

# TOURISM DEVELOPMENT IN LAO CAI PROVINCE: OPPORTUNITIES, CHALLENGES AND SUSTAINABLE ORIENTATION

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**Abstract:** *Lao Cai is one of the provinces with the greatest tourism potential in the northern mountainous region of Vietnam, thanks to its unique advantages in nature, culture, and geographic location. However, alongside its strengths and opportunities, the province is also facing numerous challenges in the tourism development process. This article employs the SWOT analysis method to assess the current state of tourism development in Lao Cai and proposes several strategic orientations for sustainable tourism management in the near future.*

• **Keywords:** *tourism, tourism development, visitor, strength, weakness, opportunity, threat.*

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## 1. Introduction

Tourism has increasingly become a driving force of socio-economic transformation in many localities across Vietnam, particularly in remote and mountainous areas. Among these, Lao Cai stands out as a prime example of a province with remarkable potential for tourism development. Strategically located in the Northwest region of Vietnam, bordering China's Yunnan province, Lao Cai is not only an important gateway for cross-border trade and tourism but also a convergence point of natural beauty, cultural diversity, and historical richness. The province is home to iconic destinations such as Sa Pa, Fansipan - "the Roof of Indochina", the poetic Muong Hoa Valley, and the colorful highland markets of Bac Ha. These places, along with pristine destinations like Y Ty and Si Ma Cai, contribute to Lao Cai's growing reputation as a top-tier tourist destination both domestically and internationally. The tourism sector in Lao Cai has experienced rapid development over the past decade, especially in the post-COVID-19 recovery period. With government support, strong investment from both the public and private sectors, and increasing tourist demand for nature-based, cultural, and experiential travel, Lao Cai has significantly improved its infrastructure, tourism services, and promotional strategies. However, this growth has also exposed several pressing challenges. Overcrowding in key destinations like Sa Pa, degradation of the natural environment, uneven service quality, and the commodification of ethnic cultural identities are among the most concerning issues. Furthermore, climate

change, the lack of professional human resources, and growing regional competition present additional threats to sustainable tourism development. To ensure long-term, balanced growth, it is essential that Lao Cai's tourism strategy not only capitalizes on its inherent strengths and external opportunities but also addresses its internal weaknesses and external risks. A comprehensive and integrated approach, grounded in sustainability principles, is required - one that promotes inclusive community participation, preserves cultural and environmental assets, and enhances tourism governance and planning capacity. This paper employs the SWOT (Strengths - Weaknesses - Opportunities - Threats) analytical framework to provide a systematic assessment of tourism development in Lao Cai province. Drawing on both secondary data (from provincial reports and national statistics) and primary data (from tourist surveys and expert interviews), the study offers insights into the current landscape of tourism in Lao Cai. It identifies key issues and proposes strategic orientations for fostering sustainable tourism in the near future. By doing so, the paper aims to contribute to the ongoing policy and academic discussions on sustainable tourism in Vietnam's mountainous regions and to offer practical solutions for enhancing Lao Cai's competitiveness as a green, culturally rich, and resilient destination.

## 2. Research Methodology

To comprehensively assess the current status of tourism development in Lao Cai province and propose strategic orientations for sustainable growth, this study adopted a multi-method approach combining

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both secondary and primary data collection, as well as qualitative and quantitative analysis methods. The research process was conducted in three main stages:

### **2.1. Secondary Data Collection**

Secondary data was collected from a variety of official sources, including reports, planning documents, and statistical yearbooks issued by the Lao Cai Provincial People's Committee, the Department of Culture, Sports and Tourism, the Vietnam National Administration of Tourism, and other relevant governmental agencies. The time frame of the data spans from 2022 to 2024, a period that reflects the post-pandemic recovery and resurgence of tourism activities in the province. These documents provided critical information on tourism arrivals, revenue, infrastructure development, public policies, and strategic orientations. Additionally, data from academic publications, previous research, and websites such as the provincial tourism portal and national tourism websites were utilized to supplement the analysis.

### **2.2. Primary Data Collection**

To complement the secondary data and obtain insights into tourists' real experiences and perceptions, primary data was collected through field surveys and qualitative interviews. The research team designed a structured questionnaire to measure tourist satisfaction with various aspects of tourism services in Lao Cai, including natural landscape quality, cultural experience, accommodation, local cuisine, guiding services, service professionalism, price transparency, and environmental sanitation.

The survey was conducted at three major tourist destinations: Sa Pa, Bac Ha, and Y Ty. A total of 1,000 valid responses were collected, with the distribution as follows: 500 questionnaires from visitors in Sa Pa (representing the most developed and visited area), 300 from Bac Ha (a cultural and community tourism center), and 200 from Y Ty (a rising destination in eco and ethnic tourism). The data collection process ensured diversity in respondent demographics (age, gender, nationality, travel purpose, and duration of stay) to reflect a wide range of tourist perspectives.

In addition to the questionnaire, in-depth interviews were carried out with key stakeholders, including local tourism officials, tour operators, hotel and homestay owners, and local community representatives. These interviews helped to explore more deeply the underlying issues affecting tourism development, such as infrastructure challenges, environmental management, cultural preservation, and governance mechanisms.

### **2.3. SWOT Analysis**

The SWOT (Strengths - Weaknesses - Opportunities - Threats) analysis framework was applied to synthesize the findings from both the secondary and primary data sources. This method facilitated a systematic evaluation of Lao Cai's tourism potential and development challenges. The strengths and weaknesses were identified based on internal factors such as tourism resources, infrastructure, and human capital, while opportunities and threats were derived from external trends, market dynamics, and policy environments. The SWOT analysis served as a foundation for developing strategic recommendations aimed at ensuring sustainable tourism development in Lao Cai in the medium and long term.

This mixed-methods approach, integrating empirical data with strategic analysis tools, enhances the validity and relevance of the study's findings and ensures that the proposed solutions are grounded in the actual conditions and needs of Lao Cai's tourism sector.

## **3. Results**

### **3.1. Current State of Tourism Development in Lao Cai**

Several types of tourism have been effectively exploited, such as: Leisure tourism in Sa Pa and Bac Ha; Ecotourism and adventure tourism (connected to the Chay River, Mount Fansipan, village trekking, caves, waterfalls...); Cultural and community-based tourism; Spiritual tourism and shopping tourism.

Tourism spatial orientation has gradually expanded through surveys and the development of new community tourism routes and sites. Inter-provincial tourism routes have also been formed, with a focus on Chinese tourists using travel cards along the Lao Cai - Hanoi - Hai Phong - Quang Ninh route and toward southern provinces.

The Bac Ha tourism area has undergone planning and investment in sites such as: Bac Ha Cultural Market, Hoang A Tuong Ancient Residence, Bac Ha Temple, and Ban Pho Village. The province has also worked to restore and preserve festivals and traditional games, especially the traditional horse racing festival.

Lao Cai serves as a hub connecting Vietnamese tourists to China and vice versa. It is also a destination within the "Back to Roots" tourism program among the provinces of Lao Cai and Phu Tho, helping attract diverse investment into the tourism sector.

From 2022 to 2023, the number of tourists increased significantly (by nearly 69%), reflecting post-COVID-19 recovery and the effectiveness of

tourism stimulus policies. From 2023 to 2024, the number of tourists continued to grow, though at a slower rate (22%), suggesting the tourism sector is reaching a more stable development phase.

**Table 1: Tourism Activities in Lao Cai Province, 2022-2024**

Year	Tourist Arrivals (million)	International Visitors (thousand)	Tourism Revenue (billion VND)
2022	3.5	175	12,000
2023	5.9	300	18,500
2024	7.2	500	24,000

Source: Lao Cai Provincial People's Committee, 2024

Tourism revenue grew in parallel with visitor numbers and international arrivals. However, the rate of revenue growth is slowing down, signaling the need to improve service quality and increase tourists' average spending instead of only focusing on volume. Lao Cai tourism showed a strong recovery and growth after the pandemic, especially in 2023.

The increase in international tourists highlights the province's growing appeal to foreign markets. However, the slowdown in revenue growth raises concerns about sustainability and the added value of tourism. Future strategies should focus on service quality, signature product development, green tourism, and community-based tourism to ensure sustainable growth.

**Table 2: Tourism Infrastructure in Lao Cai Province, 2022-2024**

Category	2022	2023	2024
Number of accommodation establishments	1,200	1,350	1,500
Number of hotel rooms	15,000	17,500	20,000
Hotels rated 3 stars or higher	25	30	35
Upgraded tourism roads (km)	50	70	90
New community tourism sites	5	8	10

Source: Lao Cai Provincial People's Committee, 2024

Accommodation facilities increased steadily (~150 per year), showing strong investment in infrastructure to meet rising demand. The stable growth rate reflects well-planned development aligned with real needs.

The number of hotel rooms grew faster than establishments, indicating a trend toward larger-scale hotels capable of serving more guests, particularly in key tourist hubs like Sa Pa and Bac Ha.

There was notable growth in high-quality hotels, catering to the demand for better experiences and attracting international and high-end visitors. This is a positive sign toward sustainable and quality tourism development.

Significant investment in transportation infrastructure, especially roads connecting remote areas with tourist centers, helped improve access

and distribute visitor flows more evenly, rather than concentrating only on hotspots.

Lao Cai focused on community-based tourism development, associated with ethnic culture, ecology, and agriculture. While growth is steady, attention must be paid to maintaining quality and avoiding unregulated expansion. Tourism infrastructure from 2022 to 2024 developed comprehensively, balancing quantity and quality, especially in the mid- to high-end segments. Expanding community tourism and transport investment lays the foundation for sustainable tourism and effective visitor dispersion.

**Table 3: Tourist Satisfaction with Services in Lao Cai Province**

Based on a survey of 1,000 tourists in Sa Pa, Bac Ha, and Y Ty

Evaluation Criteria	% of Satisfied Tourists
Landscape, climate, environment	91%
Local cultural experiences	85%
Accommodation quality (hotels, homestays)	77%
Local cuisine	73%
Tour guides and interpretation	60%
Communication and professional service	59%
Price transparency and posting	52%
Environmental sanitation and waste treatment	48%

Source: Tourism Development Research Institute, 2024

Highly rated criteria: Landscape, climate, and environment (91%) ranked highest, reflecting Lao Cai's exceptional natural appeal. This is a key advantage to be preserved and sustainably developed. Local cultural experiences (85%) were also highly rated, showing the strong attraction of ethnic villages, traditional festivals, and cultural diversity. These are core values for unique tourism products. Accommodation quality (77%) and local cuisine (73%) received fairly high satisfaction, indicating basic services meet tourists' needs well, especially in central areas like Sa Pa.

Moderately rated criteria: Tour guides and interpretation (60%) and communication and professional service (59%) scored relatively low. This indicates shortcomings in soft skills, foreign language proficiency, and tourism professionalism, especially in remote or non-central areas.

Lowest rated (red flags): Price transparency and posting (52%) was a major concern. Practices like overcharging and unclear pricing remain common, reducing trust and visitor satisfaction. Environmental sanitation and waste treatment (48%) was the lowest-rated criterion, pointing to weaknesses in environmental management, which could harm the province's tourism image and long-term sustainability.



### 3.2. SWOT Analysis in Tourism Development of Lao Cai Province

#### 3.2.1. Strengths

Lao Cai possesses a unique and diverse tourism potential, positioning itself as a leading tourism hub in Vietnam's Northwestern mountainous region. One of its most iconic landmarks is Fansipan Peak - known as "the Roof of Indochina" at 3,143 meters - attracting both adventurous trekkers and casual tourists through its state-of-the-art cable car system. The breathtaking Muong Hoa Valley, home to some of the world's most beautiful terraced rice fields, as recognized by CNN, adds to the province's natural charm. Meanwhile, off-the-beaten-path destinations such as Y Ty and Bac Ha offer unspoiled landscapes ideal for ecotourism and nature-based exploration, making Lao Cai a perfect destination for travelers seeking authenticity and tranquility.

Beyond natural beauty, Lao Cai is also a melting pot of rich ethnic cultures, with over 25 minority groups residing across the province. These communities bring unique festivals, customs, and traditional handicrafts to life. Vibrant cultural events such as the H'mong Gau Tao Festival and the Dao Say San Festival, along with colorful highland markets like the Bac Ha Market, offer immersive cultural experiences. Traditional crafts, including brocade weaving, blacksmithing, and Do paper making, not only preserve cultural heritage but also serve as foundations for the development of community-based tourism.

Strategically located along the Vietnam-China border, Lao Cai benefits from its proximity to Yunnan province and its position within the Kunming-Lao Cai-Hanoi-Hai Phong economic corridor. This location facilitates both trade and cross-border tourism, creating valuable opportunities for regional integration and international connectivity.

Tourism infrastructure in Lao Cai has also undergone significant development, particularly in key destinations such as Sa Pa. The area is now equipped with luxury resorts, modern hotels, and the renowned Fansipan Legend cable car, attracting high-end tourists. The Noi Bai-Lao Cai expressway and improved transport services have greatly enhanced accessibility to the region. In addition, major investors such as Sun Group and Vingroup have contributed to elevating service standards and boosting Lao Cai's global tourism appeal.

#### 3.2.2. Weaknesses

Despite its many advantages, Lao Cai's tourism sector still faces several notable weaknesses that

hinder its sustainable development. One of the most pressing issues is the lack of coordinated tourism planning. In areas like Sa Pa, uncontrolled and spontaneous construction has led to overcrowding, environmental degradation, and a loss of landscape value. The absence of inter-district planning and coordination results in fragmented investments, making it difficult to implement a unified, sustainable tourism strategy across the province.

Another significant challenge is the weakness in human resources. Many tourism service providers, especially in remote and community-based tourism areas, lack professional training and foreign language skills. This affects service quality and the overall visitor experience. Additionally, there is a shortage of qualified tour guides with in-depth knowledge of the local culture and history, which limits the ability to deliver meaningful and engaging interpretations of Lao Cai's cultural heritage.

Cultural preservation efforts also remain inadequate. Many traditional festivals are becoming overly commercialized, losing their original meanings and authenticity. Traditional craft villages, once vibrant and culturally rich, are now in decline due to a lack of strategic support, investment, and innovation. This erosion of cultural identity threatens the very foundation of Lao Cai's appeal to cultural and experiential tourists.

Moreover, the province's international tourism marketing and promotional efforts are underdeveloped. Promotional content often lacks creativity and professional quality, making it difficult to compete in global markets. There is limited utilization of digital platforms, social media, and online marketing tools, and Lao Cai has yet to establish strong partnerships with international travel agencies and tour operators. This significantly restricts its ability to reach potential international visitors and position itself effectively on the global tourism map.

#### 3.2.3. Opportunities

Government prioritization of tourism: Tourism is identified as a key economic sector in national and provincial strategies, with numerous infrastructure projects underway and investment incentives in place.

Global trend towards experiential, green, and community-based tourism: These trends align well with Lao Cai's natural and cultural strengths. Visitors are increasingly seeking authentic, nature-connected experiences, which Lao Cai can offer through sustainable tourism models.

Digital technology advancement: Enables the development of smart tourism systems, including digital marketing, VR experiences, online bookings, and interactive maps. These tools improve efficiency and enhance the visitor experience.

Expanded regional and international linkages: Cross-border tourism with China and inter-provincial tours (e.g., Lai Chau, Dien Bien) enrich product offerings. Economic corridors (Kunming - Lao Cai - Hanoi - Hai Phong - Quang Ninh) bring in more international tourists and investment opportunities.

#### 3.2.4. Threats

Climate change and natural disasters: Frequent floods, landslides, and heavy fog in highland districts (e.g., Sa Pa, Bat Xat) disrupt tourism and pose safety risks. Harsh weather conditions challenge long-term tourism investment.

Regional competition: Provinces are emerging with similar tourism products. This puts pressure on Lao Cai to innovate and differentiate its brand.

Cultural value loss: Over-commercialization of ethnic culture can lead to loss of authenticity, affecting tourists seeking genuine experiences. Heavy tourism dependence may distort local values and traditions.

Global uncertainties: Events like pandemics (e.g., COVID-19), economic downturns, regional conflicts, or visa policy changes can severely affect international tourism. Diversifying markets and strengthening domestic tourism are essential.

### 3.3. Sustainable Tourism Development Orientation and Solutions

To achieve sustainable and effective tourism development in Lao Cai province, a comprehensive and integrated approach is essential. This requires active coordination among key stakeholders, including local government authorities, tourism businesses, community organizations, and tourists themselves. Sustainable tourism must be grounded not only in economic growth but also in the preservation of natural and cultural resources, social inclusiveness, and long-term resilience. The following development orientations and corresponding solutions are proposed as a strategic roadmap for guiding Lao Cai's tourism sector toward a green and responsible future.

*First, it is imperative to strengthen tourism planning and spatial zoning.*

Tourism planning should be based on scientific principles, community participation, and a long-term vision. The provincial master plan for 2025-2030, with a vision to 2045, must clearly define

functional tourism zones to avoid overcrowding and environmental degradation while ensuring a balanced distribution of tourism activities. Core zones such as Sa Pa should focus on high-end tourism development with international-standard infrastructure, controlled construction, and environmental protection. Buffer zones like Bac Ha are ideal for developing cultural tourism, agricultural experiences, and moderately scaled accommodations. Conservation zones, including remote areas like Y Ty, should prioritize ecosystem protection, cultural preservation, and small-scale, community-based tourism models. These spatial arrangements must be supported by environmental impact assessments, visitor carrying capacity evaluations, and continuous monitoring systems to ensure alignment with sustainable development goals.

*Second, enhancing the quality of human resources in tourism is essential.*

Human resources serve as a cornerstone for the competitiveness and professionalism of the tourism industry. Lao Cai needs to invest in vocational training programs covering hotel management, tour guiding, event organization, and the operation of community-based tourism. Emphasis should be placed on improving foreign language proficiency and intercultural communication skills, especially among local service providers and ethnic minorities working in tourism-related roles. Inclusive training programs that empower local communities to participate directly in tourism, such as through homestays, local guiding, and traditional handicraft production, are crucial. In addition, cooperation with tourism schools, universities, and international partners should be expanded to provide practical courses, internships, and skill-building opportunities tailored to local needs.

*Third, digital transformation should be accelerated to build a smart tourism ecosystem.*

The application of digital technologies is vital for modernizing tourism services and enhancing the visitor experience. Lao Cai should focus on developing a smart tourism infrastructure that includes tools such as interactive digital maps, mobile applications, online booking platforms, QR code systems, and virtual reality (VR) experiences. These technologies will not only improve the efficiency of tourism management but also expand global reach through digital marketing and data-driven decision-making. Tourism businesses and community-based service providers should be encouraged to engage in e-commerce and promote their offerings on social media and other digital platforms. At the same time,

data analytics should be used to monitor tourist behavior, assess satisfaction levels, and continuously improve service quality.

*Fourth, promoting regional and international cooperation is key to expanding market access.*

Lao Cai's strategic location offers great potential for regional linkages and cross-border tourism development. The province should continue to develop inter-provincial tourism routes in coordination with neighboring provinces, forming thematic circuits centered on nature, culture, and adventure. Cross-border tourism with China, particularly Yunnan province, should be further explored by leveraging the Kunming - Lao Cai - Hanoi - Hai Phong economic corridor and enhancing border infrastructure. Participation in national and international tourism expos, cultural festivals, and trade forums can significantly enhance Lao Cai's visibility, attract foreign investment, and foster partnerships with global travel agencies and media outlets.

*Finally, the promotion of green, inclusive, and responsible tourism must be a guiding principle.*

Environmental sustainability and cultural integrity are critical to Lao Cai's long-term appeal as a tourist destination. The province should support the development of eco-friendly tourism models that integrate forest conservation, biodiversity protection, and organic agricultural practices. Local communities should be actively involved in conserving traditional crafts, festivals, music, and rituals, transforming cultural heritage into both an economic asset and a source of identity. Efforts must be made to reduce the ecological footprint of tourism by encouraging the adoption of green technologies in accommodations, waste management systems, and transport services. Public awareness campaigns should also be launched to educate tourists and businesses on sustainable practices and environmental responsibility.

#### 4. Conclusion

Lao Cai province holds significant potential to emerge as a leading tourism hub in Northern Vietnam, thanks to its unique combination of natural beauty, cultural diversity, and strategic geographic location. With iconic destinations such as Sa Pa, the Fansipan mountain range, and culturally rich areas like Bac Ha and Y Ty, the province is well-positioned to attract both domestic and international tourists. The substantial increase in visitor numbers and tourism revenue in recent years clearly demonstrates Lao Cai's growing appeal and the positive impact of tourism stimulus policies and infrastructure

investment. However, the path toward becoming a sustainable and competitive tourism destination is not without challenges. To fully realize its tourism potential, Lao Cai must adopt a modern, strategic governance mindset that places sustainability at the core of its development model. This requires moving beyond short-term gains and mass tourism approaches toward long-term planning that balances economic growth with environmental stewardship and cultural preservation. Effective tourism governance must be accompanied by the consistent implementation of policies and regulatory frameworks that prevent unplanned construction, environmental degradation, and the over-commercialization of ethnic cultures. Strengthening policy coordination across departments and districts is also essential to avoid fragmented development and ensure that tourism brings inclusive benefits to all communities. Equally important is the active participation of local communities in tourism development. Sustainable tourism cannot be achieved without empowering local residents - particularly ethnic minority groups - to engage in tourism as both contributors and beneficiaries. Community involvement not only helps preserve intangible cultural heritage but also fosters a sense of ownership and responsibility for protecting the natural environment. Supporting community-based tourism models, enhancing vocational training, and investing in public awareness programs are necessary steps toward building a tourism sector that is both inclusive and resilient. Ultimately, the future of tourism in Lao Cai must be built on three foundational pillars: cultural preservation, environmental protection, and service quality enhancement. These elements are essential for maintaining the province's competitive advantage in an increasingly crowded tourism market. Cultural preservation ensures authenticity and differentiation; environmental protection safeguards the very landscapes that draw visitors; and service quality is key to visitor satisfaction, repeat tourism, and positive word-of-mouth. Together, these pillars form the backbone of a green, inclusive, and sustainable tourism development strategy that can secure Lao Cai's place as a model destination in Vietnam and the wider Southeast Asian region.

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