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# Understanding the Mongolian Tourism Supply Chain: Advantages, Challenges and Improvements

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*SIT Study Abroad*

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Understanding the Mongolian Tourism Supply Chain: Advantages, Challenges and  
Improvements

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SIT Mongolia: Nomadism, Geopolitics and the Environment, Fall 2018

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To my Mongolian friends, host families, and coworkers, thank you for always accepting me and taking me in as part of your life. I never felt any negativity because I was a foreigner, and I truly feel that I made connections, did real work, and have a family here. On that note, thank you to all of the people who helped me with this project. To the tour company I worked for, for after just one short conversation giving me the opportunity to work for such a positive and influential company and do impactful work right next to them. To all the tour guides, operators, locals, and other members of the tourism sector who I interviewed or spoke with, you do such important work making this industry go round, and you gave me invaluable information without which I could not have done this project. Thank you for all that you gave me.

## **Abstract**

The tourism industry in Mongolia has relatively low levels of regulation and is growing at a high rate despite struggling to increase tourist numbers, yet it still remains comparatively inaccessible to foreigners. Regardless, tourism holds huge potential for sustainable growth in Mongolia if it can be developed responsibly. For foreigners right now, it is difficult compared to other countries to figure out how to travel and find accommodation in a place where the main tourist attraction is a lack of people and an abundance of open space, and the majority of people in these places do not speak English. Furthermore, a lack of professionalism and standards across the industry make it challenging for Mongolia to deliver a consistent, quality service. While Mongolia offers a travel destination unlike anywhere else in the world, these high barriers to entry make it difficult for Mongolians to capitalize on. This study seeks to interact with private tour companies, government agencies, and local guides to understand exactly how the industry operates, and in turn analyze how it could improve to become more accessible, profitable, and responsible, and therefore more successful for travelers and Mongolia's economy as a whole.

## **Introduction: Justification, Objectives, and Questions**

Tourism is a huge opportunity for Mongolia. It is a product Mongolia can sell in which they have a comparative advantage. Mongolia's unique traditional and nomadic culture, burgeoning popularity as a destination for outdoor and adventure activities, increase in MICE events since the mining boom, and "natural tourism resources [that are] simply enormous" (Oxford Business Group, 2016) and range from grassland steppe, to Siberian taiga, to 4,000 meter high mountains, to Gobi desert, to enormous lakes, make Mongolia a travel destination unlike anywhere else in the world. With an economy dependent on foreign investment in mining, a government hampered by corruption, and a poor population that is too small to become a serious industrial power (Ganzorig, 2018), tourism is uniquely situated as an industry that can bring in necessary foreign investment independent of strict government oversight to this developing nation. Tourism creates jobs for everyone from educated professionals operating their own companies, to students working as translators, to nomadic peoples offering accommodation in their homes, to unskilled workers in the service industry who can sell more food, goods, and other products when there is more money to pay for them (WTTC, 2017). This is why this project is important. Mongolia is still a developing country with a poverty rate of 30%. In order to develop and decrease this number, Mongolia needs money, and it needs that money to be distributed to those who need it most, not just the government and big corporations. Tourism can provide at least some of this necessary capital.

Right now, mining brings in most of the money to the Mongolian economy and government. In the words of a private tour company manager U. Batbayar, "one of the big issues here is that the government has not done enough to diversify away from mining income...tourism

used to account for as much as 8% of GDP, but now we are down slightly. They need to pay more attention to non-mining sectors” (Oxford Business Group). Furthermore, in contrast to private tourism, mining contracts however must be negotiated through the government, and as such they are susceptible to corruption. A number of high-profile corruption cases in recent years have damaged the government’s reputation, and public perception and faith in the government is low. In addition, most of the mining done in Mongolia is performed by foreign corporations. While these companies pay some taxes, hire some Mongolian workers, and the Mongolian government owns a share of the profits from the largest operation, the Oyu Tolgoi mine, for the most part, the gains from mining are not distributed equitably. For example, the two poorest groups in Mongolia, the poor people living in ger districts and nomadic herders, are receiving almost no benefit from these operations. The herders especially are probably net worse off with the influx of mining companies than without them, as mining companies often explore in and take over areas where herders have been living for centuries, yet do not have any “ownership” of the land. Furthermore, mining requires huge amounts of water to blast into the rock, the use of which threatens the health of grasslands, rivers, and wells from which herders get precious water on the arid, dry steppe (Tuya, 2018). Finally, even despite the revenue it raises for the government, the government is still operating at a deficit and retains a junk credit rating (Ganzorig).

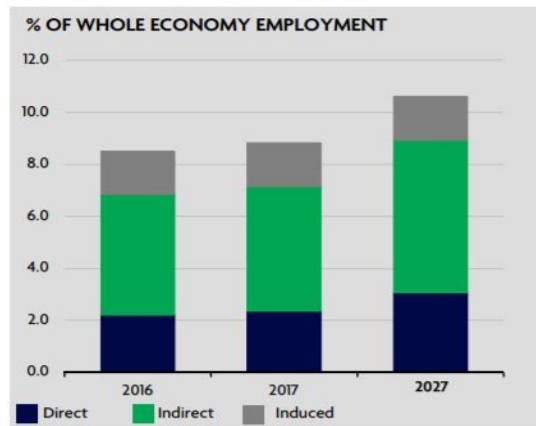
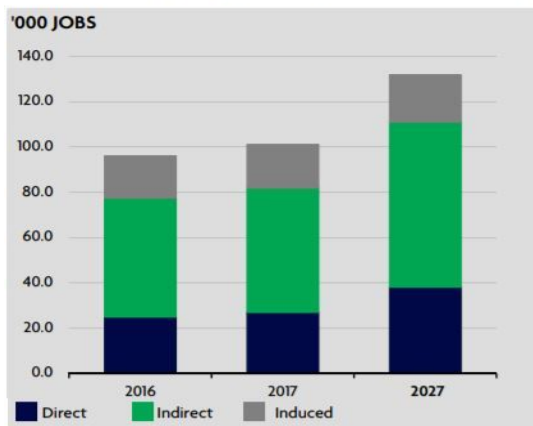
Tourism is different. Because tourism operates primarily in the private sector, it is difficult for corruption to influence the industry as it has in mining. Furthermore, most tour companies need to be operated by Mongolians, not foreigners, because so much of what their service is providing is translation and navigation for tourists, something that almost exclusively

Mongolian people can do. Like mining though, tourism brings in foreign money. This does not just come from anyone, but from those who can afford to travel, meaning that there is real wealth coming to the country through the industry of tourism (Mongolian Economy, 2012). As mentioned previously, tourism also much more equitably distributes the gains from the industry, as it can provide jobs for people from all different walks of life, and less of that money is going straight out of the country (Mongolian Economy). Finally, the kind of spending that tourists do on goods, necessities, services, and experiences reaches a larger part of the economy than the kind of spending that mining companies do on labor, heavy machinery (not produced in Mongolia) and shipping. In the words of Mongolian Economy Magazine, “the latest research from the World Travel and Tourism Council suggests that the travel and tourism industry will generate 324 million direct and indirect jobs worldwide by 2021, which is 1 in 10 jobs. In 2010, international visitors spent more than \$900 billion on goods and services annually, of which 37% were spent in emerging market countries. Tourism-related inflows are often the primary source of foreign exchange in many developing countries...*no other sector spreads wealth and jobs across poor countries in the same way as tourism*” (Mongolian Economy). The World Travel and Tourism Center charts below show the expected potential for growth and spending in the tourism industry by 2027, as well as the employment benefits this can bring.

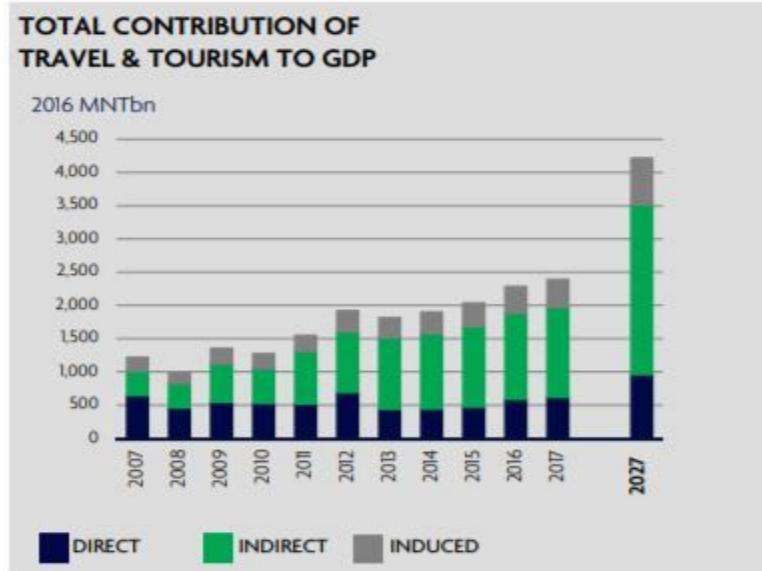


MONGOLIA								
(MNTbn, real 2016 prices)	2011	2012	2013	2014	2015	2016	2017E	2027F
1. Visitor exports	429.4	753.4	395.2	412.2	514.9	732.4	798.9	1263.8
2. Domestic expenditure (includes government individual spending)	378.0	420.7	434.4	419.6	422.3	436.2	446.0	767.5
3. Internal tourism consumption (= 1 + 2)	807.4	1174.1	829.6	831.8	937.2	1168.6	1245.0	2031.3
4. Purchases by tourism providers, including imported goods (supply chain)	-286.1	-482.4	-389.9	-387.9	-465.3	-581.6	-627.0	-1,071.2
<b>5. Direct contribution of Travel &amp; Tourism to GDP (= 3 + 4)</b>	521.3	691.7	439.7	443.8	471.9	586.9	617.9	960.1
<b>Other final impacts (indirect &amp; induced)</b>								
6 Domestic supply chain	272.6	361.7	230.0	232.1	246.8	307.0	323.2	502.1
7. Capital investment	1,031.9	1,208.6	1,172.7	1,229.4	1,297.3	1,314.4	1,335.1	2,348.5
8. Government collective spending	77.3	96.2	107.1	99.6	100.2	99.3	100.6	182.2
9. Imported goods from indirect spending	-596.0	-750.5	-434.8	-427.9	-435.2	-422.2	-402.9	-480.1
10. Induced	238.9	309.1	299.8	322.6	353.1	399.3	414.3	703.3
<b>11. Total contribution of Travel &amp; Tourism to GDP (= 5 + 6 + 7 + 8 + 9 + 10)</b>	1,546.1	1,916.8	1,814.4	1,899.6	2,034.3	2,284.7	2,388.2	4,216.1
<b>Employment impacts ('000)</b>								
12. Direct contribution of Travel & Tourism to employment	26.5	35.7	20.1	17.9	19.4	25.1	27.1	38.2
<b>13. Total contribution of Travel &amp; Tourism to employment</b>	79.7	101.6	85.2	78.5	83.8	96.1	101.1	131.8
<b>Other indicators</b>								
<b>14. Expenditure on outbound travel</b>	580.8	574.0	686.3	907.0	792.6	861.7	921.6	1,380.3

#### MONGOLIA: TOTAL CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT



Relative importance of Travel & Tourism's total contribution to GDP



(WTTC)

Clearly, the tourism industry is a huge opportunity for Mongolia. Yet if there is so much going right for Mongolian tourism, why study it? What does tourism in Mongolia need? Well, despite this huge potential for growth, Mongolian tourism faces one big challenge: accessibility. Right now, travel in Mongolia is relatively difficult for foreigners. The nature of Mongolian tourism lies in its uniquely open and pristine landscapes, and the traditional culture that lives in them. Inherent in these being the main attractions to Mongolia is a lack of comfort and infrastructure in such sparsely populated areas, as well as few English speakers among such traditional peoples. Furthermore, the harsh winters of Mongolia create a relatively short tourism season from June-August and high-operational costs, a trend followed by the state-owned MIAT airlines who run the relatively few and relatively expensive international flights (Mongolian Economy). As a result, it can be incredibly expensive as well as difficult for tourists to

understand or feel comfortable with travel in Mongolia. This is where the tourism industry comes in. Tour companies are the ones responsible for providing almost everything to most tourists from transportation, to lodging, to communication, to food. However, these companies have little regulation or support from the government, often have poor English on their websites, and it is still quite difficult to understand how exactly travel in Mongolia works from a simple Google search. This is where this project comes in.

In order to understand why this project was undertaken, I must temporarily assume the first person to outline a personal justification for it. Before coming to Mongolia, I was incredibly excited. I am an avid adventurer, traveler, and explorer, and a place as wild as Mongolia seemed to be perfect for me. I knew that in any free time I had I would want to be traveling as much as I could, and so I got into researching how to go to different places. I hit a dead end pretty quickly. There were these private tour companies who offered expensive, full-service tours, yet still did not detail exactly how travel in the country worked, and there were Lonely Planet articles that gave information on different places, but I still had little idea how to access them. Were there buses that I could take? Trains? It seemed impossible to access such incredibly remote places through public transport. Would I have to get my own car? That's what many articles suggested, but I knew that this would be unrealistic for many travelers, especially in the winter, and I knew that SIT would not allow me to rent one. Moving forward into August, as I backpacked my way effortlessly around Europe, booking cheap tickets, making English-speaking friends in Iceland, Spain, France, Malta, Poland, and Russia, and constantly finding everything I needed simply from Google, the locals, and helpful public information, I figured that when I got to Mongolia

the pieces and things I would need for travel would all fall into place. I could not have been more wrong.

Almost all of our travel was sorted by SIT drivers who always just seemed to “know where to go” for the first two months, the personal day-long excursion I had done to Terelj National Park in October had been sorted by a friend’s aunt, and still the only bus I knew how to ride in the city was the one that was attached to an electric cable above the main street and literally could not veer off anywhere else. In short, after two months spent in the country, intensive language practice, and multiple experiences traveling to various areas, I still was relatively helpless as a traveler. This was no Europe. Yet, I still had things I wanted to see, that I would pay good money for, and I knew others would too. My personal confusions around travel in Mongolia, something I was so passionate about, combined with the huge opportunity for development in Mongolia that tourism offered as a more sustainable, equitable alternative to the mining industry were the justifications for this project. I figured that if I could understand how the supply chain in Mongolia worked, I could produce a report that would make tourism feel more accessible to foreigners, and as a result increase tourism numbers and much-needed sustainable development here in Mongolia.

The goal of this project was to understand the supply chain in Mongolian tourism. This was important to do on the demand-side to get a clear picture of what exactly a traveler should know when coming here, but it was also important to understand on the supply side. The goal of the project was not just to ask a bunch of companies how they worked, make a flowchart, and tell people they should come here now. It was already clear that there would be parts of such a chart

that would be missing that would make certain travelers uncomfortable, such as say the lack of a proper, independent certification organization in the supply chain, something that foreigners and domestic companies alike could benefit from. In short, it was important not just to understand the supply chain from a tourist point of view, but to hear from insiders in the industry how they themselves saw the supply chain and how it could be improved. After all, supply and demand are a two-way relationship, and the industry could be bettered through improvements in both. As such, the study seeks to better the demand-side of the Mongolian tourism supply chain by enhancing information available to consumers, and on the supply-side by proposing suggestions that could advance the services offered by sellers. In a results-oriented sense, by the end of the project, the objective was to understand exactly how the tourism supply chain works here in Mongolia, as well as provide some suggestions based on insiders' comments on what could be improved about it.

This objective raises a series of questions that throughout the project has raised even more. However, in order to stay focused in such a short period of time, a few of the most important questions explored in this study are: what are the biggest challenges for tourists trying to come to Mongolia right now? What are the biggest challenges for tourism companies in Mongolia? How are these problems related, and what solutions could be implemented to change them? What unique advantages does Mongolia have as a travel destination that other countries do not, and how can these be used to support the industry? How can tour companies ensure that their supply chain is sustainable to ensure tourism's viability well into the future (as opposed to mining)? Again, these initial questions raised many others throughout the project, however they

remain part of the bigger, overarching question that this study hopes to answer: *how does the Mongolian tourism industry work, and what can be improved about it?*

## Context and Literature Review

The previous section has outlined much of the general context of the tourism sector and some initial impressions about it. This section will explore in further depth the current situation that the industry is in. In order to understand the state of the Mongolian tourism industry, and more specifically the industry from the perspective of a potential tourist, one must first outline the currently available English online literature on the subject. For most travelers, the best sites to read about how to travel in Mongolia are Lonely Planet and Wiki Travel. Lonely Planet features quotations on it such as “you can expect at least one breakdown [when traveling in Mongolia], and it would be a good idea to bring a sleeping bag and warm clothes just in case you have to spend the night somewhere” as well as “long-distance travel of more than 15 hours is fiendishly uncomfortable. Most people who take a long-distance minivan to western Mongolia end up flying back” (Lonely Planet, 2018). WikiTravel says, “don’t expect any cashier, driver or conductor to speak anything but Mongolian...on some destinations, the driver and the conductor illegally add extra passengers and get the money for themselves, they might even try to make 3 people sit on 2 seats...the railway network is poor...trains are extremely slow” (WikiTravel, 2018). As these are the top two sites for reading independent information on traveling in Mongolia, their dismal outlook on confident, comfortable travel is one of the first barriers that deters people from coming to Mongolia. That being said, what about the tour companies themselves?

In terms of industry demographics, right now there are just 140 Mongolian Tourism Association (MTA) certified member tour companies (Mongolian Tourism Association, 2018). In contrast the United States has over 23,000 certified companies, or 192 times Mongolia’s

number, despite being just over 110 times larger by population (U.S. Travel Association, 2017). Furthermore, while many of these tour companies have English websites detailing the highlights of their tours, many offer little in the way of explaining the language barriers in Mongolia, the rough travel methods and conditions, guide expertise and training, or even how to go about getting to Mongolia and the tours themselves, unless they are expensive full-service tours. As of 2012, Mongolia was ranked just 116th in a world index of tourism infrastructure (Mongolian Economy). Due to the hazardous warnings of the independent sites and the lack of information available from the tour companies themselves, it is difficult for tourists to get an understanding of or feel confident traveling to Mongolia and doing things independently, a comfort most people like to have even if they will be spending some time with a guide. Even if travelers do go with a full-service tour though there is still some uncertainty in using this method, as tour companies while more reliable than personal or on-the-ground travel come with their own set of risks and do so at a steeper price (Experiences and Opinions, 2018). The result is that Mongolian tourism since 1990 has primarily attracted wealthier, older people who can pay for tours, or backpackers and the most adventurous types (MNCCI).

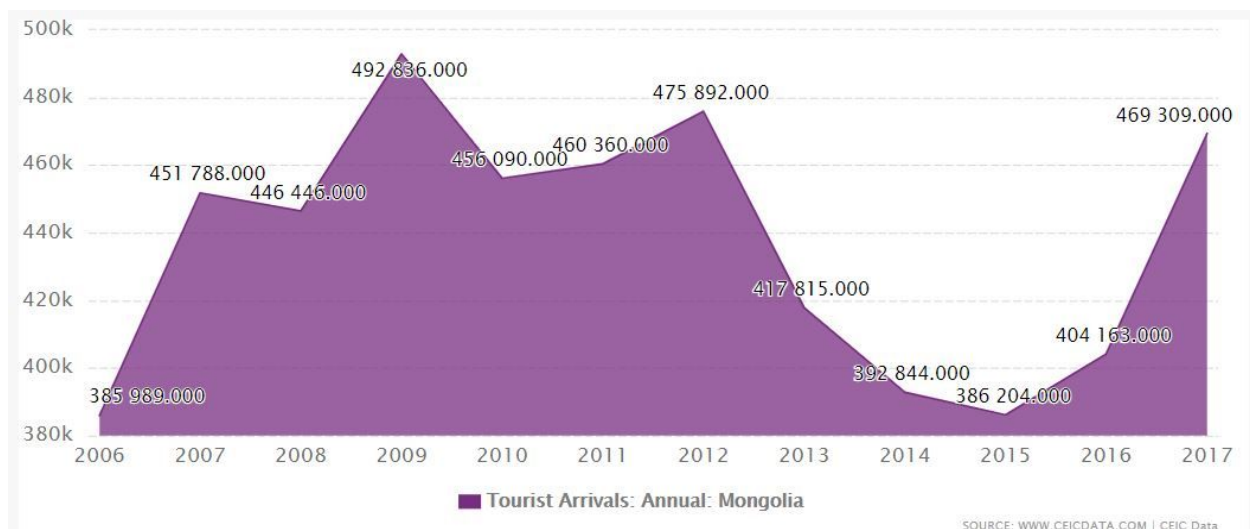
While tourist numbers have been highly volatile and moved only slightly upwards since the early 2,000s, (CEIC, 2018) Mongolia has seen an increase in tour companies, workers, and operations that appeal to foreign tourists (IFEAMA, 2016), which has had the positive effect of bringing cash into the country as well as creating jobs. See the charts below that show how much the industry has grown in different areas over the past decade, despite the number of travelers not growing at such a constant rate.



	2006-2010 years	2011-2015 years	Percentage of field %
Tour operators, travel agents	186	226	5,2
Travel guides	406	495	11,4
Hotels	601	906	20,9
Gerr Camps	1098	1596	36,8
Cooker and driver	173	212	4,9
Restaurant, bars and cafes	619	899	20,7
<b>TOTAL</b>	<b>3083</b>	<b>4334</b>	<b>100</b>

Source: Science documents of Travel and Tourism. 2013. 10<sup>th</sup> page

(IFEAMA)



(CEIC)

From this domestic perspective, in contrast to the international one of inaccessibility, the biggest issue that Mongolian tourism faces right now is derived from this outburst of new, inexperienced companies entering the industry. Their problem is a lack of accountability and professionalism. Currently, it is very easy for anyone to register as a tour company with the Ministry of Tourism, and guides often lack the proper training to adequately serve their guests, while there are still relatively few companies that create strong competition and better results. For example, while

there are 700 tour operator companies, 350 hotels, 375 tourist camps and 65 star rated hotels, again only 140 are registered with the MTA (Mongolian Economy, Mongolian Tourism Association). As such “service quality is a challenge that appears to be twofold. On one side, there is lack of governmental policies or industry-led guidelines that promote quality standards or encourage the maintenance of higher standards for tourist facilities and services. On the other, there is low awareness on what quality should be and what an appropriate service culture is” (Mongolian Economy). Furthermore, due to the lack of available information online, potential tourists often interact with one another on blogs and forums to find information about travel. When tourists have bad experiences with unprofessional or unaccountable tour guides, their opinions are magnified and deter others, who already may be uneasy due to the lack of available information, from traveling to Mongolia (Experiences and Opinions). This is partially why those who choose to use a tour company are not completely free from bad service, and the online reviews just contribute to some of the negative available online English literature on travel in Mongolia.

This project seeks to understand the supply chain of the tourist industry in Mongolia to fill in these information gaps that potential tourists find online. How exactly do these companies come into existence? What is required for them to begin providing services to foreigners? What does the supply chain of services look like? How successful are they, and how can they be more successful in the future? Due to the lack of transparency and English-language literature on the subject, an understanding of how exactly these companies operate has huge implications for the comfort of foreigners with Mongolian travel, and therefore for the success of the industry as a whole. This project will seek to get an insider look at the industry by interviewing private tour

management in Ulaanbaatar, certification organizations, the government branch dedicated to the industry (Department of Environment and Tourism), and local tour operators in tourist destinations. It is hypothesized that given all this information the study will be able to get a firm grasp of how the industry works, and suggest some unique improvements to these systems. The study then hopes to provide two important results. First, it looks to give a comprehensive view of Mongolian tourism that will help foreigners better understand what is involved when traveling here, and second it seeks to take this understanding and provide suggestions to tourism stakeholders for how they could improve to better support foreign tourism.

## Methods and Constraints

The goal of this project was to understand the supply chain in the tourism industry and hear from those who are a part of it. There seemed no better way to test what Mongolian tourism was like in reality than to attempt to *actually* attend a tourism event in the country. As such, this field research began slightly before the official start of the project date, on the weekend of November 2nd-4th, with 600km of travel east of Ulaanbaatar to attend the Ten Thousand Horse Festival in Hentii Aimag. Throughout the spent time at this festival, billed as a sustainable tourism event, copious notes were taken on the accessibility, comfort, and actors in the supply chain during the experience. Multiple people from this event would go on to be a part of interviews for the project.

The next week was focused on personal travel to the west ending in Hatgal, the location of Lake Hovsgol, one of Mongolia's top tourism destinations, to see first-hand what it was like in such a place and to interview a ger camp owner there. In this case all travel, food, and accommodation had to be independently organized, and doing this hands-on exercise provided valuable insight on the struggles of travel in Mongolia. Furthermore, getting a view of such a popular tourism destination in the winter gave an important perspective on some of the difficulties that a seasonal tourism industry faces, while talking with an experienced ger camp owner gave an insider view into one vital part of the tourism supply chain. Travel was eventually organized with two Mongolian friends and one French tourist, and accommodation was generally found upon arrival at the destination. The Mongolians were compensated by the researcher and tourist splitting fuel costs of the trip. During these travels the opportunity was also taken to go to Kharkhorim, another tourism hotspot, to travel through long countryside roads on the way up to

Hatgal, and to interview this tourist herself who had been traveling here for a month, to get her opinions on how she understood the supply chain and how it could change. Throughout these travels, the primary mode of data collection was notetaking. From interviews to experiences, much of the work produced in this project came from an 91-page fieldwork journal in which observations of different aspect of the tourism industry were closely detailed. All interviews were conducted in English, except for the interview with the ger camp owner, during which a translator was used. No interviewees were compensated for their participation.

Upon returning to Ulaanbaatar, interviews began to be conducted with different tour companies, NGOs, guides, government workers, and more to compare field observations with them, and to learn more about their work. Most of the interview recruitment came from people who had been contacted through email or phone information on their websites, or through a personal connection, such as from the Horse Festival. Most of this second full week of November was spent writing emails, talking on the phone, and going all over Ulaanbaatar to interview different people. The goal during this period was again to hear from as many different people in the supply chain as possible. These interviews continued into the weekend, nights during the next week, and the third weekend of the project. By the end of the study, interviews had been completed with 1 tourist, 1 tourism certification association, 1 professor, 1 ger camp owner, 1 NGO, 1 guide, and 4 tour companies, an incredibly broad array of workers in the industry at different places in the supply chain, each of which contributed some valuable information to the project. Again, the research conducted in the interviews primarily took the form of notetaking, which will summarized and explained in the results.

Most of the last week of November was spent writing this paper and conducting wrap-up interviews and research. This left the third week open, during which the opportunity was taken to actually *work* in the Mongolian tourism industry to again get hands-on experience that would provide a better understanding of what exactly it is that tour companies do, how they do it, and how it can improve. During one of the aforementioned interviews this opportunity was offered to intern for the company who was being interviewed, and it was accepted as an excellent way to see inside a tour company's operations. Work primarily consisted of being an assistant to a tour itinerary specialist, and although some deliverables will be included in the report, most of the methodology comes from personal notes and observations that were found working in Mongolian tourism.

Of course, there are some constraints and weaknesses to these methods. Firstly, a few different companies, guides, and others may not be perfectly representative of the industry as a whole. Second, the report was not conducted during the tourism high-season, which may have produced different opportunities and observations. On that note, personal observations are just that, *personal* observations, which can be skewed by individual biases. That being said, as will be shown, the conclusions drawn from these observations could apply to many different parts of Mongolia, even if they were observed by just one researcher, and the comments and opinions taken from different interviewees corroborated each other most of the time. It will be noted that the report includes criticism of the government but does not take into account the government's perspective. This is not for a lack of desire to hear about their role in the industry. They are not represented in the report simply because they were almost impossible to get ahold of. After numerous emails and phone calls to the MNE were ignored, a member of the department was

met by chance at an academic talk one evening. When told about the communication issues that had been experienced in trying to reach someone from the government, the MNE worker laughed and said that that was “on purpose,” and proceeded to joke about the disfunctionality of the government. While again this cannot be representative of the entire MNE, it should be noted that this is perhaps an explanation for why a constraint on the study---not having the government’s views in the report---occurred, not because there was no effort made by the researcher to give this stakeholder a voice.

Lastly, the amount of hard data that can be provided is relatively limited for a report that focuses on industry supply chain. This is again not for a lack of trying to find it, as the internet was scoured and both a local economist and statistician were reached out to, each of which was only able to provide limited information, which makes up the small portion of hard data that is mentioned in the report. The unavailability of quality statistical metrics and quantitative data though may say more about the state of the country than one may think, another topic which will be covered in the discussion. As such, the report is certainly limited by its methods. However, given the limited amount of time in which the study was conducted, this combination of hands-on travel experience, work for a real Mongolian tourism company, and interviews from people in 5 different sectors of the industry has created as good of an understanding of both the sell and buy-side of the tourism supply chain as one could have hoped to get in a project that itself exists due to the lack of available information elsewhere.

## **Ethics**

Inherent in any project through which so much of the information gathered comes from primary sources is a strict ethics policy. At each interview, participants were asked to sign a consent form, written in either Mongolian or English, to be a part of the project. The consent form explained the significance of the project, informed them that they could stop the interview or not answer any question at any time, and asked if they would permit to being quoted in the interview or not. There was no hesitation from any of the interviewees on signing these forms, and there did not seem to be any personal ethical challenges to the methodology that was employed. The project was also reviewed in the proposal stages by a Local Review Board in order to ensure prior to the project that no ethical questions were apparent.

That being said, the most important part of the consent form was a condition of anonymity. Informants were ensured that their names would not be used in reference to their interviews. As such, in this study, individual names, company names, or other personal information are not included. Instead, a numeric and alphabetical tag are given to each informant (i.e. G1=Guide 1, TC3=Tour Company 3), as is listed before their place in the results section. This was done to ensure that participants felt comfortable talking about the challenges faced by the tourism industry and could be openly critical without fear of retribution, especially when referencing their own company, other companies, or the Mongolian government.



## Results and Discussion

### *Lake Hovsgol Ger Camp Owner-GC1*

This interview took place inside GC1's main lodge structure for her ger camp, a large wooden building that stands in front of the handful of gers she rents out. It was unheated, and she was the only worker there. She explained that her ger camp is a family business, and her son, who speaks English, helps her out in the summertime when there are far more travelers. That being said, most people who come to the camp are Mongolians.

On that note, when asked about international tourists, she commented that she loved receiving foreigners, but outlined four main problems for these travelers. First, the marketing of the camps is bad. Most of her customers come because she used to be a teacher and therefore had connections at school, as well as through Facebook. However, she does not have a website outside of Facebook or other marketing, which makes it hard to reach customers before they come. Their sign is written in Mongolian still, not English. This is the case for most of the camps in the area. Secondly, most ger camps only operate in the summertime. It was noted that, as one travels through Hatgal and along the road by Hovsgol, there sit hundreds of gers, abandoned, waiting for summertime when the place will turn into a tourist mecca. When it turns into this mecca there is a third problem though, and it is not a pleasant one: a lack of toilets. Between the 100km from Murun (the closest city) to Khatgal, GC1 explained that there are no toilet facilities. Further still, the facilities at the Lake cannot handle the huge influx of tourists. As such, there are often human feces out on the bare ground, not in a toilet or hole, that is both disgusting and can pollute the water. This is particularly unattractive to foreigners, who are not even used to going to the bathroom outside. Fourth and finally, foreigners simply "don't know Mongolia,"

they don't know Hatgal, and it can be incredibly difficult for them to understand how to go anywhere or do anything. Because there are few resources available for these tourists before coming here, GC1 mentioned that one of the main things she does is help tourists, especially those who simply show up unannounced on a bus, to connect them with things to do, which they often are unable to plan out before arriving.

On the supply-side, GC1 talked about numerous issues which are challenging for her. The first problem she brought up was that of "standards." She talked about how for hotels there are different star ratings, so a traveler can tell the quality of them, however for ger camps, these ratings do not exist at all. As such, there are no standards that ger camps must meet, which means firstly that travelers do not know what level of quality to expect, and also means that operators are often not responsible as they are not required to be. The second important barrier for her was that of the government. She explained the supply chain in order to get a license to run a ger camp as such: find a camp spot (the property of which is not paid for, at least in her case), put up gers, go to the soum center in Murun to register, and pay a license tax of 200,000T every 2 years. This may seem like a simple, accessible government policy, but in practice it is not. For example, one time GC1 explained that she went to Murun and paid all of her taxes and received her updated certificate for her camp. Then, 4 days later, the local elections happened, and the party in power switched. She then had government officials come to her camp and tell her that her license was invalid, and they would shut down her camp if she did not pay them the new fee. These are the kinds of local repercussions that having a partisan, populist party system takes on a country.

Furthermore, she said that while she always pays her taxes, she knows of other ger camps who are not registered at all, or who are registered yet have friends in the government and as a result do not have to pay their taxes. For example, she mentioned that in order to improve her guests' experience at the camp, a few years ago she attempted to add hot water to the lodge house where the interview was being conducted. This would allow guests to take hot showers, and improve the low-comfort nature of travel in Mongolia. However, she was informed by the government that because she was within 200 meters of the Lake, this was illegal. Again, that might be a fair law to make if it is upheld for all people, but GC1 told me that the ger camp which sat between her camp and the shores of the lake had hot water, and was even closer to the water's edge. When asked how they were able to get away with it and she was not? GC1 explained that they knew someone in the government who she didn't.

In addition to all of these government actions that make it difficult for ger camp operators, the governments does little in the affirmative to help the tourism industry either. GC1 mentioned that the government are the ones who could build proper toilet facilities, they are the ones who could create the standards for the camps, and they are the ones who could help provide information both online and in the form of signs and better roads. However, at the moment, they seem completely uninterested, and so the last challenge she brought up was that in Mongolia in general the roads are very rough, and it can take an incredibly long time to travel here with little to do on the journey. If the government invested in better roads, information, quality control, and hygiene services, these could fill the gaps in the tourism supply chain that are barriers to travelers and GC1's business. At the moment though, GC1 says that the government is not working to improve on this, and asked the researcher to be sure to show the results of this study

to someone in the government, so that they could hear her voice and because they would “maybe listen to a foreigner.”

### *Summer Tour Guide-G1*

Like GC1, G1 is someone who works actively on the ground in the tourism industry. She lives in Ulaanbaatar and guides tours in the summer for an Ulaanbaatar-based company. Her main role is as an English speaker who can explain to tourists the history, culture, and significance of places that tours travel to, and to communicate with drivers and other locals for the tourists. She had a lot to say about the industry in general, as well as what could change about it.

First, G1 gave a lot of interesting information about the dynamics of the industry. She talked about how in the past tourism was mostly focused on relaxation and leisure, and tourists would mostly just go out to see the nomadic life, and maybe do some horseback riding. Now however there has been an influx of companies who offer all kinds of specialized tours, such as adventure trekking, kayaking, rock climbing, dog sledding (in the winter) and much more. She sees this as a positive, as the industry is now offering more products that consumers can buy. Furthermore, she said that while many of the travelers in the past were older Westerners, more and more Asian tourists from China, Korea, Japan, etc. have been traveling to Mongolia, and they come in huge numbers with big buses. Also, the Asian tourists tend to spend more money at shops and other consumer areas than Westerners, who are mostly there for the “experience.” It was interesting to hear about the dynamics of the buy-side of Mongolian tourism, as it had not

been previously considered that people of different countries might demand different things. From this interview, it's clear that "international tourists" are not a monolith.

Like GC1, most of G1's concerns were based around quality and responsibility. She mentioned that there should be a strict policy and qualification for tour companies to start, so that not just anyone can start a business. Furthermore, while she underwent a paid, 3-week, 4-5 hour per day intensive training program to be a guide, she knows many people in the industry who do no training at all and have little knowledge of any of the history or sites they travel to. However, so long as they speak a little bit of English, companies will hire them. At her own company, which was actually considered to be one of the higher-quality ones, she was often not given enough money for certain aspects of the tour and ended up having to pay for things with her own money on tours and then wait awhile to get reimbursed. She viewed this as very unfair and unprofessional. She also mentioned that the office could be hard to contact, and sometimes the guides were not given adequate information about the tourists' specific requests, and as such could not satisfy them, which made the tourists angry with the guides. Lastly, the company provided insurance for the tourists, but not for the guides. Considering the bad roads that GC1 mentioned, which G1 also sees as a barrier to tourism, many guides get back pain due to riding on these roads for so long, but are not insured for this. This lack of communication in the supply chain between offices and on-the-ground guides is harmful to both the buy and the sell-side of the supply chain.

All of this being said, G1 again thinks that her company is doing better than many others. For example, one time her husband went on a "tour" in which the guides actually said nothing at all. They just drove to different places in a van, got out for a few minutes, then got back in the

van. The guides provided nothing of substance other than the car, for which a driver had been paid separately for. She went on to describe how other companies on their websites advertise beautiful photos and embellished descriptions that are not realistic, and when tourists see trash all around a ger camp in a supposedly untouched and beautiful place like Hovsgol, they are disappointed and again, the guides have this frustration taken out on them. In another instance, G1 mentioned that she has seen ads on Mongolian websites posted by tour companies looking for someone to be a guide for a trip with a foreigner. The poster does not actually have this guide as an employee at all; he will just choose someone from this post, contact them over email with details, and have this person who has no screening, training, or future accountability go to pick up the tourist at the airport, who will be almost entirely responsible for the tourist's trip. This again shows the lack of accountability and quality that can be found in the industry. In addition, at many of these companies if tourists have some kind of problem, G1 explained that the company will apologize incessantly to the tourists, but then once they leave, not care at all or hold anyone accountable. They will take their money and move on. No one will get fired because the guides and drivers are often times independent contractors who are not actually employees of the company. Part of why all of this lack of responsibility is so dangerous is that if a tourist has a bad experience, they have little recourse opportunities available to them. They cannot decide to just go off on their own; they cannot report the company to the government, get their money back, and travel solo. The tourists are entirely dependent on the tour companies, which when the tour companies are not responsible can be incredibly dangerous to tourist experiences and therefore the industry. This is because, according to G1, if someone comes to Mongolia and has a great experience, they will tell maybe 10 people. However, if they have a bad experience, they

will tell 100 people, which is severely harmful to the credibility those in the industry who are actually operating in a responsible way.

In spite of all of its flaws though, G1 remains hopeful about the tourism industry. She notes that it is more sustainable than mining if done right, as mining takes things away from the country and fuels corruption, while tourism for the most part does not. She says that “of course it will help the economy” and that from the locals, to the guides, to the flight companies, to the cashmere stores, “everyone is just getting benefit.” G1 also thinks that in the future tourism will become more professional, specialized tours will continue to develop, and locals will be more involved. Competition will make ger camp services better quality, and will make things more cost-effective, as right now because of how helpless foreigners are in the country, most tourism-related companies and services can ask for whatever they want in terms of price. More specifically, one of her supply chain suggestions was that instead of hiring a guide from Ulaanbaatar to take someone everywhere, which is quite expensive, companies could work more with locals to just set up activities for tourists, who could then go from place to place on their own, especially as Google Maps and Maps.Me continue to develop into such useful tools.

### *Tourist-T1*

T1 was met while at the Ten Thousand Horse Festival, and then traveled with on the trip to Lake Hovsgol. She had been traveling in Mongolia for 3 weeks, and was staying for a total of 1 month, after having heard from her roommate in China, who was Mongolian, that she had to see Mongolia. T1 is an avid traveler from Europe, who had been to Japan and Korea for a few weeks each before Mongolia, and worked in China for about half a year before that. T1 was an

excellent interviewee because she offered a perspective about what it was like to actually be a tourist here in Mongolia.

Firstly, it should be noted that T1 had not planned any of her travels before coming. She said that she likes to just show up, meet people, immerse herself in the culture, and make things work as she goes. She had gotten her visa at the Japanese embassy and then bought a plane ticket to Mongolia scheduled for the next day. In short, this was not a trip planned out meticulously or well in advance. Upon arrival in Mongolia she stayed in a hostel, but was eventually taken in by her roommate's cousin, a young Mongolian man, who had since been doing all her traveling with her, hosting and helping her along the way. This is the man who the researcher traveled to Hovsgol with, and acted as the translator in the interview with GC1. T1 had gone to most of Ulaanbaatar's museums, visited her host's family in Dornogovi Aimag, attended the Ten Thousand Horse Festival, and most recently had taken a paid tour organized by an Ulaanbaatar hostel. To do all of these things she had simply been following along with her Mongolian host, and had not organized things herself until she met some fellow Europeans to take the hostel tour with. Her experience with this tour was most interesting to the project, as hostels and local tour services are a vital piece of the tourism supply chain.

Like professional tour companies, this local hostel had offered packages which T1 could choose from with her 3 European friends. They chose one that went to Hustai National Park for a day, then a nomadic homestay for a day, and then to Kharkhorin, where T1 got off and joined the researcher and her Mongolian host, who had traveled their together. Throughout this process, T1 described the organization as very poor. Because she was not staying at the hostel, they did not bother to contact her with information leading up to the tour, and she had to receive all



information secondhand from those who were at the hostel about what to bring, what was included, a change in leaving time, etc. In the end, she and her friends ended up paying for 1 “guide/translator” (\$30/day) and 1 driver (\$50/day). Their food, ger camp stays in Hustai, and horse rentals there they also had to pay extra for upon arrival. The guide/driver were not workers for the hostel but, similar to how G1 had described, were independent people who the hostel had found to give the tour.

The guide was of incredibly poor quality. Apparently he knew very little about any of the places they were going, including citing a few facts that were objectively wrong about the reintroduction of horses in Hustai, was flippant when questions were asked to him to the point where the tourists stopped asking questions, and T1 didn’t really understand why they had to pay him when he did so little for the actual trip. This was not all that was confusing and unorganized. The tourists were told that the ger in Hustai would cost them 40,000T, but on arrival were told it was 60,000T, which had to be negotiated back down. The first day in Hustai they woke up quite early, but the second day when they were told they would be leaving at 8, the guide and driver were still asleep at 8:30. There was no explanation of how they found the countryside family they stayed with in the middle of nowhere the second night, however T1 assumed the guide or driver had had their phone number and had contacted them in advance as the nomadic family had camels ready for them to ride upon their arrival. In short, the service was rough at best. That being said, they still had an excellent time riding horses and staying with these families, and T1 said it was a great experience.

The most interesting supply chain perspective T1 offered was a comparison to other countries. Quotes about the Mongolian process include “it was really random, like all Mongolian

organizations,” “I’m not quite sure how it was working,” “really, really different from Korea and Japan because they are organized,” “it’s a matter of connection. You need to meet people to have good travel. Otherwise, you are stuck in UB,” and finally, travel in Mongolia was “a challenge that I like.” All of this was a lot to digest, as T1 talked about how in Korea and Japan Google translate was effective enough to communicate, it was easy to find hostels on Booking.com, Maps.me was reliable, and there were buses and trains that went everywhere, so one could simply go up to a counter and say where they wanted to go and then go there, whereas in Mongolia T1 for example saw a sign at a tourism building written in English, but then upon going inside found that none of the people there spoke English. As such, travel in Mongolia she asserted would be incredibly difficult, especially without a Mongolian friend such as her roommate’s cousin, the host who the researcher was now traveling with too, to show her around, communicate with people, and know what to do. She concluded that she would certainly recommend travel in Mongolia to others, but with a few caveats. First, not in the winter as it is freezing cold, second, not to those who can’t handle traveling without comfort, and also just to keep in mind that it is incredibly difficult to travel by yourself, and to be careful not to get tricked by companies/sellers who just want one’s money. As a way to get away from everyday stress, to live a simple life, and to see a truly traditional culture though, Mongolia is an excellent destination.

### *Certification Organization-C1*

Before beginning this project and in light of the previous three interviews, the impression was that there were no standards for Mongolian tour companies. That is only partially true, as the

interview with C1 showed. Basically, C1 is a representative for a private company that is employed by the Mongolian government to hand out licenses to tour companies and represent Mongolian travel on an international level at trade shows. While over 600 tour companies in Mongolia have been registered through C1, only about a quarter of them are “member companies” with the C1 organization.

The supply chain for registering a tour operating company in Mongolia according to C1 looks like this: register the company at the government office (like any other company), then get a tour operating certificate at the C1 office. In order to do each of these things, companies must present their business plan, office address, employees (1 of which must have majored in tourism in university), insurance, website information, employee/employer contract, and 100,000T (~\$40) fee. In order to become a “member organization” and have access to C1’s connections, workshops with international consultants, and information services, companies must pay a fee in addition to the fee for each event. This may explain why such a small portion of companies are actually members, although C1 assured that those who are member companies (who range from tour operators, to hotels, to airlines) are of higher quality than those who are not. Therefore, it may be useful for C1 to brand itself to tourists as a mark of quality when making their company decisions. However, with a website almost completely in Mongolian, most tourists doing a simple online search would never know about C1 and their work.

That being said, it seems great that companies do have to go through some sort of verification before going into business. Does this mean that G1 and GC1 are just misinformed about the companies who operate without any kind of licensing? Not exactly. According to C1, they cannot actually say that those who operate without a license are acting “illegally.” There is

no law actually *requiring* this certification, however, C1 provides a list of certified companies to the Mongolian Immigration Agency, who require that tourists who are traveling with a company specify which company they will be using in order to get their visa, and if that company is not on C1's list, the traveler cannot get their visa. The problem is, backpackers and those who do not work with or cannot afford a big company tour plan before arriving are still susceptible to working with unregistered companies, and even those companies that are registered again do not have much accountability once they get their certification, as they do not require incremental check-ups or any kind of monitoring like that.

In terms of goals that C1 thinks the industry should work towards, they echoed much of what the other interviewees said. They mentioned that over the past 10 years, tourist numbers in Mongolia have not increased very much. They would like to see tourism numbers go from the 2011 highs of 474,000 annually up to 1,000,000. This could be achieved through better online marketing, as tourists prefer to see more professional websites rather than Mongolia's Facebook-centric advertising as well as, again, more government support for the industry. For example, when the government supported the project a decade ago to build a road to Lake Hovsgol, it blew up as a tourism destination. If they did the same thing to a place like the Orkhon Valley, it too would see a huge increase in tourism. However, the government still seems more concerned with building trucking roads for mining companies through the middle of nowhere in the Gobi desert than it does in building roads for helping expand the tourism sector.

### *NGO Worker-N1*

This NGO worker helped to organize the Ten Thousand Horse Festival attended on November 2nd-4th. She is an employee for a Mongolian NGO who is working to promote sustainable tourism in Mongolia, such as through extending the season into November with events like this that center on local peoples and nomadic lifestyles. The NGO's main role in the supply chain is in marketing and putting on these kinds of sustainable events. This was the 5th year of the Horse Festival, and each year N1 says that it has grown and been better managed each time. What N1 did this year was things like getting an English translation for the event, having it posted on the UB Tourism Department's website, getting on Odon TV, advertising at international exhibitions, and inviting tour operators to attend the event to see if they wanted to sell it in the future. This provided valuable perspective as to how the marketing supply chain of Mongolian tourism works and how companies work to promote tour events. This year this tactic was quite successful, as there were 800-1,000 people in attendance, 70 of which were foreigners, and 8 of which were inner Mongolians who had traveled all the way to Hentii to compete in the festival.

In terms of improvements, as a sustainable tourism NGO, N1 is mostly focused on winter and community-based tour development. For example, as was seen in Hovsgol, in the winter most facilities, stores, etc. sit abandoned. However, during the Horse Festival, the nearby city of Chinggis had all of its rooms booked for the weekend, and locals could continue to sell products to those who came to the event. N1 effectively wants the supply chain to extend more to local communities, and to operate for a larger part of the season. This can be done through other winter-season events like the Camel Festival in the Gobi, the Ice Festival in Hovsgol, and the fall

and spring eagle festivals in Olgii. Furthermore, these companies who have been offering more specialized tours and are really promoting the adventurous, outdoors spirit of travel in difficult conditions and authentic looks at the pure nomadic lifestyle in winter can develop these kinds of “adventure” tours as a new market. N1 also sees the Asian market as a big opportunity for expansion as she too noted that these people want to spend more money and come in larger groups than most Westerners. Especially in the context of trying to support local economies and use tourism as a means of development, this is important.

Perhaps the most important perspective offered by N1 was that in the context of local development, she believes that tourism can actually *help* herders preserve their nomadic lifestyle. N1 saw it as sad that many herders for example now use motorcycles to herd, do not wear deels, and use solar panels to watch TV with a satellite dish outside their gers. She believes that through these materialistic changes, they are losing their traditional culture. However, when these people become incentivized by cultural tourism to maintain and show others their lifestyle, they are actually more likely to keep their heritage than if tourism did not exist. In other words, tourism is a market-based solution to preservation of culture, as it makes it financially viable for herders *not* to use new methods that would be easier (such as herding with a motorcycle) but differ from their traditional practices. While often times people worry that tourism can destroy cultures and turn traditional places into ruined, westernized tourist destinations, the nature of Mongolian tourism makes it so that nomadic ways of life can actually be supported through the development of this industry.

### *Tour Company-TC1*

This section provides the tour companies' perspectives on these issues raised by other members of the industry, and considers what other supply chain issues they had to bring up. This first interview was with one of the top Mongolian-run tour companies, who had been in operation since 2000, and offered everything from day-long trips, to month-long excursions, from traditional culture tours, to epic adventures, to leisure stays. They even offered custom tours to clients, and had a professional website with easily understandable English. These were, it seemed, true professionals.

The interviewee was a westerner who worked as a tourism specialist for the company, and was their only full-time non-Mongolian employee. He described their customers as 70% people older than 50 and relatively wealthy, who did not want exhaustive tours and instead were looking for comfort, something that is difficult to find in Mongolian tourism as mentioned by T1, but something that this company could provide. He also mentioned that they have a niche of adventurers, too, who hope to see everything in a week, or travelers on the trans-Siberian railway who just stop over for a few days. These are the clients who they market their adventure and activity-based tours to.

The biggest issue for the company he said was the weather. Although it is not impossible to travel outside of the 2-3 months of the summer, most flights, ger camps, etc. are shut down. As others have mentioned, the infrastructure is also quite poor, so especially with older clients looking for a leisurely experience, they cannot travel long distances each day over such bumpy roads, or give comfortable accommodation in such harsh conditions with so few services in operation. That being said, if a tourist wants to come in the winter time, TC1 can arrange the

travel for them, and they do run some tours in the “shoulder” seasons to things like the festivals mentioned by N1. In sum, while Mongolian tourism *can* operate outside of just 3 months, most of it does not.

Part of what separates TC1 from the multitude of other tour operators is that as such a large, long-standing, relatively wealthy company, they have an extensive network of contacts all around the country. In other words, TC1 is better than others because it has a higher-quality, more extensive, and more reliable supply chain than its competitors. For example they have guides in Olgii, shamans in far away places, and actually own three different ger camps. When one owns their own ger camps, they don't have to rely on others to provide them a good service, as they are in control of it themselves. This is an interesting subversion of the contract-based supply chain that previous interviewees had outlined, such as T1. Furthermore, because 30% of their tours are custom-made, they send custom itineraries to each client detailing exactly what accommodation they will receive each night, how much driving will take place from where to where, and what is to be expected each day. In a climate in which there is so much uncertainty in travel here, it is clear why this company has been so successful. Despite this, TC1 noted that 70% of tours (by people, not capital) are still being run by these poor quality, cheap, independent hostel-based tours like the ones described by T1. There is still a disparity in quality and price, and so far, people's price-sensitivities have tended more towards the cheaper options, who have furthered the problems that previous interviewees have described.



### *Tour Company-TC 2*

At the next company, the interview was conducted with the founder, owner, and head of the entire organization. He was older, and explained that he had worked in the tourism industry even back in the communist time, when Juulchin was the only tour operator in the country. TC2 provided invaluable information about the history of tourism in Mongolia, and a perspective from someone who has spent so much time in the industry was instrumental in understanding the tourism supply chain. Basically, tourism began in Mongolia in the 1950s as an exchange between communist countries. In the 1970s, Mongolia began to develop tourist ger camps and according to TC2, “unfortunately, this is still the structure. It is a pity. It is time to change tourist facilities and infrastructure to modern times, meeting comfort requirements of travelers, and meeting modern standards as seen in other countries.” In the 1990s with the advent of the democratic revolution, all tourism then became privatized. Since this time tourism has developed, but not much. The number of people entering the country in 2003-04 was 300-400,000, and today it is still less than 500,000. According to TC2, most of those people are not tourists, but rather are Chinese workers, businessmen, and people coming in from places like Ulan-Ude on foreign-operated buses. It is a shame that the industry is still this small, but there are some reasons for this.

The first and primary reason is the location of the country. Mongolia is isolated in its position in East Asia, and due to its geographical positioning, it has brutal winters during which tourism is not possible. This cannot be changed. However, until this past fall, MIAT airlines was the only company that could fly into Mongolia. As a state-owned airline, this was prohibitively expensive. This is something that can be changed. As such, TC2 helped lobby for the

liberalization of airlines, and parliament passed a resolution that will now allow private companies to fly into Mongolia, which in addition to the new, larger international airport that is being built will help increase competition and drop prices, which will help make Mongolia more accessible. The second reason the numbers are so low despite the huge opportunity Mongolia has, especially being next to a country with such a large population and a burgeoning middle class as China, has been the inability of companies to attract these tourists. While there are millions of tourists traveling all over the world, in places like Laos, Cambodia, etc. these travelers can get visas online. This is part of why these places have become such popular tourism destinations. In Mongolia on the other hand, the process for Chinese people to get visas is prohibitively difficult. This is due to an antiquated view that Chinese workers were coming in illegally and hurting Mongolia's economy. While there was some truth to this in the past and it remains partially true today, it is not such a serious issue anymore, and the huge gains that could be made from attracting such a huge market of tourists far outweigh the consequences. Unfortunately, due to populist government politics and a negative perception among Mongolians about Chinese people, it is unlikely that these policies will change.

Looking forward, TC2 has a few other suggestions for tourism in Mongolia. First, to expand upon the previous point, they are trying to develop "border tourism" with China, as many southern Chinese people travel all the way to inner Mongolia. If companies could get them to continue on into Mongolia proper, TC2 thinks they could easily see 1 million tourists per year. On a perhaps more controversial note, TC2 believes that casinos should be brought to Mongolia. The fact that tourism numbers have stayed relatively unchanged for over a decade shows that Mongolia needs to offer different tour products. Producing high-end accommodation in places

like Hovsgol, the Gobi (as the Three Camel Lodge has done so successfully), and Kharkhorin, in addition to products that attract wealthy people like casinos, would bring more tourists (of the type who can spend money) to Mongolia. Lastly, TC2 brought up the now seemingly universal suggestion that the government needs to invest more in Mongolian tourism for it to be successful. Private companies, for example, cannot build a road. As such, the government should cooperate with the private companies and put up real investment into higher-end projects like these. On the information level, TC2 also brought up how Mongolia does not have any proper website that tells you how to travel here. Most other countries and their tourism departments have a website like this, and Mongolia should be no different. Consistent with the idea of meeting international standards, TC2 believes that this kind of website and information services are something that should be developed in Mongolia.

For now, TC2 is investing in solutions like these for the future, as they have identified the industry trend that less and less people are traveling using tour companies. To keep up with this trend they are doing things such as setting up an office in America, connecting with large foreign travel agents, and providing information services to tourists, as they realize that professionalism and connectivity will play a huge role in the future of the industry, as 60-70% of travelers are now using internet sources. On this point, TC2 like TC1 owns a few of their own camps, as well as employs drivers and guides personally, not on a consultancy basis, to ensure that their standards of quality and professionalism are high and people are held accountable.

One last interesting story that TC2 told that is relevant to all of the previous criticisms of the current supply chain right now due to government ineffectiveness, is of an event they organized in Ulaanbaatar. Basically, in the mid-2000s TC2 wanted to organize a big tourist event

in UB. When they applied for permits and help, the government told them that it was impossible and too much of a logistical challenge. TC2 pushed forward, and on their own dime held a successful event for years. Upon realizing that the event was successful, the government then forced TC2 out of the event, and took it over to be run by themselves. The event still goes on today, making money for the city and the government, with its original founders ousted from their own creation. This represents a theme with the government in Mongolia: they say that it is too hard to invest money into tourism, and that it cannot be successful, but then when private companies risk it and *do* become successful, the government takes over and reaps the benefits of it. That is not a winning strategy for developing the tourism industry, or for promoting investment in the country in general.

### *Tour Company-TC 3*

The third interview was a Skype interview, as the company who was being interviewed actually had offices in Europe. Again, this was not one of the unregistered, unprofessional companies that have been referenced, however this company with its workforce of foreigners provided yet another different perspective on the entire tourism industry, and one that challenged the prevailing discourse on development. When asked what was special about this company in particular that had made it so successful, TC3 responded “we do the same as other companies, just much better.” In other words, all of the inefficiencies, difficulties, and lack of responsibility that had been found when talking about other tour companies, this one seemed to be relatively free of.

For example, TC3 explained that they run short trips and long trips. They don't get hired out by other international companies; they run all of their own tours, own all of their vans, have their own guides, drivers, food services, etc. They respond in a timely manner to email requests, and have native English speakers working for the company. Their website is excellent. They are a full-service, high-end travel company, where guests "do not have to worry about a thing from the moment we pick them up at the airport, until the moment we drop them back off." And while TC3 acknowledged that tourism numbers are not growing, they said that one can wait for tourism numbers to grow to get more business, or they can go out and attract more of the market to their company, which is what TC3 has done successfully each year since opening less than 10 years ago. The secret to that success? High-quality tours and good quality reviews. With the increase in prevalence of sites like Trip Advisor and Google, more than ever travelers are looking to these sites to decide who to book with, and when they see positive reviews and receive timely responses from a company, they feel comfortable booking with them. For example, one of the reasons this company was chosen for an interview is simply because they responded to emails. Far more than just four companies were reached out to, but less than half ever responded. TC3 understanding industry trends and being effective and helpful online has bred more and more success for the company.

TC3 actually had relatively few complaints or comments on barriers to the industry. Like others they talked about the weather, and how they could not operate outside of a certain time frame, although like TC2 they said that ger camps *could* operate from May-October, but they say they can't get enough business to do so, but then companies can't book them if they are closed, which is a bit of a nasty cycle that continues to limit the industry. Furthermore, there are only a

few high-quality, comfortable camps in different parts of the country, but TC3 has good connections with all of them, and books them up as soon as they possibly can to ensure quality accommodation throughout the season.

Despite these drawbacks, TC3 has been incredibly successful in Mongolia, and they have an interesting outlook on this success. TC3 says that “if you put your mind to it and are intelligent, tourism in Mongolia is easy because there are so many other people doing it badly.” This is in reference to the “backpacker operators” who work out of hostels, who TC3 says are doing nothing most of the year until April or so, while TC3 has been hard at work getting bookings. In many ways, they are at odds with the Mongolian business style. When the researcher mentioned that he had worked for an NGO that had told him to be at work at 9, and nobody showed up until 10:30, TC3 said that “if that’s what my competitors’ work ethic looks like, I know that they’re going to lose, and not me.” This may be tough to swallow for Mongolian tour operators, but the truth is that foreign companies like these are offering stiff competition that will raise the expectations and standards for all. Right now with the powerful position that TC3 assumes in the industry though, they see no reason for things to change, a much different attitude from previous interviewees.

In their eyes, part of the reason they have been so successful is because of how inaccessible Mongolia is. If Mongolia became a place like Thailand, where one could hop off the plane, go into a store, and pick everything they wanted to do very easily, many tour companies would lose a lot of business. If a traveler could go online and easily book their guides, drivers, and accommodation everywhere, companies like TC3 would be out of a job. Due to Mongolia *not* having these options though, they often receive emails from people who say things like “we

don't usually travel with a guide, but we're a bit daunted by Mongolia. I can't figure out how to book a flight, no one responds to me, and I don't know how to get places. It's a nightmare but I really want to come to Mongolia. Can you hold my hand a bit?" and TC3 is happy to do so. In a sort of inversion of what other interviewees have said, TC3 actually gets *more* business due to the country being *less* developed.

This produces the Catch-22 of the Mongolian tourism industry. Is development of tourism and accessibility actually more or less beneficial for the industry? In previous interviewees' eyes, it is more beneficial, but for a company like TC3 that has been so successful capitalizing on this lack of quality resources and services, the answer is no. This has resulted in a much different future outlook for the company. TC3 says that they can't see tourism being much different in Mongolia 20 years from now. Sure, maybe things directly outside of Ulaanbaatar will develop a bit more, but due to Mongolia's unique geographical situation, there will never be the financial viability of year-round, high-end tourism, so TC3 will retain control of its niche. For them that's okay, because TC3 says that they would rather have more tourists come and the industry continue to build up infrastructure and luxury hotels, and have unattractive construction, trash, and development contained within places like Terelj and Hovsgol, than change the true wilderness areas. This is because even if that happens and these tourist areas lose their character as truly wild places, "you will still attract those people who want that 5 star accommodation, and think that riding a horse through a trash strewn field is the same as true wilderness. And they'll go back home to Hong Kong or wherever with their selfies and tell all their friends about it at a dinner party. If they're stupid enough to think that's real travel, then I'm happy to organize it for them." In other words, development in already touristy areas is possible and perhaps even

profitable. That is all fine by TC3, and will not much affect the business they do in these areas. However, TC3 makes its money by making the more remote areas of the country accessible, and in those places that kind of infrastructure won't ever be financially viable. So for now, companies like TC3 will continue to see success, and they don't see infrastructure as a threat or a support to those results. This is a very different attitude compared to that of the other companies interviewed.

#### *Tour Company-TC4*

The last tour company interviewed was much smaller than the previous ones, and was contacted through a personal connection. It should be noted that while other smaller companies were reached out to over email, they never responded, and so the only way to get in contact with such a company was through a personal contact. This company had just two full-time employees, who are a couple, but hired out 2 guides, 1 horseman, 1 cook, and 2 caretakers in the summer season when they run horse tours for approximately 80 customers per season primarily in Terelj National Park. That being said, they do operate year-round unlike most companies, and give personal tours in the off-season. They own their own gers and horses, and host primarily horse-focused tours. Their opinions were unique and useful because they helped provide an understanding of the supply chain on a much smaller scale than the large companies that had been previously interviewed.

For starters, TC4 echoed some earlier sentiments about how their keys to success and growth each year, although they were a relatively new company, were personable interaction with guests, quality services, and online reviews. Many companies say they can offer a horse



tour, but the best horsemen who are hired by these companies come from the countryside and cannot speak English, while the best English speakers are usually students, who cannot ride horses well. The niche that TC4 has occupied is one in which they have expert guides who can also speak excellent English. This allows for some of the best instruction and comfortability in riding, especially for foreigners who may not have much experience.

In terms of their biggest challenges, yet again the roads were mentioned, where they commented that one tourist who had signed up for a tour was unable to navigate the roads with a driver from Ulaanbaatar, and ended up simply turning around and never coming because they were too difficult. Furthermore, as a horse-focused company, in the more brutal winters they often have to go out, find their horses, and chase them north to keep them warm. This is while also hoping that criminals do not steal and kill their horses for meat, which skyrockets in price in the winter. These challenges are certainly unique to this smaller, more focused company, but are inherently similar to those raised by previous interviewees. For example, the government providing better law enforcement, signage, or roads would help alleviate these issues. As others have said, TC4 voiced that “the whole system I think is wrong in Mongolia. It is so complicated to go everywhere, the government tries to control everything, and they just want to make some money. They don’t think about the tourism, the nature, or the future.” Like GC1, they talked about how they had had double standards set against them by the government. For example, they had been told by a police officer to put out a fire they were having for their guests, while a neighboring camp continued to run theirs, which the officer told them was because the other camp was “higher up” or more connected than theirs. For TC4, it would be good if the government would just have simple policies, simple expectations for what to pay, what they can

and can't do, etc. For example, they want to try to own some land for a tourist camp, but they don't understand how. It is an unfair, unfriendly and complex system, in which those with personal connections in the government are favored.

This contrasted though with their hopes about the future of Mongolia. While they would like to see better infrastructure, they do not want to see roads built throughout the wilds of Terelj, as this is where they bring horse tours and this wild beauty is how their business thrives. In the words of the owner, "I just want guests to ride horse, see the nature, love Mongolia." This contrasts with the thoughts of TC2 who advocated for development, but interestingly aligns with TC3's opposition to infrastructure, albeit for different reasons.

When asked about their hiring process and how their supply chain looks, TC4 offered a unique perspective in advocacy *against* guide certification. While previous interviewees have advocated for well-trained, certified guides, TC4 only hires 2 guides per year. Each one needs to be well-versed in horsemanship and English-speaking, and that is about it. As such, the owners personally interview everyone who applies to their job, and only hire the select few who they believe upholds their high standards. As a small business, they could not afford to pay for the C1 sponsored training programs. Furthermore, even if they could, what good would it do when the most important aspect of training is getting extremely comfortable with the horses and working with the owners to understand what exactly is expected of guides at their specific camp? Most importantly, for small companies like this, mandated training could put them out of business due to high costs. While it is easy to paint the small, local tour companies with one brush as inadequate, irresponsible, and just trying to make a quick buck (like those described by T1), clearly this group of companies is also not a monolith, and some are doing excellent work. So

while mandatory paid training might be a good thing for the industry in terms of rooting out those independent guides who have no accountability or knowledge, for niche small businesses like TC4 who do good work, a law like that could be the downfall of an exceptional company. TC4 shows that there are two sides to the certification issue.

### *Academic-A1*

The academic authority on this topic who was interviewed is a professor at a Mongolian university in the tourism department. The advantage of talking to someone who did not have a private stake in the industry is that he was able to see both sides of the issue. In an excellent summary of the industry, A1 called Mongolian tourism a “dual-structure,” in the sense that for outsiders to the structure it appears quite uncomfortable and unorganized, but for insiders to the structure, it is really quite easy to understand and make money off of. A1 echoed both this report’s original assessment that tourism is difficult to understand for foreigners, but also TC3’s idea that this is actually an advantage, as without accessibility, companies can make more money. A1 sees this drive to fill in niche gaps in infrastructure through the increase in consumer culture in new chains’ popularity in the country such as Tom N Tom’s Coffee and Circle K, as well as the fact that companies who offer tours outside of nomadism and more in the adventure realm have seen so much success. Tourism is an excellent industry for development because the demand is there from an increasingly consumerist culture, and in addition it is “self-regulating, self-organizing, and self-developing.” As a result, A1 also shared this study’s preliminary view that Mongolia’s economy could be jump started by the influx of cash tourism brings.

A1's more specific assessment of the industry came in two different realms: private sector and government sector. Right now, the private sector is doing great, but the government sector is not. The government has done little in formulating plans for the industry, and so private companies have taken matters into their own hands, and kept the gains to be made from the sector for themselves. Due to this mindset, when tourism companies train their own guides, they don't have any standards to adhere to other than trying to maximize profit. So training is done cheaply in-house and the guide quality remains quite poor, but because there is no one holding them to anything higher, they continue to make money, and the low quality is unchanged. As a result, the ones who are pushing higher standards right now then are not the government, but companies like TC3, who through market forces push others to be better in order to compete. For example, A1 booked a trip for some friends coming from his home country to go see the Gobi. He informed the Mongolian company he booked with that they did not like sheep meat. They said okay, but cooked the food in the same pot as is used for the sheep meat, with left the flavoring in, and disgusted the tourists. A foreign company who is used to working with foreigners such as TC3 A1 thinks would have understood this, but this local company, who likely eat sheep every day, did not. The performance of private companies setting standards in the industry through market-based solutions are an example of what A1 calls informal institutional quality, which as opposed to *formal* institutional quality, such as a law on quality mandated by the government, requires other companies to provide services up to standards at which other companies operate in order to stay in business. While A1 is skeptical about the ability of the government to implement these formal standards, he is optimistic that informal standards can promote market-based solutions to quality problems.

This led to A1's assessment of Mongolian business culture, which was touched upon by TC3 in a previous interview, that A1 thinks may be holding the tourism industry back. In his teaching as a professor, A1 has noted that "I have to teach students in a way that they can understand. Mongolian students don't see a problem unless you give it to them. They don't think outside the box. They solve the problem when you provide it. The same thing goes with companies. They don't think ahead of schedule about how to prevent problems. They wait until they get the call of a complaint. My friend who manages a hotel got a call at 5AM that there was a loud noise. The employee asked what to do. My friend asked, 'what do I pay you for?'" To A1, this is the problem with the Mongolian tour industry in a microcosm. People identify problems in front of them when they are presented to them, but they do not take preventative measures (such as in the case of the meat) or proactive approaches to fixing them (such as in the case of the government fixing infrastructure). Until this mentality shifts away from the socialist style of learning without thinking for oneself and the nomadic feeling that one can always go back to this lifestyle, which he believes has instilled such irresponsible values in business-owners, A1 predicts that standards in Mongolian tourism will struggle to move forward.

#### *Observations from Mongolian Tour Company Internship*

Although this prose is not often used in academic writing, I will use the first-person to describe my own observations from work and travel in Mongolia. This is the most natural way to present the findings, and will help avoid confusion that otherwise might arise from awkward phrasing in description and analysis.

In my 1 week interning for a tour company, I learned so much about the industry. The first task that I was given was to design an itinerary for a tour that was being offered that would follow a herding family on their spring migration, and then would go to see the Nauryz Eagle Festival in Olgii. The whole trip was about 15 days and I was given a rough schedule for timing, but it was my job to make an attractive Excel sheet using the company's template that detailed everything from a description of what would be done each day, to the accommodation each night, to the meals provided, to background information on what they would be seeing and doing, to providing photos that showcased the day's activities. At first the formatting and getting a sense for the company's writing style was difficult, but with the help of my supervisor I got the hang of it, and by the second day had completed my first itinerary. Reproduced on the next page is a sample of the work that I did.

Making this itinerary gave me great insight into the tourism supply chain, as I was the one who was figuring out how to put it all together. I was asking people in the office how long it took to drive from x to y place, I was looking into restaurants and hotels in far away places like Olgii, I was considering when the drivers and guides would meet and depart with the tourists, etc. As a representative of the tour company, I was now the one who was making such an inaccessible activity, following herders' migration in the furthest aimag from Ulaanbaatar, accessible. Not only did I help create the itinerary for the trip though, I also had the opportunity to calculate the cost of the trip depending on how many people were coming, and how much of a markup the company wanted to make on the tour. This again helped me understand what exactly was going into each tour, and was a significant help in answering the original question of "how does the Mongolian tourism industry work?" A sample trip cost sheet is reproduced on the page

below the itinerary (for a different trip), which may be the most simple representation of everything that goes into the supply chain for a tourist's trip to Mongolia.

WEDNESDAY, MARCH 13TH - SATURDAY, MARCH 17TH

**WINTER HERDER MIGRATION**

Today we begin the epic Winter Migration towards Tavan Bogd National Park with our herder family. Each day we will wake up, eat breakfast, observe the herders packing all their possessions onto camels, rounding up their animals, and continuing to move west across the steppe land. We will follow the migration about 25 kilometers each day from the warm comforts of our van. Regular stops will be made for photo opportunities, tea breaks, and lunch along the way. Throughout these five days, we will have the rare opportunity to experience all the different aspects that are a part of the Mongolian herders' annual migration that is so central to their identity and livelihood. Each day will culminate with a homemade dinner in a warm ger.






When herders migrate, they must carry everything they own with them. The primary mode of transport for this job is the **Bactrian camel**, about 30,000 of which (or 30% of the world's population) live in Mongolia. A camel can haul loads of nearly 300kg at a rate of 50km per day. The camels average 4km/h, while the herders follow either on horseback or on foot, herding the other animals. Well adapted to harsh climates, camels are famous for their ability to travel without water. They retain their body moisture efficiently, and have a large capacity for storage. They don't store water in their humps - these conserve up to 36kg of fat, which allows the camels to survive when food is scarce.



The **Winter Migration** is a fundamental part of life for Mongolian nomads. They depend on their livestock - sheep, goats, horses, cows, and camels - for their livelihoods. In order to keep these animals healthy and able to produce food and other necessary products, nomads must continue to move them to areas of new, quality grass. This kind of grass is available in different places in the winter and in the summer, resulting in at least two migrations per year for nomadic families.



 <b>Travel details:</b>	25km/day drive following migrating family
 <b>Accommodation:</b>	Guest ger next to nomadic family
 <b>Meals included:</b>	Breakfast; Lunch; Dinner

## TRIP COSTINGS 2019

SHARED COSTS (STAFF ETC)	No.	Days	Cost	Total
Guide	1	5	\$50	\$250
Japanese Van & Driver	1	5	\$40	\$200
Staff Accommodation Ger Camp (incl 3 meals)	2	1	\$25	\$50
Staff Accommodation Homestay (incl. 3 meals)	2	2	\$15	\$60
Staff Accommodation Other (incl. 3 meals)	2	1	\$20	\$40
Staff - Horse / Camel Rental	1	2	\$7	\$14
Horse / Camel Wrangler	1	2	\$7	\$14
Pack Horse / Camel	0	0	\$10	\$0
Cook	0	0	\$40	\$0
Kitchen Enquipment	0	10	\$5	\$0
Staff Lunch / Dinner	2	3	\$10	\$60
Staff Domestic Flights	0	2	\$160	\$0
Staff Boat / Attractions	0	0	\$25	\$0
Airport Transfer	0	0	\$20	\$0
Fuel (\$0.20 / km)	km:	800	\$0.20	\$160
<b>STAFF COSTS TOTAL:</b>				<b>\$848</b>

CLIENT COSTS (PER PERSON)	Days	Cost	Total
Accommodation - Hotel UB incl. breakfast	0	\$60	\$0
Accommodation - Deluxe Ger Camp - incl. 3 meals	0	\$60	\$0
Accommodation - Hustai Ger Camp incl. 3 meals	1	\$50	\$50
Accommodation - Homestay incl. 3 meals	2	\$25	\$50
Accommodation - Hotel, incl. Breakfast	1	\$20	\$20
Cooking class	0	\$30	\$0
Boat	0	\$25	\$0
Lunch	2	\$12	\$24
Dinner	1	\$20	\$20
Horse / Camel Rental (1 hour)	0	\$7	\$0
Flight Tickets	0	\$160	\$0
Museums / Attractions (per day)	5	\$10	\$50
Water (Per Day)	0	\$1	\$0
<b>EACH PAX TOTAL:</b>			<b>\$214</b>

**FINAL TRIP COST (TOTAL ALL PAX):**  
\$2,044.80

<b>Group Size (Pax):</b>	<b>4</b>
<b>Margin:</b>	<b>20%</b>

**Final Cost Per PAX: \$511**

Having the opportunity not only to access but to produce these kinds of “insider” (in A1’s words) documents gave someone who was originally a part of the “outsider” dual structure an understanding that research on the internet could not have. For example, in reference to G1’s



comments about different tourists wanting different things, I requested some statistical information from one of the company's employees after mentioning that this was difficult to find, and learned that from some of their in-house research they had found two things. First, that just 13% of tour operators are "proactive" in the international market, and second, that they had produced these notes about travelers from different countries:

- "UK visitors are respectful but slightly detached; they are happy to stay in gers and tents
- French want authentic experiences and are not interested in pseudo activities. They are more cost sensitive than the British
- Dutch adapt more easily to the Mongolian culture and lifestyle, are happy to stay in tents, they are also very cost sensitive
- Germans and Austrians like to experience the culture through 'experiential activities' eg, riding, walking, hiking.
- Germans prefer to stay in German speaking groups and stay together. They are less adventurous and like their comfort
- Austrians like to trek, are happy to stay in tents and be in groups with other nationalities and speak English.

Overall the North American and European visitors have similar motivations for visiting Mongolia however there are subtle differences in their preferences and requirements.

Understanding the requirements of specific markets is an important element of delivering a good service." The significance here is that tourists clearly have different demands, which this company has been working to address, yet only 13% of other companies are being proactive in developing this market. As such, it is no surprise that A1 gave his horror story about the

Mongolian company not understanding the tastes of his foreign friends. If only 13% of companies are doing work to understand foreigners like this, it is more likely than not that picking a Mongolian tour company may result in a misunderstanding of what the consumer wants, which again leads to this problem of quality control and good service.

This inside information was perhaps the most valuable aspect of the internship. However, making these itineraries and recording these observations was not all that I did. The next task that I spent most of my time on was editing English materials. As previously mentioned, quality English language is not always available, and while most companies have passable English on their websites, having fluent writing from a native speaker instantly makes guests feel more comfortable. And so I was tasked with editing the entire 32-page brochure that the company hands out at travel shows and to potential customers into perfect English. Once that was finished, I moved onto the website, which was having some server issues causing it to be incredibly slow, and used Wordpress to go through the first 15 pages or so of the site and translate them. With the English editing, unfamiliar coding, repetition, disorganization of certain pages, copying either of or from other websites, and sometimes things that just simply did not make sense, this took hours. While these were often tedious tasks, the takeaway from this exercise was just how vital language was to the company and to the industry, and how difficult it can be for a company to provide this service perfectly.

Again though, I was not done after editing some webpages. The third category of work that I did was in extending the network and supply chain of the company. First off, AirBnB had reached out to the company to ask if they would like to join a new tool that they were launching for guiding trips. When asked if this was something worth pursuing, I immediately said yes.

AirBnB is one of the services that westerners felt most comfortable using (I had booked the apartment I was staying in for the month on AirBnB, even if perhaps going through a local real estate service may have been cheaper), and if customers could browse and book tours just as easily as they could hotel rooms, and with the confidence that they had an American company backing them while doing so, they would certainly use this method. So, I took on the task of creating the company's AirBnB account, which involved correspondence with the owner of the company to get his name, ID, phone, etc. and filling out their profile. This way, when the tool launched, they could immediately begin adding tours. The other form of supply chain extension came through what was effectively cold-calling US travel agents. While the company I worked for receives a lot of European travelers, many of which are referred to them by the many European travel agents they have relationships with, they have far less business from America. They believed that if they could build connections with travel agents, the next time someone in America went to an agent and said something like "I want to travel a month through Asia," or "I want to go on an epic horseback riding trip" or "I would like to visit some traditional cultures," my company would have a new client. As such, I was responsible for finding these leads. First, I transcribed business cards that the company had collected at travel shows, then I spent hours on Google searching different things that would give me American travel agents and copying down their information, and finally I went on a sort of social network for tour guides that let me sort by service offered, which using this method allowed me to find guides' employers and get their contact info as well. After finding over 50 new contacts, I drafted an email that could be edited for personability based on what kind of company it was being sent to that basically outlined the partnership we were hoping to develop. My supervisor and I worked on editing this letter, and by

the end of the week it was ready to be sent to a whole host of agents that could hopefully bring the company more business.

What is the takeaway from this aspect of work? It is that on the sell-side of the tourism industry, the supply chain is more than just getting in contact with the people who will be on the ground during the tours that they offer. Much of the work is rather finding 3rd parties who can bring business into the company. This further justifies the reasoning for examining not just how the supply chain works for tour buyers, as examining sellers also provided this insight into the importance of developing international connections to bring in more customers.

Overall, the internship was an essential part of this study that helped tie together many different aspects of the industry that had been mentioned during the interview process. Getting hands-on experience helped me understand what is important to tour companies, what is difficult for them, and how they go about providing their services. I now have a far better comprehension of the supply chain, as well as the challenges to it.

### *Observations from Personal Travel*

Most of what I experienced in my own travels echo the sentiments of T1 from the interviews. In short, I was never fully confident in what I was doing or where I was going, I could not be sure that the information I had was correct or could be relied upon, and I found that the best attitude was just to make friends and go with the flow. All of that being said, everything still ended up working out in the end, and I had amazing experiences throughout my travels. I think that the best way to illustrate this is through examples.

The most memorable example that corroborated much of what was said during interviews came about one night traveling from Ugii Lake through Kharikhan to Tsetserleg village. Here is the excerpt of the experience from my fieldwork journal: “we drove about 80km north from Khairkhan, for 2 hours, only to find, in the pitch dark and 0 degree (F) temps at around 8PM, that there was a river to cross. With no bridge. Yikes. We had been using Maps.Me and there was no indication that this river should be impassable. We drove off road in the tiny Toyota trying to find a way around, but we were blocked in. We walked out onto the frozen river, that was maybe only 20 meters wide, but in the center was still running. It was probably too deep to cross, but we couldn't tell. We debated for about 20 minutes. In the end, we turned back.

The Mongolians made the decision after this to drive around the countryside in the dark in a tiny little Toyota, pulling up to random herders' gers in hopes of asking to either stay the night with them, or to see if there was a way to cross the river. The two gers we found had no one home. We had just wasted a lot of gas and about 3 hours of our time, and now would have to turn back and go all the way to Khairkhan, just to go another, longer way to Tsetserleg, where we could now only hope that the road that supposedly crossed the river had a bridge. We started our way back, struggling on the bumpy, snowy road in the dark. After getting back to Khairkhan we headed northwest this time, towards Erdenmandal. There seemed to be 3 different roads or so that crossed the river to Erdenmandal. We had no way of knowing which road to take, and just had to hope that the one we took would have a bridge. It didn't. Before we even got to the river it got swampy and sketchy for the Toyota, to the point where we could not make it any further.

We would have to drive cross country, or back again a decent ways, to get to the other roads. We turned the Toyota around again, but fortunately on our way back we saw a herder

leaving his ger. My friend, again luckily because he spoke Mongolian, was able to ask for directions, and we were able to follow this guy to a bridge that took us over the river. After another hour and a half of driving north, definitely in quite a bit of “off-road” conditions, we arrived at my friend’s family’s house at 2:30AM. Insane. The whole time, I really wonder what would’ve become of us had we broken down. We could’ve died. Spending a night in the car in sub-zero temps with nobody around, and no city for 50km in any direction, could have been fatal. The Mongolians never seemed to flinch. Maybe this is why tourists are so cautious about coming here.”

While experiences like this were quite scary, they helped make real these dangers that interviewees and websites had warned about. They made them real. I had experienced the terrible roads, the lack of other people for support, the poor available online information, the dependence on a Mongolian person for communication, and the absence of infrastructure of things like a simple bridge. It made me realize why the tour company I worked for takes the precaution of promising tourists that they will never drive at night. It cemented for me the attitude of Mongolian’s that A1 mentioned, that they did not think to plan ahead and look at the map or ask someone for where there might be a bridge, and even in this dire situation that had worried me so much, they never seemed concerned. While everything did turn out okay in the end, and I had a great experience in Tsetserleg and beyond, these are not the kinds of conditions most foreign travelers would feel comfortable in, and this was an excellent example of how infrastructure, attitude, and lack of information can limit the country’s tourism accessibility.

Two of the other events I attended outside of the city had similarly sketchy planning. For the Ten Thousand Horse Festival, I was referred to the event by a close friend (like T1 said, you

have to have connections to have good experiences here), and found it on Facebook entirely in Mongolian. There was no website, and I had to roughly Google Translate the event description and message the organizer for help. She simply told me to go to a certain place in Ulaanbaatar at a certain time, gave me a phone number for the driver, told me the amount of money I would need, and assured me that then I could come to the festival. After walking around western Ulaanbaatar for half an hour playing phone tag with the Mongolian driver, I found him, and was packed into a Starex van with 12 other people like a sardine can. The Lonely Planet articles were true. I then endured about 10 hours of driving with many of the people in the car getting drunk, to finally arrive at a schoolhouse in a small soum in the dark. I would say that about 90% of people spoke exclusively Mongolian, including my roommates for the night. Again, I made it, and the festival, while I also did not completely understand what was going on, was incredible. The point is that this kind of disorganized supply chain in which a traveler is required to have friends who invite them to Facebook events, message with event coordinators, play phone tag in unfamiliar parts of the city, and endure incredibly long, uncomfortable travel is not something that most foreigners want to have to do when they go somewhere to travel. Trying to navigate this supply chain was difficult, frustrating, and uncomfortable, but worth it.

The second event I attended was a Sunday hike with a friend. It was the same deal. We found an event on Facebook entirely in Mongolian. This time though when we reached out to the coordinator, we received no response. We elected to just show up to the place where the event was supposed to leave from at the event time, bring some money, and hope for the best. As such we woke up at 8:00AM, walked a little over a mile to a minibus sitting in a parking lot, asked if we could go to the coordinator, who in broken English told us the event was full, but were told to

wait in case anyone did not show up. In the end, either someone didn't show, or they just wanted to make more money, and the coordinator took our money and again packed us tightly in the van. Because we could not read Mongolian though, we didn't completely understand the event, and were quite embarrassed when upon reaching the summit, all of the other Mongolians brought a dish to share, and we had nothing. We had confused the part of the description that said (roughly) to "bring your favorite food" as saying "bring your own lunch as we are not providing them," when really this was a part of the event. We looked incredibly foolish and selfish as people offered us food, yet the only two foreigners themselves brought nothing to share. Again, the nature of not having available English information hurt our experience. Furthermore, the point again is that while things ended up being fine, most travelers do not want to have to show up early in the morning with no contact from the tour organizer and no confirmation that they can take part in a tour and hope that some other people don't show up in order to go somewhere. Had there been a simple registration link, an English description, or a responsive organizer, that would be a different story, but doing things entirely through Facebook and taking risks about hoping to be allowed on a tour was not ideal, and it is this kind of organization that threatens that ability of tourists to feel comfortable and want to travel here.

### *Two Deliverables*

The following two graphics were made for the ISP presentation, but are a simple explanation of the findings from the study that hope to show "how tourism works in Mongolia." The first is the "ideal" tourism supply chain that companies such as the one that I interned for, or TC3 come close to offering, but at a high price. The second represents the experiences of



independent travelers like myself and T1, as well as the concerns expressed by people like G1 and GC1.





1

***Planning***

Tourists cannot be sure which companies are trustworthy or are not. Contact multiple and see who responds with best price/itinerary OR backpack into country without plans.



2

***On The Ground***

Tour organizations inside may be certified or not. They may have trained guides or not. They may be responsible and safe or not. Regardless, tourists are completely dependent.



3

***Activities***

Where and what is happening each day may or may not be clear. Pre-planned, expensive, international companies do this better than locals. Local travel is always uncertain.



4

***Experience***

To some extent, the traveller experiences Mongolia. It may be from the back of a crowded bumpy van and a tent, or from multiple plane tickets and luxury ger camps. Price and comfort vary as such.



5

***Accountability***

Some companies will hand out surveys and take seriously feedback they receive. Others will not care the moment they are paid and the tourist has left. Some will never contract the same company or guide again.



## **Conclusion**

The 9 interviews conducted in addition to personal work for a Mongolian tour company and travel to and from Lake Hovsgol have provided a wealth of information about how Mongolian tourism works. This section will attempt to explain that supply chain from the buy and the sell side, and then make some comments about improvements to the industry.

The Mongolian tourism industry is for the most part not as confusing as it appears. However, as A1 described, this is partially on purpose and a function of the “dual-structure,” insider-outsider nature of the industry. There are many international tour companies though who are willing to take on all of the planning, accommodation, and guiding necessary for anyone who wants to travel to Mongolia, and consumers of these services will never have to worry about trying to “figure out” the industry. While these services may be expensive and still potentially risky based off of the comments made by G1 and each of the responsible TCs interviewed, there are ways to ensure that one has a safe and positive experience in Mongolia. For example, looking at online reviews which have become more and more prevalent can be useful, and those companies who are members of C1 consumers can be sure have the capital to pay for advanced information and services dedicated to the improvement of their business, and are not just out to make a quick dollar, so seeing these kinds of special certifications on operator websites can provide assurance for tourists.

What exactly are travelers paying for when they hire out these tour services? In other words, what is the supply chain through which their money flows? The supply chain basically includes the overhead fees of first potentially the travel agent (if one is used) and then the tour operator, who hires a driver, a translator, and all of the necessary accommodations along the

way, whether they be in gers, hotels, or camping. They also pay for the equipment, food, gas, and other miscellaneous products that are used throughout the tour. See the “trip costings” table in the results section for more information on this. In terms of suggestions for identifying the right kinds of operators of these services, asking who the driver or guide on a tour will be is a particularly useful tactic, as those companies who hire out guides for the season and hold them accountable for their work should know this information, while those who will be consulting anyone who has a van or can speak English would not be able to be sure of an answer to this question.

Most of the time, tourists can expect moderate levels of comfort when they stay in ger camps and homestays, who tour companies have partnerships with and often contract far in advance for tours like TC3 mentioned that they do. That being said, they can also expect to have to travel moderately long distances on rough roads if they stray far from Ulaanbaatar, a discomfort that will matter more or less to different demographics. Once the veil of the tour company promising to simply go to x, y, and z place is lifted off, and the details of what that actually means comes out, in addition to an English translator being provided, the supply chain is actually pretty clear and comfortable for travelers who have even a little bit of an adventurous spirit in them.

In terms of answering the secondary question about how tour companies come about, according to C1 they register themselves with the government, who do require insurance, contracts, and plans for the business. They hire out the aforementioned employees and services for the season, and then the “informal standards” set by the quality other private companies provide and the importance of reviews left by previous customers help keep these operators in

check. If one can afford it, they can be pretty sure that these bespoke companies will provide them a good experience in Mongolia, even if they will have to put a significant amount of trust and dependence into the operator.

But what if a person does not want to or cannot afford to hire one of these operators? Well, that's when things will become quite difficult. Still today, English signs are rare, the quality of hostel-based tour operators is far below and far less accountable than the big companies, it will be difficult to plan any kind of accommodation in advance online, and as T1 mentioned, if you do not know someone or have connections, travel will be quite difficult. These kinds of travelers will be rolling the dice with who they end up traveling with for a quality and safe experience, as guides and drivers as have been shown can be quite hit or miss. Traveling far out of Ulaanbaatar on one's own is even more difficult and borders on impossible without some understanding of Mongolian language, as most people outside of the major cities and especially among the nomads do not speak any English. While this may be an advantage to some tour companies, it remains a buy-side barrier to tourists who would like to simply and easily travel on their own without advanced planning, additional language skills, or stress about how to get to or do different things.

In terms of how this supply chain that is so dependent on operator, guides, and drivers could improve, there are basically two schools of thought that have arisen from these interviews, which have some overlapping improvements to the sell-side of the supply chain that will be discussed first. Across all of these interviews, the most glaring similarity is that the government could do more to help the tourism industry. The government has invested in the mining sector,

and it has seen huge success as a result. The government has seen, as in TC2's case or in the road to Lake Hovsgol, that investment is effective, and that it could grow the industry. All it takes is the want of government officials, who so many of the interviewees characterize as people simply trying to make a quick buck off of others, to put down a responsible investment. They could improve roads, which would help companies as well as independent travelers, they could create a government tourism website, as most tour destinations have, and centralize information, and they could put out open, fair, consistent standards that industry members can follow and be assured will be upheld by the government. The government's lack of consistency threatens both on the ground operations, as well as future investment, and all actors could benefit from a government that was more supportive of this industry with such huge potential.

Beyond these points though, the schools of thought begin to diverge. One would like to see increased development in everything from hotels, to English signs, to better websites, to easier access to booking accommodation, to simply all information about Mongolia in general. They believe that this will drive up the number of tourists who will want to come to the country because they will feel more confident and comfortable in coming here. Furthermore, making these kinds of more modern improvements will make people who have and are ready to spend money come to Mongolia, which is the whole reason why the tourism industry is so vital to development. Better standards for companies, better organization, and more accessibility are what these companies call for.

On the other hand though, there is an opinion that the Mongolian tourism industry thrives because of the absence of these things. It is so successful because tourists cannot access the country without the tour companies and as a result most people, even those who often might not

normally travel with a guide, are forced to give this part of the industry their money. If Mongolia were accessible to all people and they did not have to worry about finding ways to get different places (such as how T1 described travel in Korea), tour companies' business would be drastically reduced. As such, while some development such as roads or government promotion of tourism might be useful, actually making the country easier to travel to would in reality be antithetical to the development of the industry.

The interviews conducted and personal experiences had in this study lead this study to a conclusion that balances these two ideas. Of course, the goal of tourism as a developmental strategy should be to bring money to the country and distribute it equitably. If the Mongolian supply chain were made more accessible to tourists so that they were not left in the dark like T1, they would feel more comfortable traveling here, which would in turn bring in more money. Simply understanding that a guide, a driver, a cell phone plan to navigate, a basic understanding of perhaps the Cyrillic alphabet, and nomadic accommodation are what are needed to travel in Mongolia would not hurt the tourism industry and companies like TC3. This would not make tourists suddenly begin driving in from Russia on their own, or suddenly stopping hiring guides. Most people are visiting for either nomadic culture, horseback riding, or adventure opportunities, all of which require professional guides to be involved in. Better roads would not put drivers who have to take those guides and their customers out of business, it would just help them get places faster, with less gas, and less wear and tear on their vehicles. As such, this report's description of what the actors in the tourist supply chain actually do is incredibly useful, as it provides the information that will make more people feel *comfortable* with coming, but it does

not suddenly build a nomadic population that speaks English, a network of countrywide buses, or 5-star hotels in the most popular places. It does not threaten the business of tour companies.

In conclusion, it seems best that tourism development in Mongolia stay information and basic infrastructure-focused, and in support of tour companies. The government should not try to cut out tour operators or build huge hotels in far-away aimags in hopes of driving an influx of tourists who can show up and pick from an English a-la-carte menu of what they want to do, as might be the case in places Thailand or Cambodia. Mongolia remains such an exciting destination due to its wilderness, and the companies that help unlock that wilderness and do so responsibly should be able to find success for their efforts. That being said, an increase in available information and comfortability in travel to tourists that helps bring in a greater number of consumers to these tour companies is the best proactive solution to developing the Mongolian tourism industry that still today appears relatively inaccessible to foreigners.



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