TOURISM GROWTH ANALYSIS FOR THE VANG VIENG TOWN & ENVIRONS TOURISM MASTER PLAN (2023-2033)

Lao PDR - Second Greater Mekong Subregion: Tourism Masterplanning Support

ADB Grant No. 0599-LAO

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urban planning | urban design | landscape architecture

Contents

Views across the Nam Song Valley from Vang Vieng Urban Area

Ross Corbett

1. Introduction

This report forms part of the Vang Vieng Town and Environs Tourism Master Plan Update (2023-2033) project, and is to be read alongside the updated Master Plan and Implementation Package. It has been prepared for the Lao PDR Ministry of Information Tourism and Culture (MICT) and funded under the ADB's Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project (TIIGP2). The goal of the TIIGP2 is to implement programs and projects which contribute towards 'economically inclusive, competitive tourism destinations by improving transport infrastructure, urban environmental services, and capacity to sustainably manage tourism growth'.

After outlining the historic growth trend for Vang Vieng with respect to visitor arrivals and accommodation units (Section 2), the report provides an analysis of potential future growth in terms of visitor arrivals, direct expenditure and tourism/hospitality workforce projections (Sections 3 and 4). Three different scenarios, being 'managed growth', 'high growth' and 'optimistic growth', are identified in relation to future growth for Vang Vieng.

In Section 5, direction is provided on the types of tourism development considered appropriate for the northern corridor, western valley, and land to the south and east of Vang Vieng. Examples of well-designed tourism infrastructure (cycle trails, staircases & viewpoints) and agriculture-based activities are provided in Section 6.

2. Historic Growth Trend

Vang Vieng has established itself as the leading destination in Laos for nature, adventure and discovery. No other destination in Laos has the concentration of adventure activities in one location, surrounded by such a stunning limestone karst setting. It has good potential to strengthen existing activities and attractions and add new experiences that are compatible with the natural and cultural values of the landscape.

Between 2001 and 2019, visitor arrivals to Vang Vieng grew at an Annual Average Growth Rate (AAGR) of 13%. When the impact of the global pandemic is taken into account, the AAGR between 2001 and 2021 drops to 6% (Figure 1).

Figure 1: Visitor Arrivals Vang Vieng 2001 - 2021

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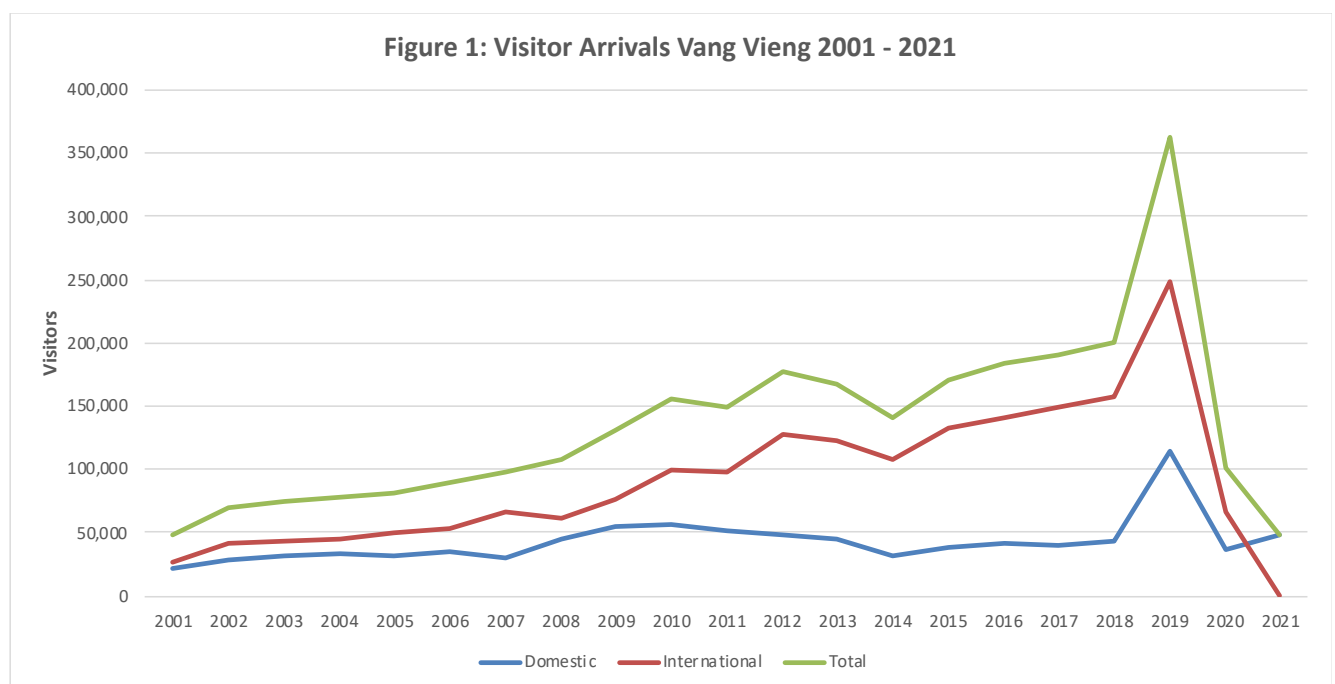
Year	Domestic	International	Total	AAGGR
2001	22,292	26,620	48,912	
2002	28,470	41,110	68,580	42%
2003	32,104	43,250	75,354	8%
2004	34,122	44,170	78,292	4%
2005	31,490	50,620	82,110	5%
2006	35,237	53,829	89,066	8%
2007	30,557	66,608	97,165	9%
2008	45,058	62,180	107,238	10%
2009	55,479	75,962	131,441	23%
2010	57,292	98,910	156,202	19%
2011	51,132	97,564	148,696	-5%
2012	48,915	128,276	177,191	19%
2013	44,585	122,859	167,444	-6%
2014	31,742	108,329	140,071	-16%
2015	38,699	132,229	170,298	22%
2016	41,602	141,643	183,245	7%
2017	40,602	149,414	189,763	4%
2018	43,933	156,988	200,921	6%
2019	114,930	247,736	362,666	81%
2020	35,886	66,058	101,944	-72%
2021	47,453	892	48,345	-53%

Growth projections used in the 2010 Vang Vieng Town and Environs Tourism Master Plan, predicted an AAGR of 10% between 2010 and 2020, potentially reaching 483,364 visitor arrivals by 2020. This was not far off the actual arrivals in 2019 of 362,666 before the global pandemic set everything backwards.

According to official statistics from the Vang Vieng Department of Information, Culture and Tourism (DICT), growth in the number of rooms increased 11% per annum, on average, between 2010 and 2021 (Figure 2).

Figure 2: Growth in Accommodation Units and Rooms 2010 - 2021
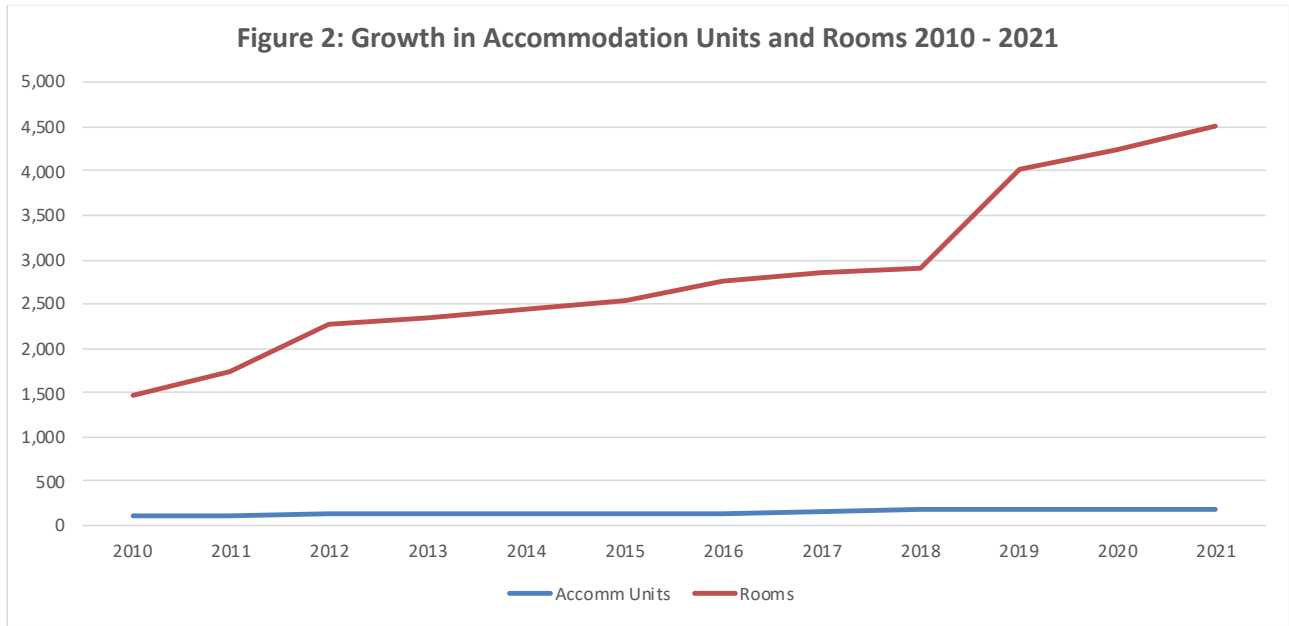
Year	Accom Units	Rooms	Café/Res/Bar	AAGGR
2010	102	1,466	102	
2011	113	1,738	99	19%
2012	131	2,282	58	31%
2013	134	2,350	112	3%
2014	128	2,432	107	3%
2015	132	2,532	117	4%
2016	143	2,755	127	9%
2017	155	2,867	137	4%
2018	177	2,901	158	1%
2019	188	4,029	177	39%
2020	191	4,250	183	5%
2021	192	4,499	175	6%

3. Future Growth

The main growth scenario (Optimistic) used in the Master Plan forecasts up to 741,535 total visitors by 2033, generating just over estimated $75 million in direct expenditure. This would see the GDP contribution being higher than what it was in 2019 (around 35% to 40% due to a greater number of visitors and higher spending), which in-turn could generate in the order of 4,500 direct jobs in the tourism sector. The following provides further detail on the Optimistic growth scenario and 2 other scenarios. These underpin land budget calculations used in the Master Plan.

3.1 Managed Growth Scenario

A Managed Growth Scenario was modelled assuming there would be coordinated marketing activities to stimulate visitor arrivals from higher spending markets. Stronger annual growth would come from regional and long-haul markets, estimated at 15% per annum between 2023-2030 and 12% from 2030-2033. The Lao domestic market is expected to grow at an average 8% per annum between 2023 and 2030 and 6% from 2030 to 2033 (Figure 3).

Figure 3: Managed Growth Vang Vieng 2023 - 2033
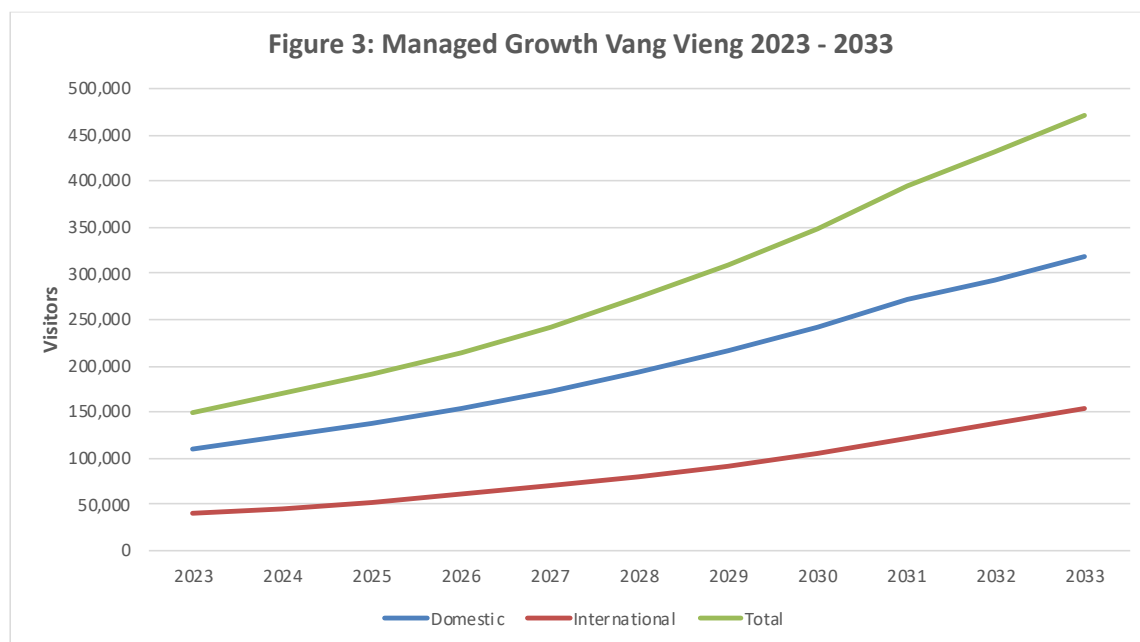
Year	Domestic	International	Total	DGR	IGR	Period	Spend
2023	110,000	40,000	150,000	0.12	0.15	2023-2030	$15,400,000
2024	123,200	46,000	169,200	0.08	0.12	2030-2033	$17,446,000
2025	137,984	52,900	190,884				$19,767,220
2026	154,542	60,835	215,377				$22,401,141
2027	173,087	69,960	243,047				$25,390,412
2028	193,858	80,454	274,312				$28,783,564
2029	217,120	92,522	309,643				$32,635,481
2030	243,175	106,401	349,576				$37,010,128
2031	272,356	122,361	394,717				$41,978,027
2032	294,144	137,044	431,189				$46,143,851
2033	317,676	153,490	471,166				$50,739,851

Arrivals by the Lao China Railway and Expressway would be slightly better than expected, influenced by marketing messages and competitive prices to stimulate demand. By 2030, total visitor arrivals could be up to 349,576, close to the peak in arrivals that occurred in 2019, just prior to the global pandemic. By 2033, total visitor arrivals are projected to reach 471,166, significantly higher than what was achieved prior to the global pandemic.

Working on these assumptions, Direct Output from visitor expenditure would be just over $50 million by 2033. By contrast in 2010 (when the previous Master Plan was prepared), Direct Output is estimated to have been $13.2 million, based on the market composition, Average Length of Stay and daily spending patterns at the time (associated with 57,292 domestic and 98,910 international visitors).

Visitor expenditure for all three scenarios is based on the following pattern:

Market	ALOS	Av. Spend per Day Per Person	Totals
Domestic	2	$40	$80
Thai/Region	1.5	$800	$120
Long Haul	3	$100	$300

Source: MICT Official Tourism Statistics Report, 2021. Vang Vieng Destination Management Plan, 2020
ALOS = Average Length of Stay

All three growth scenarios assume that marketing and the development – improvement of new and existing attractions will attract higher proportions of Thai / Regional and Long-haul visitors who collectively spend more than most domestic visitors and the budget travelers from Europe and the US.

3.2 High Growth Scenario

A High Growth Scenario was prepared to assess the impact of higher growth rates from domestic and international markets (Figure 4). Should this play out, total visitor arrivals would reach 546,202 by 2033.


Figure 4: High Growth Vang Vieng 2023 - 2033
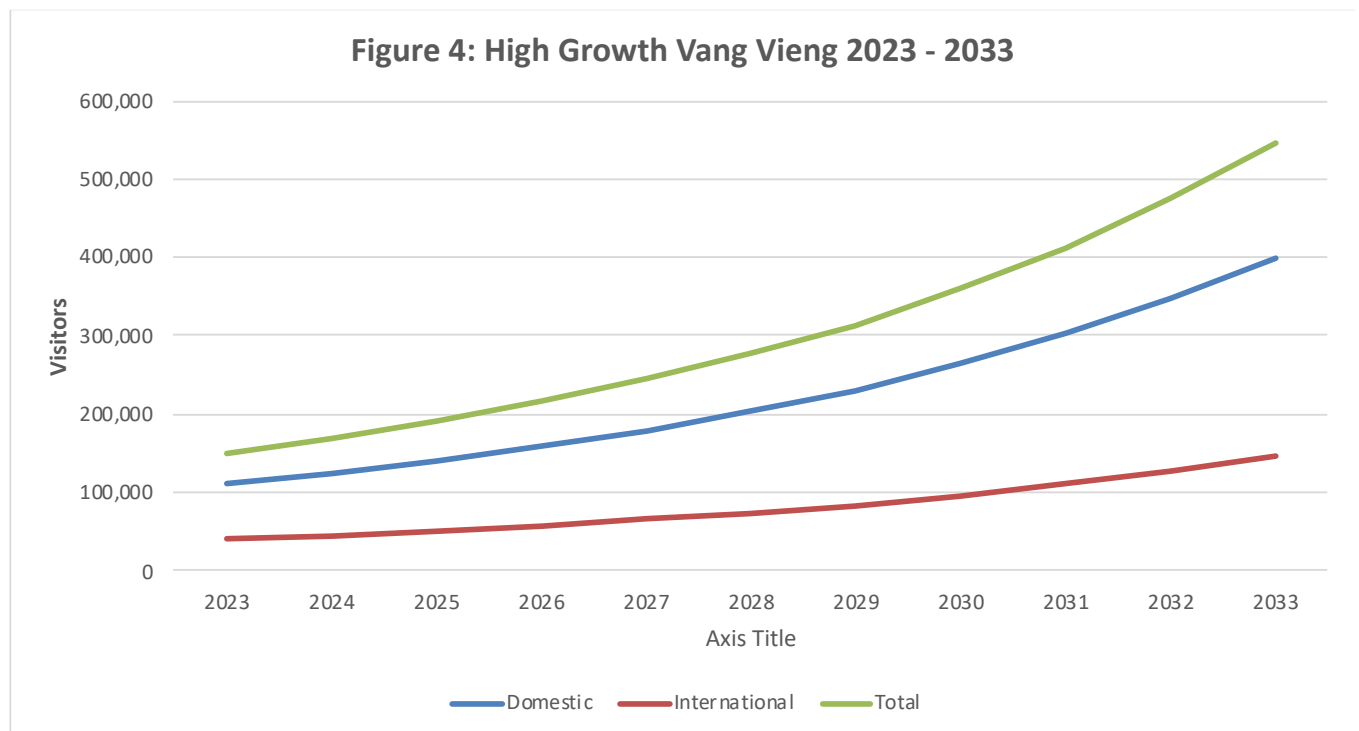
Year	Domestic	International	Total	DGR	IGR	Period	Spend
2023	110,000	40,000	150,000	0.13	0.13	2023-2028	$15,400,000
2024	124,300	45,200	169,500	0.15	0.15	2029-2033	$17,402,000
2025	140,459	51,076	191,535				$19,664,260
2026	158,719	57,716	216,435				$22,220,614
2027	179,352	65,219	244,571				$25,109,294
2028	202,668	73,697	276,365				$28,373,502
2029	229,015	83,278	312,293				$32,062,057
2030	263,367	95,770	359,137				$36,871,366
2031	302,872	110,135	413,007				$42,402,070
2032	348,303	126,656	474,958				$48,762,381
2033	400,548	145,654	546,202				$56,076,738

With this scenario, domestic market growth would average 13% per annum between 2023 and 2028 and average 15% from 2029 to 2033. Underpinning this assumption is more effective marketing to the domestic market, than what would be undertaken with the Managed Growth Scenario. Although total visitor arrivals are above those in the Managed Growth Scenario, the average spend per person is less due to the dominance of domestic visitors, many of whom would be using the Lao China Railway to access Vang Vieng.

3.3 Optimistic Growth Scenario

The Optimistic Growth Scenario assumes higher annual growth rates for both domestic and international visitors and a higher relative proportion of international visitors who spend more (Figure 5). This scenario would be driven by more visitors making use of the Lao China Railway (domestic and international) and the Vientiane – Vang Vieng Expressway. It also assumes a strong recovery from Europe, the US and Australia and from the main regional markets of Thailand, Vietnam, Korea, China, and Singapore.

Figure 5: Optimistic Growth Scenario 2023 - 2033

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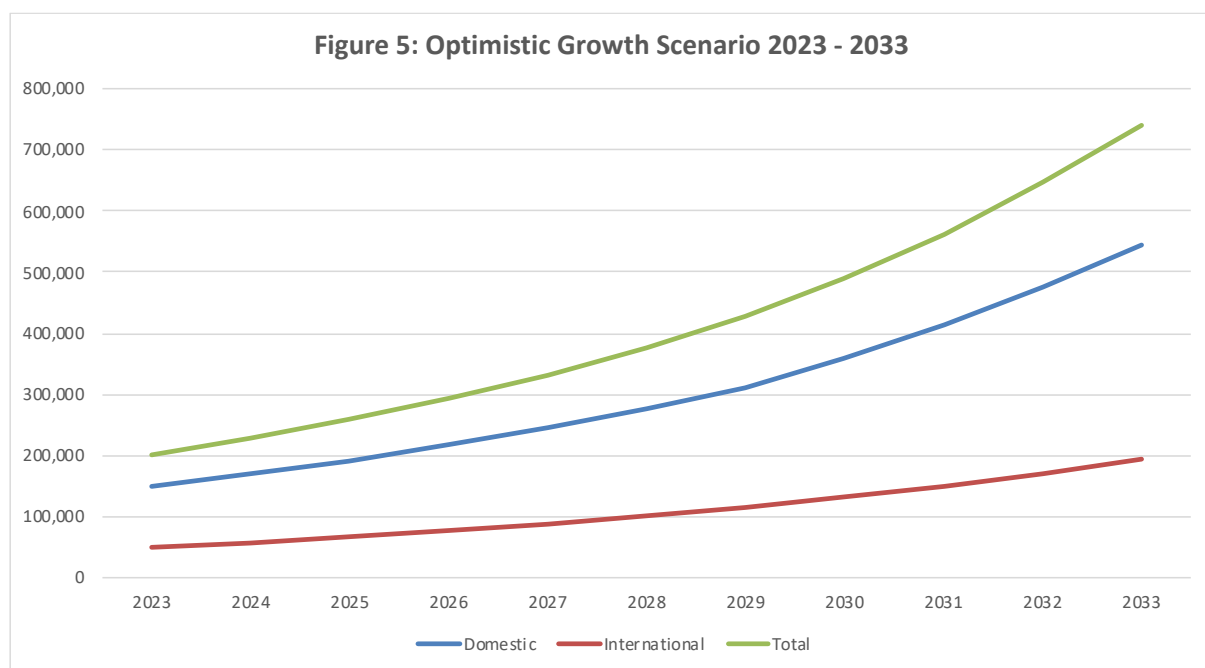
Year	Domestic	International	Total	DGR	IGR	Period	Spend
2023	150,000	50,000	200,000	0.13	0.15	2023-2028	$20,250,000
2024	169,500	57,500	227,000	0.15	0.14	2029-2033	$23,047,500
2025	191,535	66,125	257,660				$26,233,425
2026	216,435	76,044	292,478				$29,861,983
2027	244,571	87,450	332,021				$33,994,985
2028	276,365	100,568	376,933				$38,702,919
2029	312,293	115,653	427,946				$44,066,172
2030	359,137	131,844	490,981				$50,485,271
2031	413,007	150,303	563,310				$57,840,518
2032	474,958	171,345	646,303				$66,268,596
2033	546,202	195,333	741,535				$75,926,166

Applying the same level of average spending as with other scenarios, the Optimistic Growth Scenario shows a potential Direct Output at over $75 million by 2033. Total visitor arrivals (741,535) would be almost twice that in 2019, with growth occurring over the decade from 2023 to 2033. A similar doubling of arrivals also occurred over the 10-year period from 2010 to 2020. Between 2001-2010, total visitor arrivals tripled from just under 50,000 to 156,202.

The Optimistic Growth Scenario is regarded as the most appropriate basis on which to model demand for new accommodation, land development and other support infrastructure.

4. Workforce Projections

One of the biggest constraints to tourism growth almost anywhere in Laos is the supply of labour and availability of skills. The most recent and comprehensive assessment of the tourism and hospitality workforce is the 2021 survey coordinated by the LexDev Skills for Tourism Project. Key findings include:

- From an estimated peak of 59,000 people employed in tourism and hospitality (T/H) in January 2021, the current workforce is thought to directly employ about 28,000 people, with a further 12,000 marginally attached to temporarily closed businesses.
- On average, T/H establishments employ 8.4 staff (directly and indirectly), down from an average of 15 staff per business measured in 2018.
- By 2026, it is estimated that tourism employment would have re-bounded to employ in the order of 67,000, although this relies heavily on tourism sector growth and availability of skilled labour between 2023 and 2026.
- As many T/H enterprises are small, family-owned businesses the turnover or churn factor of those working in T/H is estimated to be around 10% to 15% per year. This is low when compared with T/H in other destinations, particularly where there are more and bigger T/H operations (hotels, resorts, tours, attractions, and transport), where churn rates are typically between 30% and 40% per year.

For Vang Vieng, the Master Plan has estimated the current size of the T/H sector and what it may look like by 2033, given the growth scenarios outlined earlier.

The following simple analysis provides the basis of the employment figures used in the Master Plan. Starting with 2019 as a baseline, it was estimated that 2,136 people were directly employed in T/H establishments. Based on the 2021 T/H national survey, there could be a further 1,000 marginally associated with those T/H operations (table overleaf).

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Basis	Av. Staff	Units	Totals
Hotels	15	42	630
Resort	13	17	221
GH	4	116	464
Bungalow	13	17	221
Accommodation			1,536
Cafes/ Restaurant			300
Tour Co's			200
Retail			100
Sub Total			600
Total 2019			2,136
2023 Est of Total Direct Jobs			1,200

Using the 2021, LuxDev 2021 T/H survey as a guide, an estimate of 1,200 direct jobs is put forward for 2023 – noting that employment nationally is down by about 50% as a result of the pandemic.

Looking ahead to 2033, total employment could potentially be up to 4,200 under the Optimistic Growth Scenario. Within the limits of accuracy of this estimate, the actual number could be closer to 4,500 direct jobs (Table below).

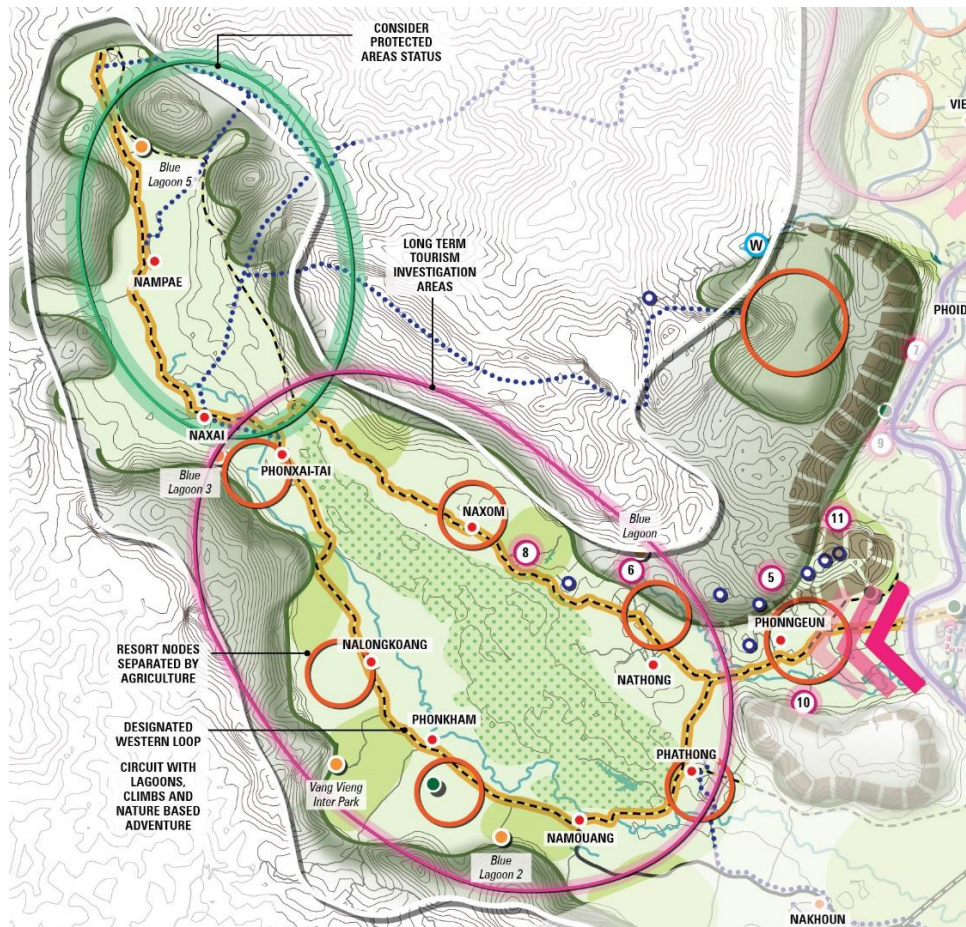| Scenario	Visitor Arrivals by 2033	Growth Factor over 2019 visitor arrivals	Total Staff Required	Churn factor @ 40%	New staff required to service growth
Managed	471,166	1.3	2,777	1,111	1,666
High	546,202	1.5	3,204	1,282	1,922
Optimistic	471,535	2.0	4,272	1,709	2,563

5. Appropriate types of tourism development

5.1 To the north

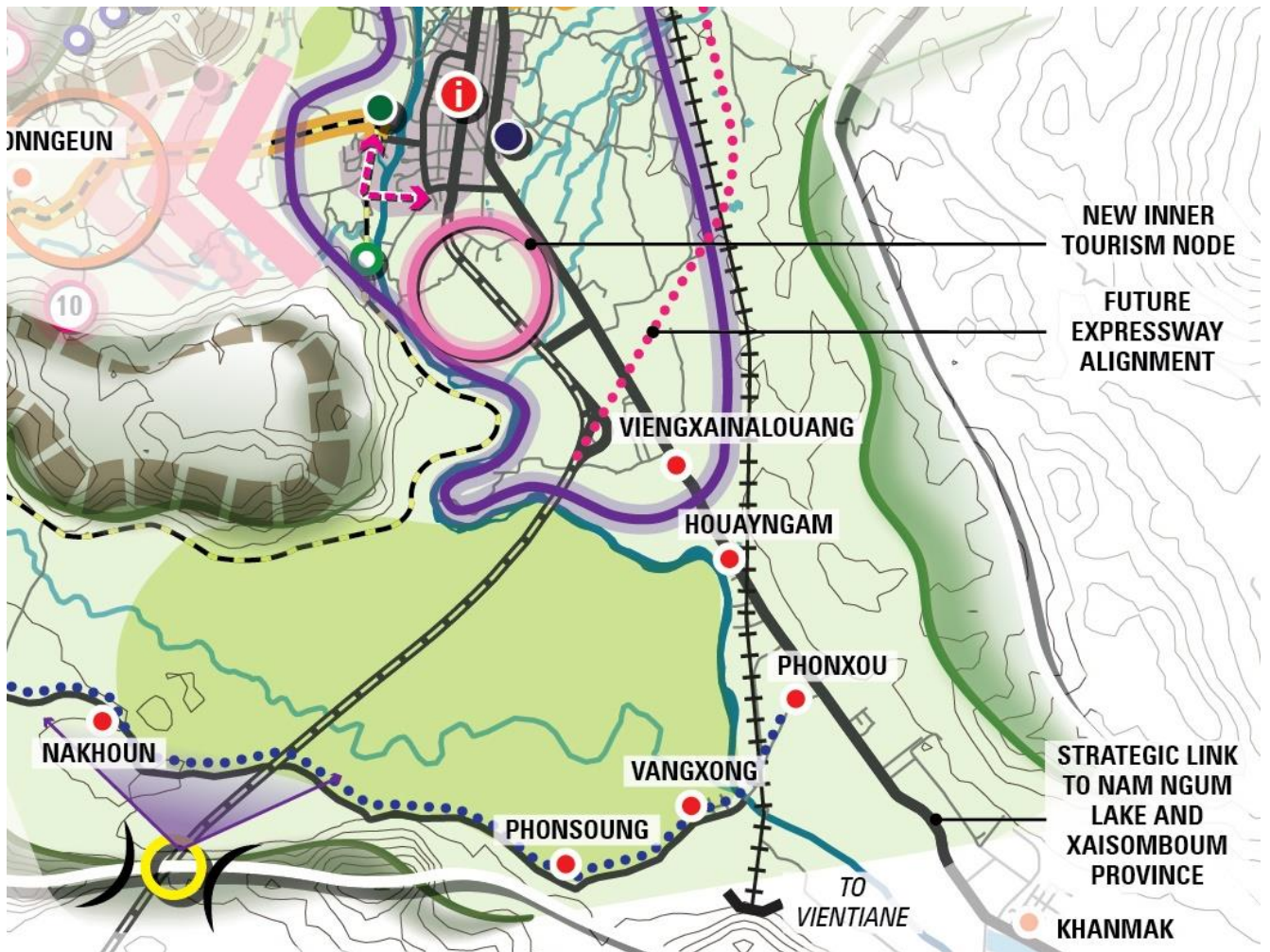| Component	Description
Compatible tourism development	▪ Village visits showcasing lifestyle – planting and harvesting rice and other food crops.
	▪ Homestay, bungalows, boutique style accommodation set amongst natural setting.
	▪ Camping.
	▪ Quality restaurants in Lao architectural style set amongst rice fields or beside rivers.
	▪ Off-road cycle trail running beside the Nam Xong River or under the base of mountains, connecting villages, part of an off-road cycle trail from Pha Hom all the way to Vang Vieng Town.
	▪ Walking trails/loop around the base of the mountains and along the river (could be same route as bike trail).
	▪ Kayaking between villages.
Regulations	1. Maximum building height: 3 storeys or 10 metres.
	2. Minimum setback from river: 25 metres.
	3. Minimum setback from base of mountains: 200 metres.
	4. Building style: reflecting local design
	5. Boundary setbacks: Minimum 10 metres from property boundary.
	6. Building footprint: no more than 35% of total site area if site is greater than 500 sqm.

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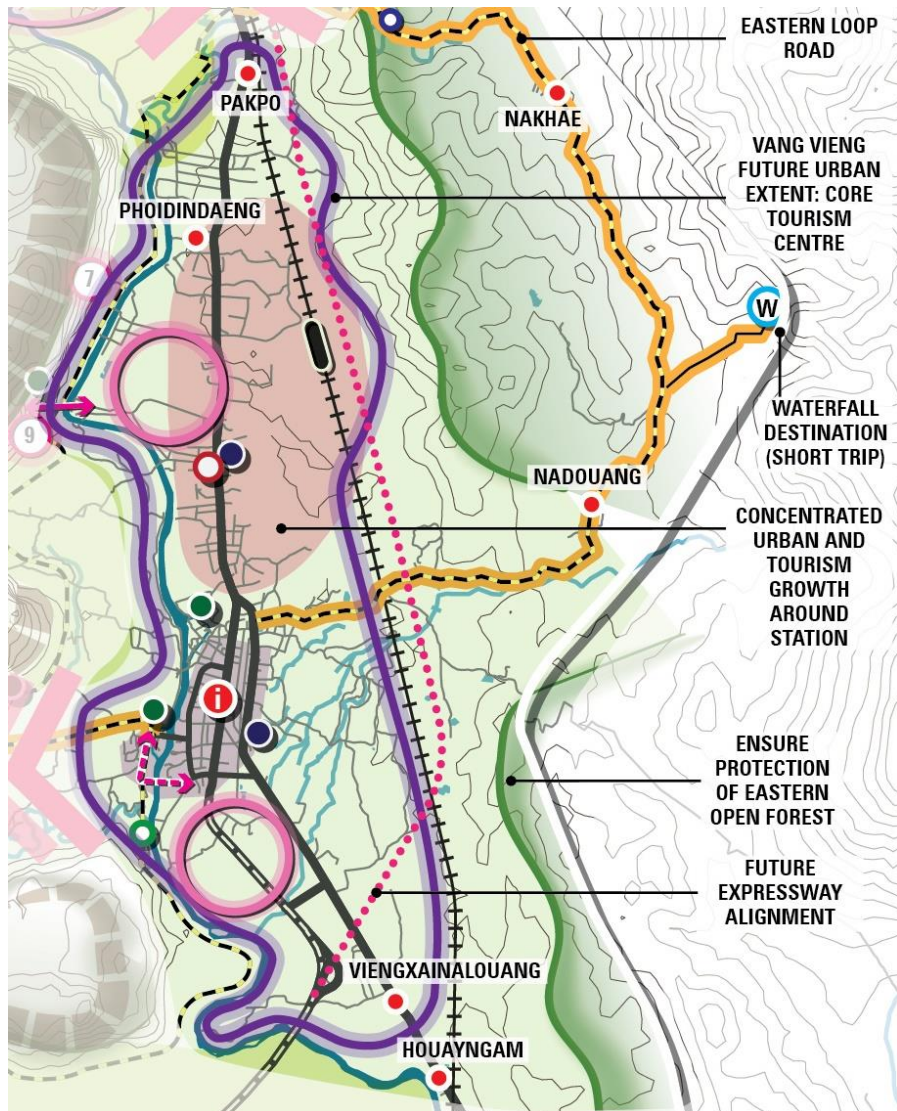
5.2 To the west

Component	Description
Compatible tourism development	▪ Village visits showcasing lifestyle – planting / harvesting rice and other food crops. ▪ Quality traditional-style cafes/restaurants set within farmland, showcasing local produce. ▪ Off-road cycle trail around base of mountains within the 200 m setback. ▪ Boutique resorts, bungalows, homestays and camping. ▪ Trekking to viewpoints. ▪ Climbing / adventure centre. ▪ Overnight treks. ▪ Hot air balloons, microlights, parapenting, rock-climbing, ziplines. ▪ Endurance / adventure events.
Regulations	1. Maximum building height: 3 storeys or 10 metres. 2. Minimum setback from river: 25 metres. 3. Minimum setback from base of mountains: 200 metres. 4. Building style: reflecting local design. 5. Boundary setbacks: Minimum 10 metres from property boundary. 6. Building footprint: no more than 35% of total site area if site is greater than 500 sqm.

5.3 To the south

Component	Description
Compatible tourism development	▪ Larger scale hotels and resorts within the Urban Growth Boundary (UGB). ▪ Boutique resorts, homestays and bungalows outside the Urban Growth Boundary. ▪ Off-road cycle trails connecting to the West and East. ▪ Small scale entertainment venue operating within proposed noise controls.
Regulations	1. Maximum building height: 3 storeys or 10 metres outside the UGB, and 5 storeys or 18 metres within the UGB 2. Minimum setback from rivers: 25 metres outside the UGB and at least 8 metres within the UGB 3. Minimum setback from base of mountains: 200 metres 4. Building style: reflecting local or traditional design elements outside the UGB 5. Boundary setbacks: Minimum 10 metres from property boundary outside the UGB. Minimum 2.5 metres within the UGB for properties with a frontage greater than 10 metres. 6. Building footprint: No more than 70% of total site area within the UGB. No more than 35% of total site area if site is greater than 500sqm outside the UGB.

5.4 To the east

Component	Description
Compatible tourism development	- Cycle trail connecting Vang Vieng Town with Ban Naduang, waterfall and forests and north to join Route 13 near Ban Pakpo. - Homestay, camping, bungalow accommodation. - Day and overnight treks. - Endurance and adventure events.
Regulations	1. Maximum building height: 3 storeys or 10 metres. 2. Minimum setback from river: 25 metres. 3. Minimum setback from base of mountains: 200 metres. 4. Building style: reflecting local design. 5. Boundary setbacks: Minimum 10 metres from property boundary. 6. Building footprint: no more than 35% of site area if site is greater than 500 sqm.

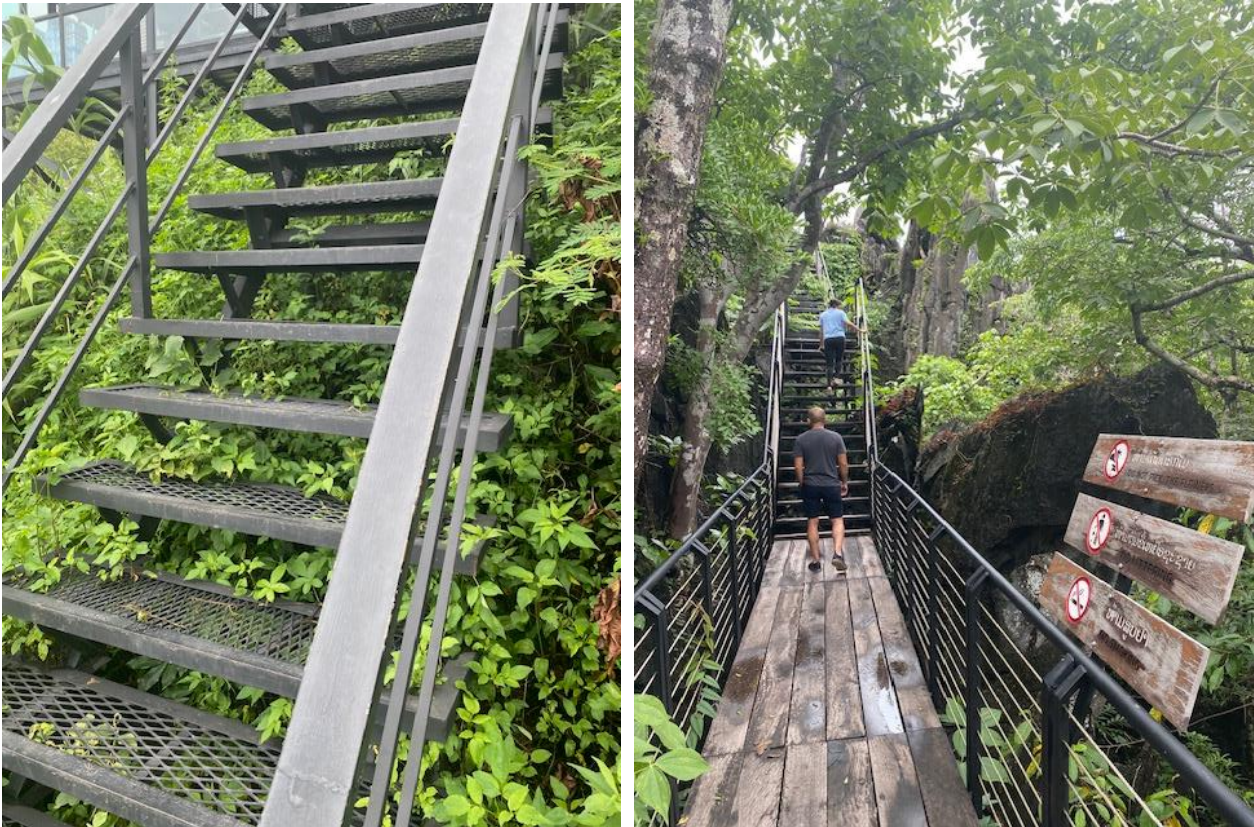# 6. Design Influences & References

6.1 Cycle Trails

6.2 Staircases used for steep access tracks to viewpoints.

Staircases to viewpoint, Hawaii

Rock Viewpoint on The Loop in Bolikhamxay Province - Staircase and platforms made on-site using materials supplied from Vientiane

The Rock Viewpoint, Laos

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6.3 Viewpoints

Cliff viewpoint, The Grampians, Australia

Cliff viewpoint, Great Ocean Road, Australia

The Rock Viewpoint, Laos: Steel viewing platform and small swing bridges provide safe walking and viewing opportunities on steep limestone, similar to that found in Vang Vieng. Although these structures at The Rock are associated with a guided zipline tour, similar structures could be installed at the viewpoints in Vang Vieng to make access easier and walking along ridgetops safer.

Information signs on viewing platform, The Rock

6.4 Agricultural-based Tourism Activities

Nakhaohorm Farm and Living Land Farm Luang Prabang, design inspiration of local style (with a twist) for agricultural-based activities.

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Rice Planting, Harvesting and Processing Activities

Activities for city kids

Experimental Activities

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Experimental Activities with Traditional Agricultural Processes

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