Better Marketing Solutions for Tourism Industry During Post Covid Time - A Case Study in Vietnam

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ABSTRACT

During the Covid 19 Pandemic, we need both risk management strategy and marketing mix strategy to push our tourism. Also we need to focus on domestic tourism market with attractive and unique products. By using qualitative and quantitative models, we see that the increase in GDP growth and lending rate and risk free rate has a significant effect on increasing company stock price with the highest impact coefficient, in a case study of OCH tourism company in Vietnam.

Last but not least, we suggest focusing on the application of information technology in tourism activities; at the same time, research continues to innovate products, increase the tourism demand; coordinate with the Department of Tourism Management in organizing cultural and tourism events in the province. The recovery of the domestic tourism industry will lead to the recovery of many other economic sectors, because the tourism industry itself is an integrated economic sector, it is related to aviation, trade, finance – Banking, agriculture, fishery, transportation.

Keywords: Marketing mix, Risk management, Tourism firm stock price, GDP growth, Inflationary, VnIndex, Market interest rate.

1. Introduction

Tourism industry in Vietnam has been affected considerably by Covid 19 pandemic. Therefore, this is the time we build a model for risk management and make recommendations from developing tourism activities in the country. We will select a typical case study, a tourism company in Vietnam, OCH - to perform a quantitative model with OLS regression for our study purpose.

Company Foundation history

Ocean Hotel and Service Joint Stock Company (OCH) was established on July 24, 2006 with the previous name of Bao Long Construction - Trading Joint Stock Company. As a member of Ocean Group, Ocean Hotel and Service Joint Stock Company operates professionally in the field of hotel business, hotel management, restaurant and related services. Ocean Hotel and Service Joint Stock Company was established under the Business Registration Certificate No. 0800338870 dated July 24, 2006 with the formerly known as Bao Long Construction - Trading Joint Stock Company. With an initial charter capital of 10 billion VND. In 2009, Bao Long Construction - Trading Joint Stock Company was renamed to Ocean Hotel and Service Joint Stock Company, the Company's charter capital increased to VND 530 billion.

At the same time, in 2009, OCH made an investment and held controlling shares in Saigon - Givral Joint Stock Company, Investment Development and Support Services Joint Stock Company (IOC) on June 30, 2009 and December 31, 2009 respectively. On December 31, 2009, OCH was restructured and became a subsidiary of Ocean Group Corporation (OGC). By January 2010, charter capital increased to 750 billion VND, in July 2010, OCH continued to increase capital to 1,000 billion VND.

In August 2013, OCH increased its charter capital from VND 1000 billion to VND 2000 billion. Looking at the below figures we see that Vietnam tourism in the northern region has so many potentials to explore and for tours.

(Source: internet)

Fig.1. Tuyen Quang beautiful places to visit

The paper is organized with introduction, research questions, literature review and methodology. Next, main research findings/results and some discussion and conclusion and policy suggestion will be presented.

2. Body of manuscript

2.1. Research questions

This study will cover:

Issue 1: What are marketing mix strategy for tourism industry during post Covid?

Issue 2: What are the impacts of above multi macro-economic factors on firm stock price and some solutions regarding to risk management?

2.2. Literature review

Lina (2012) mentioned that between bank stock return and inflation rate change and the growth rate of money supply (M2) : there is positive but insignificant relationship, whereas positive and significant relation with the exchange rate. Next, Sadia and Noreen (2012) stated that between Bank index and exchange rate, and Short term Interest Rate: there are significant effects. Macroeconomic variables like Money Supply, Exchange Rate, Industrial Production, and Short Term Interest Rate affects the banking index negatively whereas Oil prices has a positive impact on Banking index.

Manisha and Shikha (2014) found out between bank index and Exchange rate, Inflation, GDP growth rate: there is positive relationship. Then, Winhua and Meiling (2014) confirmed that macroeconomic do have a substantial influence to the earning power of commercial banks.

Krishna (2015) investigated the nature of the causal relationships between stock prices and the key macro-economic variables in BRIC countries. The empirical evidence shows that long-run and short-run relationship exists between macro-economic variables and stock prices, but this relationship was not consistent for all of the BRIC countries. And Kulathunga (2015) specified that development of stock exchange is affected by all macroeconomic factors. More precisely, volatile inflation rate and exchange rate together with higher deposit rate have curtailed the stock market development in Sri Lanka. Moreover, positive optimism created by the economic growth and the stock market performance during the previous periods tend to enhance stock market performance. Moreover, Duy (2015) mentioned through the evolution of interest rates and the VNI could see that the relationship between these two variables in the period 2005-2014 is the opposite. This relationship is shown in specific periods of the year the stock market proved quite sensitive to interest rates. When interest rates are low or high but the bearish stock market rally, and vice versa when the high interest rates the stock market decline.

Last but not least, Quy and Loi (2016) found that 3 economic factors (inflation rate, GDP growth rate, and exchange rate) impact significantly on real estate stock prices; but the relationship between 10-year Government bond yield and trading volume, and real estate stock prices was not found. And Hang, T.T.B, Nhung, D.T.H, & Huy D.T.N (2020) stated that there is risk in tourism sector in Vietnam after global crisis which need to be controlled. Also, Huy, D.T.N et al (2020) shed risks also happen in banking sector which need macro policies control.

Ahmad and Ramzan (2016) stated the macroeconomic factors have important concerns with stocks traded in the stock market and these factors make investors to choose the stock because investors are interested to know about the factors affecting the working of stock to manage their portfolios. Abrupt variations and unusual movements of macroeconomic variables cause the stock returns to fluctuate due to uncertainty of future gains.

We also summarize related studies:

Table 1. Previous studies

Authors	Year	Content, results
Orindaru et al.	2021	Indicate that the COVID-19 pandemic has influenced travel patterns and habits regarding philological and economic factors. Psychological factors, primarily the fear of contamination, impact travelers' willingness to travel and the conditions and preferences for vacation destinations. At least in the medium term, people will avoid traveling in large groups and being in crowded places. Hygiene and health conditions in the host destination can represent essential factors in travel decisions. Confronted with a cautious

		clientele, tourism businesses (such as transport, accommodation, and catering) should further enhance their hygiene conditions to restore confidence. Moreover, communication is essential in these challenging times to tackle travelers' fear and concerns.
Yan et al.	2021	The development and change of the emergent public health events affect tourism stakeholders' behavior strategy. Moreover, the strategic choices of each player, including governments, tourism enterprises and tourists, are also constantly evolving at different stages of the pandemic.
Hang, T.T.B., Nhung, D.T.H., Hung, N.M., Huy, D.T.N., Dat, P.M.	2020	Need risk management activity in tourism and airline and hotels sectors.
Assaf et al.	2022	With the COVID-19 pandemic reaching a more mature, yet still threatening, stage, the time is ripe to look forward in order to identify the topics and trends that will shape future tourism research and practice. This note sets out to develop an agenda for tourism research post COVID-19.

(Source: author synthesis)

(Source: author synthesis)

Fig.2. Tourism in Phan Thiet beach

3. Methodology and data

This research paper establishes correlation among macro economic factors by using an econometric model to analyze impacts of multi macro economic factors in Vietnam such as: GDP growth, inflation, interest rate, exchange rate, etc on OCH stock price. In this research, analytical method is used with data from the economy, Vietcombank, BIDV, Agribank, Vietinbank (rate average calculation). S&P 500 index data is from USA Stock exchange, data source (inflation, GDP) is from Bureau of Statistics. Beside, econometric method is used with the software Eview.

4. Main findings

4.1. Marketing mix for tourism industry during post covid time

With the Covid-19 epidemic basically under control nationwide, tourism is one of the pioneering industries in building demand stimulus scenarios to quickly catch up and accelerate right away.

We look at below table:

Table 2. Marketing mix during post covid time

Product	Price
- Develop cultural and community tours. - Stimulate domestic tourism: The Covid-19 epidemic has been having a great impact on the tourism industry of the country. Many tourism stimulus packages have also been taken into account by provinces, cities and travel agencies to quickly restore tourism activities.	- need to be competitive and support tourists. - need to price based on psychology as well.
Promotion - advertisement online, on websites. - combine with airlines and hotels services.	Place - There are two types of distribution channels: direct and indirect. Indirect distribution involves distributing a product using an intermediary, for example, a manufacturer sells the product to a wholesaler and then the wholesaler sells to a retailer. Direct distribution includes the distribution of products directly from the producer to the consumer. Tour operators are companies that design and manufacture large quantities of travel packages, and then sell them through their travel agents or wholesale or retail establishments under one or more brands. These enterprises own and control several components of the tourism chain, such as airlines, hotels, car companies, networks of travel retail agents, insurance companies, etc. dangerous etc. This gives them ownership, competitive prices and considerable bargaining power. Small business products are difficult to match with the interests and plans of the tourism industry, because the cost of distribution activities per unit (tourist/room) is very high. Therefore, direct selling from suppliers to consumers is still prevalent in the distribution of sustainable tourism products.

(Source: author analysis)

(Source: author synthesis)

Fig.3. Welcome to Tuyen Quang tours

4.2. Opportunities for pushing tourism demand

First, our country needs to foster cooperation through common digital platforms, sharing information and graphics on safe travel practices. The pandemic makes the adoption of digital and other tech tools even more important. However, when implementing "contactless" technology or online booking and payment for tourism-related transactions, countries should cooperate and share cross-border data flows for relevant information to vaccine passport or digital health certificate.

Second, sharing experiences to strengthen post-pandemic recovery capacity among countries is also essential. Several national travel agencies have begun working with online travel agents, telecommunications companies and financial services companies to ensure the effectiveness of policies. These experiences can be shared and replicated at the regional level.

Third, community tourism and cultural tourism also become other channels to explore and develop, as well as family tours,

4.3. General data analysis

We look at:

Covariance Matrix								
	Y	G	CPI	VNINDEX	R	RF	EX_RATE	SP500
Y	31.29840	-0.009096	0.012575	-597.8228	0.010526	0.016880	-2611.222	-917.5996
G	-0.009096	2.77E-05	-3.50E-06	0.575578	-1.49E-05	-3.33E-05	1.720538	0.934488
CPI	0.012575	-3.50E-06	0.000173	0.322068	-2.10E-05	-2.79E-05	0.627614	0.676458
VNINDEX	-597.8228	0.575578	0.322068	28031.78	-0.534085	-1.418033	75361.46	46087.69
R	0.010526	-1.49E-05	-2.10E-05	-0.534085	5.25E-05	2.93E-05	-0.648952	-0.758612
RF	0.016880	-3.33E-05	-2.79E-05	-1.418033	2.93E-05	0.000178	-4.028085	-2.529699
EX_RATE	-2611.222	1.720538	0.627614	75361.46	-0.648952	-4.028085	335144.0	122334.5
SP500	-917.5996	0.934488	0.676458	46087.69	-0.758612	-2.529699	122334.5	78286.05

(Source: author analysis)

Fig.4. Covariance matrix for 7 macro economic variables

We analyze from above figures that:

- An increase in R and Rf might cause OCH stock price increase

4.4. Regression model and main findings

In this section, we will find out the relationship between 6 macro economic factors and OCH stock price.

4.4.1 Scenario 1:

Regression model with 3 variables: adding lending rate (r) into the above model, Eviews generates below statistical results:

```
Dependent Variable: Y
Method: Least Squares
Date: 02/17/20   Time: 17:05
Sample: 1 10
Included observations: 10
```

Variable	Coefficient	Std. Error	t-Statistic	Prob.
G	-224.2168	437.3351	-0.512689	0.6265
CPI	88.90136	164.9683	0.538900	0.6094
R	172.6225	325.4211	0.530459	0.6148
C	4.731310	51.85563	0.091240	0.9303

R-squared	0.158936	Mean dependent var	9.660000
Adjusted R-squared	-0.261597	S.D. dependent var	5.897118
S.E. of regression	6.623691	Akaike info criterion	6.908357
Sum squared resid	263.2397	Schwarz criterion	7.029391
Log likelihood	-30.54178	F-statistic	0.377939
Durbin-Watson stat	0.789166	Prob(F-statistic)	0.772659

(Source: author analysis)

Fig.5. OLS Regression model with 3 variables

Hence, there is positive correlation between CPI and R and stock price of OCH, while negative relationship between GDP growth - G and stock price.

4.4.2. Scenario 2:

Regression model with 4 macro variables, Eviews presents the below results:

```
Dependent Variable: Y
Method: Least Squares
Date: 02/17/20   Time: 17:05
Sample: 1 10
Included observations: 10
```

Variable	Coefficient	Std. Error	t-Statistic	Prob.
G	301.3758	450.9042	0.668381	0.5335
CPI	137.4008	138.5227	0.991901	0.3668
R	55.98984	275.3918	0.203310	0.8469
VNINDEX	-0.028027	0.014389	-1.947759	0.1090
C	2.518170	42.84862	0.058769	0.9554

R-squared	0.521784	Mean dependent var	9.660000
Adjusted R-squared	0.139211	S.D. dependent var	5.897118
S.E. of regression	5.471271	Akaike info criterion	6.543752
Sum squared resid	149.6740	Schwarz criterion	6.695044
Log likelihood	-27.71876	F-statistic	1.363880
Durbin-Watson stat	1.411137	Prob(F-statistic)	0.364443

(Source: author analysis)

Fig.6. OLS Regression model with 4 variables

Therefore, there is positive correlation between G, CPI and R and stock price of OCH, while negative relationship between VNIndex and stock price.

5. Discussion and conclusion

We analyze from above table:

- With multi macroeconomic variables: there is positive correlation between OCH stock price and GDP growth, CPI and R, while negative relationship between OCH stock price and VnIndex. Hence, we would suggest the government, Ministry of Finance and State Bank of Vietnam consider to control inflation more rationally, i.e not decreasing much and suitable with each economic development stage. Also, reduction in R will reduce OCH stock price and vice versa. Beside, we would suggest solutions for tourism during and post-covid 19:

- Community tourism need to be developed more and with ethnic minorities tourism, as well as visiting trips to historical sites and old architecture/town centre

- Strengthen tourism advertising and promotion, focusing on the domestic market to promote international markets; consolidate traditional markets, develop potential markets;

- Focus on the application of information technology in tourism activities; at the same time, research continues to innovate products, increase tourism demand; coordinate with the Department of Tourism Management in organizing cultural and tourism events in the province.

(Source: author synthesis)

Fig.7. Tuyen Quang a tourism destination

With a high rate of vaccine coverage and quite successful control of the Covid-19 epidemic, many Southeast Asian countries have begun to open up to tourism to stimulate the economy. However, the number of international tourists has not met expectations, so countries are trying to diversify solutions to attract international tourists.

A measure not only Southeast Asian countries but many countries around the world are taking to attract tourists is to relax entry conditions, creating the most favorable conditions for international visitors, including: restore the visa policy as before the epidemic, open the door with the most open conditions.

Limitation of research

We can expand our research model for southern and western and northern regions of Vietnam.

Exhibit

Exhibit 1. GDP growth rate past 10 years (2007-2018) in Vietnam
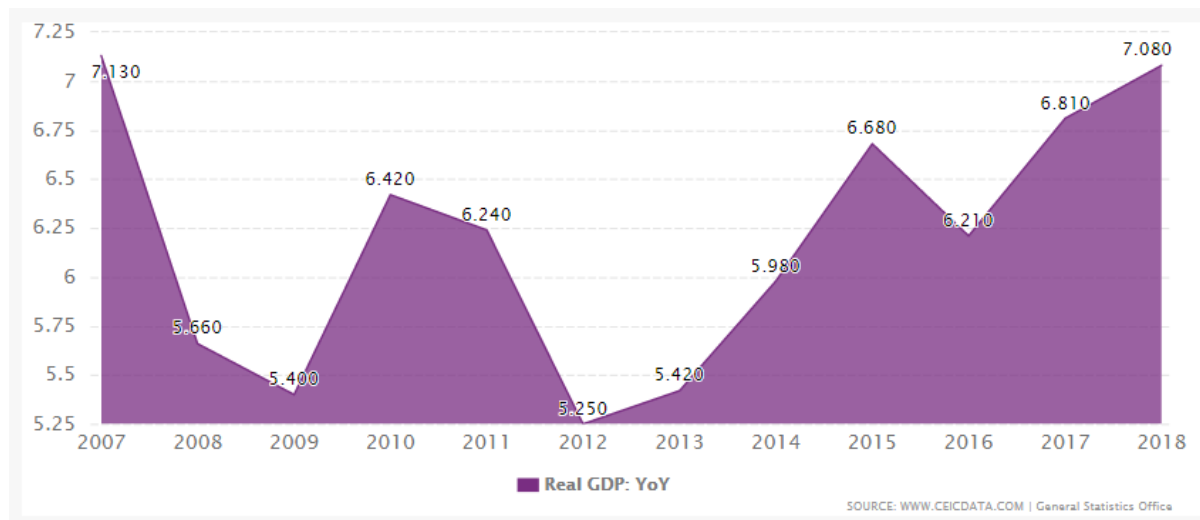
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