

**DIGITAL TRANSFORMATION OF VIETNAM'S TOURISM INDUSTRY:
OPPORTUNITIES, CHALLENGES, AND SOLUTIONS****Vu Bich Van¹, Ly Liet Thanh²**¹Thai Nguyen University of Economics and Business Administration, Vietnam²Corresponding author, Van Hien University, Vietnam**ABSTRACT**

The tourism industry in Vietnam is facing great opportunities for breakthrough development in the digital age. Digital transformation is seen as the key to unlocking this potential, contributing to enhancing competitiveness and taking Vietnamese tourism to new heights. However, alongside these opportunities, Vietnam also encounters numerous challenges for the sustainable development of the tourism sector. This article analyzes the opportunities, difficulties that the tourism industry in Vietnam is facing, and proposes some solutions to promote digital transformation in the tourism industry, fostering its sustainable development in the future.

Keywords: Digital transformation, tourism industry, Vietnam, opportunities, challenges, solutions.

1. INTRODUCTION

Digital transformation is not just an inevitable trend but also an urgent necessity for the tourism industry in Vietnam today. The global tourism industry is facing numerous disruptions caused by the Covid-19 pandemic. Travelers are increasingly concerned about safety, convenience, and personalization in their travel experiences. Digital transformation helps tourism businesses adapt to these changes, meet the new demands of travelers, and enhance competitiveness. Many countries in the region and around the world are vigorously applying digital technology to the tourism industry. Without effective digital transformation, Vietnam's tourism risks falling behind and losing market share.

Vietnam's tourism industry has great potential with its abundant natural resources and diverse cultural heritage. Digital transformation helps effectively exploit this potential, attracting international tourists and promoting socio-economic development. Digital transformation contributes to improving the quality of tourism services, creating a professional, modern, and prestigious image of Vietnamese tourism in the international market. The application of digital technology helps optimize resource utilization, minimize negative impacts on the environment, and contribute to sustainable tourism development. Therefore, digital transformation is not only an urgent task but also needs to be implemented systematically and effectively across the entire tourism industry in Vietnam. This is the key to taking Vietnamese tourism to new heights and asserting its position on the international tourism map.

2. THE CURRENT STATUS OF TOURISM DEVELOPMENT IN VIETNAM

Vietnam is a country with significant potential for tourism development and has made remarkable strides in recent years. However, the Covid-19 pandemic has had a severe impact on Vietnam's tourism industry, leading to a sharp decline in tourist arrivals. The Covid-19 pandemic began to seriously affect the world from early 2020, becoming the most serious pandemic in the past 100 years. Tourism is considered one of the most vulnerable sectors to the pandemic. Since the outbreak of Covid-19 worldwide, it immediately had a serious impact on the global tourism industry. Vietnam's tourism sector has also faced unprecedented difficulties. Following the Covid-19 pandemic, Vietnam has implemented various measures to strengthen the overall economy and the tourism sector in particular. Recently, Vietnam's tourism industry has received positive signals continuously (Ly Liet Thanh, 2023).

March 15, 2024 marked the two-year anniversary of Vietnam officially reopening its tourism sector after the Covid-19 pandemic. With the attention of all levels and the efforts of the entire industry, Vietnam's tourism is recovering and developing rapidly with many notable achievements, notably the facilitation of policies for tourism development (Tourism Information Center, 2024).

In March 2024, international arrivals to Vietnam reached nearly 1.6 million. Overall, in the first quarter of 2024, the total number of international arrivals reached over 4.6 million, an increase of 72% compared to the same period last year and a 3.2% increase compared to the same period in 2019.

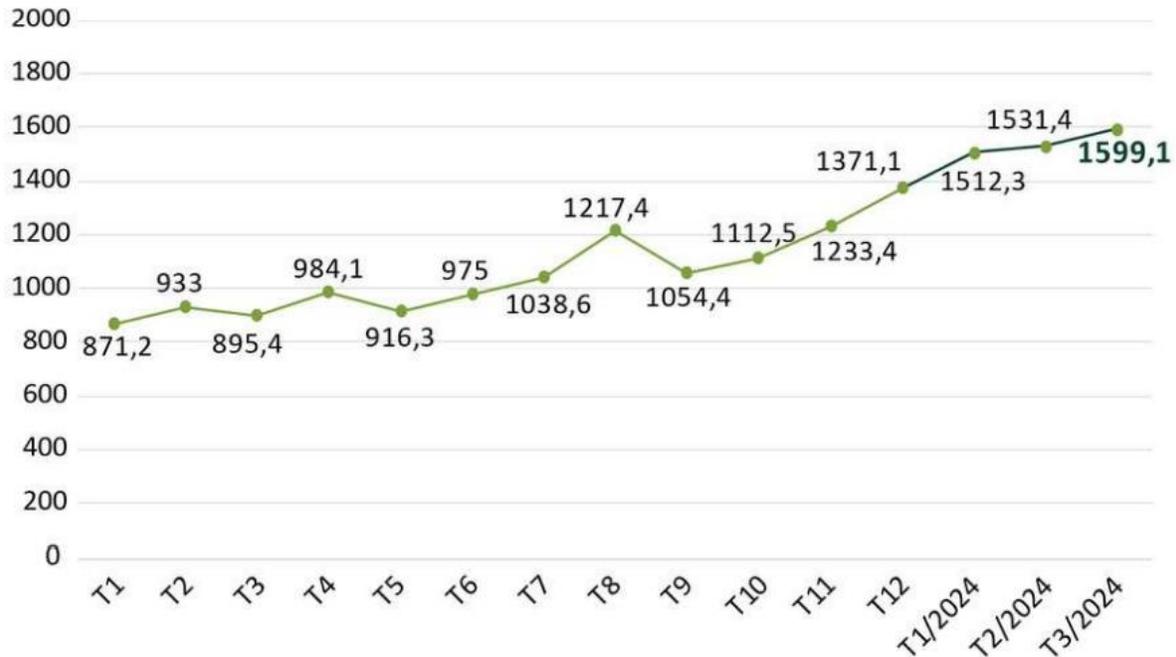


Chart 1. International arrivals by month, 2023 - 2024 (thousands of arrivals)

(Source: Tourism Information for March 2024 from the Tourism Information Center, 2024)

Domestic tourists in Vietnam reached 8.5 million in March 2024, with approximately 3 million of them staying overnight. In the first quarter of 2024, the number of domestic tourists reached 30 million. The total revenue from tourism in the first quarter of 2024 is estimated to reach 195 trillion Vietnamese dong.

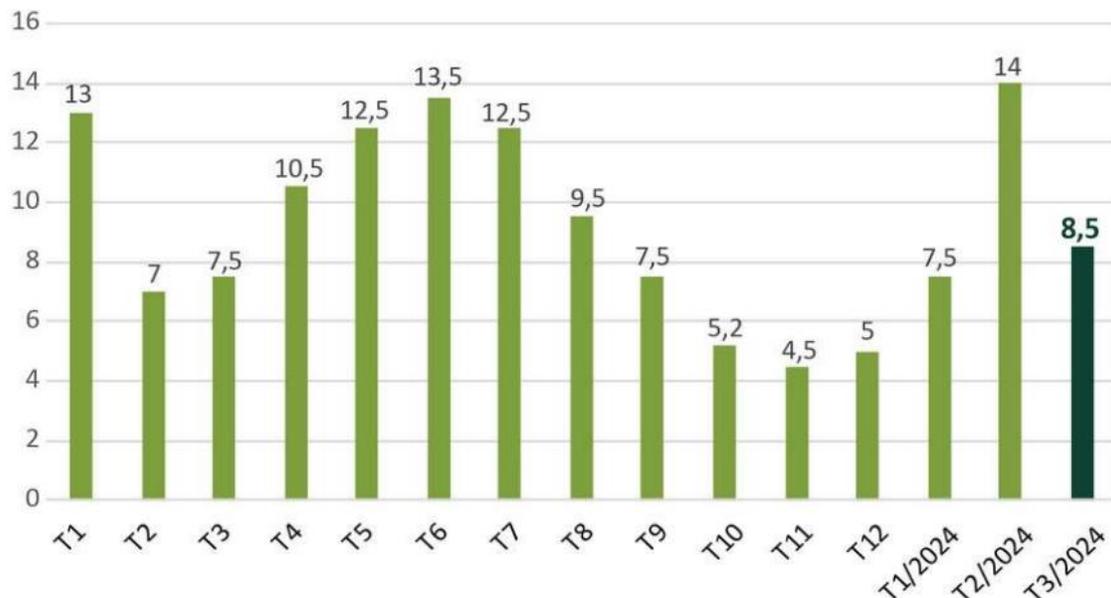


Chart 2. Domestic tourists by month, 2023 - 2024 (million arrivals)

(Source: Tourism Information for March 2024 from the Tourism Information Center, 2024)

Overall, continuing the recovery trend from the last months of 2023, in the first three months of 2024, the number of international tourists to Vietnam has continued to grow positively. The number of tourists in the first three months of 2024 consistently exceeded 1.5 million arrivals each month and showed an upward trend. Most markets have fully recovered, with some even surpassing the levels of 2019 - the pre-pandemic period. Markets benefiting from unilateral visa exemption policies have experienced strong growth. Stepping into the first quarter of 2024, these are optimistic signals for Vietnam's tourism industry. The expectation is that the growth momentum will continue in the coming time, providing the foundation for the industry to achieve the goal of welcoming 18 million international arrivals in 2024.

3. DIGITAL TRANSFORMATION IN VIETNAM'S TOURISM INDUSTRY

Recognizing that successful digital transformation will bring many benefits and great potential for the development of Vietnam's tourism industry, currently, travel agencies, organizations, and tourism enterprises have been actively implementing various technology solutions and establishing appropriate policies to accelerate the transformation and provide a more positive experience for tourists. Specifically, since 2018, the Prime Minister has directly issued Decision No. 1671/QD-TT approving the "Comprehensive Scheme for Applying Information Technology in Tourism for the 2018-2020 period, with a vision toward 2025," emphasizing the need for prioritizing the development of digital tourism and smart tourism. This was followed by Decision No. 749/QD-TTg of the Prime Minister approving the "National Digital Transformation Program by 2025, with a vision toward 2030"...

In 2022, the Vietnam National Administration of Tourism, under the Ministry of Culture, Sports, and Tourism, issued important documents to create and promote the digital transformation process in the tourism industry, including: The Digital Tourism Development Plan for the period 2021-2025 issued by the Ministry of Culture, Sports and Tourism according to Decision No. 172/QD-BVHTTDL dated January 25, 2022 of the Minister of Culture, Sports and Tourism; "The project on applying Industry 4.0 technology to develop smart tourism, promoting tourism as a spearhead economic sector" issued according to Decision No. 3570/QD-BVHTTDL dated December 21, 2022 of the Minister of Culture, Sports and Tourism; Official Letter No. 1818/TCDL-TTTTDL dated November 4, 2022 of the Vietnam National Administration of Tourism sent to local tourism management authorities regarding coordination in implementing digital transformation...

The Tourism Information Center (under the Vietnam National Administration of Tourism) has developed guidelines for digital transformation in the tourism industry. This framework provides guidance for implementing digital

transformation uniformly and synchronously in the tourism industry, helping to optimize results, save resources, and enhance connectivity across the industry. In Official Dispatch No. 06/CD-TTg dated January 15, 2024, on enhancing the effectiveness of tourism statistics for evaluating and planning tourism development policies, the Prime Minister instructed the Ministry of Culture, Sports and Tourism to lead and coordinate with the Ministry of Planning and Investment, the Ministry of Public Security, the Ministry of Information and Communications to urgently disseminate and implement the Tourism Management and Business Platform according to Resolution No. 82/NQ-CP. At the same time, localities are required to strictly implement online and ad-hoc statistical reporting tasks on the tourism statistics reporting software of the Ministry of Culture, Sports and Tourism (at the address <http://thongke.tourism.vn>); organize connections, update complete, timely, and transparent data from tourism enterprises, tourism service establishments to state management agencies in tourism.

4. OPPORTUNITIES AND CHALLENGES FOR THE DIGITAL TRANSFORMATION OF VIETNAM'S TOURISM INDUSTRY

4.1. Opportunities

Vietnam's tourism industry has many advantages to enhance digital transformation, including:

- Supportive policies: The Vietnamese government has issued various policies to support digital transformation in the tourism sector, such as the National Tourism Development Strategy until 2025, with a vision towards 2030, and the National Program for Developing Digital Technology in Tourism Activities. These policies provide guidance and financial support for tourism enterprises to implement technological solutions.

- Technological infrastructure: Vietnam has relatively developed technological infrastructure, including high-speed internet networks and high smartphone penetration rates. This creates favorable conditions for the adoption of digital technology solutions in the tourism industry.

- Human resources: Vietnam possesses a young, dynamic workforce with high educational attainment, capable of quickly adapting to new technologies. This is a crucial resource for driving digital transformation in the tourism sector.

- Tourists' demands: In today's era, tourists are increasingly tech-savvy and expect to use digital technologies to plan and book their trips. They expect a travel experience where everything is convenient and easily accessible through mobile apps, booking websites, and other online platforms. This poses a significant demand on tourism businesses: they need to apply digital transformation to flexibly and reliably meet the growing needs of customers.

In the current fiercely competitive environment, providing a digitalized travel experience is not only an advantage but also a necessary requirement to attract and retain customers. Modern tourists want to experience their entire travel journey on their mobile phones, from seeking information and making reservations to interacting with services and activities at the destination. This presents a significant challenge for tourism businesses but also opens up an unmissable opportunity to enhance customer experience and strengthen competitiveness.

4.2. Challenges

Digital transformation in Vietnam's tourism industry presents many opportunities, but at the same time, it faces numerous challenges and concerns. One of the biggest challenges that Vietnam's tourism industry is facing is technological infrastructure. Despite advancements in technological infrastructure, there are still many limitations regarding internet connectivity and information technology in some tourist areas, especially in rural and remote regions. Uneven development in technological infrastructure can create inequality in access to and usage of digital technology among tourism areas, resulting in disparities in opportunities and conveniences for tourists.

Another challenge is information security. While using online systems and services in tourism brings significant benefits to both tourists and tourism businesses, it also poses risks related to personal information security. Concerns about personal data breaches and security violations can erode tourists' trust and affect the tourism industry's image. Enhancing information security becomes an urgent priority, requiring investment and rigorous management from tourism businesses.

For tourism enterprises, the biggest challenge may lie in training and raising awareness of digital transformation. To effectively carry out digital transformation, the tourism industry needs personnel with knowledge and skills in information technology. However, many businesses still face a shortage of IT-skilled workforce, especially in remote

tourism areas. Investing in training and developing human resources is essential to ensure that tourism businesses have the necessary skills to use and manage digital technology effectively and sustainably.

Furthermore, another significant challenge is the initial cost and investment. Digital transformation requires a considerable initial investment for updating systems and developing new technology applications. Tourism businesses, especially small and medium-sized enterprises, may struggle to afford these costs and require financial support from the government or relevant organizations.

Lastly, the challenge of culture and diversity is also an important factor in digital transformation in Vietnam's tourism industry. The tourism industry often encounters various cultural and diversity factors when operating in different locations. Digital transformation needs to be carefully considered and tailored to fit each context and specific conditions, which can pose challenges in implementation effectively. To overcome these challenges, commitment and cooperation from all stakeholders, from the government to tourism businesses and local communities, are necessary.

5. SOME SOLUTIONS TO PROMOTE DIGITAL TRANSFORMATION IN VIETNAM'S TOURISM INDUSTRY

To promote digital transformation in Vietnam's tourism industry, it is necessary to consider and implement a comprehensive and effective range of solutions. One of the most important solutions is investing in technological infrastructure. The government needs to increase investment in developing network and internet infrastructure, especially in remote tourism areas. Improving this technological infrastructure not only expands tourists' access but also provides favorable conditions for tourism businesses to develop and deploy digital services.

The challenge of information security also requires attention and timely resolution. Strengthening information security systems not only creates a safer environment for customers' personal data and businesses' important information but also enhances the trust and credibility of Vietnam's tourism industry. Strict policies and regulations need to be established and effectively enforced to ensure that all information is properly protected and not compromised.

Additionally, training and developing human resources play a crucial role in the digital transformation process. The government should collaborate with training organizations to create training programs on information technology and digital applications in tourism. This helps build a workforce with the necessary knowledge and skills to use digital technology effectively and innovatively in tourism activities.

Another solution is financial support for tourism businesses. The government can establish financial support policies such as preferential loan packages or incentive programs to encourage investment in digital technology in the tourism industry. This helps tourism businesses access the necessary capital to invest in technology and improve service quality.

In conclusion, promoting digital transformation in Vietnam's tourism industry requires the combination of various solutions, from investing in technological infrastructure, enhancing information security, training human resources to providing financial support for businesses. Only through cooperation and collective efforts from the government, businesses, and the community can Vietnam's tourism industry truly harness the potential of digital transformation and create sustainable and innovative development for this sector.

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