

## **Logistics management issues on the tourism industry in Mongolia**

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**Abstract:** Tourism is one of the main industries of the world and it has been developing with geography, anthropology, ecology, infrastructure, transportation, logistics, marketing, hospitality, and etc. Although there are many factors for the development of tourism, it has been becoming more important that Mongolia needs to study and solve logistics and transportation management problems by systematical standpoint nowadays. The objective of the paper is to analyze the current issues in logistics and transportation development of Mongolia and define some ways to develop the logistics in the tourism industry.

*Keywords:* Tourism, Mongolia, Logistics

### **INTRODUCTION**

Mongolia is located in East Asia between Russia and China. Mongolia is the most sparsely populated and approximately 30% of population is nomadic and semi-nomadic. Tourism is one of the main strategic sectors of development of Mongolia. Mongolia has lots of attractive sightseeing for travelers, especially for wild nature, hunting and nomadic life. In the report of World Tourism Organization, 2015 the number of foreign travelers is 1,184.0 million in worldwide, and it increased by 50 million tourists from 2014, which by is 4.4%. It will be increased by 3.3% every year and number of foreign tourists will be reached in 1.5 billion (UNWTO, 2016). The global hotel industry revenue was at 457 billion US dollars in 2014 (The Statistical Portal, 2014). In 2015, production in tourism industry reached at 7 trillion US dollars and it was 9.5% of world economy and 5.4% of total export. This is predicted to be increased by 4.2% and will be reached at 11 trillion US dollars in 2024, and will be 10.3% of the world economy. There are 284 million jobs in this sector and generating 9.8% of global GDP (World Travel & Tourism Council, 2017). It will be increased constantly by 2.4% and will be reached at 346 million jobs in 2024, and it will be 10.2% of global employment.

### **Current situation of the tourism industry of the Mongolia**

Nowadays, there are limited statistics and researches for tourism industry, except numbers foreign travelers and revenue of the sector. Especially, domestic travel has been increasing recent years, so we more studies for it.

Table 1. Tourism industry of Mongolia

GDP	Work places	Revenue	Travelers	Service providers		
				Tour companies	Hotels	Tour sites
3.2%	50,000	\$263.0 million	400,000	613	468	349

Source: Data of Ministry of Environment and Tourism, 2015

The revenue of tourism industry in 2014 is \$253.8 million and number of foreign travelers is 392,800 (National Center of Tourism, 2015). In 2015, there were 2344 hotels and restaurants, 349 tour camps, 50,000 workplaces related to directly and non-directly.

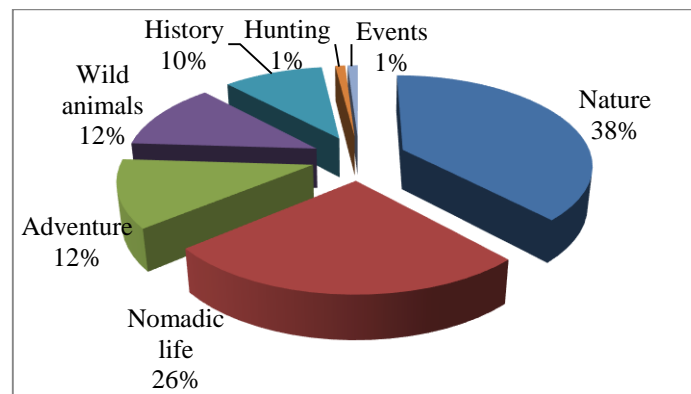


Figure 1. Purposes of tourists in Mongolia

Table 2. Statistical data of Tourism sector of Mongolia 2014, 2015

Foreign tourists		2014	2015	Increase	Increase by percent
Total: Travelers		505 686	467 231	-38 455	-7,6%
Thus: Tourists		392 844	386 204	-6 640	-1,7%
Tourists by continent					
1	Total	392 844	386 204	-6 640	-1,7%
2	Thus: Africa	783	757	-26	-3,3%
3	South and North America	17 635	18 586	951	+5,4%
4	Asia and Pacific Ocean countries	239 788	230 877	-8 911	-3,7%
5	Europe	133 931	135 229	-1 298	+1,0%
6	Middle East countries	707	755	48	+6,8%
Tourists by country					
1	China	157 561	145 029	-12 532	-8,0%
2	Russia	73 055	70 668	-2 387	-3,3%
3	South Korea	45 476	45 476	1 737	+3,8%
4	Japan	18 282	18 282	995	+5,4%
5	America	13 987	13 562	872	+6,4%
6	Kazakhstan	13 562	14 434	433	-3,1%
7	Germany	9 551	14 420	-559	-5,9%
8	France	7 733	8 992	256	+3,3%
9	Great Britain	5 758	6 148	390	+6,8%
10	Australia	5 118	4 804	-314	-6,1%

10	Others	42 761	47 230	4 469	+10,5%
Revenue of the Tourism sector					
	US dollar	253 817 148	276 752 796	22 935 648	+9,0%

Source: Data of Ministry of Environment and Tourism, 2015

In the first half of 2017, the number of foreign nationals reached 216.9 thousand people, which is the same period last year 36.3 (20.1%) increased. 82.4 percent of them are up to 30 days, 1.9 percent up to 90 days, and 15.7. The rate is 90 days or more. 180.8 (83.3%) of foreign passengers. Thousands were migrating to tourist destinations, which is 33.9 (23.0%) thousand compared to the same period of the previous year has grown. Around 36.2 (16.7%) of foreign passengers by the border work, study and study. For the purpose of permanent residence. The number of tourists from China was 9805 (19.7%), Russia's 9293 (27.7%), and 7182 (43.7%), Japan (1955) (28.7%) and Australia (736 (32.6%). 235 (21.8), Italy (40%), India (28%) and India (28%) (NSO, 2017).

### **Logistics in Tourism industry**

Travel across international scope compared to characteristics of other sectors of the industry, was expanded to cover more than co-operation previous range of activities require high-range study has created high demand logistics management in the industry and development. Mongolia is landlocked, bordered two countries. The country contains very little arable land, as much of its area is covered by grassy steppe, with mountains to the north and west and the Gobi Desert to the south. Logistics activities in the tourism sector are low-power formed or capacity, less constraints on managing make time field shows that much development to do in this area.

### **Role of Logistics in Tourism and tendency of development**

At 1,564,116 square kilometers, Mongolia has a population of around 3.1 people. Infrastructure and transportation systems have not developed properly. Ulaanbaatar, the capital and largest city, is home to about 45% of the country's population. There are 61 million of livestock. GDP grew by an average of 4.2%. Unemployment rate is 9.1% and inflation rate is 4.1% (NSO, 2017).

From side of tourism, transportation helps for tourists to reach right places. Tourists are limited by time and travel expenses. This is directly related to vehicle speed and cost. Travel during the summer season or peak tourist season due to seasonal nature of the industry has increased dramatically demand for tourist vehicles. This change in tourism demand in countries all four seasons as a requirement to plan the right capacity for transport companies and coordinate tailored their demands, determine transportation costs using a complete, resources, and service quality of a standard, a policy predictable, flexible there. Properly organized transport companies where this all improve to provide quality service to meet market and capacity utilization can lead to the most appropriate level of profits of financial companies. This is a simple example of logistical issues pressing in the tourism sector.

There are services provider in tourism participating travel agents, transport companies, tour operators, many institutions such as restaurants, hotels, shops, arts and sports, museums, hospitals, border including customs offices and service areas (Edna, 2002). Marketing channels to sell tour operators trip to consolidate tourism travel product and service provider

organizations to provide comprehensive services to travel and tourism through its agents. This product establishes a tour operator has played a major role in organizing activities of tourist satisfaction in delivering aimed at tour level. Tourist satisfaction to reach the top services provided by the tour company to tourists supply chain and its structure to be necessary to determine the most effective way (Muhcina & Popovici, 2007). Logistics manager's goal is to put a major cause of complying with customer requirements of the product in the right place and the right time to give to the best conditions is to increase the profits of this connection, the service wanted to tourists and tourism industry attention. Responsibilities for delivery to plan the supply of tourist services, has identified tourism and logistics systems. Understanding functional Logistics Management Council (CLM, 1991) defined as tourism supply chain management and tourism related goods and service providers should be required to coordinate and integrate activities that organizations choose them, working together. Travel tour operators are providing various effects of the market system, depending on the capacity of their financial resources and activities. Travel management includes activities that are directly related to not only travel but also contains other internal operations or activities related to tourism organizations, such as providing food services outside of the organization, entertainment organization. Tour travelers as the final outcome of the quality of tourism services satisfaction is based on the supply chain can be established how to best organize this is the right consistency. Travel suppliers of products related to the tourism supply chain, can be classified as follows (Topper, 2003):

- Tourism basic services to carriers (tourist transport service providers and tourism service provider sites, hotel)
- Tourism related products and services provider (arts and cultural organizations)
- Infrastructure facilities (a local transport service, phone, internet, etc.)
- Marketing and retail points

Travel as a tourist supply system, with many organizations in the tourism sector, which is affecting organizations participating in this joint action on the financial performance of the overall system. In other words, specific, depending on how well the cooperation that characterized the business end of the efficiency of these institutions. For example, if you add the capacity for air transport of Mongolian tourists can come in large numbers and on the other side are many camps and hotels founded by increase of the end of the supply chain.

Travel time to build tourism services, participating organizations are effective, easy to understand structure of tourists organize a tourism supply chain and increase the number of tourists and organizations have created the conditions for mutually beneficial. Tour the main focus point of tourism and logistics management is the flow of tourists. On the other hand tourism as a service, are available only on specific restricted to particular spaces and places. Therefore, travel people, information and material flow optimally within the legal clarity and tourism logistics management can be defined as the set of activities aimed at organizing. Tourism to operate in the logistics point of view, it can be divided into raw materials and resources supply sites sell the physical product, water suppliers, power industry, service providers and suppliers of industrial products and supply of agricultural products. Travel using logistics management principles in the tourism sector, it is possible to use industry-specific tailored, taking into account such particular geographical constraints, service features, seasonality and tourist characteristics, and co-operation. Our vast country for infrastructure development under the relatively high price ticket areas, transportation structures immature and air transportation capacity, aircraft and much more is a big threat to the development of

the tourism sector. Mongolian World Tour in accordance Tourism Competitiveness Report (2015) 141 from tourism competitiveness tourism 99<sup>th</sup> and air transport infrastructure and logistics infrastructure, 88<sup>th</sup>, and tourism is in the structure of world ranked in 98<sup>th</sup> tourism service infrastructure of transportation in our country States showing the countries where relative backwardness. Variation in the costs of foreign tourists traveling in the outgoing Mongolian, and they produce an average of 14 costs \$1774 stay in our country (AJUT, 2015). This expenditure is certainly not price airline tickets account for a significant proportion of travel expenses. Air transport costs to travel to the Mongolian is too high and fall short of weaknesses in the public transport service to tourists. Transport is one of the key factors for tourism and logistics system is necessary to consider further necessary, the development of transport and logistics infrastructure.

## CONCLUSION

To sum up the paper core results:

1. Logistics management in tourism is a particular geographical part of people, information, and comprehensive activities in most efficient way to organize the material flow.
2. Tourism supply network of the tour consists of a number of organizations and participants' supply of services to participate in tourism products, and the final results and the financial performance of the industry is dependent Excerpt with these organizations.
3. Tour operators, and travel parties launched a requirement for suppliers to create tourism and logistics systems and options for tourists with main roles of all the services involved selecting and managing content.
4. World tour to introduce the macro and micro level and efficient logistics management related to tourism industry growth and development, globalization and the implementation of its roles and appropriate to have become increasingly important to improve the ability of industry to the country's economic competitiveness.

The following suggestions are put forward on the development trend of logistics management in the tourism sector and ways to:

- Establish database and logistics information to create seasonal and market demand and to coordinate the supply and the efficiency of the system in the tourism sector
- To see tourism supply chain management from integrating stakeholders in the system, and involve tourist services links accurate determine the capacity of effective and avoid detrimental to competition and to create efficient supply chain optimization systems, and integrated policies for macro and micro level
- Develop Mongolian international shipping services sector, public transportation routes UB and information boards in English and run information sites for travelers
- Give and to take measures to promote competition in the sector and reduce the price of the flight ticket to open opportunities to foreign airlines operating in the main markets of the travel and do not operate air transport industry and tourism Mongolian market, cities.

- The global tourism market share to determine its own position and characteristics, and fine considered in the context of logistics management approach to the tasks required to develop and implement policies to improve competitiveness.

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