

[SLIDE 1 – COVER PAGE]

[SLIDE 2] My name is Jeremy Smith

I am a writer, editor and communication strategist specialising in responsible tourism.

I am the co-founder and editor of Travindy.

It is the only website dedicated to news and opinions about sustainable tourism. We launch in Spanish in the next few weeks.

I also do a lot of other writing. I write a regular blog on responsible tourism for World Travel Market, who i also help plan their responsible tourism programme and World Responsible Tourism Day.

I Write WTTC's monthly 'Tourism for Tomorrow' newsletter focussed on the top stories each month in sustainability and tourism. I am a columnist for a magazine in India.

And when i am not writing about the industry's efforts regarding sustainability, I work with them.

I work with several companies and organisations around the world helping them communicate their

sustainable tourism more effectively. These range from award winning ecolodges and tour companies to national parks. from small independent bed and breakfasts to international trade associations like PATA.

What this all means is that i spend a lot of time - all my working time really - focussed on what is happening around the world in responsible tourism. What the issues are today, what they will be next year. Who the innovators are, big and small.

[SLIDE 3] Therefore, I have been asked to talk to you today about what I see as the indicators that sustainable tourism is good for business.

Does a focus on sustainability help travel companies' bottom lines?

Are destinations that focus on protecting their environment getting a higher return from their guests as a result?

Is responsible tourism better for your bank account, as well as for the planet?

PAUS

Over the next 20 minutes or so I will share with you a host of examples and arguments why i believe sustainable tourism will both save you money, and and

if you do it right, make you more of it.

I'll show you how it can help you do this in four ways, all of which are deeply connected to one other.

[SLIDE 4] 1 - First, and perhaps most obviously, operating a more sustainable business means using less water. less energy. Making less waste. It's about a more efficient use of energy and resources. And as these become increasingly pressurised, this can only make economic sense.

2 - Second, just as responsible tourism values those resources, so It also values those natural resources on which we rely for our business, but don't necessarily consider as something we 'pay for'.

The forests, seas, beaches and so on. I will show you the economic value to tourism and destinations from looking after these.

3 - Now once your business starts focussing on these two issues, once it develops a purpose beyond just profit, you'll find that this has a really positive impact on your employees. You want hard working, engaged employees who stick around and don't need replacing and retraining every few months? I'll show you why responsible tourism is the way.

4 - And finally. When you have a cutting edge hotel filled with green innovations. When the environment

around you is being conserved to be as attractive as possible. And when your staff are motivated and engaged – you’ll see increased guest satisfaction. They’ll be staying in better places, having better experiences, being treated better by the staff. And you know what – they might even pay a bit more money for the privilege.

However, before I go into these four topics in rather more depth, before I answer the question

Does responsible tourism make economic sense?”

I want to pause.

Because this question assumes something.

It assumes something about the way that most people see sustainability.

This is not the first time that I, or other people whose working lives are focussed on promoting sustainability, have been asked to prove that it is ‘worth it’.

Because people assume that sustainability is expensive.

They see the organic vegetables in the supermarket costing more than those that aren’t.

They see the Tesla sports car.

And they think - if you want it green, you have to pay more.

And so, people like me are asked to write articles and make speeches to justify sustainability to shareholders, to bargain hunting tourists, to disengaged staff.

We're asked to show that that sustainability is worth it.

OK. How expensive do you think a truly sustainable tourism industry would be?

I'll give you a number.

[SLIDE 5] 11

Last year, a study was published by three of the most respected researchers into the environmental impacts of tourism - Gossling, Peeters, and Hill.

It was the first study to explore the potential costs associated with the tourism sector transforming itself to become compatible with the decarbonized economy of the mid-twenty-first century.

They looked at the climate impact of tourism if it carries on on a Business as Usual trajectory. And

they worked out what it needed to do to play its part.

And they came up with the number 11.

11 US dollars.

Because, once they had done the sums, they decided that

“the damaging effects of CO2 emissions from tourism could eventually be eliminated if travellers paid just US\$11 per trip.”

\$11 each. for each holiday.

[SLIDE 6] About the same as what it costs to reserve beach umbrella in Spain.

[SLIDE 7] to have fish and chips in the UK.

[SLIDE 8] To enjoy Coffee and a croissant in paris.

Now, as many of you will be aware, each year in September the UNWTO marks World Tourism Day. And each year it announces a theme for the coming 12 months.

[SLIDE 9] the UNWTO's theme for this year is 1 billion tourists, 1 billion opportunities, marking the fact that in 2012, we saw 1 billion tourists travelling abroad.

Of course, we are now in 2016 – and the number now is more like 1.2 billion a year, because tourism is an industry that is growing very fast.

However, because I am going to do a bit of creative accountancy, let's stick with the 1 billion figure.

If we take that \$11 per tourist per trip and multiply it by the 1 billion tourists per year

you have an annual estimate – worldwide, of the sort of money it would take to make tourism climate friendly.

\$11 billion.

[SLIDE 10]

is that a lot of money? Does that make economic sense?

Let's start with some perspective.

[SLIDE 11] \$11 billion is what the Wall Street Journal said Volkswagen's emissions scandal was going to cost the company when the story broke last year.

[SLIDE 12] \$11 billion was also the cost of the damage caused by Cyclone Hudhud across multiple

Indian states in 2014. Hudhud, incase you don't remember it, was considered the 2nd most expensive natural disaster of that year worldwide.

[SLIDE 13] Eleven Billion Dollars.

It's the cost to one car maker of acting irresponsibly.

It's the cost to one country of storms made far worse by climate change.

Or it's the cost of making one industry - our industry - clean.

More context.

Tourism is worth around \$6.6 trillion.

And it is growing all the time.

Indeed when those same researchers looked at the costs compared to the industry's continued and predicted growth,

they found the relative cost of decarbonizing tourism to be less than 0.1 per cent of the estimated global tourism economy in 2020.

Now you might argue that this \$11 per person, that this study is just the climate impact.

That there's a lot more costs involved with being sustainable.

But as a measure - as an indicator - of how sustainable our activities are, their climate impact is the best we have.

It takes into account the energy used to grow our food. The energy used to make our water drinkable. To process all our waste.

To bring all our employees and guests to work and on holiday. To turn the lights on. Do their laundry. Keep the golf course green. Clean the pool.

It's a pretty good place to start from.

However, I believe a better place we should be starting from, the question that we should be asking ourselves, is:

[SLIDE 14] what are the costs of not doing anything. Of carrying on with business as usual?

[SLIDE 15] In 2011 the UN Environment Programme forecast that if the tourism sector continued with "a business-as-usual" scenario then by 2050 there would be 154% growth in energy consumption, a 131% increase in greenhouse gas emissions, a 152% increase

in water consumption and a 251% increase in solid waste disposal.

This was backed up by a paper by the same tourism and climate scientists that came up with the 11 dollars.

Published in the Journal of Sustainable Tourism last year they argued that “the global tourism system is increasingly at odds with objectives to reduce global resource use.”

They said that tourism is anticipated to double its energy use over the coming 25 years in a “business as usual scenario.”

That land use will double, and almost triple to 2050.

And over the next 45 years, tourism’s water consumption (both direct and indirect) is expected to double.

(PAUSE)

To put these figures into further context, I am going to focus in now on just one of these issues – water.

[SLIDE 16] Back in 2004, a study was made of tourism water use in Spain’s Balearic islands. A pretty dry place.

The study found that during July – the peak tourism

month, and also the driest time of the year – water consumption was 20 per cent of what the local population consumed over the course of the entire year.

[SLIDE 17] A more recent study looked at the island of Zanzibar, off the coast of Africa. This place is really dry. It found that tourists to Zanzibar consume up to 15 times more freshwater per day than locals.

[SLIDE 18] And all this extra consumption is happening in a world where, according to the UN, by 2025, 1.8 billion people will live in regions that face “absolute water scarcity.”

And it will only get worse.

[SLIDE 19+20 check] By 2030, says the UN, half the world’s population will be living in areas of high water stress.

So why should tourism in particular worry about this?

Last year, Starwood Hotels marked World Water Week with a report looking into its own water use. The report found that more than half of Starwood’s current and future properties are in areas facing critical water issues.

Starwood is huge. It’s hotels are pretty well

everywhere there is a significant tourism market.

So you can assume that not only will half of Starwoods hotels be in 'areas facing critical water issues', but so will half of everyone else's.

That is the world confronting tourism. What will it mean?

Consider this. In 2012 the United States Director of National Intelligence published a report on global water security.

It said that demand for water would lead to an increased risk of conflict in the future.

What is it going to mean if half the hotels in the world are soon to be in places at risk of conflict over access to water?

Tourists don't like conflict. It puts them off. Just ask Egypt.

And by the way, it's worth noting that the World Bank recently put a figure on the cost to Egypt of dealing with the effects on its economy of the water stress it is going to suffer?

The figure they came up with?

\$11 billion a year.

(PAUSE)

Now you may think I am being a bit harsh on tourism. After all our industry is certainly not the sole reason that the world is going to face such challenges.

[SLIDE 21} Agriculture. Manufacturing. Transport. Mining. They all play their part.

But Tourism is one of the most interconnected industries there is. Our supply chain is vast and complex. And it relies upon the environment. It relies on it

To supply the food served in our hotels. To ensure the destinations people want to visit are attractive. the waste has been removed. The beaches clean. corals healthy.

Tourists want to visit healthy beautiful environments

Everyone knows this. But what many less people know is how much they are worth.

We don't know this because we don't pay for them directly. We pay bills for our energy. But we don't pay directly for the trees to absorb carbon. For the mangroves to protect our coasts from storms. For The wetlands to absorb floodwaters. The seas to be filled

with fish. or the rivers to bring fresh water to our towns. We don't pay for them directly. So we don't factor the costs in.

However, in recent years many environmental economists have tried to address this. They have been working out just how much these services are worth in economic terms. It's called Natural Capital. Or Ecosystem Services.

They look at the forests and the parks and the lakes and ask:

Do they make economic sense? How much are they worth?

And the number they come up with:

[SLIDE 22a] \$125 trillion per year.

That's the value (in 2011) to our global economy of all the work that nature does sustaining us.

Bear in mind that global GDP - all the work that humans do - was worth \$75.2 trillion that year.

Trouble is, as I said, because we don't see this monetary value on our bills today, we don't look after it.

[SLIDE 22b] The UN's Millennium Ecosystem Assessment estimates that 60 percent of these services are being

degraded or used unsustainably

[SLIDE 22c] with up to 70 percent of global ecosystems' regulating services – that's those that affect floods, climate, water quality and so on being currently in decline.

The thing is, while the costs of doing nothing, of letting things continue to get worse are huge...

the opportunities provided by doing something about it are even bigger:

(PAUSE)

[SLIDE 23] And so, enough bad news. I want to focus now on the world's most beautiful places.

Those forests, lakes and mountains that we treasure so much that we make them into protected areas. Places like our national parks.

The places we stick photos of on our websites and our holiday brochures. The places that tourists like me travel around the world to see.

Last year, the Convention on Biological Diversity published guidelines on sustainable tourism in respect of biodiversity.

They said that Protected Areas around the world

receive roughly 8 billion visits per year, and this results in up to US\$ 600 billion in direct in-country expenditure.

It's going to cost 11 billion a year to make tourism climate friendly. And we spend 600 billion going to the park.

Lets look at what this expenditure means around the world.

[SLIDE 23b] In Costa Rica, the country's National Academy of Sciences found that poverty was reduced in communities surrounding protected areas and that nearly two-thirds of the poverty reduction can be attributed to opportunities afforded by tourism.

[SLIDE 23c] In Malaysia, revenue from tourism has replaced the loss of income that resulted when the government of Sabah cancelled logging concessions in order to protect its forests.

The state of Sabah used to earn up to 2 billion ringgit a year from its logging industry. But 12 years ago they hugely reduced logging concessions.

Now the industry is only worth 100 million ringgit a year.

Meanwhile, tourism in 2014 brought in 5.7 billion ringgit in earnings.

[SLIDE 23d] In Canada, there has been a study into the comparative economic benefits of bear watching and bear hunting in British Columbia's Great Bear Rainforest.

The study found that bear-related tourism generates "12 times more in visitor spending than bear hunting."

(PAUSE)

And just as we see the benefits on land, so we do at sea

[SLIDE 24] The Australian Institute of Marine Science studied the economic benefits of Palau's shark-diving industry.

They found that its worth far exceeds that of shark fishing. In fact, the estimated value to the tourism industry of an individual reef shark that frequents these sites was US\$1.9 million over its lifetime. In contrast, fishing a single reef shark would only bring an estimated US\$108.

[SLIDE 25] A study on The Global Economic Impact of Manta Ray Watching Tourism found that while the demand for manta ray gill plates raises US\$5M globally

it is greatly outweighed by the estimated US\$140M

raised annually through manta ray tourism.

In fact, wherever you look, this sort of sustainably managed tourism in natural areas – what is commonly called 'Ecotourism' – brings huge economic benefits to local communities.

According to a 2011 UN-supported study by the Collaborative Partnership on Forests.

{SLIDE 26] Ecotourism can return as much as 95% of revenues to the local economy, compared to only about 20% for “standard all-inclusive package tours,”

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of course ecotourism is just one part.

For everyone who likes going into the wilds for their holidays, there's someone else who likes a city break.

According to the UN, by 2030 the world's urban population is expected to grow by 61%... to 8.5 billion.

What impact will this have on tourism to popular cities? How can we manage the needs of an ever growing number of tourists and the wellbeing of the locals that live there?

One place experiencing these pressures now is right here in Spain. In Barcelona.

{SLIDE 27} Tourism provides nearly 400,000 jobs in Catalonia, 13 percent of the total, and it makes up 12 percent of Barcelona's economic output.

But how is a city supposed to cope with 27 million visitors descending on the city of 1.6 million last year.

As many of you will know, one thing they have been doing is attempting to limit the number of tourists by freezing new tourist accommodation licenses.

[SLIDE 28] Over in Italy, the pressures from cruise tourism have got so great, that Venice is talking about banning cruise ships from the main canals.

But other than just shutting our doors, which most people would see as a last resort, are there also more creative ways where destinations can work with tourism to make a better place for both the visitors and the people that live there?

[SLIDE 29] In Tallinn, the capital of Estonia, they have recently made all public transport free for residents of the city, while charging tourists to use it.

Car use has dropped, bringing down carbon emissions and making the streets more liveable for both residents and visitors.

However, the city exciting me most for its efforts at meeting the needs of tourists and residents is the capital of Slovenia, Ljubljana.

[SLIDE 19] Over the last few years the city, like many others in Europe and elsewhere, has introduced a number of schemes to make it more attractive to live in and visit.

Like a growing number of cities it has a bike sharing network - free for the first hour or for four hours to tourists buying a visit Ljubljana card.

Electric-powered vehicles can be hailed for a free ride within the core city centre area, transporting 100,000s of people around.

Back in 2007, an ecological zone was created in the city centre, which as of 2012 was closed for motorised vehicles.

In the past five years, pedestrian areas have been increased by almost 620%.

By 2020 the city intends that public transport, non-motorised traffic and private vehicles should each

account for a third of all transport.

Whether you are a tourist or a local, such schemes make the city a more pleasant place to get around.

Finally - and perhaps most significantly - from the outset of these developments Ljubljana has made sure to involve its citizens in its plans.

The community is actively engaged in the process of planning how the city develops its tourism. And regular surveys assess the levels of satisfaction amongst local residents with tourism's impact on their city.

The results? According to a study published in 2011, Ljubljana, along with Berlin and Stockholm, had the **highest growth rate of overnight stays by tourists among European capitals over the previous five years.**

At the same time, however, it is the **only European city** to twice be awarded the European Mobility Week Award; it won WTTC's Tourism for Tomorrow award for destinations last year. and this year its been named European Green Capital.

If you want an indicator that it is possible for a destination to make sustainable tourism make economic sense, look to Ljubljana.

PAUSE

OK. So there are benefits for destinations and for communities.

{SLIDE 31} But what about the benefits for business. For hotels and other tourism companies seeking to operate more sustainably? How does it make economic sense?

First - there are the cost savings from more efficient resource and energy use:

[SLIDE 32] Marriott International has developed a 'green' hotel prototype.

This prototype saves Marriott's hotel owners an average of \$100,000 in development costs, six months in design time, and up to 25% in terms of energy and water consumption.

[SLIDE 33] In 2011 The Willard Intercontinental Hotel in Washington, DC documented "over \$1,000,000 of new business as a direct result of its sustainability initiatives."

[SLIDE 34] and Hilton Worldwide recently announced the results of its efforts to be more sustainable. It says it has reduced energy use by 14.5 percent, carbon output by 20.9 percent, waste by 27.6 percent and water use by 14.1 percent since 2009

resulting in an estimated \$550 million of cumulative savings.

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So you focussed your businesses efforts on being more sustainable. How does this affect your employees?

[SLIDE 35]

Actually, there is a wealth of evidence that companies that commit to being more responsible are better places to work. That employees enjoy working more there. Feel more motivated. And so are less likely to leave.

It means you have less recruitment costs. You have Staff who are more engaged.

And as a result they provide a better service to your guests.

[SLIDE 36]

Deloitte found that 92% of Millennials say they want to work for environmentally conscious firms

A UCLA-led study found that companies that voluntarily adopt international “green” practices and standards have employees who are 16 percent more productive than the average.

What specific difference can it make in a hotel?

The Ambrose Hotel is a boutique hotel in California. It adopted a wide-range of sustainability measures throughout its property, such as switching from traditional cleaning products to non-toxic, green cleaning ones.

Yes they may have cost a little more on the bottle.

But housekeeping workers reported fewer headaches, allergies and sick days after switching from the old chemical cleaners to non-toxic alternatives. It made economic sense.

And the results of motivated staff?

Last year Accor looked at its portfolio of hotels to compare how those hotels that were more sustainable did against those that were less so.

They found that the higher its hotel ranked on sustainability performance, the higher the hotel's profitability.

Commenting on these findings, Accor said: [SLIDE 37]

"CSR has a **positive effect** on guest satisfaction... due to the better quality of service that results... and the

fact that employees are more motivated and involved.”

let me give you a few other recent findings:

[SLIDE 38] Nearly a third of travelers say they would **choose** a destination for a trip because it is considered eco-friendly.

[SLIDE 39] According to a 2014 TripAdvisor study, when a destination or hotel shows that it has made eco-friendly choices it makes 78% of global travelers feel more positive about their trip. And if people feel more positive about their trip, they are more likely to tell people about how great it was, or share happy memories on facebook and instagram, or quite simply come back again.

[SLIDE 40] Recent research by Harvard and Cornell has shown Tripadvisor Greenleader properties score on average **20% higher** in their TripAdvisor rating than non-GreenLeader hotels. That's the difference between getting 4 stars or 5.

Note That's their general tripadvisor rating - it's not one marking them for how green they are - its the one that marks guest satisfaction.

And finally, and bringing it back to answer our original question: [SLIDE 41]

46% of consumers are willing to pay extra for products and services from socially responsible companies - That was in 2012. That number is growing.

[SLIDE 42] DOES IT MAKE ECONOMIC SENSE?

So. Does it make economic sense?

I realised have presented a lot of figures here for you, and I have an awful lot more. So before I finish let me just say that If any one wants to know about the sources, or find out more about these statistics, I will be publishing a version of this speech on Travindy with links to all the original sources, sometime very soon.

But whether you look at Travindy or not, I hope I have been able to share with you the economic benefits of a more responsible approach to tourism, one focussed on sustainability. I hope I have shown

1 - How a more efficient use of energy and resources will save you money and protect your company against risk in the coming years.

2 - How not only valuing those resources that we pay for, but also valuing the natural environment and the services it provides us free of charge brings huge benefits to tourism and the communities you work with.

3 - How companies that show they are committed to a purpose that is more than just profit are increasingly where the best employees want to work.

4 - And that when you put all these together - you end up with much more satisfied guests.

And that is what it is all about. Thank You