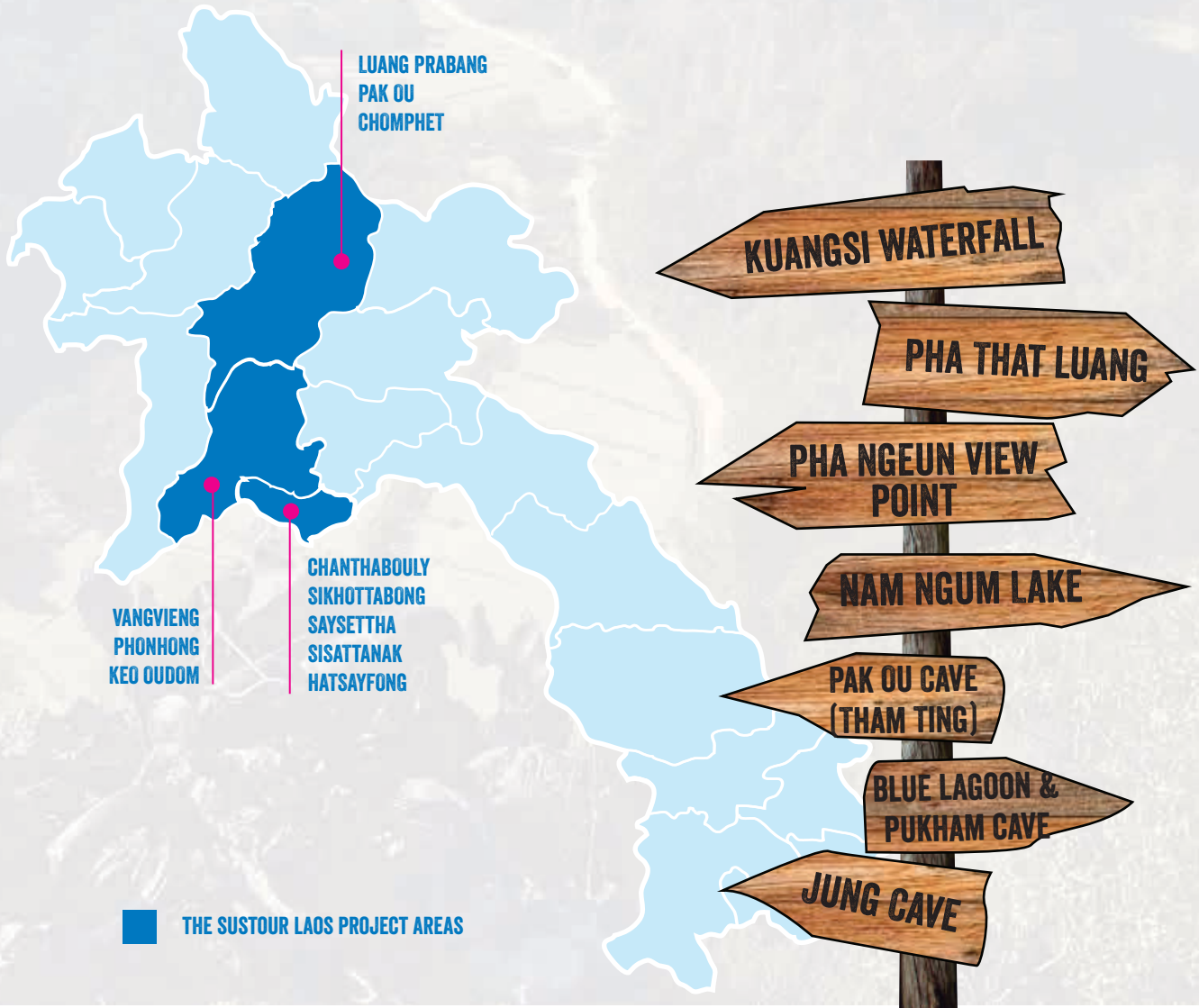
HIGHLIGHTS

OF THE SUSTOUR PROJECT BASELINE STUDY

THE PROJECT "SUPPORTING MICRO, SMALL, MEDIUM ENTERPRISES (MSME) IN THE LAO TOURISM INDUSTRY SUPPLY CHAIN TO ACCESS MARKETS FOR SUSTAINABLE PRACTICES PROJECT (SUSTOUR LAOS)" IS FUNDED BY THE EUROPEAN UNION AND IMPLEMENTED BY PLAN INTERNATIONAL AND KEY PARTNERS, DEPARTMENT OF TRADE PROMOTION (MOIC), THE LAO NATIONAL CHAMBER OF COMMERCE AND INDUSTRY (LNCCI) AND EUROPEAN CENTRE FOR ECOLOGICAL AND AGRICULTURAL TOURISM (ECEAT).

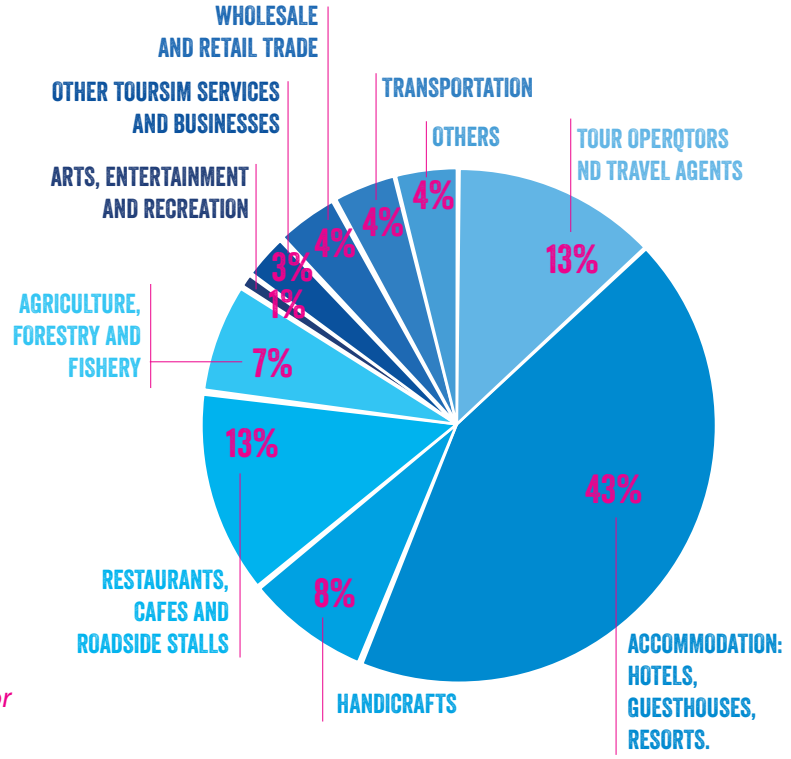
The project will utilize an integrated business-led approach to support Micro, Small and Medium Sized Enterprises (MSMEs) within the Lao tourism industry supply chain to adapt and promote sustainable consumption and production (SCP) practices. This includes involving local suppliers, purchasing environmentally friendly products, conserving natural resources and applying socially responsible ways of interacting with local communities. Adoption of sustainable practices will be certified and awarded by the Travelife certification standards, which has been developed by ECEAT and is recognized internationally as the leading sustainability certification system in the tourism industry.



This document summarises the project baseline study which was undertaken from January to March 2021 and includes key findings obtained through three surveys and more than twenty in-depth interviews with the public, private and community tourism stakeholders.

In this report, businesses are sometimes segregated into two categories: tourism businesses and tourism suppliers. Tourism businesses include tour operators, travel agents, and accommodation businesses such as hotels, resorts, guesthouses. Tourism suppliers are MSMEs such as: Handicrafts, restaurants, Café and Roadside stalls, agriculture and forestry and fishery, arts, entertainment and recreations.

Tourism industry businesses: Data was generated from 75 complete responses and 10 interviews.



Respondents by Business Sector

- The most significant barriers to improving sustainability in tourism businesses include the lack of funds (61%), the inadequacy of awareness and actions among suppliers (55%) and lack of technical knowledge (48%) (*see figure 1*).

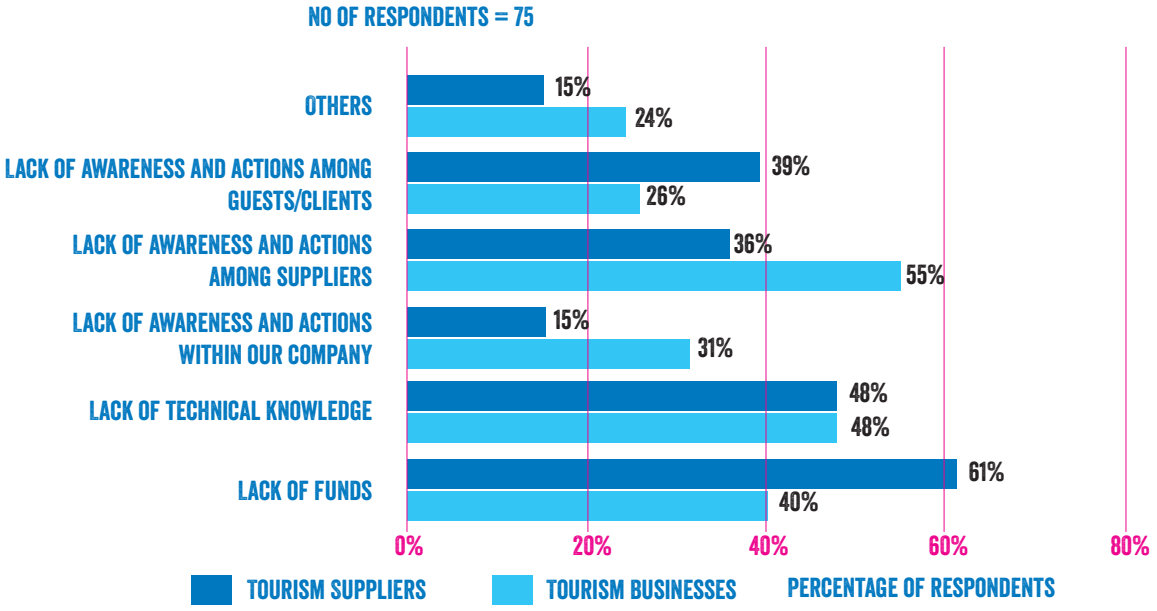


Figure 1: What are the challenges you face in terms of improving sustainability practices?

- While many surveyed tourism businesses, especially accommodations, reported having taken measures to reduce their energy and water use and waste generation, awareness of social issues (i.e., child protection, equal opportunities for all) seems lower comparatively.

- As one of the hardest-hit sectors by the COVID-19 pandemic, tourism businesses face unprecedented challenges. Approximately (24%) of surveyed companies are either permanently closed, sold, available for sale or hibernating. More than half of the study participants are active with significantly reduced staffing (*see figure 2*).

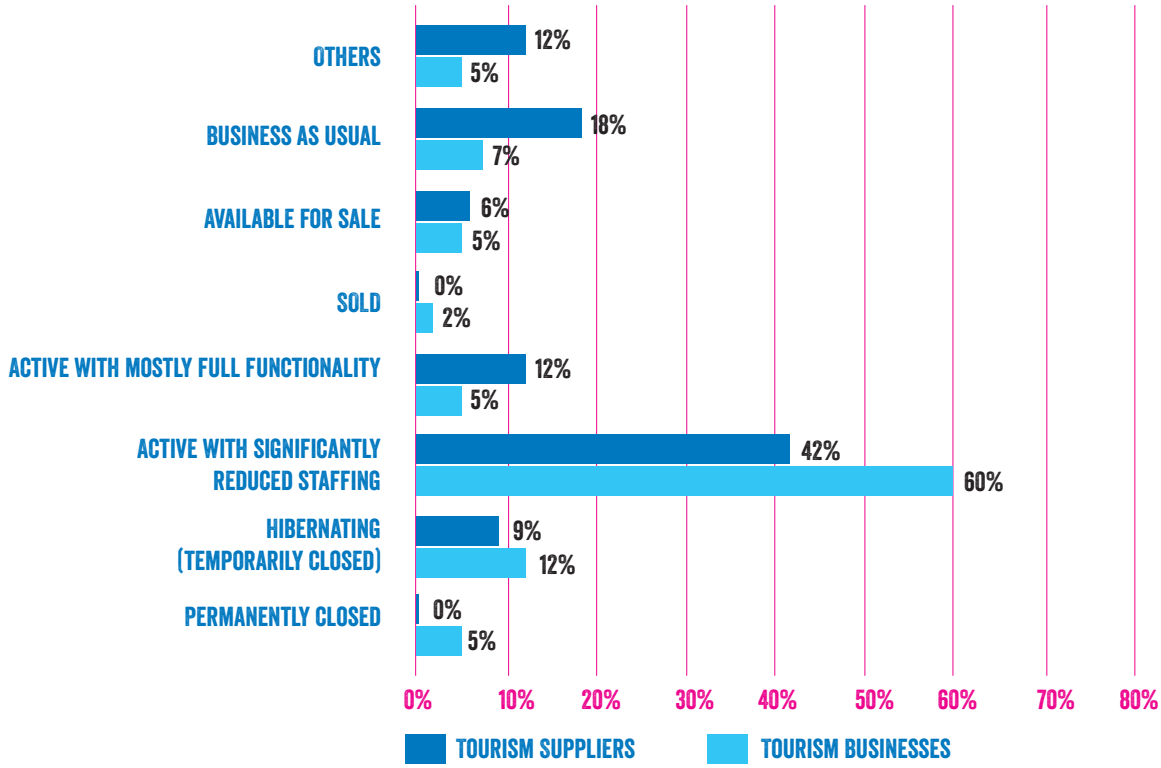


Figure 2: What is the current status of your business?

- Close to three-quarters of tourism businesses have laid off staff, more than half of them have put employees on unpaid leave, and (33%) of companies have reduced pay for workers (*see figure 3*).

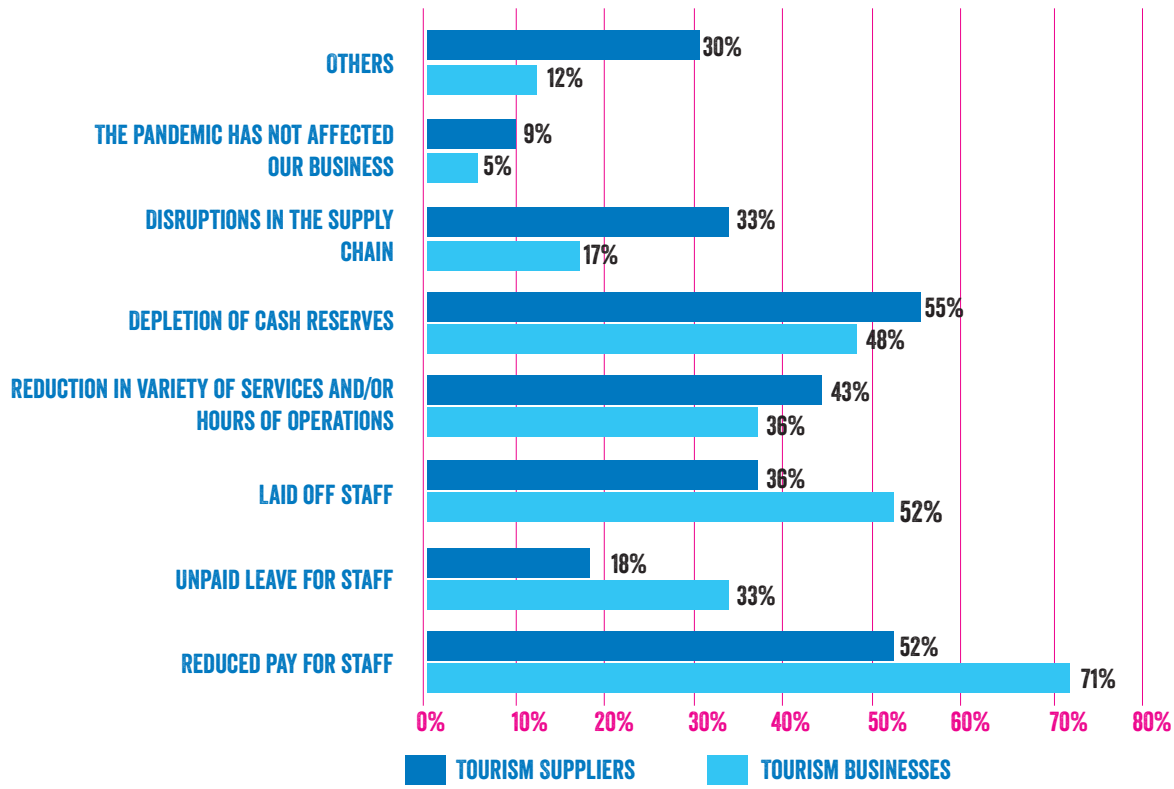


Figure 3: How has the COVID-19 pandemic affected your business operation?

- In response to the impacts of the COVID-19 crisis, about (70%) of surveyed tourism businesses have shifted to the domestic market, and more than (80%) of them offered discounts and promotions to generate sales (*see figure 4*).

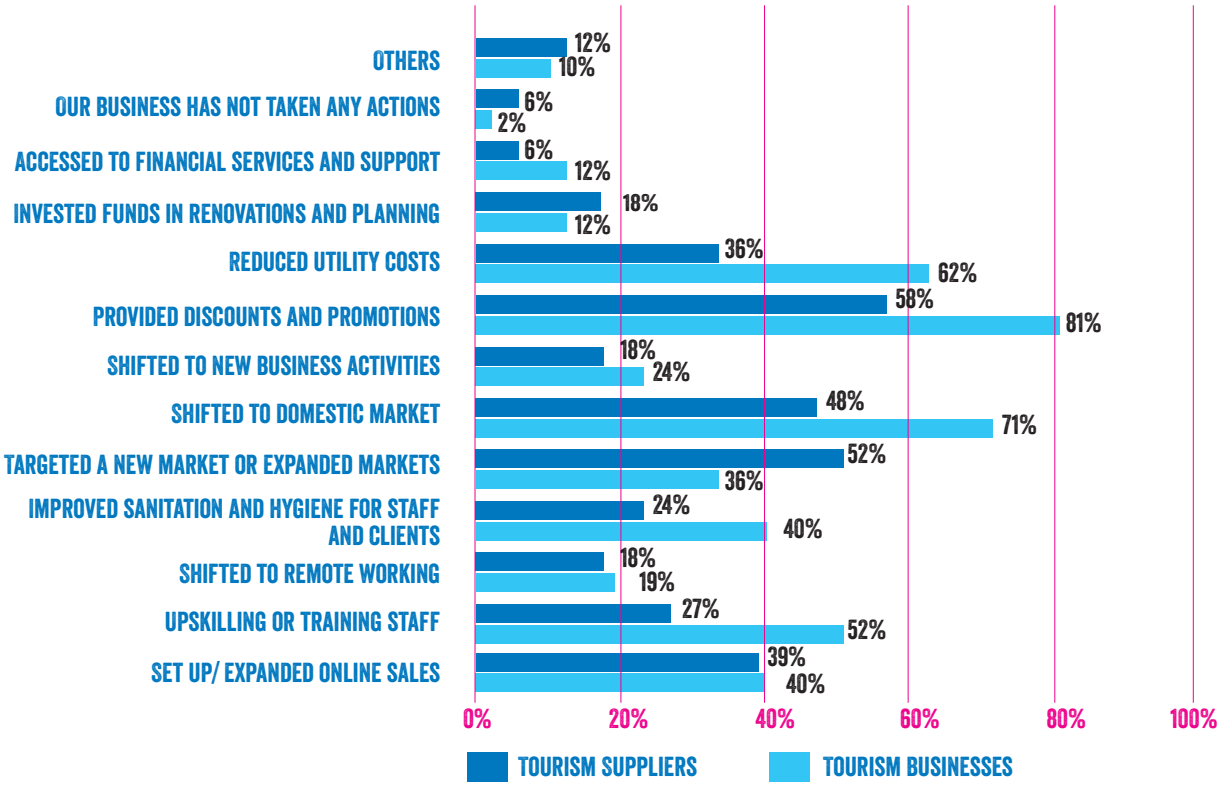


Figure 4: What actions has your business taken in response to the COVID-19 pandemic?

- Data suggest that businesses seek support in:
  - o Increasing sales to domestic markets (63%);
  - o Further tax breaks and reductions (57%);
  - o Training and upskilling employees (57%);
  - o Marketing and promotion (56%);
  - o COVID-19 prevention and hygiene practices and certifications (53%); and
  - o Increasing sales to regional markets (i.e., China, Thailand, South Korea, Vietnam) (51%).

- Human resources and social policies: In terms of gender equality and child protection, although the percent age of tourism businesses who actively promote gender equality and child protection (57%) is higher than those who do not (43%), the gap is quite narrow (14%). The main reason for this lack of action is the common perception that gender and child protection issues are not relevant to their businesses (39%) (*see figure 5 and figure 6*).

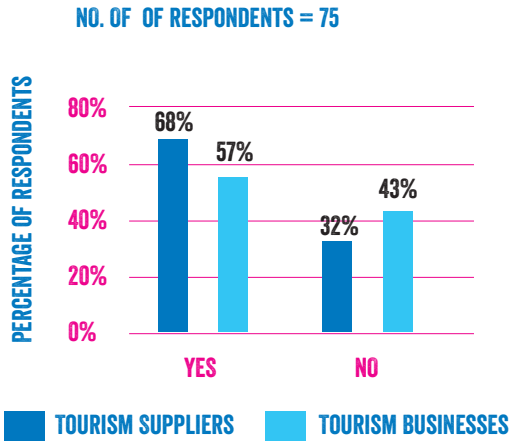


Figure 5: Have you taken any measures to promote gender equality and child protection in your business?

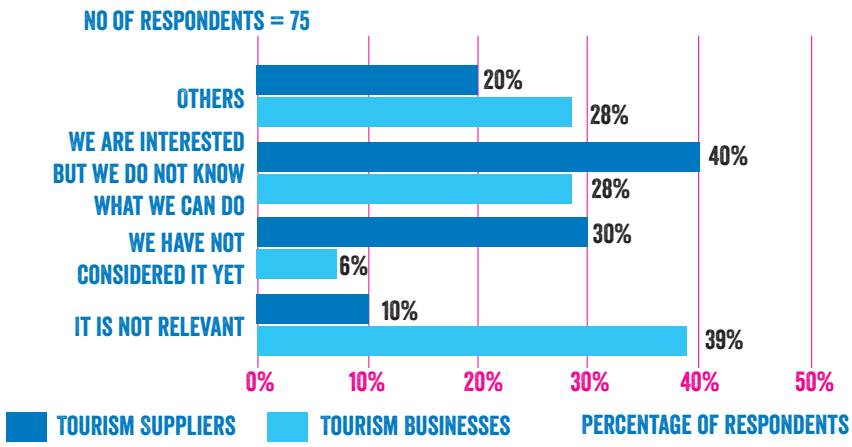
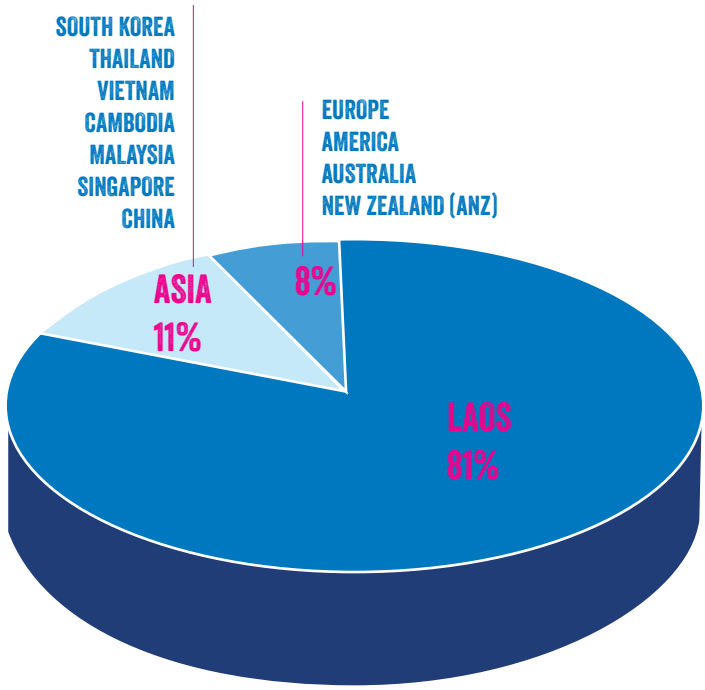


Figure 6: Why hasn't your business taken any measures to promote gender equality and child protection?

International and Domestic Tourists: Data was generated from 1,334 complete survey responses (1,156 Lao respondents and 178 international respondents).

- The most outstanding element of the travel experience in Laos is the hospitality of local people. Half of the international visitors rank it the "better than most" while (30 %) of them consider it as "best ever". Laos is also rated the "better than most" by the majority of tourists (58%) in terms of biodiversity and natural attractions. Cleanliness and hygiene are the areas that need improvement as about three-quarters of international travelers rate it either "average" or "below average".

- When asked factors influencing future choices of travel destination (75%) of international travelers consider the handling of the COVID-19 pandemic (death rate, infection rate, vaccination, government policies, hygiene practices, etc.) as "most important" or "very important". Additionally (86%) of them reported that the safety and security of a destination would largely influence their selection of holiday destinations.



Respondents by country/region of origin.

- In terms of awareness of international certifications, Fair Trade (52%) and Rainforest Alliance (42%) are the most popular schemes among international consumers (*see figure 7*). This result may be explained by the fact that these are certifications for common products such as coffee, tea, and chocolate and can easily be found on their packaging. Travelife comes as the 3rd most recognized certification among international respondents. Half of the domestic respondents are not aware of any mentioned certifications. Among those who can recognize some of the schemes, Green Globe comes first with 27% of respondents and Travelife comes second with 26%.

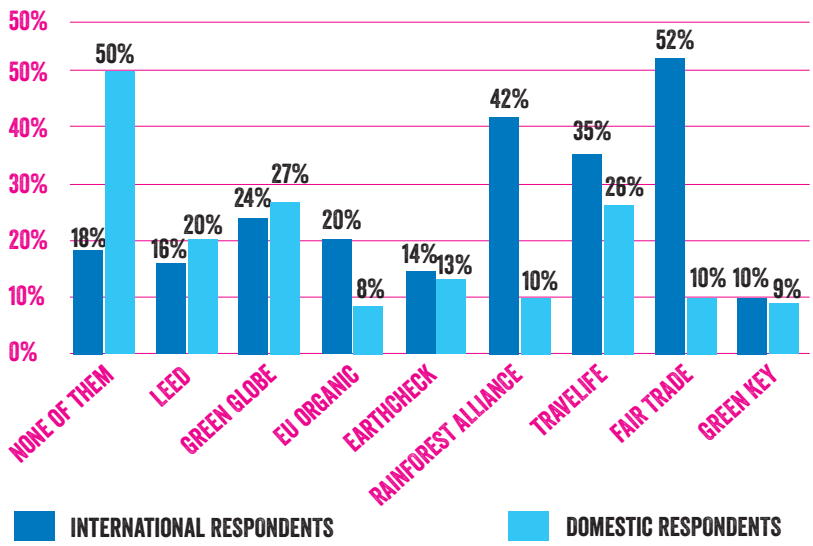


Figure 7: Which of the following certifications are you aware of?

- When selecting holiday providers (75%) of both international and domestic respondents strongly agree with the statement that they care about the environment and expect the service provided on their holiday to be environmentally responsible. The majority of them would favour a product and service if it had a green/ sustainability certification or award.

- In terms of motivation to travel again, hygiene and COVID-19 prevention measures are in place is the most important factor among domestic travelers (43%), followed by lower prices (22%). Among international tourists, the wide distribution of a vaccine for COVID-19 is the primary motivator (28%). The next most important factors are flexible change and cancellation policies (26%) and hygiene and COVID-19 prevention measures (24%) (*see figure 8*).

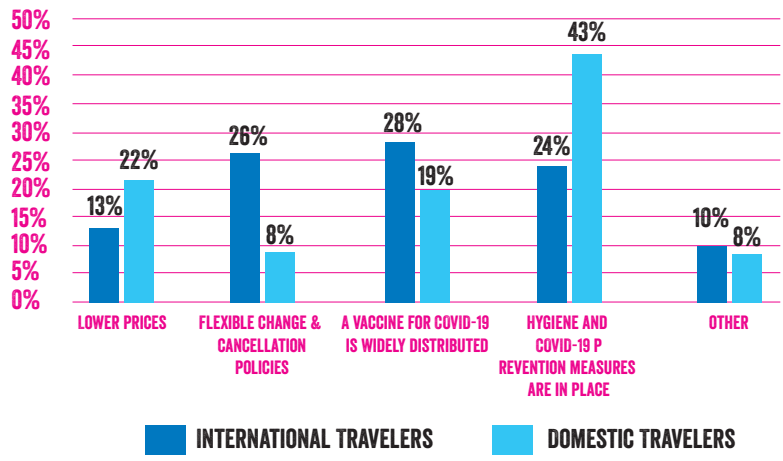


Figure 8: What would motivate you to travel?

- Most international travelers (89%) are willing to travel internationally again when possible and safe. And 63% of them would do so as soon as they can (*see figure 9 and figure 10*).

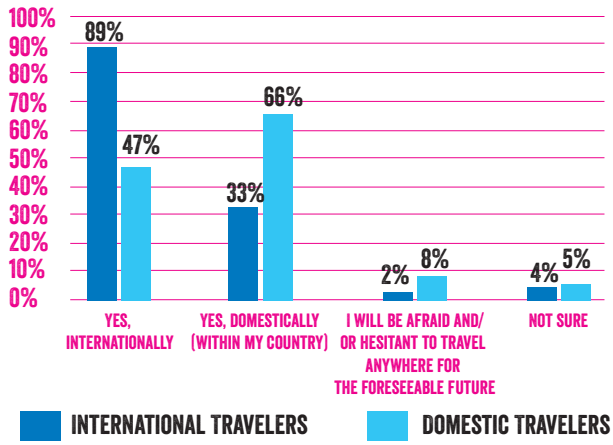


Figure 9: When leisure travel is safe and opens up again, will you be willing to travel?

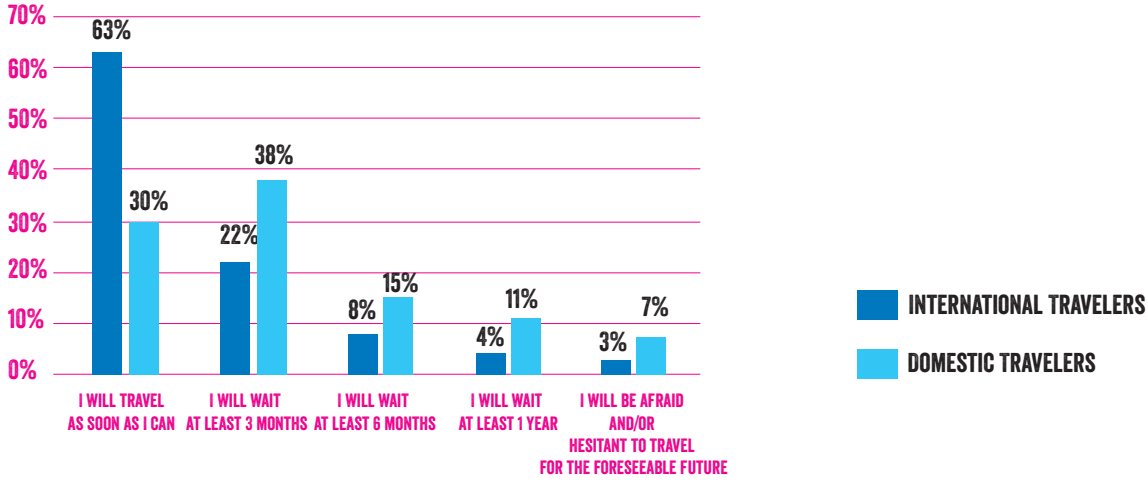


Figure 10: When borders, flights and hotels are open, will you be eager to travel?

- Rate the following factors in order of importance when selecting a destination for your next holiday