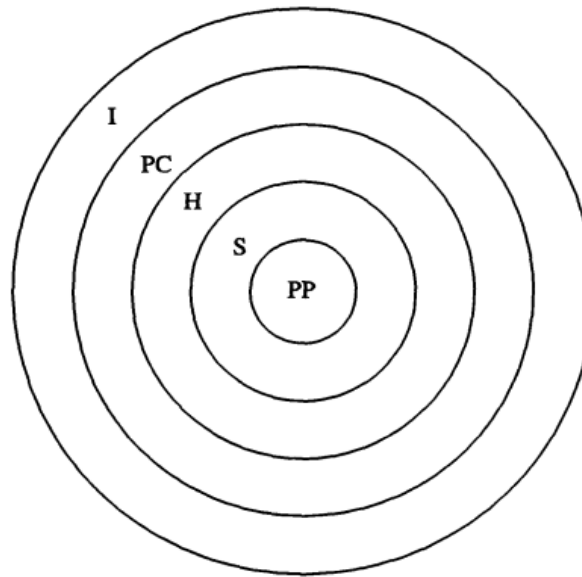
### 2.3.1 What is tourism product?

In order to fulfill changing demand of tourists and guarantee the long-run cost-effectiveness of the industry, product development relying on the wise use the cultural and natural resources of the destination, is always a precondition. At first, the term of "tourism product" is to make understanding of the core for the tourism development.

The tourism product is seen as a bunch of services and experiences, including all the tangible and intangible elements. Tourists just understand these complex consumptive results when they make use of various travel services through their visits (information, accessibility, accommodation, and attraction character). Each of the components is always delivered by individual providers of hotels, airlines, tourist companies, etc. The product of a perfect design would meet the requirements of travelers. (Smith 1994, 585)

### *Elements of tourism product*

The circle of tourism product is a close bond between five elements from the nucleus of the physical plant to the encapsulating shell of involvement. The succession from the inside out in Figure 2 shows the interrelation of each subject as a general viewpoint of travel product.



PP = Physical Plant      FC = Freedom of Choice  
 S = Service              I = Involvement  
 H = Hospitality

FIGURE 2. The generic tourism product (Smith 1994, 587)

### *Physical plant (physical environment)*

First, the core of any product is all the tangible elements of a place, natural resources, or infrastructure like hotels, restaurants, shopping malls. Furthermore, some physical environmental factors such as climate conditions, less dust and pollution etc directly influence the purchasing decision of tourists. For instance, Ho Chi Minh City is energetic and attractive one of tourism perspective, where travelers are welcome by friendly people, a fascinating culture, and all the advantages that it has. With the gradual but sustainable development of economy, high-educated population, and the pros of

facilities, Ho Chi Minh is proving itself as the heart of economic, cultural, and political central of Vietnam. (Ho Chi Minh City DPI 2012)

Consumer's experience is mainly affected by the physical design. They evaluate the quality of products through getting access to the features of reality in use and experience, environmental protection, and a wide range of physical abilities or restrictions.

### *Service*

Physical plant is a necessary but not sufficient condition. Creating the tourism product in use requires the input of services. It means the performance of particular jobs in order to satisfy tourists. People could measure any quality of services through how employees behave and serve their customers. It is the reason why management plays the key to maximize the details of product. (Smith 1994, 588)

### *Hospitality*

Besides quality service, consumers expect some other added points or "something extra." That desire is the warm greeting represented by style or attitude. It is called hospitality. For example, tourists receive the service of receptionist to utilize effectively their benefits in hotel. However, to access the entire value of the providers, which could create an impression to keep customer, this service should be conducted with a smile, warm sincerity, and especially ability to respond to all the requirements of the guests zealously. It is difficult to be apart from service and hospitality, because of their essential combination for a perfect tourism product.

The next two elements are expanded and developed on the basis of hospitality. In the model Figure 2, they imply the inclusion of travelers as the essential part of the product. The products are not widely used unless consumers could be seen as the delivery point of process. (Smith 1994, 588-589)

### *Freedom of choice*

People always have a variety of choices to experience the most satisfactory results. Actually, there are many factors influencing the decision of purchasing the tourism product. Depending on the purposes of business, relative visits or just for pleasure



simply, freedom of choice would be different greatly. Besides, it varies with lots of points of budget, some expertise, or sometimes trust in a travel company, etc.

### *Involvement*

A perfect tourism product meets customers' expectations under the combination of an ideal physical plant, high-designed service, warm hospitality, and diverse choices. However, the aim of those supports each other so that tourists could remind, make impression, and decide to get involvement. It means that people would be interest in accessing all the travelling activities related that experience and satisfy the needs of consumers. (Smith 1994, 590)

### 2.3.2 Marketing tools for tourism

*Price* is the only tool producing profits for any business operations so dealing with pricing and price competition meets the most difficulty when running marketing strategies. It understands that too high charges chase away prospective customers, but a company cannot exist in case of charging too little. Which elements does a tourism company consider when setting prices? At first, it sets the survival as the objective in the short term. For instance, a 100-deluxe room hotel has just sold 40 rooms a night during the economic crisis that forces them to cut down the prices in order to attract more travelers. However, this strategy results in the falling of room rates and profits also. In fact, it shows that the purpose of setting prices is not to survive the business, which is for current profit maximization. They have to receive cash flow, return on investment, besides finding out financial outcomes. Obviously, each business selling tourism products on the marketplace always needs to achieve a dominant market-share position and product-quality leadership because they could get benefit greatly of low costs and long-run turnovers. Based on internal marketing objectives, a company partially makes decisions of price. To complete the price factor, it must be coordinated with external issues of market and demand. Those elements set the upper limit of prices. While customers always balance the price rate against the values product provides, so marketers will think through the relationship of charge and demand for a tourism product. (Kotler et al. 2006, 448 – 455)

*The sale function* contributes to the success of trading travel services. Tourism is a people business, so travelers play as a critical component in the product itself. Normally, customers could not experience the travel service without the delivery from staff. It

proves that people who want to work in this industry must bring them into contact with visitors through a good appearance, their hospitality, and other necessary features of being patient, appearing helpfully. Especially, the product is indivisible from the employees with a bad communication and the poor use of languages (English, French, Chinese, etc.). At a basic level, first impressions with clients are vital that describes to a style of dress. Each staff is always willing to present their well-turned-out look, besides other concerns about personal hygiene. Due to the features of this work, employees have to approach travelers in a confident manner. It requires they are keeping a smile, being attentive, etc.

*Tourism advertising and the travel brochure* takes the significance when giving the free material to travelers on demand. Customers could partially involve in the information about a place, etc. which remains one of the most essential tools in marketing communication. The issue of preparing and designing the brochure will be clearly defined, based on the purpose, budget. Any marketer needs to approach the objective recommended. In addition, a brochure could strive by a reason of being distinctive and attractive. In this case, the tourism company will communicate its brand image, define the product positioning and decide the key information of reliability. Sometimes, the effectiveness of brochure could explain the competitiveness between tourism companies on the strict marketplace nowadays. (Holloway 2004, 287 – 290)

*Sales promotion (SP) for tourism*, like advertising, at point of sale activity, electronic media and community relations, sales promotion should be used to support the relationship of company and its customers. The company realizes that it could encourage the formation of the sales target consumers, members of the distribution chain and sales staff for the purpose to create a specific action can be measured for a product or service. Then by the wave of e-commerce development, many travel marketers have spent money into promotional activities to build a name so even though the budget for sales promotion has increased steadily each year about 8.1 % of the total budget spent on advertising still took up about 53 % of the budget, and boost sales accounted for approximately 41 %. It proves SP producing effectiveness and superiority in Vietnam tourism industry and superiority that no one can deny.

*Public relations (PR) in the tourism industry* set communication techniques to create promising relations of a marketer and its publics. Obviously, tourism is a service industry and the product could not be seen without the interaction between staffs and their

customers. Consequently, in case the company is running its business operation well, it also needs to present a friendly image. PR plays a key to publicize the image and promote the reputation of a company. However, the actual values are from the performance of staffs and quality management. Customers could be informed and reminded about the services/products through PR. It ensures that the messages given are precise and reflecting the right interests of marketer. In fact, a travel company uses PR as a weapon in the long run because it perceives an object message that is more considerable than other communication tools. Moreover, this tool helps the travel business diminish the effect of negative publicity due to the flexibility of unfavorable events, including bad issues such as air traffic controller's strikes, overbooking, train crashes, etc. When working with PR, there are some distinctive activities of press relations, product publicity, corporate publicity and other effective means. (Holloway 2004, 339-342)

#### 2.4 Analyzing customer buying behaviors

Tourism industry is gradually leading to stiff competition due to the greatly global advance in the trade, which opens up many ideal opportunities for enterprises related to developing their businesses. During the recent years, hundreds of hotels and restaurants have been constructed to satisfy customers' demand. However, the question is how to adapt itself to the continuously changing requirements of travelers and appeal the advantage over its competitors. (Kotler et al. 2006, 198)

The following figure illustrates the relationship of marketing elements directly influencing consumer responses.

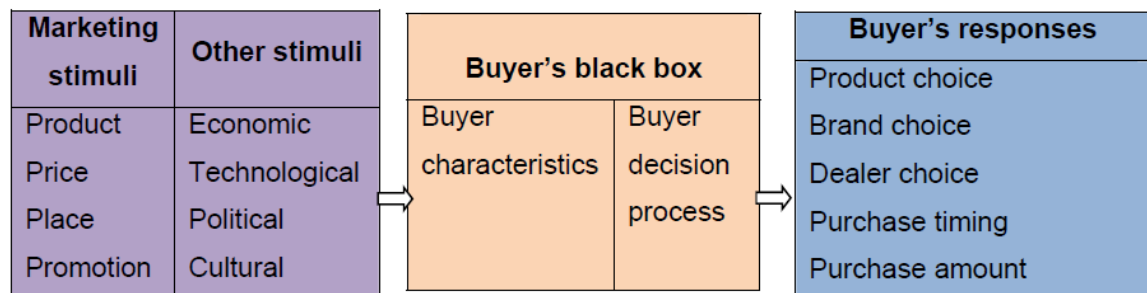


FIGURE 3. Model of buyer behavior (Kotler et al. 2006, 198)

According to Morgan (1996), customers do not make any decisions of purchase in isolation. Besides the external elements of quality, price, place, or promotion directly influencing their attitudes to products, the marketer should know and take into account the internal behavioral factors involved.

### *Culture*

Developing travel business requires the marketers to put up cultures as a primary aspect being aware of because it is dynamic, adjusting to the situation. The fact is that *“differences of cultures between nationalities are a major concern of international marketing.”* (Morgan 1996, 92) Furthermore, this even exists in the same region. Accordingly, suppliers aim at recognizing cultural shifts to launch opportunely new products into an open-competitive market. Furthermore, subculture always being a part of culture contained includes the similarity of nationalities, geographic areas etc, which forms important market segments. (Kotler et al. 2006, 200)

### *Social influences*

The family is said to be one of the most determinant issue contributing to the tourism purchasing behaviors and it has been researched extensively in the recent times. People often spend their time and money on travelling for leisure with the relatives and a holiday is expected to respond to the demand of basic satisfaction for each one. Towards the specific characteristics of tourism, the marketers will deeply learn and analyze the forces of decision-making results for the purpose of more salability.

People constantly belong to a family or certain team. It is the reason why reference groups play a key role in the individual's consumption choices. Those groups do not even interact frequently or make less consequence to members but it is still somehow influential. (Lahtinen and Isoviita 1994, 69)

### *Personal factors*

The organization could catch the views of product selling through defining and segmenting the cultural and social factors. However, personal factors have been challenging to describe because *“the personality is the expression of enduring inner psychological characteristics.”* (Morgan 1996, 91) Obviously, a person within a team agrees to any innovation would be dependent upon his own elements of lifestyle, occupation, or economic situation etc.

*Some other external factors influencing*

In the time of global economic crisis, people need to consider before making any decisions of travelling. The tourism industry generally in 2009-2010 has been suffering a very big loss when the world economy disastrously declined and travelers had to reduce their budgets on visiting new destinations. Data statistics (World Travel and Tourism Council 2010) said that it nearly decreased 5 % of visitors in 2009.

To attract large numbers of tourists, the destination would be asked to keep its appealing, charming image of hospitality, specific, less pollution, which creates customers the feelings at ease. People set their awareness when making decision to take time and use up money on a place without comfort, relax.

### 3 GENERAL VIEW OF VIETNAM TOURISM

This chapter shows the image of Vietnam tourism as a destination for travel and displays the sustainable development through analyzing the extraordinary growth in the number of visitors.

#### 3.1 Potential for tourism development in Vietnam

Vietnam could meet all the factors to develop tourism industry into a key economic sector. Due to the enormous potentiality of physical environments and services, Vietnam affirms itself as an appealing choice for visit. It is demonstrated in the following strengths.

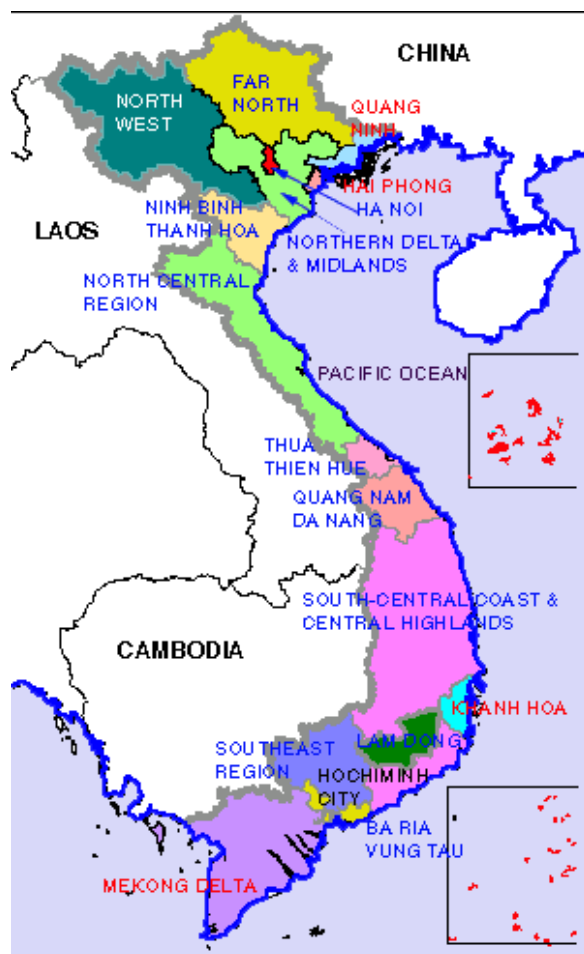


FIGURE 4. Vietnam regional map (Discovery Indochina 2013)

Geography creates a fascinating beauty for the “S-shaped” country. Located on the southeastern part of the Indochinese neck of land, Vietnam measures over 1,650 km from North to South with a long shoreline of about 2,000 km, covering an area of 329,560 square kilometers. Vietnam is not deeply within the mainland, which leans against a vast continent of the world and turns out the Pacific Ocean. That advantageous location easily offers foreign tourists a variety of transportation methods to come. (Visit Mekong 2010) In general, travelers take pleasure from natural humid tropical climate in Vietnam. The temperature difference within a day and between the seasons in a year is quite stable so travelers adapt themselves easily to circumstances.

Under a thousand year history in depth, Viet Nam is a prospective site towards the favor of nature musters several vestiges of an ancient civilization, cultural design, and more tourist attractions spreading across the country. The inherent hospitality of the Vietnamese will make travelers perceive a nonstop development of tourism in this beautiful spot. As from August 2010, Vietnam has more than 40,000 monuments including around 3,000 of those being ranked national and more than 5,000 provincial ranking. Many relics densely gather in 11 provinces in the Red River Delta and it gets a high percentage of 70 % Vietnamese inheritance. Moreover, until 2011, the Vietnamese could take pride in the acknowledgement of United Nations Educational, Scientific, and Cultural Organization (UNESCO) recognizing seven sites as World Heritage.

- ✓ Central Sector of the Imperial Citadel of Thang Long – Hanoi
- ✓ Citadel of the Ho Dynasty
- ✓ Complex of Hue Monuments
- ✓ Hoi An Ancient Town
- ✓ My Son Sanctuary
- ✓ Ha Long Bay
- ✓ Phong Nha – Ke Bang National Park

Due to the long coastline, Vietnam is in the 27<sup>th</sup> position out of 156 nations with the marine potential. It has many beaches, 125 of which could be invested to build up fascinating spas and resorts, especially Ha Long Bay and Nha Trang being voted one of the most beautiful world bay clubs. (Vietnam tourism info 2008)

Obviously, accommodation always exists as the most concern of visitors. This service related has a tendency to develop significantly. Until 2007, marketers could offer around 180 thousand rooms, 7000 of those are sold in 25 five-star hotels, 9000 rooms in 76

four-star hotels and 11000 in 155 three-star hotels. Furthermore, customers have numerous choices of resorts with the warm sincerity and hospitality of suppliers so they might feel enjoyable and gain impressive experiences in this amazing location. The distinct advantages of network of 39 international airports in 18 countries and areas greatly assist visitors in the convenient transfer. A railroad through 20 major, big provinces and cities has been facilitated besides options of land way, river way etc. (Vietnam tourism info 2008)

In addition to the available potentiality above, diverse tourism in Vietnam meets favorable conditions to catch the interest of foreign tourists. The mildness of economic, political situations ensures the security of society, which brings the psychological comfort of travelers to determine an ideal destination. The Vietnamese government continuously invests much and sets forth open-door policies with the target of Vietnam – the hidden charm.

#### *Some challenges issued by the operating environment of tourism industry in Vietnam*

According to Cooper et al. (2005), the destination for traveling displays the 'sharp end' of the whole tour. Furthermore, the complete impact of tourism is felt by means of management strategies implemented. The fact shows that tourism is an abundant source in Vietnam, depending upon its natural resources of climate, sceneries etc, and society's inheritances. Climate change poses difficulties for the authorities to make moves towards promoting and marketing travelling highlights. As during the rainy season of six months each year in southern Vietnam, the market could go through a slump owing to the lack of visitors. They feel dissatisfaction with the infrastructure damage in addition to raising the maintaining rates. Weather alteration increases the risk of loss of income in each area particularly. The degradation of coastal zones, rising sea level and decline in biodiversity could result in some psychological fear of travelers and frustrate the image of a peaceful and appealing site of Vietnam. (Tourism master 2009)

A big deficit in human resources running the tourism sector is widening. Team guides with many shortcomings of the professional competence, especially communication skills, foreign languages, and knowledge of cultural, social factors have already had a significant impact upon customers' satisfaction. In 2006, 32 % of direct service employees could communicate in English but at different levels. There is a low



percentage in using other languages, just 3.2 % French and 3.6 % Chinese. Meanwhile, suppliers could not meet the strong demand of Japanese and Korean. (Tai lieu 2009)

For five years after joining the World Trade Organization (WTO), Vietnam has seized a perfect opportunity from its interdisciplinary global integration. On the other hand, it devotes much of the insufficiency, particularly in tourism. Governments could have not really focused on doing market research and development along with international orientation. Hence, the sales promotion of tourism products abroad gains less effectiveness. Apparently, tourism industry in Vietnam will not thrive on the commercial exploitation and respond to the available strengths of natural conditions, historical figures etc without managing measures of the authorities. (Tai lieu 2009)

### 3.2 Achievements of tourism in the economy of Vietnam

Tourism is gradually becoming an essential key to the economy at any national and local level. It has been a demand when aiming at reproducing labor force. On the other hand, developing foreign tourism will increase incomes of any business particularly and support for the national economy in general. The facts that it helps resolve the unemployment by offering a variety of jobs for society etc. This is the reason why the traveling industry has made a very great contribution for many countries, including Vietnam.

#### *Summary of the numbers of visitors to Vietnam 2009-2013*

In 2000, Vietnam attracted 2.14 million international travelers and served around 11.2 domestic visitors. Until the end of 2009, the number of customers increased to 3.9 million of foreigners, more than 25 million of the domestic one. In the long-term period of ten years, the country has been noticed as a charming, potential destination to explore.

TABLE 1. The number of tourists to Vietnam 2009 - 2013 (Vietnam tourism 2013)

Year	2009	2010	2011	2012	2013 (expected)
Foreign visitors (million)	3.9	5	6	6.8	7.2
Domestic visitors (million)	25	28	32	32.5	33.8
Sum (million)	28.9	32	38	39.3	41

Tourism could attract the participation of all the economic components to supplement the income for not only those direct business objects related to this industry but also indirectly connected sectors of exports. In 2000, Vietnam just reached the total revenue of 840 million dollars, to 2010, the number of which rose to 4.608 billion dollars, 5 times over the period of ten years. By the end of 2012, when turning a profit of 7.68 billion, the tourism sector has exceeded the increase of 13.8 % compared to 2011.

#### 4 THE TOURISM MARKET SITUATION IN HO CHI MINH CITY

The general information below demonstrates the potentiality for tourism and the summation of prospective performance in recent times. Besides, it delivers the analysis of competitors and SWOT in Ho Chi Minh travelling industry.

##### 4.1 Tourism potentiality in Ho Chi Minh City

This chapter reveals the background of branding concept. It discusses the city as a product. Branded goods under a long history could prevail against the others. With the aim of constructing tourism in Ho Chi Minh City as a strong destination brand, it measures succinctly thorough the City Brand Hexagon to provide a visual image of potentiality gathered in the location. This structure is seen as the most effective mean to evaluate the branding level, to guide the efforts to build up city position on the marketplace. (Ashworth and Kavaratzis 2010, 44)



FIGURE 5. The city brand hexagon (Anholt 2006)

##### *Place (location)*

The Place component, based on Anholt's framework exposes the highlights of physical elements at the site. The questions given out are how visitors could be aware of its attractiveness a city possessing, how they are pleasant to enjoy the place, what the

climate is like etc. It is one of the basic strategic parameters positioning the brand of travelling in Ho Chi Minh City.

Ho Chi Minh is located in the southeastern area of Vietnam. It is the second biggest center of approximately eight million residents (June 2011) in Vietnam, besides the capital Hanoi. The place concentrates on almost key economic sectors of industrial elements, technology, commerce, tourism etc. It is covered by hundreds of canals, rivers, and arroyos. The largest one, which is getting the huge benefits for transport exploitation, is the Saigon River running throughout the 106 km long city. Established in 1862, the Port of Saigon takes an extraordinary advantage of being accessible to ships weighing up to 30,000 tons. Along with the combination of harmonious and typical weather, Ho Chi Minh City is guided to the top ten ideal sites in South-East Asia. (Go Asia 2012). The climate has two distinctive seasons. The rainy one lasts six months beginning from May until November and the dry one lasts for the rest of the year that makes travelers enjoy without severe weather conditions.

The enormous strength of Ho Chi Minh City is built up in the connection with all the forms of transportation systems of roads, rails, waterways, and airlines. From that point, it provides diverse inland trips to numerous provinces and cities across Vietnam by land, railroads; especially National Highway 13 in the city being inaugurated could link the country with the rest of Indochina. However, to satisfy a sufficient amount of demand from customers and highlight Ho Chi Minh as one of prospective choices to visit, suppliers have taken form major air travel routes and more invested in Tan Son Nhat International Airport, the biggest hub providing hundreds of flights domestically as well as internationally per day. Besides national Vietnam Airline, many foreign flight companies are operating and actively expanding their branches to fulfill customer service, such as Aeroflot, Air France, British Airways, KLM, China Lines offices etc mostly located in District 1. (Brand reportage 2011)

### *People*

People are the basic key factor of positioning Ho Chi Minh City brand, which encapsulates the perspective of tourist destinations. It could be summed up to core points as following.

Some smile and friendliness are the characteristics of people living in the city. As the most highlight, they have been replicated into community marketing communication

programs and combined with some of the most practical management measures to ensure the maximum value for tourists such as guide, safety for visitors. People are always conscious of their roles to advance tourism conditions when making the most of expertise and standards for each target group directly: standard language and knowledge of the guides, task group marketing (promotion girls, task force) promoting event of MICE, which stands for "Meeting, Incentive, Conference, and Event" segment and so forth. It will be mentioned more detailed in the next chapters. Besides, the local government also identifies the segmentation of groups inside (internal stakeholders) and the solutions for each group of subjects within hotel associations, tour operator associations, business associations, business tourism, the tourist residential neighborhood, police protection tourism, community tourism market. With the purpose of speeding up production for travelling demand, they develop and support 'group movement' orientation support tourism foreign e.g. language students (open club for tourists). (Vietnam brand 2011)

#### *Prerequisites (historical heritage)*

History and inheritance consist of many different values from the traditional heritages of the nation, the process of reclaiming the South of Vietnam, the history of the revolutionary struggle and independence. The ethnicity and dynamism are two basic values to create brand character that can also be exploited by the brand tourism. Monuments of culture and the revolution, folk arts, costumes, cuisine, should be to improve nature conservation and exploitation process towards sustainable tourism and value.

Gaining advantage of a central location with huge investments and continuous innovation of infrastructure, comparatively convenient traffic, and rich resources for tourism, Ho Chi Minh City is a source of pride of the Vietnamese. It has exerted a pull on 70 % of foreign visitors to Vietnam. The place is also believed to be a heroic evidence of the resistance war for independence when the French invaded Vietnam. In 1911, to achieve the aim of national liberty, the great leader, President Ho Chi Minh headed off to France at Dragon House Port (Nha Rong Port). Since then, tourists have always been attracted to those historical monuments of the Port and Ho Chi Minh Museum. They could explore more relics of Cu Chi Tunnels reached the top ten world's speculator undergrounds (Vietnam travel 2012), Ho Chi Minh Municipal Theatres, houses of culture and other French architecture constructions etc. After more than 300 years of

development, the city is described as an appealing site with several ancient constructions, legendary vestiges, and renowned highlights. It is a remarkable combination of traditional values of the nation with northern and western cultural features. Nowadays, besides typical places of historic interest being preserved and brought into play, many recreational spots such as Dam Sen, Suoi Tien, Dai Nam..., eco-tourism and residential areas of Thanh Da, Binh Quoi, which the city has invested much budget to attract full attention from customers. Towards the trip to Ho Chi Minh City, visitors could perceive spiritual heritage of music during the war to highlight the message of peace loving throughout the fight for the ideal of national independence, sublimate their emotions along with exploitation of cultural inheritance such as Ao Dai, Water puppetry, Don Ca Tai Tu Nam Bo etc. As known a city of modern civilization, the place has retained the Vietnamese traditional theme that promised to bring tourists much excitement to explore, in which a trait to make some competitive attraction is the love ticket price of promotion compared to other locations such as China, or even Cambodia. (Vietnam brand 2011)

*Pulse (appeal)*

Attractiveness of positioning the brand of tourism can be extracted from human factors, culture, history, and contemporary trends, which will appoint a number of typical traits. The urban identity of Saigon - the major changes in society to Ho Chi Minh City, Southern smile identity, or the identity of the revolutionary legacy... would be one of the most attractions that are available in the brand's travel here. In addition, more appeals that are being newly created into a unified strategy by Department of Tourism, Culture and Sport and the business community. In the recent times, the authorities have invested to hold series of events Music Festivals, Beauty Contests, Cuisine Fairs and further exploit the traditional markets space with a new thinking on tourism operators to improve quality and fares of services. Towards the creation of travelling products provision, delivery units will open up more recreational spots under architecture identity and green space, shops & services system, lighting design and music effects for visitor... These have been practical contribution in developing tourism strategy. People take continuous efforts by innovative thinking aimed at international trends and capacity of Ho Chi Minh City. The heart of the nation builds itself some key products, with serious investment to create the highlights of international stature. It is a cultural, sports or performance, a park class entertainment, a theater class, a class of branded chain of events from which to create a practical appeal. (Vietnam brands 2011)

*Potential opportunities*

Potential plays one of the essential elements in Anholts' figure (2007) to make up the city brand, especially tourism. It can be extracted from internal factors and aspects of contemporary trends. At the point, travelling would find out some ideal orientation for business opportunities or works by domestic and international visitors that can be derived from the concept of "land array of chances" when meeting practical needs, which tourists are looking for. Those of changes may come from the investment for business, or it might be created by human relations, cultural exchange, and education. As a dynamic city in a developing country of more stability and safety Vietnam, Ho Chi Minh City implies many occasions for visitors to explore their interests and experiences, from which they would be studied, promoted, and realized. Nowadays, the governments establish the list of call-oriented investment to improve tourism products and continuously updated in the mainstream media towards the goal of larger extent of advantages brought about to foreign customers, especially the prospect of Chinese, Japanese, and Russian etc. It has been a great effort of setting up the center of tourism event with the cooperation of international experts that contributes to the leisure industry. (Vietnam brand 2011)

*Presence (management capacity)*

Internal factors such as the central policy, tourism strategy, local, and community relations are core values of brand positioning. The policy given out is both consistent and smooth to fit latest trends. The points will enhance tourism competitiveness, create more products, stimulate investment and be buoyed up with satisfaction from the customer, while it still ensures the format, preserves the value and maintains the precious identity of the site. Ho Chi Minh City is demonstrated as a charming destination when staff proves themselves under the corresponding tourism management. They create consistency, professionalism, and transparency. Training is a turnkey to enhance force and validity as well as put forth any lucid decisions. Despite the difficulties in promoting the whole quality of human resources, employees have taken efforts to support the central a more proactive way to improve management capability and practice of policies.

#### 4.2 Tourism performance in the recent times

Foreign travelling activities have been acknowledged as the key prerequisite of tourism industry in Vietnam, of which the city under the name of beloved President Ho Chi Minh is playing its significant part to attract the attention of international visitors. Based on the latest statement issued (Department of Cultures, Sports and Tourism, June 2012), over the first six-month period in 2012, the number of foreign visitors have reached approximately 1,815,000, in excess of 10 % compared with the same time of 2011. Revenues of tourism contribute 11 % to the Gross Domestic Product (GDP) of the national economy. The following table could provide a comprehensive view of stable increase in the quantity of foreign travelers.

TABLE 2. International visitors to Ho Chi Minh City during the period of 2002 - 2012 (Final reports of tourism activities over the years 2012)

Year	International visitors to Vietnam	International visitors to Ho Chi Minh City		Proportion of HCM visitors to those of Vietnam(%)
		Total	Percent of growth (%)	
2002	2,628,200	1,433,000	-	54.5
2003	2,429,600	1,302,000	-9.0	53.6
2004	2,927,876	1,580,000	21	54
2005	3,467,757	2,000,000	27	57.7
2006	3,583,486	2,350,000	17.5	65.6
2007	4,171,564	2,700,000	14.8	64.7
2008	4,253,700	2,800,000	3.7	65.8
2009	3,772,359	2,600,000	-7	68.9
2010	5,085,139	3,100,000	19.2	61
2011	6,014,032	3,502,000	13	58.2
2012	6,800,453	3,800,000	8.5	55.9

Unit: times of participations

Table 2 as a whole displays a time of tourism prosperity by the huge increase in the number of foreign tourists. In the periods of 2003 - 2005 and 2009 - 2011, the marked rise of visitors impules the outcomes. The main factor is considered when Vietnam was the host of the 22<sup>nd</sup> and 25<sup>th</sup> SEA GAMES, the biggest biennial event of multi sports



involving eleven countries of Southeast Asia. This regional occasion not only attracted more people to come, it was a chance for authorities to carry out the marketing work, introduce the charming image to everyone. Due to the biggest potential city of Vietnam, Ho Chi Minh City held many sport types has exploited all the advantages to promote itself as one of the strong brand city and gain several satisfactory results of getting stimuli of foreigners. To sum up, foreign visitors coming to Ho Chi Minh City always take 51 % high percentage of the total of those to Vietnam when reckoning up the density over the years. (Blogspot 2011)

The annual turnover from travelling activities includes all the revenues from board and lodging services, transports, sightseeing costs, shopping that customers have spent on during the whole tour. In terms of effective marketing renovation to promote the sustainable development of tourism the government and organizations providing services are initially achieving some business objectives of affirming the city brand. To grasp the overall situations from the takings of the key industry in Ho Chi Minh City, the figure below represents accurate data in the period of recent ten years.

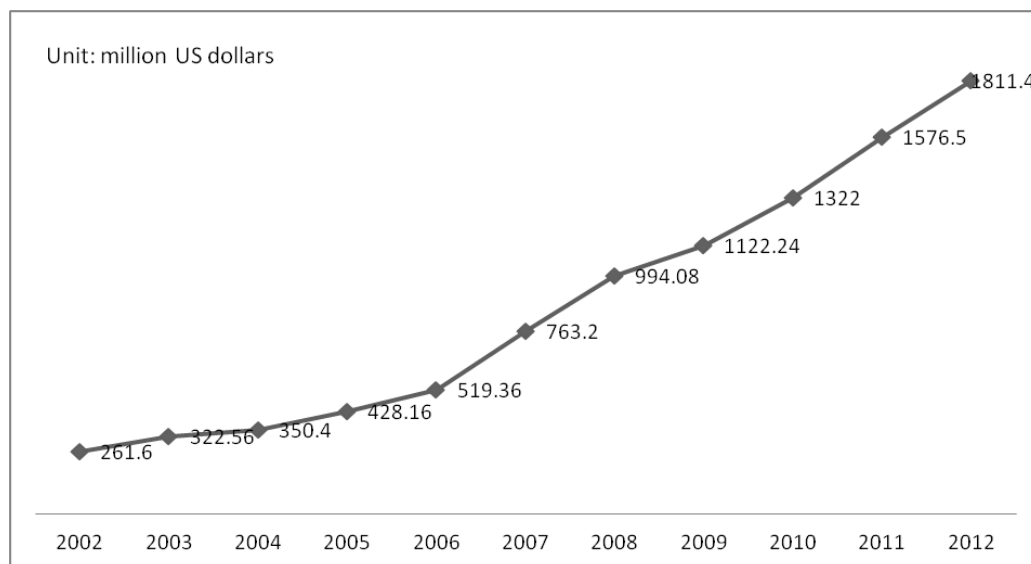


FIGURE 6. Revenue of foreign tourism to Ho Chi Minh City in 2002 - 2012 (Department of Statistics in Tourism, 2013)

#### 4.3 SWOT analysis of Ho Chi Minh tourism

The analysis of strengths, weaknesses, opportunities, and threats is the prerequisite for evaluating current condition of operating the tourism industry in the city due to a strict

and competitive business environment. Authorities as well as suppliers could clearly define challenges, before putting forward targets for the upcoming time. Those aspects need evaluating from customers' perspective, which ensures an insight of reality. The following table illustrates the potentiality, besides the inadequate problems being.

TABLE 3. SWOT analysis of Ho Chi Minh tourism (Destination marketing 2012; Vietmark 2010; Tourism review 2012; Blogspot 2011; Vietnam tourism info 2012; Ehow 2011; Tourism news 2013; Tourism news 2013)

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>➤ The location of beauty and dynamics with attractions of landscapes</li> <li>➤ Mild climate with two distinctive seasons</li> <li>➤ Numerous relics due to the long history of liberation and construction</li> <li>➤ Diverse eco-tourism of hundreds of canals</li> <li>➤ Variety of transport methods</li> <li>➤ Diversity of cuisine</li> <li>➤ Hospitality, friendliness of the local people</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pollution and noises</li> <li>➤ Restriction of services, undifferentiated products</li> <li>➤ Quality volatility</li> <li>➤ Lack of co-ordination between residents and agencies</li> <li>➤ Dependence on voluntary labor</li> <li>➤ Poor foreign language skills</li> <li>➤ Flexibility of prices</li> <li>➤ Public inconveniences of beggars, rip-off etc</li> <li>➤ Uneven quality of hotel accommodations</li> <li>➤ Degraded infrastructures of roads, stations</li> <li>➤ Lack of marketing</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>➤ Member of WTO in 2007</li> <li>➤ Expanding new direct routes in Tan Son Nhat airport</li> <li>➤ Recommend food cultures through festivals</li> <li>➤ More tourism committees</li> </ul>	<ul style="list-style-type: none"> <li>➤ Competition: the strong expansion of neighbors (Bangkok)</li> <li>➤ More changeable demands from customers</li> <li>➤ Catch up with the tendency of products, services</li> </ul>

Obviously, tourism industry in Ho Chi Minh City takes advantages in being on the top ten places in the South-East Asia when it gathers lots of strengths. The beautiful location, appealing landscapes combined with mild climate would create nice trips for tourists. The exploring highlight focuses on numerous relics because Vietnam has experienced the long history of liberation and construction. Besides, the impact of hundreds of canals facilitates the strong development of eco-tourism. Tourists will realize their conveniences of service channels while variety of transport methods is always available for serving. They feel fascinated by cuisine diversity and hospitality of the local people living in the city.

On the other hand, Ho Chi Minh is still facing several weak issues. For instance, traffic jam has existed as a seemingly unsolved matter for many recent years, which will make much noise and pollution. Customers also make complaints about the quality volatility of services, flexibility of prices. For instance, at some points, the authorities could not control all the product values provided by vendors so visitors can have the price differences with the same souvenirs. Besides, under purposes of personal profit, the residents and travel agencies have lack of co-ordination such as hotel supplying. Normally, it realizes that tour guides are not equipped with enough foreign language skills to introduce the destination and to communicate in many cases. Especially, the matter of public inconveniences of beggars, rip-off is immensely common in this current time. It requires that the governments should strengthen the strict policies to resolve these persistent issues. The reason why infrastructures of roads, stations are on the way of being degraded is variety of transportation. It means that the density of transport modes without the protection awareness will worsen the conditions of facilities, etc.

However, Ho Chi Minh tourism situations always could gain opportunities to develop when Vietnam has become member of World Trade Organization since 2007, which reduces many barriers for the local leisure industry to integrate. Transport always runs as the key point to attract more tourists so Tan Son Nhat international airport is expanding new direct routes to lot of European countries (Finland, France, German and so on). Diversity of food culture through festivals plays as a highlight to create appealing topics.

The mission at the moment is to overcome weaknesses partially, exploit all the strengths and hold the chances to fully perform the sustainable development of tourism in the city. It needs to be conscious of competition due to the strong expansion of neighbors

Bangkok, Singapore. Many businesses are facing with difficulties because they do not conduct the updating strategic marketing plans to catch up with the changeable demands from customers and adapt tendency of travelling products, services.

#### 4.4 Competitors in the South-East Asia marketplace

Competition encourages marketers to develop their services to reach customers. If tourists could not feel satisfied with the expectations due to insufficient design marketing of those sellers, their competitors on the marketplace will replace them to fulfill. Competitive position will occur through the ability to serve people concerning transports, restaurants, hotels etc. When planning the strategies in upgrading the provision of tourism products, the first step is to define the main competitors in the location and then research the weaknesses compared to them. Accordingly, suppliers understand their roles and spend huge efforts towards building up the touristic image of the city. (Morgan 1996, 116)

The research should be undertaken into the analysis of quantitative and qualitative approaches in order to keep the competitive aspects of a country's tourism industry with regard to other competing destinations. Hence, this standpoint will firstly rely on concern of domestic competition. (Hong 2008, 2) Besides Ho Chi Minh City, there are two other center locations of cultural - political - economic aspects Da Nang and Ha Noi, the capital. These are located in the central and northern part of Vietnam, respectively. Based on data on international tourist arrivals over the years, those coming to Ho Chi Minh are considerably four times more than Da Nang and two times more than the capital. Moreover, services of providing accommodations, giving feasts etc could gain much of profit, compared to both remaining sites. However, in the long term of developing tourism, the authorities have deployed precise plans to fully exploit the available advantages in Da Nang, besides experiences of visitors towards position of Ha Noi, it can keep pace with this potential city. (Vietnam plus 2011)

According to Hong (2008), the tourism industry could no longer go on under any national policies of protection. International businesses are increasingly entering upon domestic markets and organizations within the country must integrate outside to pose their brand as an ideal choice of customer that creates the competitive edge.

The main competitor of tourism in Ho Chi Minh City is that of Bangkok. Many reviews of experiences from passengers traveling reveal that they see the key similarity of environment, society, services of beach and board, recreational spots etc between both places. Nonetheless, Bangkok has achieved attractive overall view with better conditions to access due to the early investment of travelling expansion. In general, the local tourism in Ho Chi Minh is certainly on the increase. In the direction of strengthening the city brand, it issues challenges of pollution, bad traffic.

## **5 RESEARCH ON THE ATTITUDES OF TOURISTS TO HO CHI MINH CITY**

The chapter shows the inadequacies of tourism industry that Ho Chi Minh City is facing through the research process, from which it sets out suggestions to improve those existing matters.

### **5.1 Objectives of the research**

In 2012, domestic and foreign visitor arrivals to Ho Chi Minh have increased by 10 percent in less than a year, which reached total revenues of approximately 2.78 billion dollars in the period of first ten months. Despite the incentive rise of tourist arrivals, they could not get best feeling of satisfaction by lots of annoying element. By means of feedback received from many popular tourism forums of virtual tourists, world tourism forum, Fodor's etc and tour operators/companies, travelers to this destination are still having numerous conflicting comments after their trips. The local tourism is holding various obstacles of customers' displeasure. (Business in Asia 2012)

Due to the remarkable quantity of contradictory statements of annoyance while visiting Ho Chi Minh, the survey shows as a device to strongly support governments in making out the obvious causes of dissatisfaction. Since then, service suppliers will obtain suggestions to advance perception of their consumers. In the context of new changes in the global economy, it requires that each operator should assess its full capacity to move forward management, investment, and trading strategies, especially focusing on the differentiation of product quality. (Holloway 2004, 134)

The main target will be determined to aim at international tourists, who have come to travel Ho Chi Minh City at least once. As being mentioned above, they are the prospective force reaping huge economic benefits for the key industry of the city. However, the research does not limit the involvement of domestic customers that understands more thoroughly the present circumstances and recommend many practical offers. The other way is making interviews to the authorities, being in leadership level would give out clear upcoming plans to reinforce the developing process of tourism field.

## 5.2 Research approach and methods

To meet the demand of customers, perform the appealing image of travelling for newcomers and repeat visitors, marketing research designed specifies the difficulties to help each service-delivery unit managing their operating decisions, and monitoring the outcomes of those. This research is conducted into consumers and their patterns of psychological attitudes while purchasing products of tourism.

### *Quantitative method*

The kind of approach analyses the situation of tourism through using numbers and statistical assessments from respondents working with the questionnaires. Although it does not give out points of view from anyone, this could seek explanations and predictions much clearer due to the consensus of ideas. Along with this leisure industry of travelling, quantitative way aims at producing generalizable results. (Thomas 2003, 2) The point of the thesis process to improve the quality of service provision and satisfy customer demand as well could be described as quantitative in nature. The matter is referred to gather statistics of which matters are happening. It is the reason why typical interview questions are required by the use of survey.

The limitation of research is when the significance of outcomes depends upon the honesty and accuracy of respondents. They have no way of checking whether this is true or not. For instance, under the issue of evaluating the quality of airline services, some of participants to the survey have themselves their real motives of fear of flying, so towards the perspective of people who do not like the kind of transport, cannot give out accurate evaluation of existing difficulties. In spite of the truthfulness of customers, motives could be extremely complex, and results from different causes are affected. (Holloway 2004, 84)

Apparently, the research is to find out the distinctive causes causing several uncomplimentary opinions by the discontented customers. Towards these unexpected issues, it would concentrate on the main internal and external difficulties of regarding pollution, flexibility of quality/prices, public inconveniences (beggars, rip-off and so on), employees' unprofessionalism and many other criticisms about the services delivered. Consequently, the aim of research is proposing corresponding suggestions to invest and make use of tourism products efficiently, change the current state of affairs of travelling industry in order to appropriate all the growth potential and meet the needs of customers,

along with the goal of the sustainable and cost-effectively viable development of the city tourism in a long term. After all, customers could make their thorough assessment to the prospective image Ho Chi Minh, the heart of Vietnam as an appealing destination for travel.

The process of making survey meets the requirement of obtaining all the needed information toward clear and concise questionnaires, besides those will not take challenges for respondents to answer. Firstly, describing the topic of this thesis procedure, it defines which information is required for structuring question content. About the matters of tourism hanging around in recent times, how do travelers, especially foreigners satisfy their trip to Ho Chi Minh? If not, which points are they concerning? The target information of the quality of accommodation, cuisine, or transportation would be used to build a group of questions. In addition, the aspect of services offered by travel agencies refers to an existent difficulty when quality of tourism products by those suppliers is uneven. Secondly, after getting assessment of the circumstances, the survey consists of two types of multiple choices and open-ended questions. The first one of several answers is convenient for participants to reply such as the details of channels, purpose of the trip, evaluation of info etc. The open-ended one will need people to give a clearer answer. When setting the multiple-choice question, the way of rating scale from 1 to 5 (from totally agree to totally disagree) supplies the concrete evaluation of responses.

The design of questionnaire has been created and performed on the website tool of free online survey where people could easily produce all types of questions, depending on the content of work. Once they are happy with the design of outcomes and desire to launch, there are several options how they want to distribute it. In this case of the tourism topic in Ho Chi Minh, the simple way was to provide a link directly to this website of survey that could be shared on popular forums of tourism such as Fodor's, Phuot. (Free online surveys 2012) Besides, the combination of using social networks of Facebook, Twitter, and Blogger was critical. Due to an interesting thread, the results obtained less than 200 responses in almost two weeks, though it was expected to gain round 300 answers at first. Nonetheless, those are also encouraging consequences.

#### *Qualitative method*

Toward much understanding the latest state of affairs of tourism in Ho Chi Minh City, qualitative technique will be come into use for in-depth motivation research. Structured discussion gets interviewees to talk freely, express their judgments about the subject.



Despite several options of interview approaches, researchers prefer using semi-structured way by reason of free forms of questions and open-ended responses, which lodges much valuable information. As a consequence of the openness of thesis topic, in addition to the main heading from the statistical method of surveys, interviews are providing the internal support to clarify the matter. Marketers catch the results displayed through both of approaches, from which they get some insight views for descriptions, and thus offer suggestions of detailed improvements.

The content of questions being tested would concentrate on the two main points of major challenges occurring and ultimate solutions for these, which are demonstrated clearly in the appendices. Three representatives for all the employees of the tourism industry were invited for the interviews. The questions are being shown on the list of references. Contributing to the success of the whole thesis process, it has to be mentioned the huge support from those employers: Mr. La Quoc Khanh, Deputy Director of Ho Chi Minh City Department of Culture, Sports, and Tourism; Mr. Nguyen Van My, Director of Lua Viet Travel Company and Mr. Van Nguyen, Head of Vietnam Alive Travel. The interviews through e-mail were successfully conducted in the end of December of 2012 – beginning of January of 2013 when the entire revolution of tourism industry could be summed up. The information was collected later on, as a result of the quick reply, as well as the enthusiasm of the interviewers partly promoting the development of Ho Chi Minh tourism.

### 5.3 The result analysis

The viewpoints of people travelling to Ho Chi Minh City have been reflected on the outcomes of questionnaire. Along with an objective assessment, around 200 visitors took their time to complete the survey that combines with updating information from the Head of Culture, Sports and Tourism Department and other representatives working in the industry of tourism in Ho Chi Minh. It is expected to set out practical recommendations to raise the standard of service quality.

#### 5.3.1 Research on general elements

The targets for the survey were nearly all international visitors, who are the main force contributing to the tourism revenues in Ho Chi Minh City generally and businesses/public

organizations of services particularly. It reveals their satisfaction level of board and lodging, transport, recreational activities, prices etc.

#### *Information assessment and choices of arranging the trip*

The survey shows which way foreign tourists carried out their evaluation of travel information provided. Currently, many sources of remarkable features about accommodation, cuisine sites, recreational spots etc. are widely available on the Internet, from the travel magazines, brochures, or even visitors could seek out more experiences through their acquaintance. Customers highly appreciate its updating data when reaching to decisions on the tour. However, due to information overload with several conflicting opinions, they cannot collect the best one in trust. Facing the situation “disturbance” news in recent times, the question being given out is whether the information management issues in telecommunications network are still loose and from there, it is required more effective marketing strategies to release some official guides to support the appealing image of tourism in Ho Chi Minh City.

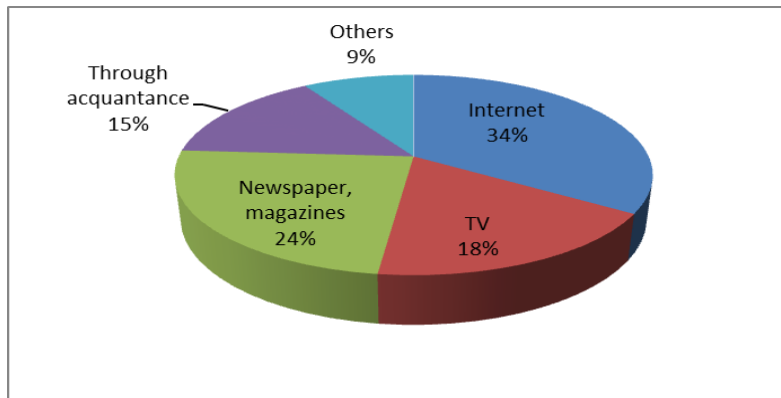


FIGURE 7. Channels providing information of Ho Chi Minh tourism (n=187)

As drawing up the route, decisions of choosing travel agency or self-arrangement/backpacking tours have an equal contribution. The result indicates that tourists with the purpose of travelling often request a travel agency to make arrangements for their tour. It creates convenience and safety with customers who have not earned any experiences before. Some popular travel companies with operational activities in depth are Hanoitourist, Vietravel, Fiditour, Saigontourist, etc. (Entrepreneur 360, 2008) Others for the main purposes of business, relatives/friends visit would not ask for any offers from organizations of services.

*International visitors based on the purposes of trip*

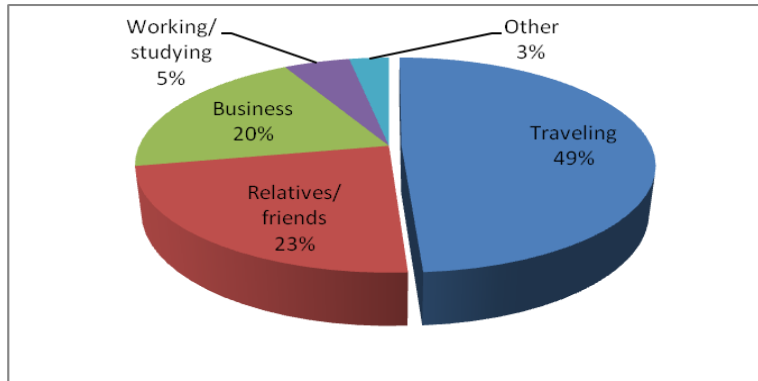


FIGURE 8. Visit purposes of foreign visitors to Ho Chi Minh City (n=187)

Figure 8 demonstrates that related to the purposes of journey, half of the tourists coming to Ho Chi Minh City were purely for travelling (about 49 %). The following cause was to visit relatives and friends. At that time, visitors were mostly the overseas Vietnamese, who would often be reunited with their families on the special occasions of Lunar New Year. There are frequently hundreds of flights each day at Tan Son Nhat International Airport at the end of year. Those potential customers bring a significant foreign exchange into the market. Around 20 % of people came to the city for business, 5 % were for studying and working. The rest was for other reasons like conferences, transfer etc. Hence, the authorities should be aware of their own shortcomings when this Ho Chi Minh site concentrates on almost all the advantages and faculties for developing MICE tourism form, which stands for “Meeting, Incentive, Conference, Event” segment. Recently, it has been existing as a tourism trend, including a variety of services, including transport, accommodation, conference, workshops, and tours. Hence, destination developing MICE tourism must meet the conditions of residence, dining, entertainment and shopping, especially facilities for conferences. As being highly evaluated, MICE is earning huge benefits for the travelling industry so in fact, the local tourism could not have promoted its full advance.

*Potential of physical environments*

Being rated as a “Diamond of the Far-east” place, Ho Chi Minh City gathers all the potential elements of landscapes. Numerous historical sites are preserved and maintained besides the continuous development of eco-tourism, river tourism etc that to a certain extent responds to travelers’ needs to enjoy the tour. According to the

outcomes in Figure 9, when being asked about the sceneries reviews, travelers have shown their deep impression by giving over half of the answers “totally agree” and “agree” in this case. Around 60 % of the respondents felt surprised by the beauty of the nature and expressed their satisfaction with their choices. Just 15 % tourists presented some bad grades for the aspect. It proves that as a whole, the local tourism has performed its basic success.

The second question in Figure 9 was aimed to survey the opinions from customers of feeling fresh and clean in the environment while visiting the city. Compared to a question of intensely impressing the landscapes, they held opposite ideas of environmental pollution for this factor. High percentage of roughly 30 % respondents could not enjoy fresh air and 12 % displayed their complete distress of the polluted atmosphere. It was a noticeable warning for the authorities to consider effective approaches of management. The most significant reason directly affected to this inadequacy is traffic jams taking place almost everywhere in Ho Chi Minh City, including off-peak hours. It is seen as a sore point due to the natural hot, humid tropical climate added, it will product the stuffy environment to restrict their pleasure. (Vietnam express 2012)

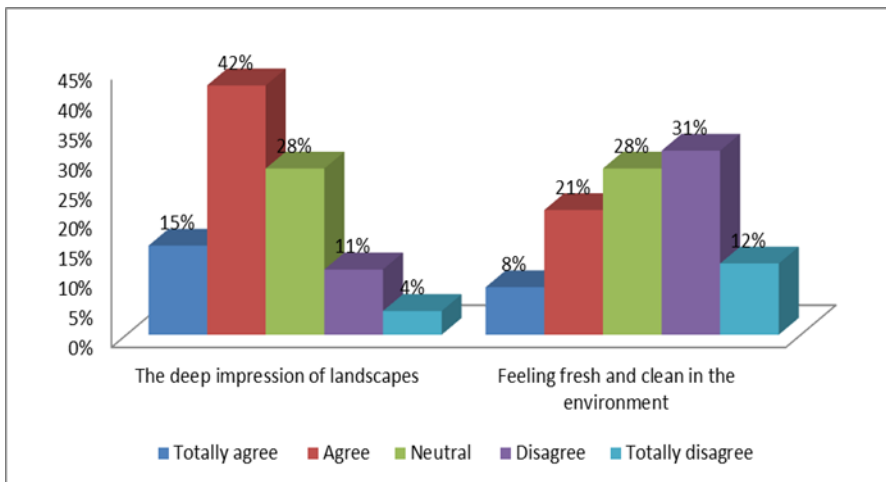


FIGURE 9. Impression of physical environments (n=187)

### *Satisfaction with recreational services*

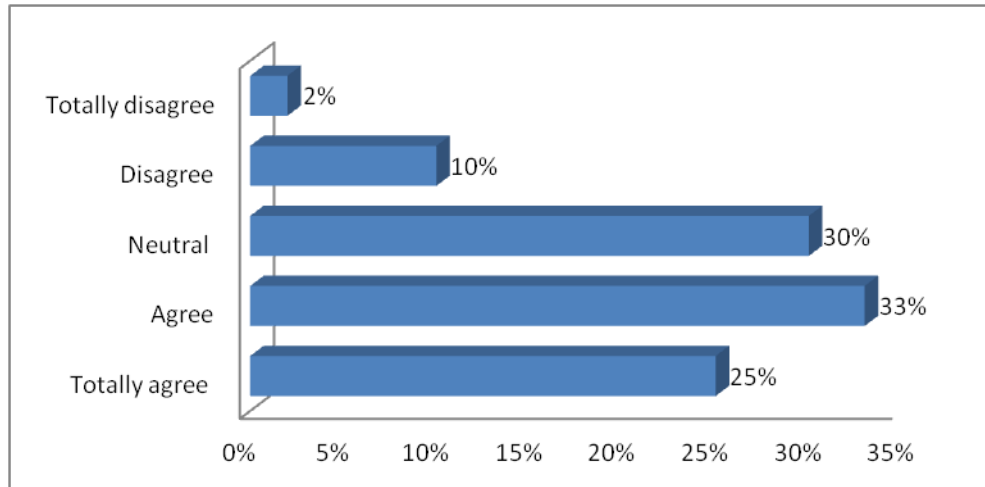


FIGURE 10. Satisfied with the recreational services/spots (n=187)

Based on the results presented in Figure 10, it has mentioned one of most highlights of tourism in Ho Chi Minh City. The question emphasized whether the recreational services were satisfactory for customer demand or not. Most visitors met fully their demands towards those entertaining spots. The grades of giving “totally agree”, “agree” are correspondingly 25 % and 33 %. It could explain for the advantage that in order to face with the strict competition on the marketplace, companies are almost bustling with various promotions and gift products, besides providing amusement programs that could attract that attention of visitors. Commercial center chains of Vincom by Vingroup have been opened the fifth store of shopping, culinary elegance etc. It somewhat satisfies leisure needs of customers.

### *The quality of range of cuisine and accommodation*

The Figure 11 shows two of the key factors concerned when tourists make any decisions of travelling destinations. The first question was shown “Are you suggested the wide range of cuisine, which is hygienic, unique and appetizing?” that has accounted for the majority of visitor’s approval. They felt content with appetizing favors of dishes. The outcome reveals that about 36 % high percentage of respondents gave out the good level of answers. Only around 7 % could not absolutely sense the taste while savoring foods. The reason why is being as a traditional Asian dish, method of cooking requires more spices to suit appetite.

The second question displayed the idea of the quality of accommodation when tourists travelled to Ho Chi Minh City. Did they feel satisfied with those comfortable and neat places? The outcome from the graph 11 reveals that it did not receive as many positive feedbacks as the cuisine. There were over 30 % and 20 %, respectively bringing out the neutral-level and “disagree” views on the chart. Overall, customers have not attained the full expectation to this case though they did not clearly make any complaints about the cuisine and lodging issue.

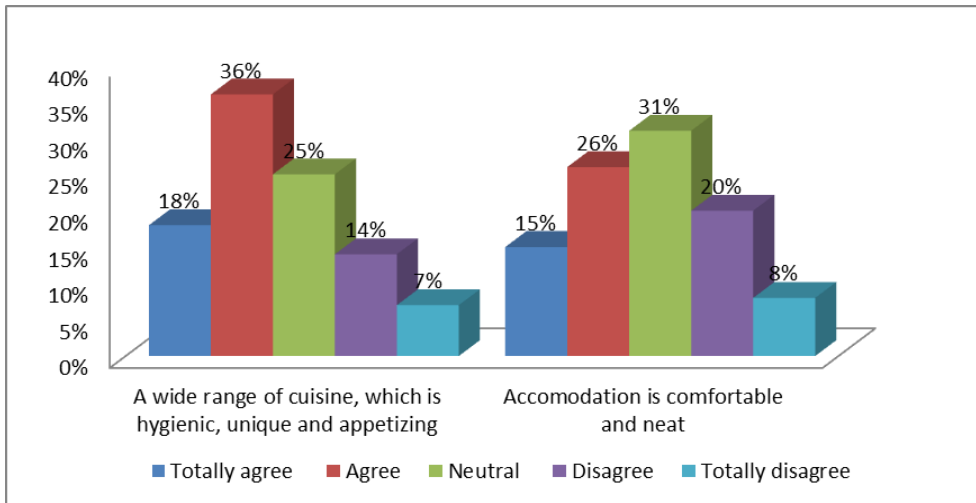


FIGURE 11. The cuisine and lodging factor (n=187)

*Prices relevant to the quality of services*

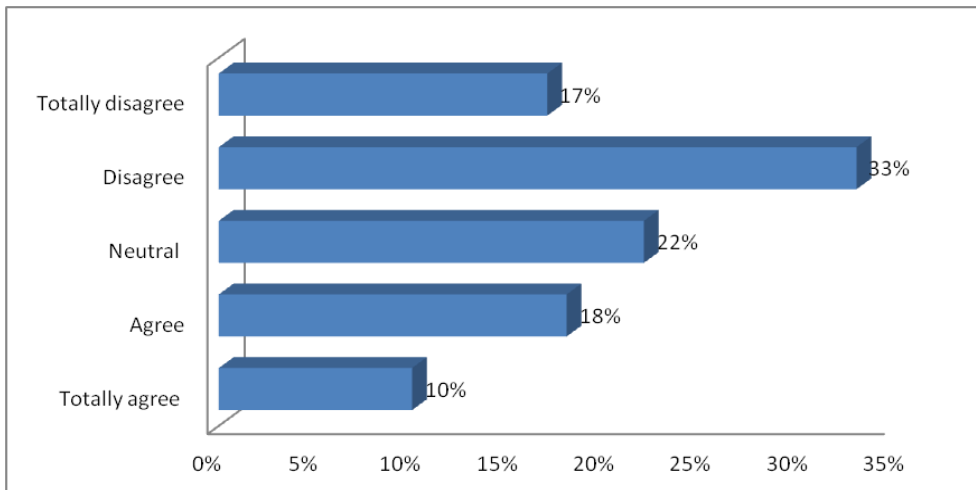


FIGURE 12. Satisfied with the prices relevant to the quality of services provided (n=187)

How could people enjoy the tour that is commensurate with the amount of money they have spent? The answer in Figure 12 did not reach the expectation from services

operators. High prices get customers noticed when over 30 % of answerers disagreed and around 20 % were absolutely against between the charges and the quality received. According to Ms. Phuong Tran – travel guide with seven years of working experience (2011), a travel company in Tokyo (Japan) guided approximately 18 million Japanese through traveling abroad, of whom 1 million to Thailand and only around 300,000 to Vietnam. She also put emphasis on this issue that due to the quality of services and prices irrelevant, this was one of the leading factors that Vietnam was not attractive in visitors' opinions. (Blogspot 2011)

#### *Other factors related to experiences of visitors*

According to the analysis of three questions in Figure 13, those issues of the hospitality of residents, conveniences of transportation and total safety during the tour do concern travelers. Generally positive responses of how people showed their friendly behaviors to tourists were collected, two-third of the grades said yes. The residents in Ho Chi Minh City were willing to guide travelers during the trips. Visitors were quite happy with the warmth got.

It can be seen that conveniences of transportation is holding the key to impulse the development of tourism. Suppliers have conducted strategies to open up many inner-city routes by bus, train, coaches etc. to serve passengers' demand, especially the expansion of Tan Son Nhat international airport with some new direct airlines to neighbors. Greater than 30 % of answers agreed with the convenience; more prominent feature was around 20 % respondents absolutely approved the accessibility of transport while they were moving in Ho Chi Minh.

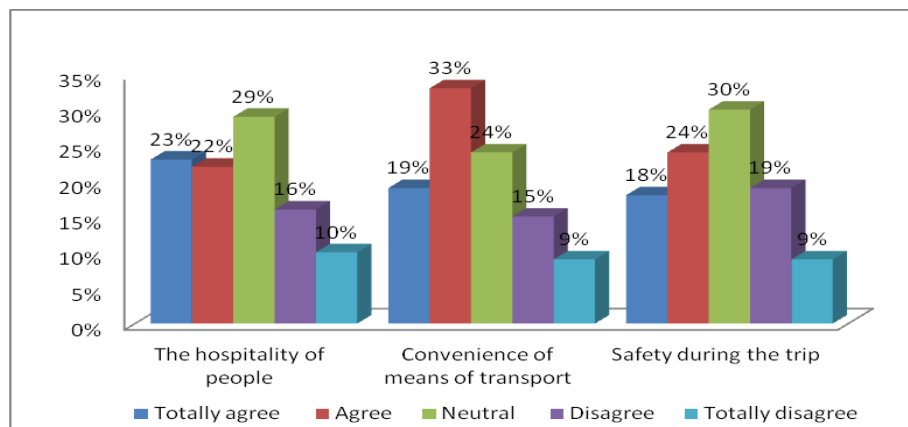


FIGURE 13. Factors in hospitality, transport convenience and safety during the trip (n=187)

When asked about the feeling of safety during the journey, the answer accounting for the percent 30 % was the neutral-level. It meant that customers did not meet fully satisfaction in this case; anyway “agree” and “totally agree” grades also contributed a high proportion to the fulfillment of this aspect. Therefore, the local tourism industry in Ho Chi Minh City more or less performed its success.

Suppliers should be aware of the point of beggars, rip-off from dishonest taxi drivers etc, which is badly influencing on the image of general traveling. Tourists express their disappointment to this urgent matter, 70 % of the respondents to the survey agreed that those concerns were causing their annoyances. They had to be cautious over some shopping activities instead of enjoying the pleasure here.

### 5.3.2 Aspects from travel agencies

A travel agency will be on the behalf of suppliers providing tourism services such as flight, accommodations, transports and package tours. When foreign tourists are defined as the potential customers, those operators attempt to promote the business image through supplying more promotion courses, improving lists of attraction, notably enhancing employees’ attitudes, specialist skills, and manners. However, it has yet to yield results as expected. The outcomes of survey below could reveal some main existing difficulties to companies providing services.

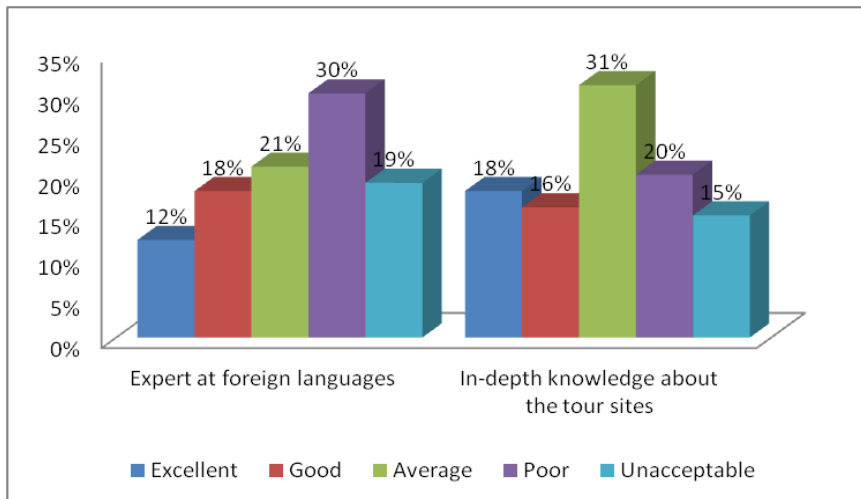


FIGURE 14. Professional competence of tour guides (n=187)



The aim of this matter is to evaluate employees' work skills by getting assessment of travelers. Although guides are not required to communicate in another language, companies could stand a better chance to strengthen their position on the marketplace with staff of good foreign language skills. It could be said that weakness of foreign skills in English, French, Japanese, etc. is considerably visible. There were about 30 % of respondents grumbling over the poor use of languages from tour guides. The poorest opinion of "unacceptable" level issued a warning when reaching to 19 % of all the answers. Almost foreign visitors emphasized that they could not perceive the whole beauty of landscapes with great learning guidance of employees but deficiency of language skills.

The issue of in-depth knowledge about the tour sites is not utterly convincing. It is proved by over 30 % of the respondents in the average grade. About 20 % is presented by the poor level of providing place information. As a whole, both of those matters above are the essence of a guide working in the field of travelling. The research has pointed out some disappointments of foreign visitors, which is admitted a notice for travel agency in particular and the tourism industry in Ho Chi Minh City in general.

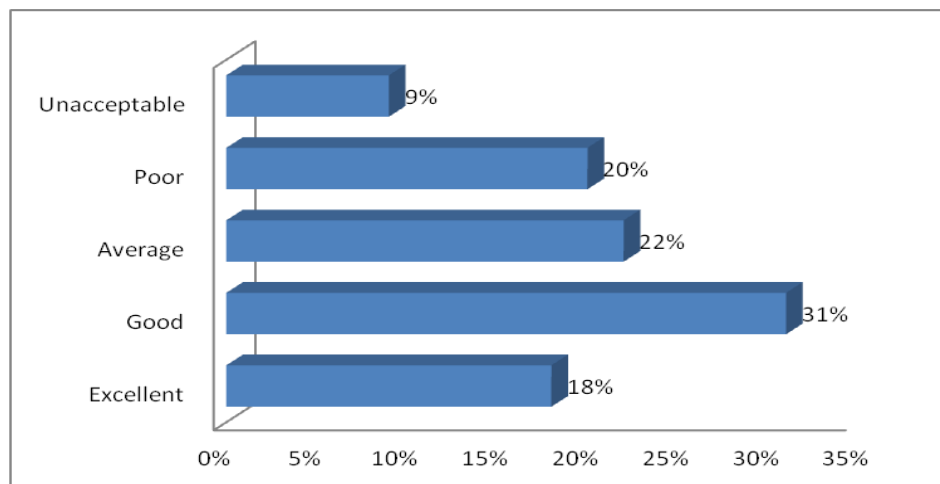


FIGURE 15. Guides' communication skills (n=187)

The results in Figure 15 show that most customers felt satisfied with the good communication skills of guides when around 30 % of respondents got the good level and nearly 20 % chose the decision of excellent one. The effect of communication expertise was gradually improving. It was a respectable sign for tour operators due to specific

natural skills and talents of employees. Those abilities are at the fore of the touring industry and they need to make visitors interested in the sights and attractions.

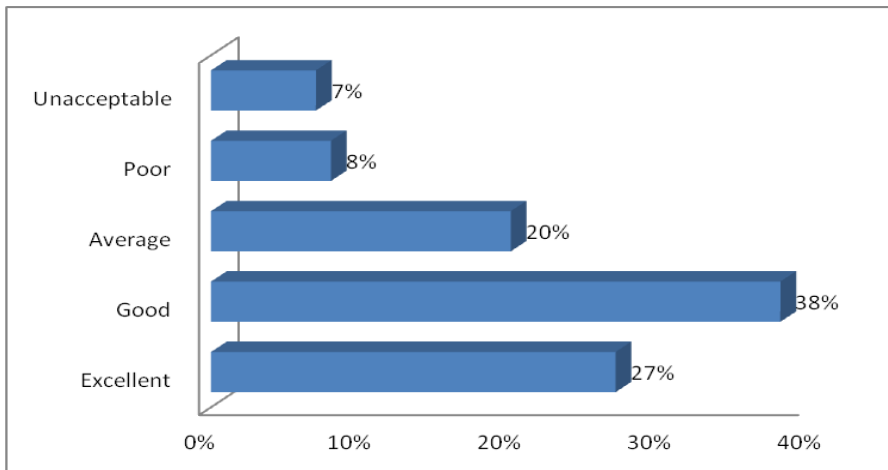


FIGURE 16. Hospitality/enthusiasm of touring employees (n=187)

“I admire the Vietnamese, especially in their hospitality.” (Roger Moore - UNICEF Goodwill Ambassador, 2013) The survey demonstrates that two-third of all the answers were given out the excellent and good grade 27 %, 38 % respectively. At that point, travelling staffs have shown their advantages of being dedicated to help, warm welcome etc that leaves a deep impression on foreign tourists.

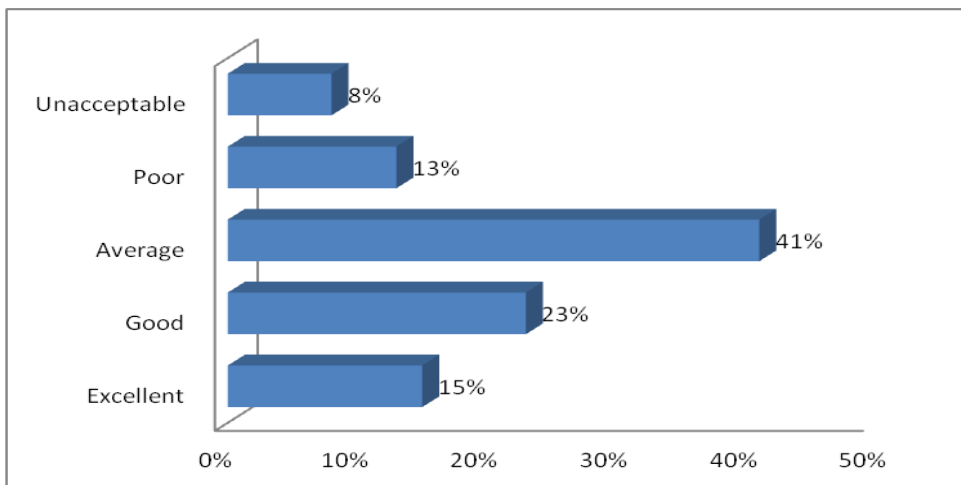


FIGURE 17. Professionalism of tour guides (n=187)

This question of accessing the professionalism of tour guides studies the nature of travel guiding from tour suppliers, evaluating the professional level of service standards. From customers' viewpoint, nearly half of them presented the neutral estimation to this case. Travel staffs have yet to leave a strong impression on visitors, but they also did not

dissatisfy their customers. However, in order to meet fully travelers' needs, it refers to professional attitudes, manners of uniform etc through serious recruitment process and some more training courses.

Overall, it has assessed how tourists were experiencing some main aspects of the general tourism in Ho Chi Minh City through this questionnaire. At the time, there exist quite a lot of inadequacies, besides loads of efforts to promote advantages from the authorities generally and tour operators particularly. The following figure summarizes the keys of the survey results, which are placing obstacles in the way of furthering the sustainable development of the local tourism.

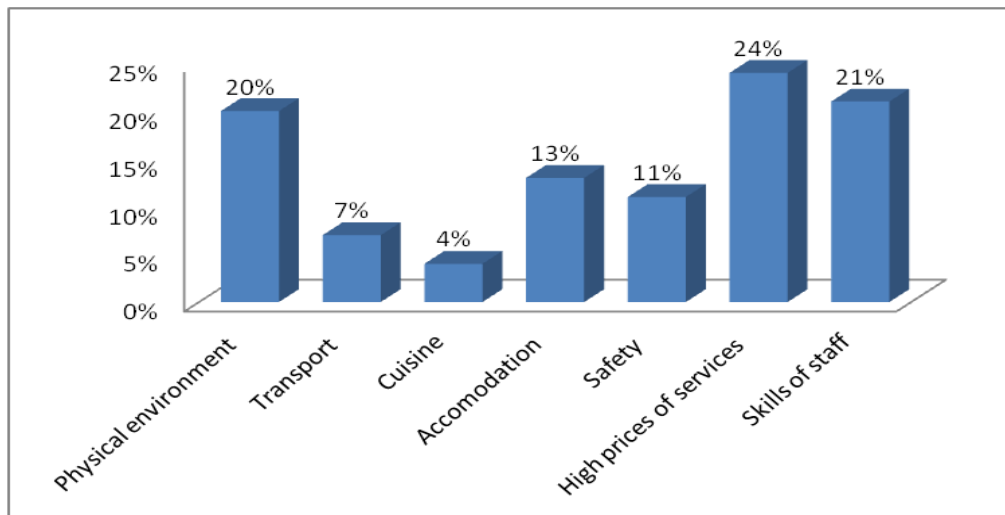


FIGURE 18. Main points in meeting difficulties (n=187)

It illustrates that customers were not satisfied with the prices of services irrelevant to the quality of services they received. About 24 % of the answers represented their disappointments when the local travelling industry has taken a high charge, though the fact makes evident that the exploitation of tourism aspects has not fully reached the potentiality of places. The second one are skills of staff (languages, in-depth knowledge, etc) in case customers request the offer from travel agencies, then followed by physical environment of pollution, noise, traffic jam account for 20 % of all the answers. Those points are seen as the most significant difficulties. Furthermore, more additional factors related to the whole process of defining insufficiencies is shortage of accommodation or uneven quality of these 13 %, safety 11 %, transportation 7 %, and cuisine 4 % giving out respectively.

Based on the clear analysis, three interviews carried out in the next chapter would strongly support in planning ahead suggestions to advance certain areas of this field.

#### 5.4 Interviews with the employers

Interviews were conducted to reach the objective of assessment to the current tourism position in Ho Chi Minh. Through some holistic views of representatives in this industry, it could sum up the emerging gaps and from then recover these insufficiencies by raising solutions to satisfy travelers' demand.

According to Mr. La Quoc Khanh (January 2013), Deputy Director of Ho Chi Minh City Department of Culture, Sports, and Tourism, the government and public organizations of services as well could be aware of the major challenges presently confronting the local tourism sector. For instance, because of price rises of food and more service charges, domestic tourists no longer felt attracted to travelling while suppliers have not launched any promotion programs in 2012. Many customers have taken decisions of overseas tours to Thailand, Singapore, Hong Kong, and some other ASEAN sites when over 20 % increase in fees of local tours have to be conscious. To promote sustainable development of the city's tourism industry, all the relevant units of delivering services related should have full co-operation among travel firms, transport companies, recreational sites of restaurants, hotels and other recreational sites. This closer association helps create more efficiency and enhance the competitiveness of products.

Besides, there exist the biggest concerns of a clean, healthy environment and safety for customers. Over the last year, the noticeable state was gaining many complaints from domestic and international visitors when being bothered by souvenir sellers, beggars, and dishonest taxi drivers, especially the raise of robbers attacking. Mr. Khanh still emphasized all the above problems were critically frightening people and tarnishing the images of Ho Chi Minh City. Moreover, he informed that it held a committee meeting between the representatives of Tourism Department, the Transport section, the Police, the Taxi Association, the Guards' force, and more agencies on these issues. All partakers agreed on detects in the recent times. They would strengthen their presence at major sites and support guides for tourists. The Police should carry out some closer inspection for means of transport serving customer, heavily punish operators of illegal services, which overcharged passengers. The government was implementing all the

realizable methods to calm visitors' nerves. About the plans for the coming year 2013, they were arranging for the Travel Expo in June. Some activities of food festivals in August and other promotion events in the fourth quarter of the year would be got ready.

The interview was taken from Mr. Nguyen Van My (December 2012), Director of Lua Viet Travel Company. He made some concluding remarks of the tourism growth so far, but not stable. However, most of local tourism companies could not reach the profits, compared to the last year due to lower numbers of inbound visitors. Potential customers such as the Chinese, Cambodian just drew up short trips of few days, which did not earn some profitable returns. Meanwhile, the number of international tours was increasing to some destinations of Singapore, Thailand, the US and Europe. When being asked about the challenges encountering, Mr. My pointed out that administration system was being overlapped to obstruct its growth. Foreign customers complained about prices and quality of local tours when it was more expensive than overseas trips. These are the old but still hot issues of traffic jams, pickpockets, beggars that are parts of obstacles facing the local tourism development in Ho Chi Minh City. He also came up with some suggestions that more training courses of languages should be offered for staffs, which would orient the potential markets of tourists such as the Cambodian. Combined with the local residents, administrator should invest capital and human resources for long-term benefits.

The final interview to Mr. Van Nguyen (December 2012), Head of Vietnam Alive Travel, a small boutique travel company in Ho Chi Minh was performed. He displayed his firm belief in the continuous expansion of this tourism industry; there were many improvements towards the issues of accommodation, restaurants, and entertainment spots. On the side of his business, the company availably provided customized travel services for all the objects (individuals, families, teams...) on the market. Their upcoming plan would focus on promoting MICE tourism and launching promotion packages to encourage customers to enjoy the tour.

In conclusion, the analysis of survey and interview sources has attained an overview of recent travelling situations and exposed all the main reasons for any complaints. Furthermore, employees in the industry have also brought forward some reasonable strategies with the purposes of improving satisfaction of domestic and international tourists. The next chapter will clearly provide specific directions for suppliers of services.

## **6 SUGGESTIONS FOR PROMOTING THE SUSTAINABLE DEVELOPMENT OF THE TOURISM IN HO CHI MINH CITY**

The chapter offers a comprehensive look of global tourism perspective, from which the governments and marketers operating in Ho Chi Minh could set out the upcoming tourism designs in 2013. Moreover, along with the results of travelling circumstances through questionnaire and interview consequences, it will define some typical solutions for long-term development of this leisure industry in the city.

### **6.1 Global tourism perspective**

It could be seen that due to the wide scope of travel field, numerous sub-industries have reached its significant steps forward, those of which holding the key to impulse the development of tourism generally are accommodation, foods and beverages, entertainment, amenities and so on, especially the aviation and telecom industries. The issue of transferring from one point to another does not meet an obstacle no matter how far it is. Besides, visitors could directly approach the updating information from prestigious suppliers via websites, emails, or faxes and from there they will be offered an extensive range of choices with reasonable prices and best services. Tourism accounts for over 10 % of the global GDP, which plays the role as one of the largest private sector employers in the world. Experts appraise the single industry at its true worth of a national treasure that brings huge economic benefits if properly managed. (Gee and Solá 1997, 25)

In this context, there has been coming latest trend when tourism is flourishing and becoming one of the essential needs. Firstly, as being mentioned a general socio-economic phenomenon of tourism, international visitor arrivals slightly increase by 5 % per year, earnings from which also achieves an annual rise of 9.1 %. In 2012, the number of foreigners has reached over 1,190 million and it would surpass 1,602 million in the period of 10 years up to 2020. (World Tourism Organization 2013)

Next, there has been a new direction of destination choices. In the past few decades, travelers mostly made their decisions to just some famous places. Nowadays, they have spread to experience other sites in developing countries such as the Asia-Pacific,

Caribbean etc. The table below indicates that the growth rate of tourists to developing sectors affirms the upward trend in tourism expansion.

TABLE 4. Growth forecast of foreign tourist arrivals to the regions over the world 2010 - 2020 (World Tourism Organization 2011)

Regions	2010		2020	
	The numbers of arrivals (million)	%	The numbers of arrivals (million)	%
Europe	526	50.3	717.6	44.8
Asia-Pacific	231	22.1	437.3	27.3
America	194.5	18.6	286.7	17.7
The rest	94.5	8.1	160.6	10.2
Total	1046	100	1602	100

Besides, the structure of expenditure is making major changes when the proportion of spending for basic services of foods, accommodation, transport decreases from 60 - 70% to 40 - 30 % and additional spending for shopping, sightseeing, or recreations goes up to 50 - 60 %. Customers also prefer the development of the reservation system on the Internet to service package tours.

## 6.2 Setting out the objectives for tourism in Ho Chi Minh City in 2013

Based on the targets set out in 2013, Ho Chi Minh City will reach 7.2 million international traveler arrivals, which go up by 5 % compared with last year. Combined with 35 million domestic visitors (up nearly 8 %), this industry can turn a huge profit of 9.12 billion US dollars, an increase of around 19 % over 2012. The recent strong growth denotes the local tourism as a key economic sector of services, making 11 % a considerable contribution to the total GDP of all fields for the biggest city in Vietnam. The program of economic restructuring shows that the development of tourism in a sustainable way should get top priority by making changes in the quality of services, traveling products. (Sports 2013) Mr. La Quoc Khanh judged that due to the results going beyond the expectations when surpassing 10 % of foreigners to the city in 2012, the location has been proved as an appealing destination with a number of attractions remained. Gaining

these outcomes could be regarded as a substantial achievement while the overall economic recession is drastically affecting all the fields.

In 2013, the authorities and public organizations of services will join forces to progress the image of “Ho Chi Minh City – Friendly, attractive and safe destination”; advance marketing strategies to develop the local tourism in a sustainable way. It is important to create unique product, which makes powerful changes in the quality of services and distinguishes this from another. Tour operators will act as guidelines for the activities of international cooperation, active integration to compare with competitors in the region. (Talk Vietnam 2013)

In accordance with those main targets, employees working in the travelling field have recognized specific points focusing on implementation. These aim to raise the advance in the quality of tourism services and promote the sustainable development in the area. At that time, the untapped potential is to develop inner river tourism, eco-tourism in the location of Can Gio District, etc. Besides, the government should give out some corresponding marketing strategies to improve the inadequate matters above through the survey results and interviews in order to perfect competitive tour packages. (Talk Vietnam 2013)

### 6.3 Suggestions for Ho Chi Minh City tourism

Tourism is mentioned as a tool to develop many countries when it creates foreign exchange and provides several places for unemployment problem. (Sharpley and Telfer 2008, 205) Nowadays, in the time of renovation and economic development, the authorities in Ho Chi Minh could identify travelling industry as a core launching the city image particularly and the national icon generally onto the marketplace. Hence, through the coordination of all the services supply units, some achievements of tourism are recognized by the marked increase in domestic, international tourist arrivals in recent years.

However, in any business, especially tourism always exist much of inadequacies being disclosed by customers’ feedbacks. According to the analysis of survey results in the previous chapter, the high numbers of respondents express their disappointment with the performance of product differentiation, environment situations, or lack of staffs’ skills



when delivering services. It is necessary for marketers to grasp their weaknesses and apply the ultimate in fulfilling the city image. The fact that Ho Chi Minh City is the site gathering beautiful scenes including advantages of facilities, but many travelers still do not return for the second time. In order to expand tourism, operators must understand the position of customer satisfaction defining success of trade. (Kotler 2003, 8) Based on the outcomes of research, it should develop marketing strategies to resolve abovementioned difficulties and improve customer pleasure while enjoying the tour.

#### *Positioning product differentiation*

Nowadays, due to the considerable growth in travelling demand and some strict competition of numerous destinations, enterprises related cannot strengthen their position by just applying the low cost of products alone. Customers see differences through the quality they have achieved. Therefore, advance in the quality of tourism services gets a top priority. (CEC 2011) Marketers emphasize that why customers have to purchase their products while they could not appreciate any different benefits beyond those offered. Hence, tour suppliers need to invest distinctive advantages of product to reach to the unique selling proposition. It has been offered two ways to make the distinction of services on the marketplace. For example, some offers will be included more features at an inclusive price. In some cases, suppliers decide to put emphasis on product reliability. Quality is a leading feature of nearly all products, not only high-class ones. (Holloway 2004, 132)

At some points, customers are looking for the improvement of quality of services rather than the reduction or low promotional expenditure. Therefore, these activities have always been a vital element to propose products to a higher level, which satisfies visitors demand. Tour operators, travel agencies act as participants in promoting the tourism image in Ho Chi Minh City that should specify fundamental principles of quality enhancement. Firstly, marketers thoroughly know the importance of quality, not profits leading when bringing their services onto the market. The target will begin with the benefits of services providing for customers, since then new models of administration towards traveler satisfaction are the requisite of each public organization. The impact of management must be customer-oriented.

The distinction of product/services attaches much importance to work force. Marketers need to apply appropriate measures to mobilize all the talents of the people. Due to the process of improving product quality, it must be addressed all sides of the stage in any

places, at any times, based on expectations of customers to specify service targets as a whole. Then, delivery units prevent errors and find out solutions to develop persistently travelling products. The principles of business are required for entrepreneur to build up corresponding programs for quality improvement, which activates staffs participating in the movement and identify the measurements of costs to balance between quality and efficiency of tourism products.

#### *Intensity of tourism promotion*

Along with market research, the project of promoting tourism constantly plays a key role. According to Mr. Nguyen Van Tuan, Director of General Department of Tourism, applying potential marketing strategies through all means of communications is regarded as one of the most important tasks in the national tourism policy. (Vietnam tourism 2012)

First, the authorities must set fully worked-out marketing tactics with clear goals in accordance with each period of development. Those targets will help individuals determine their precise role of businesses. When formulating strategies, they need following the precise instructions as the foundation for the legal and administrative measures facts. Besides, suppliers have to define the market by clarifying key/target markets, segment customers and create more opportunities for competitive advantage through developing packages of attractions and amenities. On that basis, the local tourism could achieve the objectives of catching the attention of travelers. (Kotler at al. 2006, 752)

The local government should raise funds for tourism promotion under the supervision of the Department of Finance in Ho Chi Minh City. There will be several meetings held with representative offices of domestic and foreign tourism to introduce and put forward the optimal schemes to obtain more customers to this site. In addition, collaboration with the national airlines of Vietnam and other foreign airlines is essential to bring tourists to enjoy the tour because the field of aviation directly impulses the development of traveling industry. Travelers sometimes come to visit the city and make some complaints about the flexible prices charged. They could be more caught the attraction by promotion campaigns or even some small reduction of air tickets. The fact that services delivery units will receive a loss at first, but later on more customers will be interested, which they need to consider when applying new marketing strategies.

*More investments in tourism development*

Private firms and governments spend capital and financial assets on tourism investments with the purpose of taking in returns. It could be seen that an investment makes a tourism plan work. Investors will ensure the future practicability of production that adds strongly to the comprehensive economic situations to satisfy tourism demand in general. Therefore, the roles of making investments in any forms encouraging from domestic capitals to foreign ones, or private amounts of individuals etc. somewhat promote extension of the local travel industry. (Dwyer et al. 2010, 477)

Any economic sector being on the process of rapid growth should gain some adequate investments. Based on tourism planning, Ho Chi Minh City works out the amount of capital needed to invest. It is a fact that capital for the sustainable development of tourism in the city is potential, which strengthens the technology, facilities and contribute it into core elements of a key business. Making some investments for tourism is mentioned two main ways, including directly investing and indirect method for other industries related such as airlines, hotels, resorts etc. It is the reason why capital spent could be gained diversely but in deficient circumstances. The authorities need to intensify effectively more capitals and lodge policies by mobilizing diversified sources of investments. Towards budgets of the governments, certain amounts of which are spent efficiently, while financial organizations providing aids for the local tourism is on the substantial increase with the expectations of promoting traveling sites and meeting fully tourist satisfaction.

In order to reach the expected results of tourism development in the recent years, it requires that the person in charge will set forth equivalent solutions of effective capital, those of which are being displayed as following. Tourism operators come into use the external capital by investing travelling products with high returns that gains rapid investment recovery cycle. Moreover, being seen as one of the majors to draw attentions of customers, more funds need utilizing to (re)construct the facilities in key areas, especially cultural relics and recreational spots in the 1<sup>st</sup>, 3<sup>rd</sup>, 5<sup>th</sup> and 7<sup>th</sup> District, combined the effective allocation and use of work force. Besides, the local authorities and marketers as well will sufficiently apportion budgets for popularizing the tourism image in Ho Chi Minh City.

### *Training for staff*

Travelers could not fully experience the appealing destination without guidance from tourist staffs. Their instructions play a key role to the success of tourism activities besides physical elements available. Consequently, it reveals the significance of work force to build up the travelling image in Ho Chi Minh City. One of the most concerns occurring in the process of survey is the complaints about the lack of skills from human resources. People have expressed their dissatisfaction with weak language skills, unprofessional behaviors. Around 30 % of the respondents gave the poor-level grade in foreign languages. Moreover, the results of surveys display over 40 % of average level in staffs' professionalism and 30 % in-depth knowledge about the sites at the same grade. Obviously, work force element does not take a distinct advantage of promoting this leisure industry in Ho Chi Minh. Consequently, more strategies of training courses should be considered to get better its shortcomings in services.

To accomplish the goals set out, the tourism training institutions should work closely with the management of the agency, the local tourism businesses focused on the implementation basic solutions. It develops a network of training institutions specializing tourism industry, ensuring to meet the requirements of integration, harmonization of training at all levels. The noticeable side is to increase investment in infrastructure and technical, synchronous teaching equipment and standardize training curriculum frameworks. In addition to the new ones, it makes sure that people upgrade the existing tourism training in vocational schools in the locality. Moreover, in case travel agencies want to find out high-quality staffs, they should facilitate internships or part-time jobs for students, which could solve somewhat the labor shortage problem for enterprises, students should directly get training with the actual work. Effective use of the state budget for (re)training is so vital, which could mobilize by encouraging the overseas Vietnamese and foreigners to contribute to building social infrastructure, equipment and training, or even financial support for students, facilitate the practice of graduates work.

Building up tourism labor force to meet the requirements of quality, reasonable job structure and the level of training is critical to ensure professional and international integration fact. To promote scientific and technological research training, the method of operating the electronic database on tourism human resources (e-learning) is quite new but efficient. Learners will get the convenience of this way.

### *Protection of environmental resources*

It is inevitable that development of tourism always brings about a darker effect of environmental issues on those destinations. Sometimes, unplanned tourist expansion could easily do more harm to present problems, which directs the point they will no longer want to visit this site. People mention that the air pollution being produced is from large-scale visitor movements involving the use of mass transportation, polluted seawaters for concern, noisy disturbance destroyed by late-night disco bars catering to customers etc. Obviously, any businesses cover both sides of the pros and cons. The fact that tourism industry has produced opportunities when being “*a potent force for economic and social good, creating employment and wealth, and widening our understanding of other societies*”. (Holloway 1998, 331) However, the fast growth deficiently causes to difficulties of social and environmental management.

Based on the results of research, subjects of pollution and destruction of natural resources are really at stake. It requires the governments combined with marketers in Ho Chi Minh give a raise of solutions to overcome partially the current obstacles. As being seen, environmental protection activities contribute to keep leisure industry of tourism potential and developing. Customers will decide the ideal destination of fresh environment to enjoy their trip that worth their money. Thus, the contents of the basic state management of environmental protection tour must be promoting and aggressive. First, from the top of tourism management, they develop policies, regulations and action plans on environmental protection in the field of tourism. Participants to travelling works see the consistency, from which to plan and guides for their actions. This is one of the important contents of the basic environmental tourism. For instance, collection and treatment of waste from tourism activities (wastewater treatment) is essential, while the authorities require encouraging people of limitations and treatment of waste gases from tourism activities such as transportation, refrigeration system at the tourist service facilities, etc.

The latest mission has been identified that is the development of sustainable tourism with oriented historical-culture and eco-tourism. Each one contributes to preserve and protect the natural environment and ethnic identity, develop specific high quality tourism compared with other regions and the world. In the coming time, product delivery-units enhance the information on awareness, consciousness, knowledge of environmental protection in tourist destinations, tourist facilities, etc. The core given out for the most

effectiveness is firstly the education community. It helps everyone recognizes the consequence of ecological subjects to travelling industry in general. Environmental protection is not only an urgent task of every nation, of all levels, sectors that are the responsibility of every citizen to prevent degradation and improve environmental quality, thereby improving the quality of life of people living in social and sustainable development of the tourism industry. (Vietnam Tourism Environment 2009)

### *MICE suggestion*

MICE definition stands for the Meetings, Incentives, Conventions, and Exhibitions tourism segment. It is a combination of a variety of services, including transport, accommodation, conference, workshops, and tours. Therefore, destination developing MICE tourism must meet the conditions of residence, dining, entertainment and shopping, especially facilities for conferences. This is a new type of tourism for Vietnam in general, being the first step of big city such as Ho Chi Minh City in particular. Why can people say Ho Chi Minh City is the place gathering enough potential elements to make the most of the advantages of MICE?

The local authorities have the ability to organize the most significant conferences in the quality 3-5 star hotel with features dedicated workshop event. According to the Department of Planning and Investment in Ho Chi Minh City (2010), around 1,500 accommodations standard 1-5 star, including 13 luxurious hotels of Majestic, Rex, Caravelle, Part Hyatt, Sheraton and so on that has a total of about 200 small and large meeting rooms for all kinds of conferences and meetings with a total area of 28,000m<sup>2</sup>. Moreover, the opening of the Saigon Exhibition of Convention Center (SECC) in 2008, indicates the major milestone in Convention Management, Ho Chi Minh City with excellence of travelling infrastructures provided, it has proved itself as a top MICE destination in South East Asia. It characterizes several components of a lively city, which draws interests of visitors. Furthermore, first-rate restaurants and cafes combined with some significant recreational spots fully create cultural offerings that give out the prerequisite of infrastructure function. The city would be the headway with regard to facilities investment. (Kielnhofer 2012)

The above points are some of the main highlights for promoting MICE tourism in Ho Chi Minh City. It has proved the fact that being seen as “Diamond of the Far East”, the place is seizing all the potential elements of differentiating the local tourism brand from other competitors in Asia generally. However, survey shows that travelers coming towards the

purpose of conferences take a low percentage of the total customers despite the available advance in tourism in the city. The question given out is how it could be aware of these shortcomings and overcome the limitations in the recent times of strict competitiveness. In charge of management in Sheraton Hotel, Mr. Luong Trung Hieu (2012) judges that traffic congestion, insufficient visa procedures, airport tax policies, or skills weakness of human resources etc. are the key to reduce the developing ability attract MICE compared to other countries in the region. Besides, Ms. Viet Huong, representative of Viettravel knows that MICE with state-level events such as APEC, Asian businesses have the internal resources to do but very passive. (MICE 2012) On the other hand, it gets some unfair competition of dumping prices of hotel. From many hotels, customers receive lower offers directly compared with the travel agencies. In case hotels in combination with tour operators would provide high-quality MICE products and reputation of the hotel and travel units are affected.

To achieve rapid and sustainable development of this type of tourism, the authorities working with tourism service delivery units in Ho Chi Minh City determine to overcome these weaknesses. They should get further gradual improvements in all aspects in order to improve the quality of products, especially increase the construction of 4-5 star hotels and large conference centers to further the marketing and advertising campaign. Most remarkable solution is towards building specialized training in the field of MICE and MICE tourism development agency. This will be the center of promoting MICE tourism, as well as proposing recommendations to the authorities to remove quickly problems associated enterprises in the MICE sector in order to avoid unfair competition affecting brand reputation. The transportation means are indispensable to tourists and it needs to promote the exchange of customers between Vietnam market and other prospective markets, exclusively the airline will increase double of flights from Ho Chi Minh to Bangkok, Manila, Beijing, Tokyo etc., it could be hold seven flights per week to fourteen of those.

## 7 CONCLUSIONS

Nowadays, tourism plays the role as one of the biggest turnovers for Vietnam and Ho Chi Minh City as well. During this period of strict competition, it meets challenges to keep customers' attraction to this travelling destination without promotion or improvements. Although there has been an increase in the number of tourist arrivals to Ho Chi Minh City in recent times, the authorities are aware of some problems such as physical environment, restriction of services, or poor quality of human resources etc. that reflects on a high percent of disgruntled travelers on the research. Along with the results from survey, it aims to figure out the significant reasons for the local tourism to satisfy its customer expectation.

By both research of quantitative and qualitative approaches, tourist industry at the location shows its panoramic view of developing but insufficient conditions. Firstly, the outcomes of questionnaires have brought out accurate points of the current situations in the times. Although there are not all the levels responding the survey, the achievements gain objective opinions that help the authorities and marketers operating in Ho Chi Minh to draw up the marketing reform program to fulfill the ongoing shortcomings of tourism. Besides, direct interviews were conducted by the top manager of this leisure industry in the city and some representatives of typical travel agencies, which ensure that all the practical marketing strategies have been applied and worked out. People hope tourists can reach their satisfaction when visiting the city next times. In conclusion, these suggestions above are updating which are consistent with the problems occurring for the tourism circumstances in Ho Chi Minh. Entrepreneurs know that customer decides their business when influencing on the revenue in the end. In short, the research is not a theoretical result. This is the support among all the level of participants under the target of more potential tourist industry.

The outcomes of research have emphasized improvement issues for positioning product differentiation of separating it with other competitors such as making more investments, emphasizing the quality and raising some promotions. It also drew out the noticeable requirement of training staff, protecting natural resources. The next logical stage is launching the suggestion of the Meetings, Incentives, Conventions and Exhibitions segment (MICE) by reason of the potentiality of physical facilitates in Ho Chi Minh City.



Along with the thesis process, the writer could gain the knowledge of marketing characteristics constituting tourism activities, deeply understand about the factors influencing on customer behaviors. Doing the survey/interviews, it was necessary to collect a comprehensive viewpoint of matters, which the writer could make use of research awareness. From then, marketers make use of those facts to apply reliable strategies to get more attention from service purchaser.

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## **Interviews**

La, Q. K., January 2012. Deputy Director of Ho Chi Minh City Department of Culture, Sports, and Tourism

Nguyen, V. M., December 2012. Director of Lua Viet Travel Company

Nguyen, V., December 2012. Head of Vietnam Alive Travel

**APPENDICE****Appendix 1** *Questionnaire to Ho Chi Minh City tourists*

Dear visitors,

We highly appreciate your great contribution to the sustainable development of the local tourism industry in Ho Chi Minh City. As being seen, despite much improvement gained soon, it is also challenging to avoid some general insufficiencies of services. Through this survey, we fully expect to learn about your experiences, which would provide the authorities with a holistic view and plan out prompt marketing strategies later on. We hope for your complete satisfaction when travelling to the city.

Please spare a few moments to answer some questions below. Your feedbacks will considerably devote to the whole success of the potential tourism.

1. Have you ever been to Ho Chi Minh City?

- Yes
- No

2. Through which channels could you get the information on this local tourism?

- On the internet
- On the TV
- On the newspapers, magazines
- Through acquaintance (person has already known)
- Other (Please Specify):

3. Your purpose of the trip was:

- Travel, sightseeing
- Business
- Visit relatives



- Working/studying
- Other (Please Specify):

4. How did you assess the information about Ho Chi Minh City before being on the visit?

- Useful, updating
- Insufficient
- Dull
- No idea

5. Which way did you draw up your route?

- By travel agency
- Backpacking tour/self-arrangement
- Other (Please Specify):

6. To what extent do you agree/disagree with the following statements in your journey to Ho Chi Minh City?

	Totally agree	Agree	Neutral	Disagree	Totally disagree
The physical plants of landscapes in Ho Chi Minh City deeply impress you	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
You feel fresh and clean in the environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The recreational services are satisfactory for your demand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
You are suggested the wide range of cuisine, which is hygienic, unique and appetizing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The accommodation is comfortable and neat	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
You are satisfied with the prices relevant to the quality of	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

services provided

The hospitality of people avoids you feeling strange	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is easy to find out the suitable mean of transport at any points	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
You feel safe during your trip	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Beggars, dishonest taxi drivers etc cause the annoyances to you	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. If you visited Ho Chi Minh City through travel agency, please rate the services gained from the tour guides.

	Unacceptable	Poor	Average	Good	Excellent
Expert at foreign languages (English, French, Chinese etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In-depth knowledge about the tour sites	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communication skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hospitality/enthusiasm	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professionalism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Which main points did you meet with difficulties in this journey? (*Tick as many as you want*)

- |  |  |
|--|--|
| <input type="checkbox"/> Physical environment could not respond to your demand | <input type="checkbox"/> High prices of services |
| <input type="checkbox"/> Transport   | <input type="checkbox"/> Accommodation           |
| <input type="checkbox"/> Cuisine   | <input type="checkbox"/> Skills of staff         |
| <input type="checkbox"/> Safety  | Other (Please Specify): <input type="text"/>     |

9. How did you feel about your trip to Ho Chi Minh City at all?

- Amazing       Interesting  
 Memorable     Normal  
 Boring         Terrible

10. Will you come back to Ho Chi Minh City for the next time?

- Yes  
 No

11. Would you like to give some suggestions to promote the marketing of the city?

*Thank you for your answers!*

**Appendix 2** *Interview questions*

A. For the Head of Ho Chi Minh City Department of Culture, Sports and Tourism.

1. Regardless of relatively increase in tourist arrivals, what major challenges are Ho Chi Minh tourism sector facing?
2. Mentioned as the biggest annoyances, do the authorities consider any measures for souvenir sellers, beggars and dishonest taxi drivers?
3. Do you think which plans need implementing in the coming year 2013?

B. For the employers of Lua Viet Travel Company and Vietnam Alive Travel

1. What do you assess the attainments of the tourism industry so far in Ho Chi Minh City?
2. Could you see the difficulties facing the tourism development this year?
3. How could the government and service suppliers overcome for promotion?