



# BRIEFING NOTE #5

## Product Innovation & Diversification

MYANMAR TOURISM STRATEGIC RECOVERY ROADMAP (2020-2025)

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Tourism Product is "a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific centre of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle". - *UN World Tourism Organisation*

### INTRODUCTION

Myanmar's tourism products have been traditionally based around sightseeing of the country's rich Buddhist Cultural Heritage.

Tourism has been developed around one to two-week itineraries that have included the four main centres of Yangon, Bagan, Mandalay, and Inle, along with optional side visits to other destinations, such as Mrauk U, Kyaiktiyo Pagoda, and so on. This has led to relatively short stays in destinations, and has prevented local entrepreneurs from investing in new products.

Independent travel has been limited in Myanmar: independent travellers tend to support local innovation, especially in developing new and emerging destinations and activities. The exception has been Kalaw in Shan State, which has developed as budget-orientated experience based and active trekking.

Tourism globally was changing before the Covid-19 pandemic, and will continue to change once travel restrictions are limited. Travellers will seek out more experience-based, active and adventurous travel experiences.

They will also seek to travel to fewer destinations for longer, and as such, Myanmar's destinations need to offer more diverse products that match the demands of the tourism market. Tourists may wish only to travel to one destination during their visit, and as such, destinations must be able to offer a diverse range of activities.

Tourism products have also not traditionally focused on Myanmar's rapidly emerging domestic market, and new products must account for this sector. There is an opportunity to diversify and better link existing products to other sectors such as nature, sport, agriculture and cuisine of the country. This will be crucial for the competitiveness and sustainable development of Myanmar.

COVID-19 has caused devastation to tourism at the global level. Product development and diversification is vital in every destination not only to attract wider a range of tourists and increase market-share but also to ensure adaptation and resilience, and to enable tourist destinations to effectively prepare for crises.

Tourism product development should be market-oriented in order to ensure that skills, knowledge and experiences are provided that satisfy the tourists and thus promote tourism growth. Thus, value-added experiences should be the focus of tourism development (Gronroos 2000; Smith, 1994).

The tourism product includes physical goods and places, services and information, events, people and hospitality, organizations, and climate that are integrated together, forming value-added experiences. To successfully add value, tourists must engage intellectually and emotionally with the destination (Norman, 1991).

## REMOVING BARRIERS TO, AND ENCOURAGING INNOVATION

Fundamental to ensuring effective product development in Myanmar will be to remove barriers to new entry businesses and allow innovation. This may include allowing easier access for international adventure tourism companies to enter the market with Myanmar partners in joint ventures, as well as encouraging new locally-based businesses start up activities in the destinations.

This may include removal of existing protectionist strategies (for example, Kayaking would be a key experience-based activity in Inle Lake, but entrepreneurs who have tried this in the past face many barriers, such as over-regulation and pressure not to issue licenses from existing boat companies). This has kept Inle Lake as a passive sightseeing destination, as opposed to allowing experience-based and active tourism.

The role of MoHT, through the RTCs and DMOs will be to actively encourage new product innovation, and allowing the private sector to innovate, providing oversight and licensing. Consideration must be taken for appropriateness of activities, for example kayaking on Inle Lake would be acceptable, jet-skiing and other water sports may not.

Where activities are potentially dangerous, adopting SOPs from industry lead bodies should take place (as is already being done by MoHT). Special incentives, such as tax-breaks and fast-track entry could also be considered for innovators.

Myanmar has been traditionally risk-adverse when it comes to international tourists, this will need to be addressed through training at the RTC and DMO level with industry specialists.

## SPECIALIZATION AND DESTINATION GROWTH STRATEGY

A specialization strategy would be to promote a destination for a specific range of activities and experiences. For example, Mount Popa National Park, which contains landscapes connected to the extinct volcanos, can relate well to sport and adventure tourism.

Other options may include focusing on cuisine, organic farming, herbal medicines and local festivals and traditional village events.

The specialized destination is characterized by its ability to increase the links of its regional value chain and therefore collaboration and innovation can take place. Tourism is characterized by sustainable development opportunities for regional development based on natural and cultural resources, such as in Ngapali Beach as well as the mountainous regions in the vicinity of Inle Lake.

Shan State would be particularly suitable for gastronomical tourism by promoting cuisine and cooking style of various ethnic groups and of different region. Shan State, Mawlamyine, Hpa An, Bagan, and Mount Popa are particularly suitable for adventure and long-distance cycling. Bago had a wide variety of recreational resources, with the Bago Yoma Mountain ranges, many reservoirs and wetlands, and a tidal bore in the Sittaung River.

Integrating and celebrating Myanmar's ethnic groups will also be of key importance, and this should be conducted selectively, in full cooperation with each group.

Destinations need to be encouraged to grow geographically, to provide more options of places to visits, and as such, spread the benefits of tourism more evenly away from hotspots. Encouraging budget travellers, and providing better budget travelling infrastructure will help develop new and emerging destinations, just as has been the case in Thailand, Malaysia, Laos, and Vietnam.

## DIVERSIFICATION STRATEGY

A diversification strategy refers to the expansion of a new product or a different type of tourism into a new market rather than specializing in a single-product. Product developers choose to innovate by developing new products and activities.

The Myanmar Tourism Law 2018 identifies 12 types of tourism in Section 2. (b) as follows:

1. recreation tourism,
2. cultural heritage tourism,
3. eco-tourism,
4. marine tourism,
5. hiking, mountaineering and adventure tourism,
6. off-road driving and racing, cycling tour,
7. hot air balloon tour,
8. pilgrimage tourism,
9. cruise tourism,
10. charter flight tour,
11. sport tourism,
12. medical tourism and
13. other activities related to tourism.

Point 13 “other activities” gives the legal basis for an unlimited range of tourism activities: tourism definitions, demands, and products change over time, and this point allows for that. Additionally, the defined tourism types are open to interpretation, for example ecotourism may be considered by some as tourism activities in protected areas, others as specifically involving an educational aspect to nature tourism.

MoHT is actively encouraging Sport and Adventure Tourism with all the concrete guidelines of Standard Operating Procedures drafted in collaborating with Ministry of Health and Sport for a number of Sport and Adventure Tourism activities such as Bungee Jumping, Zip Lining, Canoeing, Rafting, Abseil, Paragliding, High Ropes, Rocking climbing, Trekking to operate in the relevant and suitable places around Myanmar. These SOPs need to be developed with industry-specific global lead bodies.

When tourism restarts after COVID-19, travellers will likely not seek to travel on country-wide sightseeing tours, but rather look for a single destination focus. Destinations in nature-based settings will likely be in the most demand:

There will likely be a demand for active and adventurous products, as well as escapism, relaxation and wellness holidays. Nature based and coastal destinations may be appropriate for spa and health facilities.

Diversification strategies need to consider sustainable and low-impact development, especially in sensitive rural and protected areas. MoHT, through the RTCs and DMOs must ensure a high-level of local ownership and employment in new products, and make sure they are developed with full consent of local communities.

## POTENTIAL AREAS FOR TOURISM DIVERSIFICATION

A List of Protected Areas in Myanmar (see Map in Annex) for potential development into Recreational, Sport and Adventure Tourism include:

- Alaungdaw Kathapa National Park, Sagaing
- Chattin Wildlife Sanctuary, Sagaing
- Hukaung Valley Wildlife Sanctuary, Kachin
- Phon Kan Razi Wildlife Sanctuary, Kachin
- Khakaborazhi National Park, Kachin
- Panlaung-pyadalin Cave Wildlife Sanctuary, Shan
- Inle Lake Wildlife Sanctuary, Shan
- Natmataung National Park, Chin
- Wetthikan Wildlife Sanctuary, Magway
- Shweseztaw Wildlife Sanctuary, Magway
- Lawkananda Sanctuary, Mandalay
- Popa Mountain National Park, Mandalay
- Meinmahla Kyun Wildlife Sanctuary, Ayeyarwady
- Thameehla Kyun Wildlife Sanctuary, Ayeyarwady
- Phoe Kyar Elephant Camp, Bago
- Moeyungyi Wildlife Sanctuary, Bago
- Hlawga National Park, Yangon
- Indawgyi Wetland Wildlife Sanctuary, Kachin
- Kyaikhtiyoe Natural Reserve, Mon
- Lampi Island Marine National Park, Thanintaryi

In a post-COVID-19 world, like many other countries, tourism product development in Myanmar may face major challenges such as:

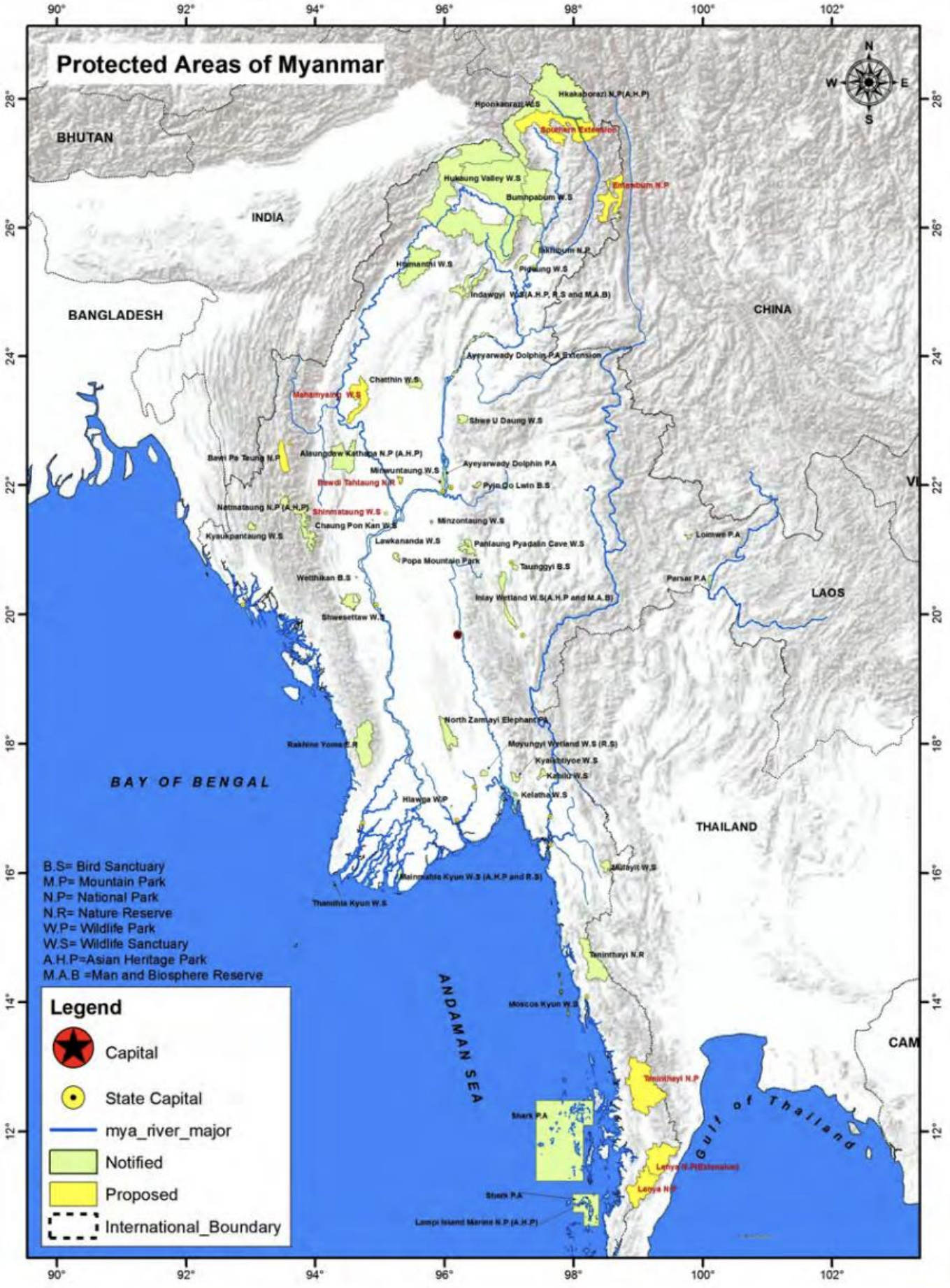
- lack of skilled employees,
- lack of investment
- lack of sufficient budgets,
- local people resistance
- lack of participation,
- safety and confidence,
- inadequate policies to restart tourism
- inadequate regulatory frameworks that control tourism development,
- the dominance of the public sector
- the weakness of the private sector, etc.

However, if domestic tourism can take off such as in China and Thailand it would play a major role in tourism development.

In conclusion, tourism product innovation will help improve Myanmar’s competitiveness regionally, and allow for a more inclusive and resilient tourism sector.



# Protected Areas of Myanmar



## POTENTIAL AREAS FOR TOURISM DIVERSIFICATION

Types of Tourism		Corresponding Destinations		Correlated Market Segments		
Indicated in Myanmar Tourism Law	Suggested Addition & Omission	Currently been developed in operation	Potential to develop in future	D	R	L/H
Recreation tourism		Kalaw Ngapali Ngwe Saung Pyin Oo Lwin	All the Eco-tourism sites Myeik Archipelago	✓	✓	✓
Cultural Heritage tourism	Buddhist Heritages and Festivals Pilgrimage tourism	Bagan Inle Lake Mandalay Pyay, Srikettra	Mrauk U	✓	✓	✓
	Community based tourism & Local Festivals	Chin State (2 villages) Kachin State (4 villages) Kayah State (4 villages) Kayin State (1 villages) Magway (3 villages)	Mandalay Region (9 villages) Sagaing Region (8 villages) Shan State (14 villages) Thanintharyi region (3 villages) Yangon Region (1 villages)	✓	✓	✓
	Colonial days Heritage	Kalaw Mawlayine Yangon Pyin Oo Lwin		✓	✓	✓
Eco-tourism		Alaungdaw Kathapa N.P., Sagaing R. Chattin W.S., Sagaing R. Hukaung Valley W.C., Kachin S. Phon Kan Razi W.S., Kachin S. Khakaborazhi N.P., Kachin S. Panlaung-pyadalin Cave W.S., Shan S. Inle Lake W.S., Shan S. Natmataung N.P., Chin S. Wetthikan W.S, Magway R. Shwesettaw W.S., Magway R. Lawkananda Sanctuary, Mandalay R. Popa Mountain N.P., Mandalay R. Meinmahla Kyun W.S, Ayeyarwady R. Thameehla Kyun W.S., Ayeyarwady R. Phoe Kyar Elephant Camp, Bago R. Moeyungyi W.S, Bago R. Hlawga N.P, Yangon R. Indawgyi Wetland W.S, Kachin S. Kyaikhtiyoe Natural Reserve, Mon S. Lampi Island Marine N.P., Thanintaryi R.		✓	✓	✓
Marine tourism		Myeik Archipelago Lampi Island Marine N.P., Thanintaryi R.		✓	✓	✓
Sport & Adventure Tourism	Hiking	Hsipaw Mt. Popa Pindaya Kyaing Tong		✓	✓	✓
	Trekking	Shan State	Kachin State	✓	✓	✓
	Mountain-eering		Phonkanrazee Khakaborazee	✓	✓	✓
	Adventure tourism	Chin State Kachin State	Hsipaw Lashio	✓	✓	✓
	Bungee Jumping		Hpa-an	✓	✓	✓
	Zip Lining		Hpa-an	✓	✓	✓
	Canoeing		Natural Lakes Beaches Isands in Myeik Archipelago	✓	✓	✓
	Rafting		Putao	✓	✓	✓
	Abseiling		Hpa-an	✓	✓	✓
	Paragliding		Hpa-an	✓	✓	✓
	High Ropes		Hpa-an	✓	✓	✓
	Rockclimbing		Hpa-an	✓	✓	✓
	Hot air balloon tour	Bagan Mandalay Inle Lake		✓	✓	✓
	Off-road driving		Chin state	✓	✓	✓
Mountain Biking			✓	✓	✓	
Cycling tour	Southern Shan State Mawlamyine Hpa-an Bagan to Inle		✓	✓	✓	

Cruise tourism		Yangon Cruises along Irrawaddy River Cruises along Chindwin River	Cruises along Salween River Cruises in Myeik Archipelago	✓	✓	✓
Charter flight tour		Yangon Mandalay Naypyidaw	Bagan Heho Ngapali	✓	✓	✓
Medical tourism	Healing, Well-being, Ayurvedic & Herbal Medicine		Kalaw Pyin Oo Lwin Indawgyi Lakw Inle Lake All the Eco-tourism sites Myeik Archipelago	✓	✓	✓
Other activities related to tourism	MICE	Yangon Bagan Mandalay Nay Pyidaw Inle Lake		✓	✓	✓
	Augmented & virtual Reality tourism	Domestic VFR/AR to rural areas International VFR/AR to Yangon and Mandalay		✓	✓	
	War-memorial tour	Yangon Mawlamyaine Meikhtila				✓
	Student Edu-tour	Cultural Heritage Destinations Eco-tourism Destinations		✓	✓	

## DOMESTIC TOURISM SURVEY

A Domestic Tourism Survey was completed as part of the research for the Myanmar Tourism Strategic Recovery Roadmap with over 500 participants in Myanmar - domestic and expatriates. The first priority for restarting tourism in Myanmar will be to stimulate Myanmar residents to travel domestically and experience new and existing destinations and products.

The traditional pilgrimage tourist still travels, but the new emerging Myanmar domestic traveller is different than before. The survey asked the question: “What are your interests in selecting a destination.” 502 respondents indicated that people are looking for nature (72.5%), culture (59.2%), food (54.2%) and adventure (50.5%) travel.

