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Opportunities and Challenges in Digital Transformation of the Tourism Industry in Vietnam

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Abstract

In the context of the 4.0 technology revolution, the digital economy has been transforming tourist interaction and tourism service marketing, while opening up new and innovative ways high to provide effective tourism services, improving the experience of domestic and foreign tourists. This process changes the way work is organized, transactions are processed, and information and data about tourism supply and demand are captured and processed. What's more is to improve and connect activities along the value chain and tourism ecosystem. In Vietnam, in recent years, the tourism industry has been achieving certain achievements; including efforts to transform from marketing, market access to management through the application of information technology systems. Using qualitative research methods, through articles and tourism websites, the author group has systematized concepts related to digital transformation, presented opportunities and challenges due to digital transformation. bring in Vietnam's tourism industry. From there, the authors proposes a few solutions at the government and business unit levels to digitally transform the tourism industry synchronously and effectively.

1. Introduction

The increasingly strong development of science and technology has had a significant impact on industries and sectors of the economy, especially the tourism industry. Digital technology brings opportunities for tourism businesses to expand market scope, increase growth rate, improve operational efficiency and promote competitive advantage. Digital transformation can expand innovation and ensure the competitiveness of destination systems in Vietnam. Digital transformation provides the tools, frameworks and technologies to create or add value to tourism products and visitor experiences. Therefore, in the 4.0 industrial revolution, the top strategy of businesses is to practice digital transformation, including improving understanding of it and applying software in management, business and marketing.

Although there have been many studies on digital transformation in the tourism sector, researchers have paid little attention to understanding the challenges and trends in the tourism industry, and what policy interventions can be implemented. suitable to support digitalization in different parts of the industry. Therefore, in this article, the authors have systematized the content related to digital transformation in tourism, identified the current situation and trends of digital transformation in tourism in Vietnam, and thereby proposed solutions. feasible solutions for relevant parties.

2. What is digital transformation of the tourism industry?

There are many different definitions and understandings of digital transformation, specifically:

According to Hinings B & associates (2018) [1] that digital transformation is the combination of the effects of several digital innovations that bring new actions, structures, values and beliefs that can change, threaten, replace or supplement existing rules in organizations, ecosystems and industries.

According to Reis & colleagues (2018) [2], different definitions of digital transformation can be classified into three separate elements including: (1) Technology - digital transformation is based on the use of new digital technologies such as social media, mobile devices, analytics or devices embedded in source code; (2) Organization – digital transformation requires changing organizational processes or creating new business models and (3) Society – digital transformation is a phenomenon

that affects all aspects of people's lives. It can be seen that the different ways in which digital technology is applied are clearly demonstrated in economic benefits, productivity improvements and brand enhancement, connecting customers more closely with the company (Kohli & Grover, 2008) [3].

According to Microsoft's definition: "Digital transformation is rethinking how organizations bring together people, data and processes to create new value."

According to Gartner - the world's leading information technology research and consulting company: "Digital transformation is the use of digital technologies to change business models, creating opportunities, revenue and value." new treatment".

In Vietnam, digital transformation is understood in the sense of the process of changing from traditional models to applying new and modern digital technologies, such as big data, Internet of Things (IoT), cloud computing (Cloud), artificial intelligence, (Ai), robots... to improve and change the leadership, management, administration, work process and culture of the organization position. To understand more specifically, "digital transformation" is the integration of technology and digital into the organization's production, business and management processes, with the main goal of savings and efficiency, increase efficiency, satisfy customers and create competitive advantage.

Digital transformation in the tourism industry is the transition from traditional business and marketing models to more modern business models that focus on improving tourist experience according to the data- driven digital value chain model. Thanks to that, visitors will experience convenient, classy and memorable resort and entertainment services.

3. Opportunities and challenges when digitally transforming Vietnam's tourism industry

The development of technology and market changes bring both opportunities and challenges to Vietnam's tourism industry. To keep up with the progress of digital transformation, promote opportunities and limit challenges, it is necessary to clearly understand the opportunities and challenges that digital transformation brings to Vietnam's tourism industry.

Opportunity

Promoting digital transformation in tourism brings countless opportunities for businesses in the same industry. New technologies such as artificial intelligence and blockchain enable transparency and safety in the payment and transaction process. In addition, using online services helps enhance customer experience thanks to convenience and flexibility in the booking, tour booking, and payment process. Thanks to many websites and online applications, customers can easily compare and book the travel services they need right at home, skipping the lengthy and complicated consultation process like the traditional way.

Digital transformation of the tourism industry is a catalyst to re-optimize the operating system and improve management efficiency. Businesses in the industry can completely save time and costs when applying modern technologies. Big Data, IoT,... will be a powerful right hand to help tourism businesses confidently manage data, optimize operations and improve service quality.

Digital transformation also allows tourism businesses to create new products and services, meet the demanding and diverse needs of the market and keep up with technological developments such as creating tourism services. virtual tourism, simulated tourism, virtual reality tourism... will bring customers new and interesting experiences, attract public attention, and create sales breakthroughs.

Facing new challenges, digital transformation also helps businesses become more proactive in responding and ensuring operations even when objective conditions change and become unfavorable (such as a global pandemic). Technology helps consultants and customers minimize direct contact and improve online customer experience through the smart application of appropriate technologies. Although the road ahead is still long, with the right strategy, digital transformation in the tourism industry will help enhance position, significantly improve customer experience and optimize costs for businesses.

Challenge

In reality, the process of digital transformation and information technology application in the tourism industry has not taken place synchronously and consistently. In many localities, differences in digital technology still exist. Areas with good conditions for digital transformation in tourism are mostly in large provinces and cities. Digitalization activities in the industry are still sporadic, fragmented, and have not been successfully connected and built on a database. Therefore, the process of management, control, reporting as well as data statistics in the industry faces many difficulties.

Like many other fields, digital transformation in the tourism industry is currently facing many difficulties in technical facilities, financial resources and resource shortages. Specifically, there is a lack of modern technology, finance as well as digital human resources with sufficient knowledge and skills. In general, the ability to accept technology to digitize tourism activities has only occurred in international travel businesses, air transport, high-end accommodation establishments and restaurant chains. The digital transformation process in tourism business is still lacking in synchronization. Survey results show that business digitalization only takes place in medium and large companies. However, these businesses also encounter difficulties in the implementation process. According to Mr. Nguyen Quoc Ky, representative of Vietravel Tourism Company, although the company has applied digital technology to smart tourism since 2007 and has recently continued to promote it, this is a challenge for with travel agencies and tourism companies (Trang *et al*., 2020) [4]. Ms. Nguyen Thi Thanh Thuy, representative of Silk Path Hotel and Resorts Group, said: "Digital transformation requires too much cost in the current context, when the source of guests is almost non-existent. For small and medium-sized enterprises, hotels in the middle segment are very unlikely to be able to spend their own money to implement digital transformation" (Khanh, 2021) [5]. Sharing the same opinion, Mr. Ngo Minh Duc of Gotadi Company commented: "Digital transformation is an expensive process, not easy, and requires awareness and protection from the government. Vietnam's foundation is difficult to compare with countries with strong industries, so it is necessary to create a strong interconnected community to support each other (Trang *et al*., 2020) [4].

Another problem that exists is that businesses have difficulty choosing software suitable for their scale of operation and are skeptical about the information security of

the system. Even when technology is in hand, tourism businesses have not created a knowledge base about digital transformation for their workforce, and are still struggling to find the most effective way to manage and use it. Most restaurants, hotels, travel agencies, travel shops, and tourist attractions in the country have not yet arranged personnel with experience in digital tourism to serve the digital transformation requirements and needs of tourists. Therefore, to successfully transform digitally, it is necessary to have good human resources and a team of competent information technology experts. However, Vietnam's current training system still has many shortcomings in keeping up with the trend of nurturing talent and developing digital tourism human resources.

Digital technology also causes some disadvantages for tourists, especially older tourists, in using the Internet because in the traditional way, they will be consulted, order services and pay directly at the tourism enterprise, not through phone or computer. Besides, the amount of information is fast, abundant and inconsistent, which can make it difficult for tourists to select accurate and reliable information. Tourists paying online are not really assured about security when they declare a lot of personal information.

In addition, there is a lack of data due to not being able to fully update all data, reports, and analyzes from many different sources; Many localities do not know where to start digital transformation, which is also an obstacle on the path to successful digital transformation of the tourism industry.

4. Solutions to implement digital transformation of the tourism industry in Vietnam

Recognizing that successful digital transformation will bring many benefits and great potential for the development of the country's tourism industry, currently, Vietnamese travel agencies, organizations and businesses have been actively Deploy a variety of technology solutions as well as establish appropriate policies to accelerate conversion and provide a more positive experience for visitors. Specifically:

+ On the part of the authorities:

The State needs to build and perfect institutions to create legal frameworks and favorable conditions, creating motivation to promote digital transformation and digital economic development. Build a management mechanism suitable for the digital business environment, meet management requirements, and adjust new relationships arising during the process of digital transformation and digital economic development.

The Government, Ministry of Culture, Information and Tourism need to have priority policies to encourage research and application of science and technology for the tourism industry. At the same time, the Government also needs to prioritize technology items that support sustainable smart tourism development, including: building an industry database; Invest in the production of software, systems, applications, and utilities for the tourism industry and businesses; Applying technology to preserve and restore heritage values for tourism; applying technology and software for tourism statistics; Research and apply advanced technologies for the management and development of smart tourism services associated with local communities.

The state needs to have many different targeted policies providing financial support to support small and medium enterprises. Financial support is monetary support, such as

tax breaks, subsidies or private contributions, that SMEs receive with the aim of reducing their investment burden in order to promote innovative solutions and digital capabilities.

The state needs to socialize capital sources for training activities and support educational units to build online teaching platforms for skills related to tourism business operations. In other words, building a free learning and data warehouse for businesses and workers to improve their qualifications. The Typsy app is an advanced training model that stakeholders can pursue.

+ For tourism businesses:

To accelerate the digital transformation process of tourism businesses, it is first necessary to build quality products, in addition to applying technology in product marketing through websites with modern technologies; Use social networks to provide information and communicate with customers, improve the quality of experience with mobile applications; Cooperate with digital platforms and electronic trading floors.

Focus on training necessary skills in applying digital technology for tourism human resources at tourism businesses.

Tourism businesses proactively participate in digital transformation forums to help businesses better understand the application of technology in their operations and innovate experiences for customers.

5. Conclusion

The digital economy is transforming traveler communication and tourism marketing, and is opening up new and highly innovative ways of delivering tourism services, enhancing visitor experience. Digital transformation is changing the way work is organized and services are delivered, and offers the opportunity to leverage digital advances to process transactions, capture and process information and data about tourism supply and demand, and moreover, improve and connect activities along the value chain and tourism ecosystem. To adapt to digital transformation, Vietnam needs timely, synchronous and effective solutions to take advantage of opportunities and develop sustainable tourism along with economic, cultural and social development and protection. environment, while avoiding risks of backwardness, infrastructure, policies as well as tourism human resources that do not meet actual requirements.

6. References

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