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Advantages and Difficulty of Vietnam's Tourism Industry in Digital Transformation Time

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Abstract

Digital transformation is an inevitable part of the tourism industry in the current period. Covid 19 has greatly affected the tourism industry in Vietnam in particular as well as the world in general. Many businesses in the tourism industry face difficulties, become inactive, dissolve, and leave employees. After 3 years of covid, the tourism industry started to restart. At this time, digital transformation is increasingly developing with many utilities and large scale. The tourism industry has many advantages to expand tourism promotion, customer-centricity and best service

quality, cheapest price. However, digital transformation also creates some difficulties and challenges for Vietnam's tourism industry. The authors mention the advantages and disadvantages of Vietnam's tourism industry in the digital transformation period to help managers and tourism businesses grasp sustainable tourism development. At the same time, tourism businesses overcome difficulties to bring Vietnam's tourism industry to the level of tourism in other countries in the region.

Keywords: Digital Transformation in the Tourism Industry, Vietnam Tourism after Covid 19, Travel Vietnam with Digital Transformation

1. Introduction to digital transformation in the tourism industry

Digital transformation is a business innovation driven by the explosion of cloud, artificial intelligence (AI) and the Internet of Things, providing new ways to understand, manage and transform operations. Their business. Digital transformation is the application of technology to life, changing thinking about management and organizational development. Digital transformation is not simply changing the way of doing work from traditional manual work (taking notes in books, in-person meetings, etc.) to applying technology to reduce human effort. In fact, digital transformation plays a role in changing business thinking, operating methods, and organizational culture. In the current period, with the strong development of 4.0 technology, digital transformation is applied in all fields, with a wide range of information interwoven. The tourism industry is no exception. The Vietnamese government considers domestic tourism to be a key industry because our country is located in a prime location, with mountains and seas, every region is beautiful, with very clear regional characteristics. Vietnam has rich and diverse tourism potential, and is a destination for many tourists around the world. In 2019, Vietnam's Tourism industry achieved the miracle of welcoming 18 million international visitors for the first time, an increase of 16.2% compared to 2018. In the period from 2015 to 2019, the number of international visitors to Vietnam increased 2.3 times from 7.9 million to 18 million, an average growth rate of 22.7% per year. Vietnam is continuously in the group of countries with the fastest tourist growth rate in the world. In 2019, Vietnam tourism received the "World's Leading Heritage Destination" award from the World Travel Awards^[2].

At the end of 2019, due to the impact of COVID, Vietnamese tourism as well as global tourism was stagnant and inactive. When the pandemic broke out, the tourism industry was almost completely "frozen", but when entering the new normal period, many habits and behaviors of tourists around the world have changed. Customers are hesitant about direct contact and prefer to research and book tours through electronic channels. That is the reason why many accommodation establishments, hotels, and resorts across the country have made efforts to digitally transform and invest in Internet of Things (IOT) applications in managing and serving guests. Travel and tourism businesses also increase investment in technology to promote tours and reach customers on digital platforms.

Digital transformation in the tourism industry is understood as a shift from traditional business and marketing models to more modern, customer-focused business models following a data-based digital value chain model, thereby creating and providing the most convenient services for tourists and making them satisfied. For businesses, digital transformation of the tourism industry is not just an optional strategy but is gradually becoming an inevitable practice that must be implemented to be competitive and meet the continuous growth in demand of customer. This is also a strategic issue in the context of the fourth industrial revolution and the COVID-19 pandemic having broad and profound impacts worldwide. Digital transformation also requires businesses to have a long-term strategy and this process will almost affect the entire business from the organization, people to the business model.

Vietnam's tourism industry is a dynamic and rapidly growing economic sector. Closely linking the Vietnamese tourism industry with regional and world development trends in a professional and modern direction will create favorable conditions to enhance digital connectivity and develop smart tourism. Identifying the importance and inevitable trend of digital transformation in the tourism sector, the Vietnam National Administration of Tourism has built a system of products applying technology and digital transformation in the tourism industry... This is the foundation for forming the tourism digital transformation ecosystem, making it easier for subjects to access and implement digital transformation faster. Among them, Smart Travel Card, Vietnam Travel application - Vietnam Travel, Tourism Business and Administration Platform application, Vietnam Tourism Yellow Pages, Vietnam Tourism database system... are considered core products that provide practical support for tourists, the tourism service supply chain, tour guides, and state management agencies in charge of tourism. In particular, the "Vietnam Safe Travel" app - an integrated multi-utility platform such as a safe travel digital map, connecting medical data on the epidemic situation in localities, provides information about safe tourism service facilities... Along with that, many smart and convenient products help optimally meet the needs of users, typically room management systems at tourist facilities. Residence, electronic ticket system, automatic access control system, smart parking lot, vending machine^[1].

2. Advantages and disadvantages of Vietnam's tourism industry in the digital transformation period

Currently, Vietnam's tourism industry is focusing on attracting both domestic and foreign tourists. In 63 provinces and cities, each region has its own unique landscapes and landscapes. The Government creates conditions for provinces to promote their advantages to develop tourism, turning Vietnam from an agricultural country to a service provider, especially tourism services. During the digital transformation period, the tourism industry has many advantages, but it also has to face many difficulties.

* Favorable

Vietnam's tourism industry has many advantages in terms of terrain and landscape. Vietnam is a country with many beautiful landscapes from the high mountains to the sea. When transforming digitally, the tourism industry has the following advantages:

- Technology makes life more convenient, easier and more comfortable. People can get anything with just one click. These changes are similar in the tourism sector. Nowadays, customers do not want to think too much before choosing to travel. Many benefits from travel technology such as: Savings and convenience when traveling: With many innovations, travel will become environmentally friendly. Online booking with mobile registration, online check-in and electronic tickets can help save a lot of time, paperwork and ensure that visitors will no longer have to queue to receive tickets and worry about disappointment. Lost documents.
Today, evolving innovations in technology are changing cumbersome tasks to become easier than ever, every problem can be solved with a small device. No need for a music player to listen to music, just an iTunes or Spotify account and customers can listen online anytime, anywhere while on the go. Kobo or Amazon Kindle saves on a large amount of goods that travelers have to carry.
- Facilitate cultural exchange: In today's technological world, communication in different languages is also effectively supported. Integrating features like translation with Google Translate can help customers speak and understand the local language. Besides, foreign language learning applications like Duolingo allow learners to quickly become familiar with another language or consolidate previously learned foreign languages without spending money. This helps foreigners who do not know Vietnamese to have basic communication, increasing their confidence and desire to travel to Vietnam.
Many hotels and airlines offer texting options to their customers ahead of time via their own apps or set up notification channels like WhatsApp, Messenger, Instagram. However, chatbots are the new trend – they are becoming an indispensable resource for the tourism industry. In addition, customers also reduce the burden of carrying cash when traveling; less in terms of risk – especially when traveling abroad legally, where loss of money or theft is a common occurrence at the destination. Once fully integrated, fraud is no longer a worry for travelers.
- Thanks to technology, tourism businesses can collaborate to provide customers with the best products at the lowest cost. When there was no technology, Vietnamese tourism had no connection between tourism service providers such as restaurants, hotels, transportation... These units operated separately. When providing services, related parties lose a lot of personnel to serve customers, leading to high costs. As technology develops, tourism service systems are interconnected. A system of links between service units is formed from departure and arrival points that are planned and quickly provided for customers to choose from. The tourism industry also links destinations to create rich tourism products suitable to customer needs such as: resort tourism, spiritual tourism, discovery tourism, experiential tourism... Since then, travel costs have dropped sharply, attracting more customers.
- Technology helps customers access local tourism faster and more conveniently.

Thanks to digital transformation, the tourism industry implements OTA (Online Travel Agent) to provide travel services such as airline ticket booking, hotel room booking, tour booking, etc. online. All stages from searching, choosing a suitable service to payment are conducted online on websites or applications. Travel service providers (airlines, hotels, etc.) all cooperate with OTA in posting information, images, prices, on OTA's website or application platform. Thanks to OTA, customers and tourism businesses both benefit. For tourism service businesses: Helps promote brands and introduce many services at the same time in an extremely economical way. For the entire tourism industry: Create a healthy competitive environment, urging tourism service businesses to improve service quality to gain a competitive advantage in the market. For tourists: Help tourists easily search and choose the most suitable service with the best fee^[3].

* **Hard**

Besides the advantages, the tourism industry faces some of the following difficulties:

- Information technology application in the tourism industry is currently not synchronized and unified. Digitalization activities in the industry are still fragmented and have not maximized their effectiveness because the database has not been shared to connect and synchronize, leading to the process of managing, controlling, and reporting data statistics. Industry and make comments on development trends facing many difficulties. In the tourism market, Vietnam is dependent on foreign websites, service websites Vntrip, Hotel84, Chudu24... are falling between the siege of Agoda, Booking, Airbnb or Trivago. That loss comes from the lack of information in the information system when the above applications do not have appropriate policies to attract participation from establishments providing resort services, passenger transportation, and tourism. Local food, attractions, entertainment, etc. In addition, the interface of many Vietnamese applications is still difficult to use and difficult to access for domestic tourists. Therefore, there is still a lack of basis to believe that they will become the leading application for international tourists when they want to learn about and book services in Vietnam. In addition, building a large data warehouse on maps, tourist attractions, traditional festivals, unique arts, medical facilities, medical examination and treatment, local security and order authorities are also a difficult problem for tourism businesses, because this is a macro issue, so it requires a modern technical infrastructure system along with highly qualified and professional human resources. For many years, a number of authorities, including the General Department of Tourism, have developed statistical data on the number of domestic and foreign tourists, potential markets, etc. Such data are still scant. Important parameters such as travel habits, entertainment needs, spending ability, etc. have not been widely surveyed, from which to find solutions to stimulate consumption for travel and transport businesses. Downloads, services, potential customers.
- Technology poses financial problems in some families because most technologies are expensive and cannot be made available to all classes. Individuals who are not capable of possessing this type of innovation will face

difficulties in life as gradually manual methods are no longer supported, thereby leading to ignorance, falling further behind. Besides being difficult to use for some ages, users who do not know how to use and absorb necessary information will have difficulty accessing technology and the modern travel model. When converting digitally, they face difficulties, seemingly simple procedures are too complicated for them, and issues of security and safety in using electronic devices. The downside of technological innovation is that it can cause difficulties between social classes and between ages. The continuous development of information technology has greatly affected travel agents who cannot adapt to the times. The widespread use of the Internet has created changes that are both harmful and beneficial – for tourism organizations. Therefore, in this new century, tourism organizations need to proactively adapt to survive in the rapid development of information technology.

- Tourism businesses in Vietnam are mostly small and medium-sized enterprises with little capital and limited ability to invest in technology platforms, leading to limited access by businesses to smart tourism. Limit.
- The mindset of some managers in the tourism industry is still limited in applying technology. They believe that digital transformation has no impact on the tourism industry. They do not understand that when applying digital transformation, the entire traditional tourism business completely changes to a modern tourism business, completely changing the method of management, business, customer care and the way of operation. From there, customers will reach the business faster, increasing the number of customers and revenue.
- The rate of visitors returning to tourist destinations is still low, especially foreign tourists because Vietnam's tourism products are not attractive and lack the diversity of entertainment, shopping, and customer care activities. Tourism advertising promotion is not really effective due to lack of resources, operating mechanism, and no overseas tourism promotion office established. The tourism development and support fund has not yet been operated and put into operation; Airport infrastructure tends to be overloaded and cannot meet the high growth rate in the number of tourists; Entry visa policy is still limited.
- The digital transformation of the tourism industry is also facing many other difficulties such as: Lack of resources (including financial, technological and human resources); barriers in corporate culture; data shortage (including reports and information analysis); leader vision; psychology in accessing and applying... For businesses that are currently operating, when conducting digital transformation, they will have to apply new technology, leading to the problem of quite large initial investment costs.

3. Some recommendations to develop modern tourism in the digital transformation period

- The tourism industry continues to improve institutions and policies for modern tourism development applying digital technology. The Government needs to have mechanisms and policies to prioritize and encourage research and

application of science and technology for the tourism industry in a synchronous manner, with a wide connection between tourism-serving industries such as transportation. Transportation, hotels, restaurants, scenic spots... It is necessary to identify and prioritize investment in important technology items that support smart tourism development, including: building an industry database; investment in technology infrastructure development; Invest in the production of software, systems, programs, applications, and smart utilities for the tourism industry; Research and apply advanced technologies to produce modern tourism products and services; Research and apply advanced technologies for destination management and development; applying technology for tourism statistics; Applying technology to preserve and restore heritage values and relics for tourism. At the same time, Vietnam must build a tourism website that provides complete information about tourism in all provinces and cities for people as well as foreigners to refer to the "virtual tourism" model. Vietnamese application interfaces should be perfect for ease of use.

- Develop technologically qualified human resources and promote international cooperation in science and technology

The Ministry of Culture, Sports and Tourism needs to continue to promote international cooperation in science and technology with developed countries to learn from experience, improve research capacity and apply science and technology to development. Modern tourism; cooperation, technology transfer and investment cooperation in technology development for Vietnam. In addition, the tourism industry needs to focus on training, fostering and developing human resources, ensuring that human resources have both professional qualifications in tourism and the ability to meet the requirements of use and tourism. Operate technology, be ready to access and adapt to smart tourism. Accordingly, there needs to be a policy to attract highly qualified technological talent to work in the tourism industry. Technology has played a pivotal role in the travel and tourism industry since the last decade. Introducing technology into tourism has directly helped cut costs, enhance services, improve operational efficiency and visitor experience.

In addition, the government needs to optimally use digital data platforms through information technology infrastructure. In addition to demonstrating professionalism with aesthetic design and rich content, websites need to integrate many necessary utilities for visitors, and must be compatible and friendly on all electronic devices that visitors use. Familiar goods when accessing information from computers, tablets to mobile phones. Along with that, the Tourism industry together with the authorities must have a strategy for recruitment, training and fostering to improve the quality of human resources; further improve mechanisms, policies, and information technology infrastructure to make digital transformation truly effective, contributing to the rapid and sustainable development of the tourism industry.

- To improve service quality and sustainable development, the tourism industry needs to identify a number of goals in digital transformation. Including:

Building and developing a unified tourism digital transformation ecosystem nationwide to help connect and interconnect information systems between management agencies, localities and businesses; Centralize the digital resource system, share digital data nationwide, provide open data to serve policy-making management agencies; Increasing the smart travel experience, bringing tourists many conveniences, from finding information, coming up with ideas to booking, transactions and electronic payments.

In addition, to effectively develop digital transformation in tourism, businesses, especially small and medium-sized enterprises, need to focus on building management and operating systems on a technology platform; Take advantage of large data sources to analyze and understand customers; Increase promotion on digital platforms.

- Propaganda and promotion for tourism businesses to apply digital transformation in business at the macro level to change the way of management, operation, customer care, and transition from traditional tourism business retail to a modern, sustainable, tourist-centered form of tourism business. From there, build regional tourism routes, spiritual tourism, discovery tourism... at the lowest cost to create motivation for domestic tourists.
- Each province and city has its own beauty to serve tourism. Therefore, each locality needs to focus on its strengths in exploration tourism, spirituality, relaxation, etc. to invest in infrastructure, professional customer care, and build each tourist area. Key international standards to attract domestic and foreign tourists; Regional links to increase the attractiveness of tourism products and reduce costs so that people can participate in tourism more. For foreign tourists, the tourism industry should open tourism promotion offices in other countries to introduce Vietnamese tourism products. Vietnam should build more airports in main tourist areas, and entry procedures should be shortened to facilitate foreign tourists.

4. Conclude

The application of digital transformation in the tourism industry today is an objective necessity to improve service quality and attract domestic and international tourists. Vietnam needs to strive for the quality of tourist service, how to organize and market tourism, and build tourism chains by region and region depending on the travel needs of customers. When applying digital transformation, Vietnam will solve the above problems and bring Vietnamese tourism to the level of the region and the world, becoming a favorite destination for domestic and foreign tourists.

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