

# Tourism Identity and Marketing in the Special Economic Zone (SEZ): Case Study of Northeast Thailand and Central Laos

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## ABSTRACT

Northeast Thailand is considered to be in a great position to provide investors with new opportunities for increasing border trade and the region's rapid economic growth (Mekong Tourism Coordinating Office, 2017). With its strategic location in The Greater Mekong Subregion (GMS), the Northeast Thailand is an emerging-market zone of the country where connects other GMS countries: Cambodia, Laos, and Southern China (ASEAN, 2016). The Special Economic Zone (SEZ) was established in Mukdahan and Nakhon Phanom, the SEZ policy was first launched in Mukdahan in 2015 and 2016 in Nakhon Phanom (Thomson Reuters, 2016). It is based on the government's belief that the areas have strong potential to link with The SEZ in Laos in terms of trade, economy, investment, as well as tourism (Board of Investment, 2015).

The objectives of this study were (1) to survey identities of tourism attraction in the SEZ and set up the tourism routes, (2) to analyze tourists' demand and expectation, and (3) to be guidance for tourism development and marketing. The data was obtained from related documents, participatory and non-participatory observations, questionnaire, and in-depth interviews of the key informants including government officials, entrepreneurs, tourists, and local people.

The findings showed that each of the SEZs has clear infrastructure development plans, public utilities (water and electricity), and customs services. In addition, there is infrastructure construction projects, R2 route (East-West Economic Corridor: EWEC), which connect Mukdahan (Thailand), Savannakhet (Laos), and Danang (Vietnam). According to the objectives, tourism identities can be categorized into four clusters: (1) Karst mountain loop, (2) Buddhist and Hindu temples route, (3) Old quarter with historic buildings, and (4) The Mekong River promenade. Most of the tourists come from ASEAN countries (Thailand, Laos, and Vietnam) and some tourists are from the Western (France, Germany, Italy, United Kingdom, Sweden, Norway, and the Netherlands). Regarding the tourist's demand, they want activities such as experiencing river excursions, visiting war memorials sites, trekking in tropical rainforest, visiting remote community, and supporting for locally produced handicrafts, respectively.

Recommendations for tourism marketing in the SEZ are as follows: (1) create a remarkable product of the trans-boundary routes, particularly the Route no.8 tour from Nakhon Phanom to Laos (The Loop), and East-West Corridor tour (old quarter route, and pilgrimage route) from Mukdahan to Laos (Phin and Savannakhet); (2) improve accessibility to tourist attractions during monsoon season; (3) regularly inform tour operators about new events and activities in the area; (4) request for cooperation from local tour operators in each province of both Thailand and Laos to share experiences on tourism product, such as price and promotion, and find solutions to the identified problems; (5) persuade the international tour operators to the SEZ and introduce the tourism products; (6) promote cooperation with local authorities in terms of financial participation; (7) promote local events or festivals-inform tour operators via email, newsletters, especially when events or festivals are organized; (8) upgrade the

tourist service standards (e.g. cooking, hygiene, management, front desk, housekeeping, etc.); (9) create a traditional gastronomic tourism, music festival, and international film festival; and (10) develop a quadrangle tourism model in the SEZ website or other social networks which is regularly updated.

**Keywords:** Tourism Identity, Tourism Marketing, Special Economic Zone

## INTRODUCTION

The Special Economic Zone is actually not a new concept for Asia. In fact, there were a few past attempts led by growing Asian economies a few decades ago, including India and the 4 Tigers East Asian Miracles (Hong Kong, Singapore, South Korea and Taiwan) (Foreign Investment Advisory Service, 2011). At the end of the 2015, the ASEAN Community became effective, with the aim of trade and customs de-regulation among its members (ADB, 2016). There are high hopes to make the region become a global single market and common production base for investors. Because of this, there has been a tremendous effort to enhance the region's connectivity to support their trade and investment success (Kotler, 2012). One example of the enhancements is the Logistics infrastructure that will inter-connect the Greater Mekong Subregion's Economic Corridors under the ASIAN Development Bank (ADB, 2015).

The SEZ in Laos and Thailand was approved by the government in 2003 and 2016 respectively, and it is expected to be an effective tool to make the country's economy move in a positive direction with the upcoming regional economic drivers (Concessionaire Laos People's Democratic Republic, 2017). In the Northeast Thailand and Central Laos, there will be altogether 4 SEZs along the borders which consist of two SEZs in Thailand (Mukdahan Special Economic Zone, and Nakhon Phanom Special Economic Zone) and two SEZs in Laos (Savan-Seno Special Economic Zone, and Thakhek Specific Economic Zone). Each zone has its target business activities which are decided and categorized by the area where the SEZ is located. One main activity is tourism, for example, Thakhek is close to the National Protected Areas and has rich forest areas, Karst landscape; therefore, its targets are Ecotourism and Community-based Tourism. Swisscontact (2016) reported that the SEZs can play a role in tourism industry, provide transportation connectivity, improve the immigration process, upgrade Thailand-Laos border temporary checkpoints to be permanent checkpoints, promote trans-boundary tourism scheme, attract investments, and create employment. Furthermore, ADB agreed on promoting regional tourism and shared the view that the ACMECS Single Visa would be a scheme to help in boosting tourism in the region as a whole. With reference to the problem statement above, this study focuses on tourism collaboration between Laos and Thailand in the SEZ. It aims to create tourism product, identify tourists' demands and expectations while visiting a destination. To better understand constraints and weaknesses, the researcher would do the interview with the tour operators in Thailand and Laos as well. Finally, the study also aims to identify opportunities for the SEZ and other stakeholders to play an enhanced role in the tourism development of the trans-boundary SEZ.

## RESEARCH OBJECTIVES

The focus of this research is placed on international, domestic and transit tourists in 4 provinces. The main objectives of the consultancy are:

- (1) To survey identities of tourism attractions in the SEZ and set up the tourism routes
- (2) To analyze tourist's demand and expectation
- (3) To be guidance for tourism development and marketing

## METHODOLOGY

This study made use of the knowledge and experience derived from a fieldwork which was conducted from January–June, 2018 at the four provinces in Northeast Thailand and Central Laos. A combination of study methods was used in order to determine various views and gather information, including: (1) Primary data: the semi-structured interviews were developed in order to collect data from the key informants. A list of questions and topics that need to be covered and questionnaires were prepared in advance. The informants were inhabitants of the area nearby SEZ, government and private officers involved in tourism sectors, and tourism entrepreneurs in the area. Data in terms of tourism management was collected through the interviews with various tourism organization such as Ministry of Tourism and Sport Thailand, Tourism Authority of Thailand, Board of Investment, Sub-district Administration Organization, The Lao National Tourism Administration (provincial office), and tour operator. (2) Secondary data or documentation: this involved various types of documents from the national tourism organization, government agencies, and private sectors that collect information and data from existing reports on international tourism agreement, tourist resources, investments, migrant worker, and historical and geographical profiles—both profiles compare activity trends throughout the international highway map, land use, water transportation, and SEZ policy towards tourism.

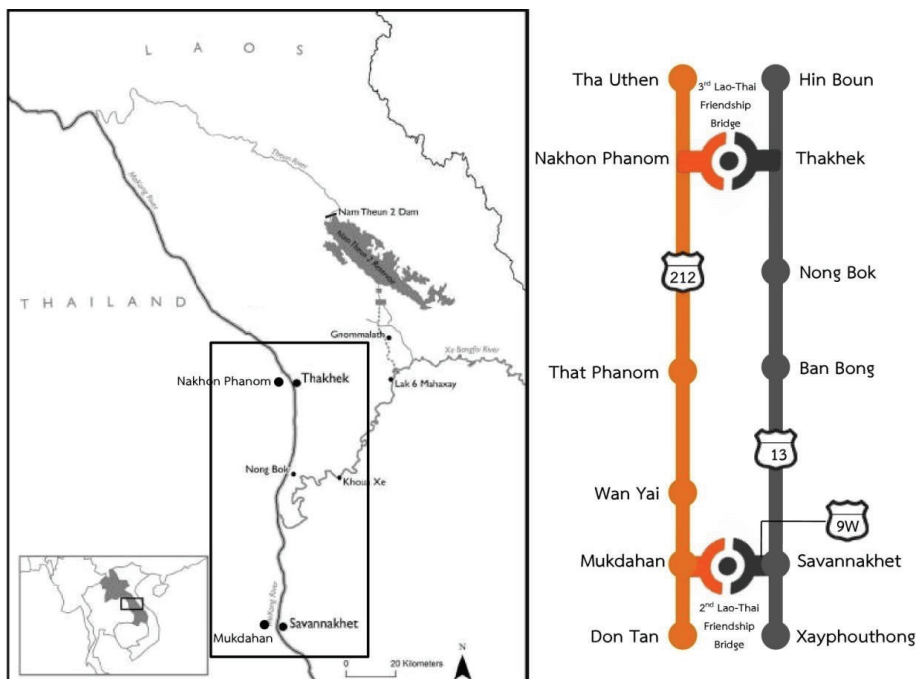


Fig. 1: Area of the study (Author)

Primary data collection included a review of earlier studies about the sites. Secondary data obtained through interviews. The data was examined by triangulation process and was categorized as the issues to study. After that, the data was analyzed and compared in each issue to find the conclusion. The data provided in each location, based upon interviews and participant observation, was analyzed through content analysis approach. Then content analysis was done for interpreting, and inductive conclusion was created based on the theoretical framework. Finally, the result of the study could be applied and represented the linkages between tourism agenda in the SEZ, such as, tourism agreement, marketing, and sustainable tourism implemented in the SEZ

## RESULT

### TOURISM RESOURCES AND IDENTITIES

The field survey revealed that the four provinces (Mukdahan, Nakhon Phanom, Savannakhet, and Thakhek) have long and rich history dating back to the pre-historic period; thus, they provide tourists an opportunity to see and learn about province's unique natural history. In the area, there are some evidences of the Mesozoic Era. Bones of four species of dinosaurs, which are Slurped, Sauropode, Theropode, and Iguanodon, were discovered. These bones are exhibited in the Dinosaur Museum at Kaysone Phomviharn district, Laos and Tha Uthen district, Thailand in which the dinosaur footprints were found. Addition to these pre-historic findings, archaeologists recently discovered the Mahorathuek Drum in Don Tan district. It is believed that the age of this single-sided bronze drum is more than 3,000 years old. In the historical period, this area was under the reign of multiple empires, such as the Sikhot-tabong, Khmer, Lan Chang, and the Colonial period. In the 16<sup>th</sup> century, the current territories of Nakhon Phanom and Thakhek have been belonged to Sikhottabong Empire. The obviously evidence of this is Phra That Phanom, one of the most important sacred site. It was originally built before the 12<sup>th</sup> Buddhist century and was renovated by the Laotian King, Setthathirath, of Lan Chang Empire. Furthermore, on the riverbank of the Mekong River there is a 1,000-year-old outpost of the Khmer civilization called Heuan Hinh (literally means 'stone house') which is one of the most interesting Khmer ruins in Savannakhet.

France expanded Indochina by obtaining the eastern bank of the Mekong after a territorial dispute in 1893. Initially, French used the Mekong River as the main mode of transport. Legacies from the French colonial period can be found at Nakhon Phanom, Thakhek, and Mukdahan with as colonial architecture (Lao National Tourism Administration, 2016). The most popular and well-known examples of French architecture is in Savannakhet such as St. Theresa's Catholic Church and numerous colonial shophouses.

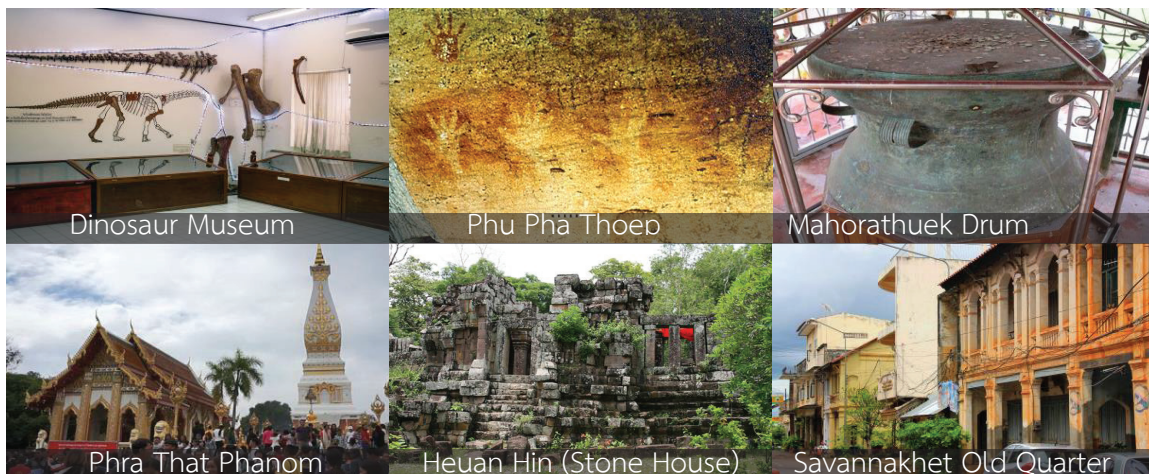


Fig. 2 : Historical remains in the area of the study (Author)

Tourism in SEZ has increases with improved trade relations and better transport links and also provides a powerful rationale for preserving ecological, heritage and cultural resources, and diversifying community income. The number of tourist in Northeast Thailand and Central Laos is increasing. The SEZ on both sides of the Mekong River, such as Nakhon Phanom–Thakhek, and Mukdahan–Savannakhet, have facilitated a good transportation and have had increase in tourist numbers in the area. However, the local people concern that after the SEZ established, the cultural identities might fade away, and the natural resources might be damaged. Regarding the focus group discussion, it revealed that there are four identity clusters of tourism products that are consistent within the SEZ, as follows:

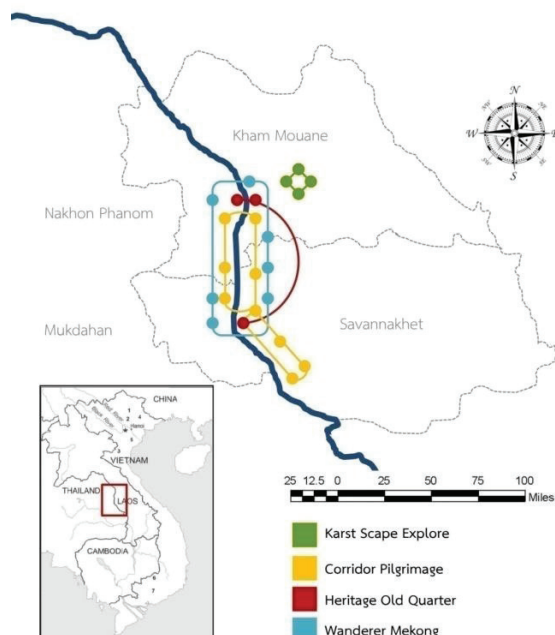


Fig. 3 : Overview of Tourism Routes in the SEZ (Author)



(1) Karst Scape Explore: Khammouane where is known for its scenic karst landscape with many caves, including Konglor Cave, Buddha Cave and Xang Cave, is located close to the provincial capital of Thakhek. Khammouane becoming more attractive for the Geotourism that is a cluster of three national parks, including Phu Hin Boun National Park, Nakai Nam Theun National Park, and HinNamno National Park. A popular activity is to tour “the loop”, a 350 km circuit that starts and ends in Thakhek.

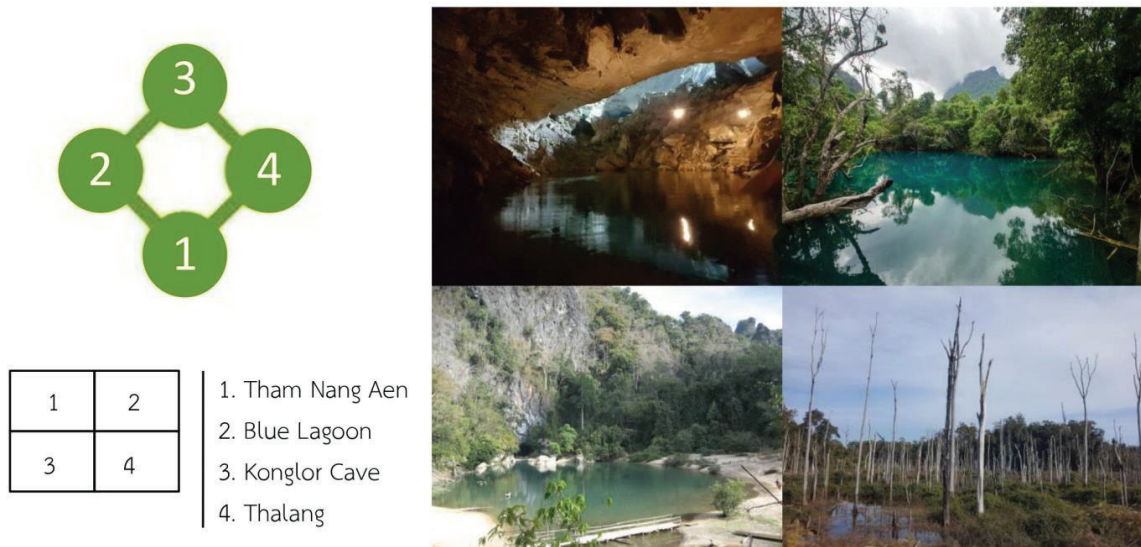


Fig. 4: Karst Scape Explore (Author)

(2) Corridor Pilgrimage: Pilgrimage Route is a cluster of provinces comprising Nakhon Phanom and Mukdahan. Pilgrimage Route to the Mekong has played an important role for more than 1,000 years old. The worship of holy rivers and nature deities is has rooted in the Thai–Lao culture, and was later integrated into Buddhism. The Mekong basin in two provinces has an important spiritual meaning for Lord Buddha as a sacral space. The most important remain is Phrathat Phanom, a pagoda containing the relic of the Buddha’s chest bone. The monument is greatly revered by Thais and Laotians living along both sides of the Mekong. Ministry of Information, Culture and Tourism (2016) Reported that another remains in Kaysone Phomvihane (Laos) is Phathat Ing Hang, the 16<sup>th</sup> century pagoda in which Thai and Laotian pilgrims flock to make merits. Besides, the main Khammouane’s cultural attractions are Sikhottabong Stupa and associated ancient city ruins.

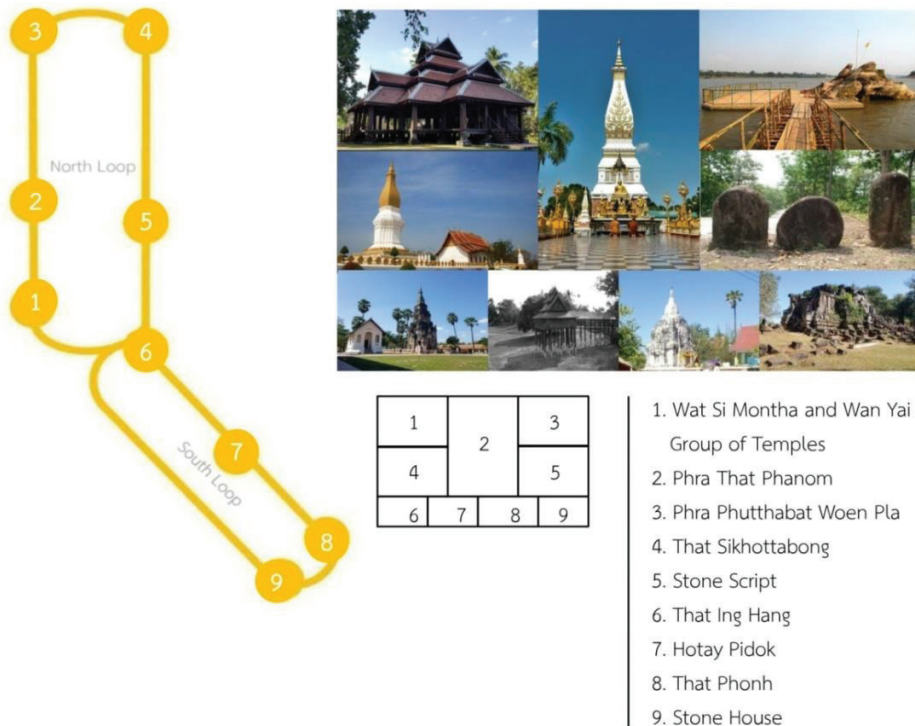


Fig. 5: Corridor Pilgrimage (Author)

(3) Heritage Old Quarter: Nakhon Phanom and Thakhek's old quarter with its many colonial-era buildings. Besides, travelers visiting Savannakhet are often surprised by its old French colonial architecture. Savannakhet's old quarter were built in two waves, the first in the 1920 and 1930, the second during the 1950. They combine to form a harmonious ensemble, laid out along a regular grid system of streets. To the east of the square, St Teresa's Church, dating from the 1920 acts as a constant landmark in the heart of the town.

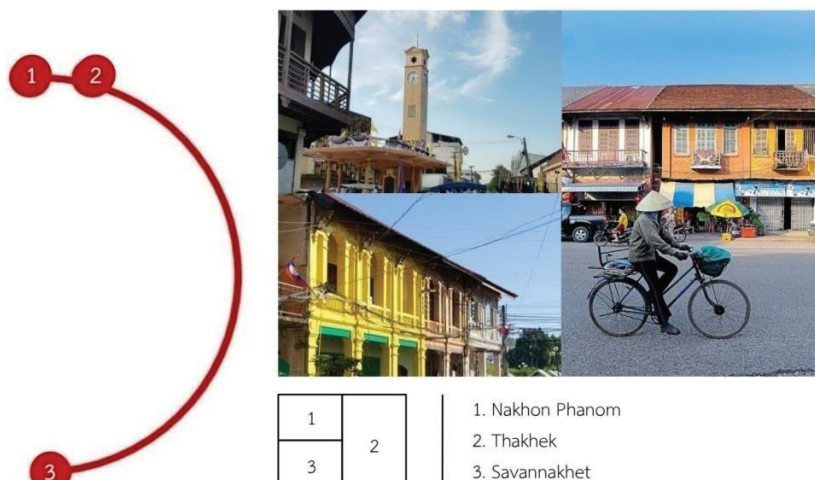


Fig. 6 : Heritage Old Quarter (Author)

(4) Wanderer Mekong: a cluster of provinces comprising Mukdahan, Savannakhet, Nakhon Phanom, and Thakhek by combining tourism resources. The well-known attraction in Mukdahan is Kaeng Kabao, a rapids across the Mekong where there is a long rock islet lying from Thailand to Laos. Furthermore, these four provinces are the place of Naga legend and memorable events. The mythical serpent known as Naga is a major cultural symbol prevalently among people of the Mekong River. Mukdahan, Savannakhet, Nakhon Phanom, and Thakhek are four cities beside rivers where urban-river activities and lifestyles of local residents living next to the waterway are most interesting for tourist, are also the heart of rice cultivation, human settlements and multicultural society. Traditional indigo-dyed cotton weave inherited among ethnic group can be found here, as well as Mekong fruit orchards.

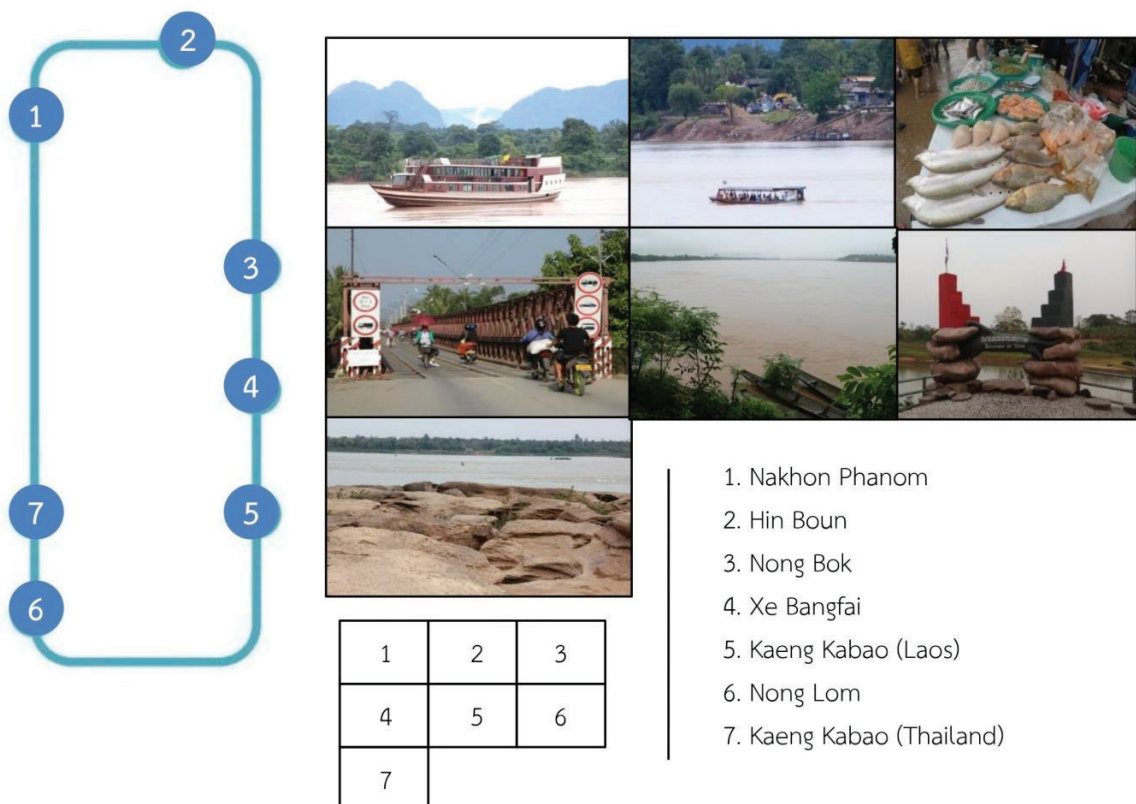


Fig. 7: Wanderer Mekong (Author)

## TOURIST DEMAND AND EXPECTATION

On this point, a survey was conducted among 300 tourists (quota sampling) including Thai, Laos, and Extra ASEAN tourists as well, government officers, and outbound tour operators both in Thailand (Mukdahan, Nakhon Phanom) and Laos (Savannakhet, Thakhek). The result from focus group discussion (SWOT analysis technique) revealed the situation of tourism in the SEZ as following:



Strengths

- Several tourist sites and tourism products with community involvement
- Plenty of natural assets, e.g., protected areas, forests, caves, and waterfalls
- French colonial architecture

Weakness

- Environmental conservation of the key tourism assets is still not sufficient
- Mukdahan, Nakhon Phanom, Savannakhet, and Thakhek are not the major tourist destinations.
- Potential tourist sites are not well-developed and maintained
- Quality and reliable transportation in Laos and some areas in Thailand still limited and difficult for tourists to access especial in rainy season.
- Seasonality in tourism makes it difficult to employ people throughout the year.
- There is a lack of roadside directional signage to sites.

Opportunities

- Connectivity between neighboring countries (2 international checkpoints)
- Provincial government has a policy for tourism development and promotion that is in line with tourism growth in the SEZ.
- Many development projects and partners present in Laos and Thailand (e.g., GIZ, ADB, NZ-MICT) that allow for a coordinated effort

Threats

- Policies and laws for tourism are less strictly enforced, so this poses threats to tourism.
- Environmental pollution along the SEZ
- Political conflict in neighboring countries
- Negative influence of tourists on local culture and environment

According to the focus group discussion with stakeholders, the main two points of demands and expectations are improvement of and hygiene conditions, especially for accommodations, restaurants, and public toilets, and improvement of safety. Immigration control in Thailand and Laos should be more flexible and integrated. Investigation and immigration process at one-stop service immigration should be performed at the entry point of SEZ along the East-West Corridor. Passport control, for instance, should be done at the entry point so that it will be convenient for international tourists. Visas for international tourists should be issued at the national border. Finally, the SEZ should be a visa-free zone with more flexible immigration control (e.g., providing one-stop passport control and multiple-entry visa issuance)

**STAGE OF TOURISM DEVELOPMENT AND POSITIONING FOR TOURISM MARKETING IN THE SEZs**

Investment in SEZ both in Thailand and Laos can be performed in two aspects: general investment and promotional investment. A general investment allows the developer or investor to invest in all sectors within the SEZ, except those prohibited by law, e.g., trading of arms, drugs, and poisonous chemicals. Promotional investment, on the other hand, involves industries that are strongly supported within SEZ and regulated by the SEZ Administrative Committee, e.g., investing in organic products, theme park, service industry, MICE, and tourism infrastructure. According to the focus group reveal that there are three stages for SEZ tourism development as following;

**Table 1: Stages of tourism development in the SEZ (Author)**

Stage 1	Tourism Corridor	There is lack of tourism infrastructure. The focus is on a movement of passengers and goods in the fastest possible transit time as tourism status of the SEZ in this stage seem to be passageway for tourists. Since it is situated in between Laos, Vietnam and Thailand, this serves as immigration border checkpoint, rest area, and tourist attraction during the way.
Stage 2	Tourism Route	Tourism infrastructure is developing. Local tourist attractions are becoming interesting for tourists, and there is increase of length of stay. This provides the SEZ with opportunity to be a new tourism route, and tourism products are provided.
Stage 3	Tourism Destination	Tourism infrastructure has been developed while routes and attractions have been promoted to a point in which SEZ becomes a tourist destination.

Currently, SEZ is in between stage 1–2, the strategic geographical position between Thailand and Laos borders almost guarantees a constant tourist flow. There are currently more than 1,000 visitors a day crossing the borders at the 2<sup>nd</sup> and 3<sup>rd</sup> Thai–Lao Friendship Bridge, two–land border entry ports between Thailand and Laos. Market segmentation is important for the SEZ in long–term tourism development as it can be a demand–driven strategy. The SEZ should therefore take an external focus rather than an internal. Besides, SEZ needs reliable, up–to–date information about its tourist base and tourist market grouping. Market segmentation should be based on factors that are common to one group. It also should be measurable, meaningful and marketable. Tourism in SEZ should be focus on experiential tourism trend in which tourists are interested in new experiences such as experiencing cultural and natural attractions of the area, eco–trek, homestay, community tour, handicraft workshop, and other similar activities expanding their horizons. Thus, an important goal of the tourism strategy for SEZ is to incrementally increase time to keep transit tourists around and expenditure that they will spend in the area. Festivals and events can provide opportunities to present folk and culture, and they should be promoted both in SEZ and abroad. Stronger SEZ marketing campaigns and cooperation with tour operators and travel agents are clearly needed. Moreover, visitor information center should be capable to provide tourism information to local and foreign tourists.

The followings are guidance for marketing communication on identities of cultural tourism destinations in the SEZ: (1) using advertising and public relations media to promote tourism based on each group of tourists, (2) developing community brand, derived from community’s identity, for marketing communication, (3) taking advantage of the province’s historical development records to create storytelling, (4) developing and retaining theme for marketing communication in order to maintain unity and consistent direction for advertising and public relations activities from community to provincial level, (5) providing new tourism activities to attract tourists, and (6) integrating various communication tools so that it will be effective for promoting the above–mentioned content.

Position is a form of marketing communication that plays a role in enhancing the attractiveness of tourism destination. The objective of positioning is to create a unique feature of the destination in the senses of tourists. So, positioning is a communications strategy that is the natural follow–through of market segmentation and target marketing. This study is to generate the tourists of 6 groups, e.g.

Simplicity Searchers, Reward Hunters, Social Capital Seekers, Cultural Purists, Ethical Travellers, and Obligation Meeters. According to Fig. 8 below, the objective positioning aims to create an image about characteristics and types of tourism activities in the SEZs then communicate effectively the chosen position and deliver each group of tourist into target market. Finally, tourists could perceive the destination in different ways, depending on their experiences, geographic, social, economic, and lifestyle.

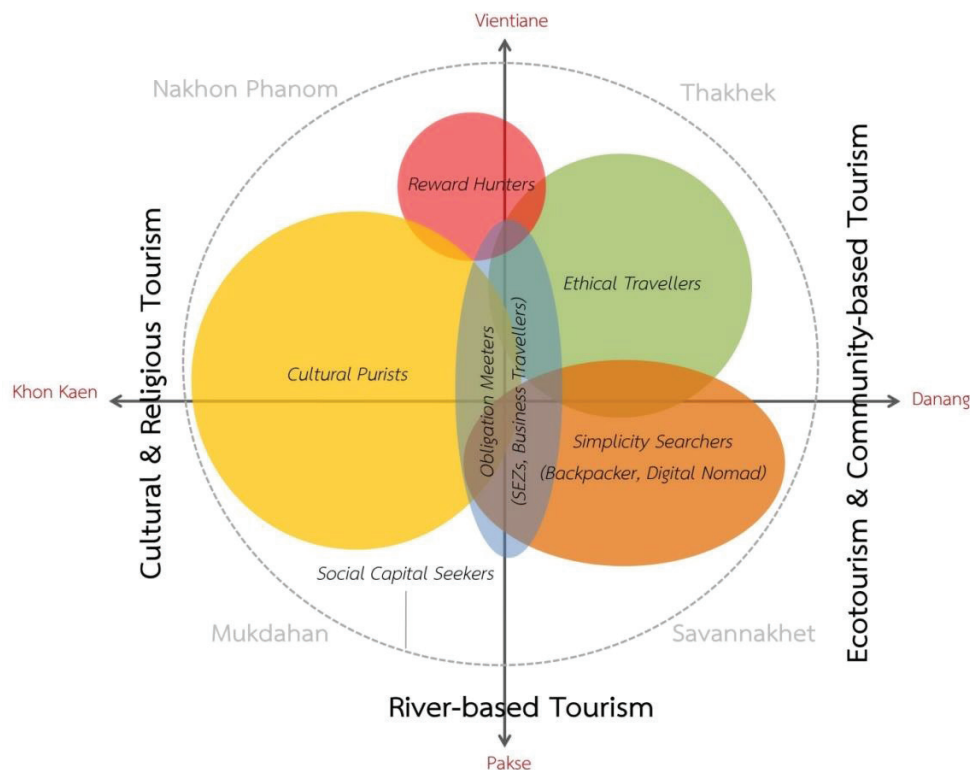


Fig. 8: Positioning for Tourism Marketing in the SEZs (Author)

## CONCLUSION & RECOMMENDATION

Tourism in the SEZ is becoming popular for special interest tourism (Mekong Tourism Coordinating Office, 2018). However, recent studies from focus group, the stakeholder recommended that some factors should be improved are as follows: (1) developing an infrastructure, security on board and port, sanitation, and other public infrastructure at tourist attractions and remote areas, (2) developing a plan for human resources that can develop social engagement on responsible tourism practice, and safeguard natural and cultural assets, (3) reducing the complication of immigration or custom clearance, (4) upgrading the standards of service and skill among smaller hospitality and tourism service suppliers, and (5) strengthening awareness of sustainable tourism, followed the Global Sustainable Tourism Criteria for Destinations (GSTC), among private sectors, and supporting them to be local community business' partnerships in the SEZ.

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