



## **FACTORS AFFECTING THE TOURISM DEVELOPMENT OF SA PA TOWN, LAO CAI PROVINCE, VIETNAM**

**Nguyen Thi Thu Ha** 

Faculty of Economics, Thai Nguyen University of Economics and Business Administration  
(TUEBA), Vietnam  
ntthuha@tueba.edu.vn

**Do Thi Hoa Nha**

Faculty of Economics, Thai Nguyen University of Economics and Business Administration  
(TUEBA), Vietnam

### **Abstract**

*Analysis of the factors influencing tourism development is a method of finding out the nature of the problem. Pointing out the limitations of each factor is finding the limitations and difficulties in tourism development. This study analyzed the factors affecting tourism development of Sa Pa town through analysis of secondary data and primary data and pointed out what factors or problems existing in the local tourism development, including: investment capital, tourism infrastructure, tourism development planning and human resources in tourism. The research suggested some solutions to overcome the difficulties of these factors in order to promote tourism development of Sapa further in the coming time.*

*Keywords: Tourism, Tourism development, Sa Pa, Vietnam, Tourism development planning*

### **INTRODUCTION**

Sapa is a famous tourist destination in the north of Vietnam. The most prominent attraction of Sa Pa for domestic and international tourists is its cool climate, beautiful natural landscape, Fansipan - the highest mountain in Southeast Asia and has unique ethnic culture which is shown through festivals, food, houses, and costumes of the local people. Sa

Pa's great tourism potential has attracted many investment projects. In the three years 2017 - 2019, there were 33 investment projects with a total capital of 50.1 trillion VND, of which 10 FDI projects with a total capital of 23.9 trillion VND. This dynamic has driven the strong development of the tourism industry, in 2019 there were 3,294,000 visitors to Sa Pa, an increase of 22% compared to 2018. The total state budget revenue of the local tourism industry in the year 2019 is 578,650 billion VND, accounting for 1.61% of the contribution to the state budget of the town. As of 2019, the tourism industry has 9,596 employees, making an important contribution to creating jobs for the locality and the region. However, these achievements are still limited, not worthy of the tourism development potential of Sa Pa. So, what is the cause of this problem? What solutions can overcome these limitations? The identification and analysis of factors affecting the tourism development of Sa Pa town will give us the answer. By analyzing the factors, improving the factors is also the solution to promote local tourism development.

## **RESEARCH METHOD**

The study collected secondary data on factors influencing tourism development in Sa Pa from the following sources: Socio- economic development reports of the People's Committee of Sa Pa town, reports, statistical documents on tourism development at the Sa Pa Town Culture and Information Office, Department of Culture, Sports and Tourism of Lao Cai province; statistic data of the Statistical Office of Lao Cai province and websites of Lao Cai province, of Sa Pa town.

The primary data is collected through a survey of 200 tourists in Sa Pa, with the content of evaluating the influencing factors. The study uses a 5-level Likert scale to measure the tourist's assessment of the influencing factors. The average value of the evaluations will be calculated and used to reflect the evaluation level of each factor. Excel 2010 software and information technology application software were used for data processing.

## **RESEARCH RESULTS AND DISCUSSION**

### **Analysis of factors affecting tourism development of Sa Pa**

#### ***Tourism resources***

Resources are the most important group of factors that contribute to the creation of a unique trait for the tourism product and play a decisive role in creating the attraction for tourists. Sa Pa has a very large tourism resource, mainly based on natural features and cultural identities of the local people.

+ Sa Pa's ecotourism attracts visitors' attention with the beauty of Hoang Lien National Park. This is a national park that has biodiversity values, including both local origin and most emigration in Vietnam. Here, scientists and local people have discovered many endemic and rare creatures living on temperate vegetation. Therefore, Hoang Lien National Park is an attractive eco-tourist destination.

+ Discovery tourism is a major tourist activity of Sa Pa. Most of domestic and international tourists coming to Sa Pa want to explore and conquer Fansipan peak. In addition, visitors can also participate in exploring the biodiversity of Hoang Lien National Park through walking in the forest, can enjoy and immerse themselves under Love waterfall.

+ Experienced tourism: traditional handicraft products of local people such as: Brocade textile and garment industry associated with community tourism development (communes: Ta Phin, San Sa Ho, Ban Ho, Hau Thao, Nam Sai); traditional medicine profession (Sa Pa town); profession of processing medicine for bathing Red Dao (communes of Ta Phin, Thanh Kim); bamboo and rattan production (Sa Pa town, Hau Thao commune); silver carving (Sa Pa town, Ta Phin commune).

+ Community based tourism: Exploiting folk knowledge in healing and developing brand "Red Dao tobacco bath (Ta Phin - Sa Pa)"; Exploiting decorative arts on Dao people's costumes to create unique hand-embroidered products; Exploiting stilt house architecture to develop into typical vacation home service of the Tay ethnic group (Ban Ho - Sa Pa).

Thus, thanks to the rich and diversified natural resources, Sa Pa town in Vietnam has conditions to develop tourism, exploit many quality tourism products with favorable points and routes.

### ***Tourism infrastructure***

Over the years in Sa pa, tourism has attracted many tourists. However, this problem leads to Sa Pa increasingly facing overload of infrastructure, especially on holidays and Tet every year. In particular, the system of accommodation establishments has not developed in time to meet the increasing demand of tourists. Along with that, modern entertainment and shopping services are almost absent.

According to the statistics at the beginning of 2019, the town currently has nearly 700 accommodations with a total of nearly 7,000 rooms; in which, Sa Pa town has 360 tourist accommodations, the rest are homestay in communes. Most of these are 1-2 star hotels, or properties that are "not yet" rated.

Table 1: Accommodation infrastructure in Sa Pa town, 2017-2019

Indicators	2017	2018	2019	2018/2017		2019/2018	
				Quantity	(%)	Quantity	(%)
<b>1. Accommodations</b>	<b>503</b>	<b>579</b>	<b>694</b>	<b>76</b>	<b>15,11</b>	<b>115</b>	<b>19.86</b>
<i>5 star Hotel</i>	6	8	11	2	33.33	3	37.50
<i>4 star Hotel</i>	12	15	17	3	25.00	2	13.33
<i>3 star Hotel</i>	38	42	58	4	10.53	16	38.10
<i>1-2 star Hotel</i>	231	260	331	29	12.55	71	27.31
<i>Not ranked Hotel</i>	216	254	277	38	17.59	23	9.06
<b>2. Accommodation rooms</b>	<b>5.418</b>	<b>6.041</b>	<b>6.986</b>	<b>623</b>	<b>11.5</b>	<b>945</b>	<b>15.64</b>

(Source: People's Committee of Sa Pa town, 2020)

Tourism infrastructure in Sa Pa town is weak and insufficient to meet the needs of tourists. Tourist routes, inner city roads are in the process of repairing and upgrading, causing a great impact on the local economic development. Urban and rural environmental pollution and sanitation have not been effectively handled. State management on land, urban areas and tourism environment still has many shortcomings; The situation of violating the construction order in the district is still complicated. The situation of peddlers, dragging and sticking with tourists has not been completely resolved. The core area of Sa Pa town has not been planned in detail. No urban architecture planning. Urban management regulations still have many shortcomings. Lack of database on land, no master measurement map.

### ***Human resources in tourism***

The scale of human resources working and serving the town tourism industry has increased significantly, by 2019 it will reach 9,596 people. In terms of quality structure, there is an increase in human resources with bachelor's and postgraduate qualifications, while college, intermediate and vocational qualifications tend to decrease. It is inevitable because in order to serve the increasing needs of tourists, the human resources in tourism must have increasingly high qualifications, skills and professionalism.

Table 2: The quality of human resources for tourism development in Sa Pa town  
in the period of 2017-2019

Indicators	2017	2018	2019	2018/2017		2019/2018	
				Quantity	(%)	Quantity	(%)
<b>1.Total</b>	<b>4.000</b>	<b>4.478</b>	<b>9.596</b>	<b>478</b>	<b>11,95</b>	<b>5.118</b>	<b>114,29</b>
Postgraduate	368	680	1547	312	84.78	867	127.50
Graduate	1386	1594	3892	208	15.01	2.298	144.17
College	1476	1565	3051	89	6.03	1.486	94.95
Intermediate	529	383	822	-146	-27.60	439	114.62
Vocational school	241	256	284	15	6.22	28	10.94
<b>In which:</b>							
<b>1. Tour guide</b>	<b>865</b>	<b>903</b>	<b>967</b>	<b>38</b>	<b>4.39</b>	<b>64</b>	<b>7.09</b>
Postgraduate	107	128	354	21	19.63	226	176.56
Graduate	407	534	561	127	31.20	27	5.06
College	203	115	67	-88	-43.35	-182	-158.26
Intermediate	113	98	95	-15	-13.27	-3	-3.06
Vocational school	35	28	24	-7	-20.00	-4	-14.29
<b>2. Business staff</b>	<b>2.774</b>	<b>3.163</b>	<b>8.169</b>	<b>389</b>	<b>14.02</b>	<b>5.006</b>	<b>158.27</b>
Postgraduate	209	465	843	256	122.49	378	81.29
Graduate	726	588	2.843	-138	-19.01	2.255	383.50
College	709	834	2501	125	17.63	1.667	199.88
Intermediate	488	591	673	103	21.11	82	13.87
Vocational school	281	273	262	-8	-2.85	-11	-4.03
<b>3. Managers</b>	<b>361</b>	<b>412</b>	<b>460</b>	<b>51</b>	<b>14.13</b>	<b>48</b>	<b>11.65</b>
Postgraduate	52	87	350	35	67.31	263	302.30
Graduate	253	472	488	219	86.56	16	3.39

(Source: People's Committee of Sa Pa town, 2020)

Over the past time, vocational training for workers, especially in the tourism sector, has been concerned by local authorities. The labor industry associates with vocational training institutions such as Phu Minh Vocational Training Center, Hoa Sua Tourism Intermediate School, Lao Cai College, Continuing Education Center ... opened dozens of vocational training courses for employees. However, the demand for labor, especially trained and high-quality workers in the tourism sector is huge, while local human resources have not yet met. The number of tourists coming to Sa Pa is increasingly larger and larger, infrastructure and tourism services are expanded investment, so the demand for labor in this field is greater than any other

locality in the province. Therefore, Sa Pa town needs to promote association in training, improve the quality of the labor force to meet the labor use needs of businesses in the area, contributing to promoting the tourism industry in particular and local socio-economic development in general.

### **Investment capital for tourism development**

Implementing the project on tourism development in Lao Cai province in the period of 2016 - 2020, the investment attraction in tourism infrastructure development is concerned and drastically directed by the provincial authorities.

In the limited budget conditions, in addition to mobilizing and allocating capital from the state budget to build key tourism infrastructure projects, the province has actively attracted and created the most favorable conditions for investors deploying infrastructure construction and tourism business. From 2002 up to now, the Provincial People's Committee has approved investment projects, decided on investment policies and issued investment certificates for more than 500 projects with a total registered investment capital of more than 80,000 billion VND.

Table 3: Investment capital for tourism development in Sa Pa town, 2017-2019

*Unit: Projects, Trillion VND*

Indicators	Total	2017	2018	2019	2018/2017		2019/2018	
					Quantity	(%)	Quantity	(%)
<b>1. Domestic investment</b>								
Number of projects	23	6	7	10	1.00	16.67	3.00	42.86
Investment capital	26.2	8.2	8.1	9.9	-0.10	-1.22	1.80	22.22
Average investment capital/ a project	1.14	1.37	1.16	0.99	-0.21	-15.33	-0.17	-14.44
<b>2. Foreign investment</b>								
Number of projects	10	2	4	4	2.00	100.00	0.00	0.00
Investment capital	23.9	5.3	7.7	10.9	2.40	45.28	3.20	41.56
Average investment capital/ a project	2.39	2.65	1.93	2.73	-0.73	-27.36	0.80	41.56
<b>3.Total</b>								
Number of projects	33	8	11	14	3.00	37.50	3.00	27.27
Investment capital	50.1	13.5	15.8	20.8	2.30	17.04	5.00	31.65
Average investment capital/ a project	1.52	1.69	1.44	1.49	-0.25	-14.88	0.05	3.44

*(Source: People's Committee of Sa Pa town, 2020)*

Lao Cai's policy is to give priority to investment attraction in localities with great potentials and strengths, which are the tourist focus of the province such as Sa Pa town, Bac Ha, Bat Xat and Lao Cai city. In particular, the province prioritizes projects to build Sa Pa into a tourist area of international stature, modern, rich in national cultural identity. According to the People's Committee of Sa Pa town, up to now, there are 33 investment projects in the field of tourism, tourism infrastructure, trade, real estate with a total investment of about 50.1 trillion VND. The projects have brought modern and convenient infrastructure with the number of entertainment areas, shopping, accommodation, dining and other services, ... making the town's landscape more beautiful and attractive. more customers. Most of investors coming to Sa Pa have financial potential as well as prestige such as: Bitexco, Sun Group, Vingroup, Truong Giang Sa Pa Group, Indochina Investment Joint Stock Company, Pusamcap Sa Pa Joint Stock Company. Sa Pa VIP Tourist Village Joint Stock Company ... Currently a number of projects have been implemented with high efficiency.

However, the infrastructure invested is also in the construction period, which also brings inconveniences to the town: traffic jam makes environmental pollution increase; the tourist spot concentration areas are cramped, dust, noise of construction works increase,. .. so investors need to speed up the progress to minimize this inconvenience.

### ***Tourism development policy***

Tourism development policy is extremely important to each country as well as each locality, because it is the key to the success of the tourism industry. Some of the policies that Sa Pa authorities has been applying to tourism development include

- Resolution No. 08 / NQ-TW dated January 16, 2017 of the Politburo on developing tourism to become a spearhead economic sector; Tourism Law 2017; Decision No. 1685 / QD-TTg of the Prime Minister dated December 5, 2018 on the project "Restructuring the tourism industry to meet the requirements of developing into a spearhead economic sector";
- Plan No. 105 / KH-UBND dated 24/3/2017 on implementing Project 03 "Tourism development in Lao Cai province" and Project No. 03 "Renovating and strengthening the management of tourism and services above. the area of Sa Pa district ", the period 2016-2020; Plan No. 12 / KH-UBND dated 10/01/2017 of the District People's Committee on the organization of activities in the National Tourism Year Program 2017 Lao Cai - Northwest in Sa Pa district;
- Decision No. 12 / QD-UBND dated January 6, 2017 of the People's Committee of Sa Pa town on promulgating the Regulation on the management of community tourism activities in communes in the Sa Pa district; Plan 280 / KH-UBND dated 20/11/2017 on organizing a seminar on developing tourism into a leading economic sector towards building Sa Pa into a

national tourist area of international stature; Plan No. 101 / KH-UBND dated March 27, 2018 on the development of community tourism for the period of 2018-2020, with an orientation to 2030; Plan No. 125 / KH-UBND dated April 12, 2018 on planning statistics, reviewing business and tourism units in Sa Pa district, etc.

### ***Tourism promotion activities***

Communication and promotion activities will be promoted and strengthened through various methods such as: Broadcasting on television stations, on central newspapers, on websites; Developing travel promotion utilities on handheld devices such as mobile phone, tablet; Propagating and promoting on the system of large billboards; Building a toolkit to identify the tourism brand of Lao Cai; organizing tourism promotion, travel businesses, domestic and foreign press and media delegations to Lao Cai to survey tourism destinations, services and products; Organizing tourism promotion and destination introduction, organizing domestic and foreign fair stalls; Propaganda and advertising activities for Sa Pa tourism on many means: Sa Pa tourism application, Lao Cai Tourism application, Electronic Information Portal from Sa Pa Town and Sa Pa Tourism Promotion Website and on the radio and television system in the town .... promote tourism promotion in a professional direction, with focus, practical effectiveness, clearly identify the media audience, in order to attract tourists from traditional markets and expand new markets potential, focusing on high-paying domestic and international markets.

Table 4: Budget used for tourism promotion activities in Sa Pa, 2017-2019

*Unit: Billion VND*

Indicators	2017	2018	2019	2018/2017		2019/2018	
				Quantity	(%)	Quantity	(%)
Flyer	1.21	1.56	1.82	0.35	28.93	0.26	16.67
Broadcast on TV	0.51	0.72	0.84	0.21	41.18	0.12	16.67
Internet	1.71	1.84	1.93	0.13	7.6	0.09	4.89
Fair	0.36	0.45	0.54	0.09	25	0.09	20
<b>Total</b>	<b>3.79</b>	<b>4.57</b>	<b>5.13</b>	<b>0.78</b>	<b>20.58</b>	<b>0.56</b>	<b>12.25</b>

*(Source: People's Committee of Sa Pa town, 2020)*

Sa Pa town has used a variety of advertising promotion tools, in which the budget for this activity increases every year, the internet is the largest and the lowest is through the tourism fair. Each type has its own advantages and disadvantages, so Sa Pa town has integrated different types of promotional tools for tourism promotion. The multi-channel advertising is a



positive signal showing the efforts of the provincial and district tourism management agencies to pay attention to the tourism development in the area.

### Evaluating influencing factors through analysis of survey results

Summarizing the survey results of 200 tourists in Sa Pa on the assessment of some factors influencing the development of tourism in Sa Pa shows that: tourists appreciate the local tourism resources and activities. However, tourism infrastructure still has many shortcomings, limitations, and needs to be repaired, such as the construction of infrastructure planning must ensure according to points, tourist areas, construction. Transportation system ensures to meet travel needs. In addition, a difficult problem of Sa Pa is that the human resources in the local tourism have not met the development needs well, the tour guide team is not professional, needing training to improve the force as well as skills, attitude, creating a good impression on tourists, are factors that attract tourists to Sa Pa.

Table 5: Evaluation of some factors affecting tourism development in Sa Pa

Factors	Rating level	Explanation
<b>1. Tourism resources</b>	<b>3.89</b>	<b>Agree</b>
The natural landscape is beautiful and attractive	4.31	Strongly agree
The local culture is unique and attractive	3.52	Agree
Sa Pa's climate is cool and attractive	3.83	Agree
Tourism resources are diverse and plentiful	3.91	Agree
<b>2. Tourism infrastructure</b>	<b>3.38</b>	<b>Neutral</b>
There are many accommodations to serve tourists	3.56	Agree
The transportation system is convenient and easy to navigate	2.78	Neutral
Infrastructure planning is ensured associated with tourist destinations and and tourist areas	3.15	Neutral
The service quality of the accommodation and dining establishment is good	3.51	Agree
Human resources at the facility are qualified to serve tourists	3.58	Agree
Search for hotels, motels and restaurants is easy	3.68	Agree
<b>3. Human resources in tourism</b>	<b>3.24</b>	<b>Neutral</b>
Tour guide has strong expertise	3.42	Agree
The tour guide's manners are agile	3.19	Neutral
Tour guide's service attitude guaranteed	2.97	Neutral

The tour guide is dedicated and honest	3.39	Neutral
<b>4. Tourism promotion activities</b>	<b>3.89</b>	<b>Agree</b>
Sa Pa's tourism is promoted by many forms and means	3.79	Agree
Sa Pa is known as a famous tourist destination	4.25	Strongly agree
The promotion information tourism in Sa Pa is attractive	3.63	Agree

## CONCLUSIONS AND RECOMMENDATIONS

Tourism is an industry that plays an important role in the socio-economic development of Sa Pa. However, the achievements in the tourism in the past years are not worthy of the tourism potential that Sa Pa has, not promoting effectively the local tourism resources as well as others resources. To find the causes of these shortcomings, this study analyzed and evaluated the factors affecting tourism development through analysis of secondary and primary data. However, the research has not implemented quantitative model analysis with methods such as EFA, CFA and linear regression. The analysis of influencing factors is only implemented through descriptive statistical method and comparative analysis method. However, this result shows that the basic problems of factors affecting tourism development in Sa Pa, have pointed out some problems that Sa Pa still has difficulty in developing tourism such as: investment capital, infrastructure for tourism, tourism development planning and human resources in tourism. To overcome these difficulties towards a Sa Pa with a highly developed tourism industry, the study proposes some of the following recommendations:

- *Development of human resources for tourism*: Strengthening the training of skills in tourism in tourist areas, tourism business units, hotels and restaurants in the district, such as: Direction tour guides, on-site speakers, room, desk, bar, receptionist, homestay ...; Raising awareness of local communities and actors involved in tourism activities in the area about sustainable tourism development in an environmentally and socially responsible manner; Implement association, coordination training, retraining tourism between tourism business units and training schools specialized in tourism ...

- *Planning on tourism development in Sa Pa town*: Development planning Sa Pa into a urban area of sightseeing - convalescence and experience on local culture , a development gateway of the Northwestern region of Lao Cai province; Exploiting natural values such as cool fresh air, typical four-season climate in Sapa; mountain landscape, terraced fields; visiting natural and man-made landscapes; Zoning the conservation area of Sa Pa old town to preserve and develop typical services such as night streets, food streets, local ethnic community activities, outdoor performances, and sales markets souvenir, pedestrian street, etc.; Expanding the space of Sa Pa's hotel development planning and tourism services to part of San Sa Ho

commune, part of Lao Chai, Su Pan, Hau Thao (outside Muong Hoa valley), Thanh Phu Ban Ho, Nam Sai, Nam Cang, Ta Phin; Encourage the development of hotel and resort services of 3 stars or more for domestic and international luxury tourists,...

- *Increasing investment in tourism development*: Investment in tourism development is carried out in the integration of local socio-economic development, making tourism one of the development contents, suitable to economic conditions economic and investment capacity, receiving investment in developing community culture associated with local cultural culture; Investing with a roadmap, with focus, building specific products of each locality. For large-scale tourism destinations, investment needs to ensure a balance between the development of different tourism product lines, serving different experiences and types of tourists; Investing synchronously from infrastructure, technical facilities, service systems and tourism products; Mobilize various sources of development investment such as investment from central, local, international organizations, NGOs, etc.

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