Prospect and Challenges Facing a Travelling Agency in a Developing Country

Political changes introduced in 2011 accompanied by liberalized economic policy heralded a positive development. Half a century of political isolation of the country came to an end. Economic stagnation would soon end was the expectation. Changes came to every sector. At the same time indigenous SME, small and medium enterprises in almost every sector faced deficiencies and challenges.

In 2014 Foreign Direct Investment made its debut. International companies consortiums appeared on the scene in droves. Foreign economic organizations have unlimited resources, possess advanced technologies and can draw on a large pool of skilled and experienced manpower. On top of it, they have well-connected, fully functioning international network of agencies and channels for distribution of their products and replenishment of their needs.

On the other hand our local small and medium enterprises, lack funds, little access to advance technologies, short of skilled manpower and paucity of experienced staff, workforce now employed lack skill. Their command of any foreign language leaves much to be desired.

Tourism in Myanmar, the formerly most isolated Southeast Asian country, is witnessing an unprecedented boom with an astounding surge in international tourist arrivals, up 93 percent since 2012 as compared to 2013. Tourism receipts were also skyrocketing and reached $ 926 million in 2013 against some $ 400 million in 2012, according to official government figures. The country is confident that visitor numbers will more than double, from 2 million in 2012 when the reclusive nation started to make it generally easier for tourists to visit and more around, to 5 million by 2015, said Myanmar’s President Thein Sein at a speech he gave earlier in April to tourism organizations in Yangon.
This is the upside of the development. The downside is that the country is in dire need of tourism and hospitality infrastructure and depends to a great extent on foreign investors to build enough hotels, resorts and roads, as well as develop formerly almost in accessible areas that hold enormous potential for tourism such as the Andaman Sea and the northern mountainous regions which boast Southeast Asia’s highest mountains but are practically out of reach for tourists due to non-existing roads or airports.

Tourist arrivals are expected to reach over 7 million in 2020 and revenue from the tourism industry should reach $10.18 billion in the same year, which indeed indicates explosive growth.

The relaxation of sanctions and improved relations with the major powers have both opened a new opportunities for development after years of economic isolation and consequent economic stagnation.

Agency work in Tourism Industry, as we all know is only one of the four core components: others being transport, Hotels and guides. Transport encompasses, airlines, train and bus services, ocean liners, cruise ships, boats, in fact all kinds of vehicles including animal transport. In some places rickshaws and litters and palanquins. Anything that can move tourists from one place to another is part of transport sector.

Hotels offer accommodation, catering, hospitality services and also other ancillary services. Guides accompany visitors all along their itinerary, explaining what they want to know and elucidating they need to know in addition to solving problems created by language, culture, local traditions and superstitions.

We, in our travel agencies prepare our service packages from services offered by hotels and transport concerns. We have to prepare months and in some cases a year ahead. So it is sine qua non for us to have guaranteed price structure, terms and conditions covering bookings, cancellations, extensions and other related factors. Unless there is stability of price structure and related services, agencies cannot function properly.
In the past three years, Myanmar has been enjoying a hotel boom, driven by surging tourist arrivals as the country opens up to economic and political reforms. Tourist arrivals increased by 160 percent, from 790,000 in 2010 to 2.04 million in 2013.

Now may I relate our situation and experience to the actual conditions prevailing in the tourism industry.

The matter of hotel room rates with the increase of tourist inflow demand for accommodation rose dramatically. That in turn pushed the hotel room rates through the roof. Skyrocketing room rates at short notice created a big headache for us, agencies. On top of that unprincipled cancellations of bookings threw our whole plans into disarray. Our euphoria at the increased inflow of tourist was short-lived and soon turned into a nightmare.

In Yangon, the limited stock of international grade hotel rooms has resulted in huge increases in room rates and occupancy levels and international hotel chains such as Best Western, ShangriLa and Hilton are eyeing Myanmar as the next economic frontier in Asia for expansion.

In central Yangon, land plots are said to be scarce and expensive, with some reaching $1000 per square feet. In its effort to increase the supply of hotel rooms, the Myanmar government is allocating purpose-built hotel zones with roads and infrastructure in areas such as Yangon, Nay Pyi Taw, Mandalay, Bago and other tourist destinations. It is offering land plots for investors to bid for hotel development, but the strong bidder interest, prices have also been high.

Hotels refused to honor their commitments and visitors were left in the lurch and agency bearing the brunt of complaint and negative publicity. There should be some recourse for the stranded visitors and aggrieved agencies.

The discussion of problems facing the tourism industries will sound like litany of woes. We bring them up not as criticism but as challenges we all have to confront bravely and overcome them with concerted action. We all need to cooperate.
We need hotel rooms of various categories enough for normal inflow of visitors. Shortage of rooms encourage unscrupulous hoteliers to demand exorbitant room rates during peak season. Hotel industry should understand that one cannot cook twice in a bamboo container. It is in the interest of whole industry not to tarnish the name of the country. To drive away prospective customers with unreasonable price hikes is suicide soon there will be a dearth of repeat customers. Nobody will come to be cheated again. Cheated tourist is more likely to deter others visiting such a town, region or country. A bad publicity.

In addition to building more hotel room for normal inflow we also need to look into more self catering houses similar to some budget lodging houses. Home stay programme similar to those in Europe and India to cope with sudden and unexpected rise in number of arrivals. That will check the greed of cunning and shameless hoteliers to some extent.

We need reliable, efficient, transport manned by courteous personnel. Punctuality of transport is also important. State owned and corporate players in this field need to take more interest in their ventures so that the country as a whole can project a positive image and can lure repeat visitors.

Most of the tourist are knowledge seekers, curious and adventurous. As a producer market we need to cater to their whims and fancies. They want to enjoy bullock cart rides, pony cart rides. Some like to ride elephants. As such services are usually available and offered in mostly sparsely populated areas and involve only a few people there is always a risk of things going wrong. Robberies, theft, rape and even murder is possible. Preventive measures may not work 100%. The swift remedial action to satisfy victims is called for. Tardiness of Law enforcement agencies will project a negative image across the world. Grave accidents are big news and spread very quickly and usually leave a lasting imprint in peoples’ mind.

The same may be said about trishaw and motorbike carriers. Security of property and person of visitors is not negotiable. Preventive measures need to be reviewed and updated frequently. Timely corrective actions and follow-up actions are priorities.
Myanmar has recently emerged from the clutches of dictatorship and is slowly taking its first steps toward democracy. Nearly three years ago, after decades of military rule, the country began a transition toward civilian rule. A year later, prior restraint of the media was abolished and the internet once among the most restricted in the world opened up.

The tourism industry is growing at a rapid pace. Myanmar is welcoming almost two million tourists each year while this is less than 10 percent of the number of visits to neighboring Thailand, this gap is starting to narrow. Those plane loads of tourists are looking for a place to stay, and hotel chains such as Hilton, Pan Pacific, Peninsula, Accor and best western are responding to the opportunity presented by nightly rates that have tripled in recent years.

This also creates strong opportunities for airlines flying into Myanmar. Expansion of the country’s largest airport, Yangon International, has been announced, with a goal to handle 3.3 million passengers per year. A new international airport is expected to open in Bago in 2018, and expansion projects at other airports are expected. The private sector has been encouraged to participate but delays have hit some projects, particularly they planned new $1.1 billion Hanthawaddy International Airport, 100 km from Yangon International Airport. There are eight domestic air carriers operating in Myanmar, with at least four more preparing to launch. However, these carriers only operate a combined total of 40 aircraft and only two, Myanmar Airways and air KBZ, operate more than five aircraft. Consolidation of domestic air travel continues.

Myanmar is also looking outwards and is playing a more active role in the international economy. The country hosted the East Asia World Economic Forum in its new capital city, Nay Pyi Taw, in June 2013. Myanmar also hosted the Foreign Ministers Meeting of the Association of South East Asian Nations (ASEAN) in January 2014, and for the first time ever Myanmar is now chair of ASEAN. The biggest news market, however was when the 27th South East Asian Games were held in Myanmar just before Christmas 2013.

In the banking system: there is no credit available and facilities are inadequate to cope with Myanmar’s growth, the government really needs to focus on this issue.
Not being part of the global economy for 30 to 40 years has put Myanmar behind other ASEAN neighbours. It has a lot of catching up to do. In the short term, the leadership has to stay focused and drive critical changes. They should prioritise and go for implementation. Myanmar is a very blessed country with lots of natural and human resources and it has a very substantial market size. So the makings of a great growth story are there already.

At present economy is stagnant. There are also things to change. Exchange rates are unstable. Capriciousness of local banks add to the confusion, to the detriment of agency business. Inflation is playing havoc with our planning and forecast. It is extremely difficult to plan ahead. Although limited amounts of inward Foreign Exchange is permitted fluctuation of exchange rate is a problem. There is no provision for remittance to foreign countries. That limitation unavoidably gives rise to unauthorized foreign exchange networks. We need a quicker reform to improve economy and address the balance of payment problem. We urgently need to stabilize our economy. Unless the economy is stabilized fluctuation of exchange of rate cannot be controlled.

We need to invest in hotel building, construction of transport superstructure, upgrading the training of personnel from every sector of tourism are urgent necessities: they are core stake holders along with bankers and government employees in related departments and ministeries. That can reduce beaurocratic red tape, delays and misrepresentations.

But Tourism Business is unique in the sense that there is a very large number of natives, native culture, local flora and fauna that are exposed to foreign visitors. Visitors have a wide choice of field of studies to satisfy their curiosity. At the same time local people have a good chance to learn about foreigners. This is the benign view. But reality may be very different. There is a good chance that foreigners not all of them would be saints. Some of them would leave some of their bad traits for the natives. They may litter the place with rubbish: may even harm local plant life and wild life.

So local population need to understand all about tourism good as well as bad about tourism. Government, business leaders, local elders, all teachers, need to
take concerted action to educate the whole nation about all aspects of tourism, beautiful as well as ugly ones.

According to WTTC, Travel & Tourism forecasts over the next ten years also look extremely favourable, with predicted growth rates of over 4% annually that continue to be higher than growth rates in other sectors. Capitalising on the opportunities for this travel & tourism growth will, of course, require destinations and regional authorities, particularly those in emerging markets, to create favourable business climate for investment in the infrastructure and human resource support necessary to facilitate a successful and sustainable tourism sector. At the national level, governments can also do much to implement more open visa regimes and to employ intelligent rather than punitive taxation policies. If the right steps are taken, travel & tourism can be a true force for good.

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