



TOURISM AND HOSPITALITY  
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# The Good Company

*Sustainability  
in Hospitality,  
Tourism, and  
Wine*



**Robert H. Girling**  
**Heather Gordy**  
**Pamela Lanier**



BUSINESS EXPERT PRESS

# The Good Company



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## *Sustainability in Hospitality, Tourism, and Wine*

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BUSINESS EXPERT PRESS

*The Good Company: Sustainability in Hospitality, Tourism, and Wine*

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*All the wild world is beautiful, and it matters but little where we go, to highlands or lowlands, woods or plains, on the sea or land or down among the crystals of waves or high in a balloon in the sky; through all the climates, hot or cold, storms and calms, everywhere and always we are in God's eternal beauty and love. So universally true is this, the spot where we chance to be always seems the best.*

*John of the Mountains: The Unpublished Journals of John Muir*

A third of the authors' net proceeds from this book will be donated to support the work of the Wildlife Conservation Network.



## Abstract

*The Good Company: Sustainability in Hospitality, Tourism, and Wine* tells the stories of over 30 inspiring companies around the world that are among the ethical leaders in the industry. The broad positive message is encouraging; each of the companies seeks to live up to the highest standard. We tell the steps they have taken and what has motivated them or enabled them to pursue such noble aims. This book builds on our earlier book *The Good Company: Compassionate Companies that are Changing the World*.

*The Good Company: Sustainability in Hospitality, Tourism and Wine* includes case studies from of hotels, cruise lines, tour operators, agri-tourism, wineries and much more. Throughout the book, we address a variety of questions innovators and entrepreneurs have and note the lessons these companies can teach to those who want to build sustainable businesses that address the world's social and environmental problems. The book's final chapter points to ways in which the hospitality industry can contribute to positive change with respect to social and environmental justice.

The book begins with a discussion of the principles of sustainable tourism and the strategies that underlie enterprises that follow these principles considering the economic effects, environmental and ecological impacts as well as social and cultural contributions that companies may make.

## Keywords

hospitality, tourism, wine industry, tour operators, ecology, environmental issues, agri-tourism, hotel management, management, business leadership, voluntourism, ethical destinations ecolodges, ecotourism, sustainable tourism, green tourism, green business.





# Advance Quotes for the Good Company: Sustainability in Hospitality, Tourism, and Wine

At last, a book that tackles the topic of sustainability in the global travel industry, but with a real understanding of its economic importance as a better alternative—a must read.

Michael McCloskey  
*Former Chairman*  
*The Sierra club*

This much-needed work is essentially a cookbook, filled with inspiring recipes for sustainable travel. This will be a valuable resource—for everyone from students to industry leaders—for many years to come.

Jeff Greenwald  
*Executive Director*  
*Ethical Traveler*



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# Preface

Teach your children  
What we have taught our children—  
That the earth is our mother.  
Whatever befalls the earth  
Befalls the children of the earth.  
If men spit upon the ground,  
They spit upon themselves.

This we know  
The earth does not belong to us,  
We belong to the earth.  
This we know  
All things are connected  
Like blood which unites one family.  
All things are connected.

We did not weave the web of life,  
We are merely a strand in it.  
Whatever we do to the web,  
We do to ourselves.

Chief Seattle





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PART 1

**Leading Hospitality for  
Sustainability: The  
Context and Issues**



## CHAPTER 1

# Leading the Good Company in the Hospitality, Tourism, and Wine Industries

*To travel is to live.*

—Hans Christian Anderson

*The banyan tree, historically a refuge for weary travelers, still conjures images of shelter and retreat—a connection Ho Kwon Ping and his wife Claire Chiang counted on when they founded Banyan Tree Hotels and Resorts in a lush Asian rainforest. For the founders, the name recalls happy times spent under a banyan tree in their first matrimonial home and represents their passion for travel and adventure.*

*Today, Banyan Tree Hotels and Resorts is a leading international operator in the boutique resort, residences, and spa industry. The company, very much aware of the social issues and global impact of tourism on the environment, has received the prestigious Global Tourism Business Award for its efforts in those areas.*

*Consider Laguna Lang, Banyan Tree's resort in Central Vietnam. It supports and celebrates the local culture with a range of community and environmental projects, such as an organic farm, a restaurant training and mentorship program, and support for a local chocolate entrepreneur and a fishing village.*

*The resort, in a joint collaboration with the Hanoi charity Know One, Teach One (KOTO), also operates a restaurant that teaches catering skills to underprivileged young people in Vietnam. David Champion, Laguna Lang's Director of Corporate Social Responsibility, says the project helps kids in difficult situations become active members of the hospitality industry. "We can provide industry training to support their work," he says, adding that the company chose the project because it links Laguna Lang's core business*

*and specialization to the efforts of local nongovernmental organizations (NGOs) such as KOTO.*

*Clean Water in Schools is another Banyan Tree program, supporting a national strategy by the Vietnamese government to reduce sick days and help families save money. Campion says that implementing such community initiatives builds “good relationships and a positive working attitude with all local stakeholders and ... increases the quality of life for those around us.”<sup>1</sup>*

Banyan Trees is a *good company*, a company that looks beyond the immediate financial bottom line to measure and improve the social, environmental, and human impacts in all that it does. In this book, you will read about many *good companies*, each a leading example of sustainable business practices in the tourism, hospitality, and wine industries. These good companies and their models seek to heal the world by acting from a foundation of ethics and sustainability. They treat employees fairly and with respect, pursue policies that sustain the environment, and champion cooperation and social justice in their communities.

Might such activities draw a company’s attention away from and hurt its bottom-line, financial goals? It is unlikely. Research shows that although “profit first” is the kind of thinking that allows a business to pollute the environment and destroy natural resources,<sup>2</sup> a good company following the “triple bottom line” concept of measuring results in three areas—people, planet, and profit—reaps the rewards of balance and increased profitability.<sup>3</sup>

The formula works. Triple bottom line companies act with honesty, discretion, and balance while respecting employees who provide the labor, the environment that sustains us all, and the communities and customers who benefit from purchasing their products and services (Figure 1.1).

---

<sup>1</sup> <http://www.greenhotelier.org/uncategorized/banyan-tree-say-environment-and-community-projects-are-a-no-brainer/>

<sup>2</sup> Lesser M. ZBA: *Zen of Business Administration - How Zen Practice Can Transform Your Work and Your Life*. New World Library; Novato, CA.2005.

<sup>3</sup> See John Elkington . “The triple bottom line” in Marc Epstein and KO Hansen (Eds), *The Accountable Corporation*. Praeger, NY, NY. 2006. pp. 97–110; Herremans I.M., Akathaporn P. & McInnes M. (1993). An investigation of corporate social responsibility reputation and economic performance. *Accounting, Organizations and Society* 18(7–8), 587–604; Roman R., Hayibor S. & Agle B. (1999). The relationship between social and financial performance. *Business and Society* 38(1), 109–125.



**Figure 1.1** *The Good Company equation*

Writing in *Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage*, Daniel Esty and Andrew Winston agree.

“Efforts to cut waste and reduce resource use, often called ‘eco-efficiency,’ can save money that drops almost immediately to the bottom line. Redesign a process to use less energy, and you’ll lower your exposure to volatile oil and gas prices. Redesign your product so it doesn’t have toxic substances, and you’ll cut regulatory burdens—and perhaps avoid a value-destroying incident down the road. These efforts lower business risk while protecting the gold—reliable cash flows, brand value and customer loyalty, for example—that companies have painstakingly collected over time.”<sup>4</sup>

Winemaker Paul Dolan in his book *True to Our Roots* writes that the hidden assumption in the argument that businesses that pursue pure self-interest will produce wealth for the many is that the “profits that businesses produce justify whatever resources must be taken from the earth and whatever business practices it takes to turn those resources into products. Now we see that this belief is flawed. Natural resources are not unlimited and human beings are not expendable.... A successful sustainable business is one that provides steady shareholder returns while improving the quality of life of its workers, the communities it calls home, and the environment it touches. Its strategic perspective reaches out beyond the next four quarters, beyond the next five years, to consider what’s ahead for the next generation.”<sup>5</sup>

<sup>4</sup> Esty D. & Winston A. (2006). *Green to Gold: How Smart Companies Use Environmental Strategy to Innovate, Create Value, and Build Competitive Advantage*. John Wiley and Sons NY, NY 2006. p. 13.

<sup>5</sup> Dolan P. (2003). *True to Our Roots*. Princeton, NJ: Bloomberg Press. pp. 16–18.



Building good companies is a goal that reaches the highest levels of international diplomacy. The *United Nations Global Compact*, initiated in 2000 by UN Secretary General Kofi Annan, is a global initiative to promote corporate citizenship by encouraging businesses worldwide to adopt sustainable and socially responsible policies, and to publicly report on their progress. Thus, in the eyes of the United Nations, a good company follows honorable principles; it operates with integrity, or acts like a good, decent, honorable person.

### What Company Leaders Can Do

In fact, to meet the complexity of tomorrow's challenges, we will need many more good, decent, and honorable leaders who will apply the tools and resources necessary to implement ethical and sound business practices. And we, as citizens, should know who these leaders are and what they're doing. These leaders must model high standards by setting personal examples; they must do their best to inspire us. They must build more customer-centered businesses, too, where companies pursue with great interest, passion, and empathy customer happiness as an end in itself rather than the sole pursuit of maximizing shareholder value.

Leaders who pursue sustainability will realize more efficient production, less waste, and lower costs. Leaders who take the pursuit a step further to a sustainable business model can benefit more by increasing goodwill and ultimately helping create a long-term, reliable customer base. Customers are listening intently to "green messages," which tell a story about the company. One study found that 55 percent of a company's share value is the result of intangibles, including a strong brand and reputation. Many companies are telling their stories through green certification and branding to appeal to the high-income LOHAS (Lifestyles of Health and Sustainability) market segment, which encompasses approximately one-fifth of the U.S. market—and growing. A company will benefit if these conscious consumers find its sustainability marketing claims and practices compelling and credible. However, if consumers feel a claim is unbelievable or unauthentic, that claim may have the opposite effect.<sup>6</sup>

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<sup>6</sup> Friend G. (2009). *The Truth About Green Business*. New Jersey: Financial Times Press. p. 78.

## What Consumers Can Do

Today, more people and companies than ever before recognize the problems created by global tourism. And alternative approaches that protect, respect, and restore the environment arise every day. In 2013, seven of every 10 travelers said they would consider the ethical or environmental footprint of their holidays, but we still have a long way to go. Although national parks and monuments exist to protect our forests, waterways, and wilderness, the hospitality industry only beginning to change its ways.

Each year, and every time we travel, we make choices for ourselves, our families, and our businesses—choices that affect the physical and social environment in untold ways. As citizens and consumers, we have the power to bring about change when we decide where to go, where to stay, and how we will get there. As managers and employees in the hospitality industry, we influence the future by the many decisions we make. For instance, if we want safe products for our guests and employees, which food, equipment, and supplies should we choose? Where will we get those supplies? How can we properly train the people we employ? Each decision carries with it a particular set of consequences for our environment, for our employees, for our communities, and, indeed, the planet.

What can we do as concerned citizens or parents who wish to preserve the natural legacy for future generations or even restore damaged habitats to a more pristine era? As travelers who roam the earth and stay in places away from home and our usual environment, what can we do to ensure our actions are in line with our values? As providers of lodging, travel, entertainment, and food services, what can we do to minimize our impact on the Earth and preserve our cultural and social heritage?

You may be wondering, “How can my individual decisions make a difference?” But they do. We live in a world with a web of interconnected relationships in which even the simplest act can and does affect the lives of others. For example, the type of energy used in New York can destroy distant mountain valleys in the Appalachian Mountains or where coal is mined. Yet if we shift to solar energy to preserve those valleys, we will alter the lives of coal-mining families in West Virginia.

Producers and consumers of wine may consider how the grapes are farmed, how much water is used, where the energy comes from and whether chemicals used in growing the grapes affect those who work in the vineyards. For example, Sally and John Jordan had dreamed of owning a vineyard. In 1974, they began to realize their dream by purchasing a 1,200-acre ranch on the edge of the Alexander Valley, picturesque, rural, and, as yet, undeveloped. As Sally Jordan put it, “We spent weeks walking the land, following game trails here and there. We found a large knoll surrounded by clusters of oak trees that still shelter the winery today. The grasses were matted down under one towering oak where deer rested on their journey to the highest hills. That’s where we set out to build, leaving the higher ground for the wildlife.”<sup>1</sup> Sally and John know that growing wine grapes is a long-term prospect and that enhancing and maintaining ecosystem integrity keeps soils and vines healthy and produces higher quality grapes. In the vineyards, Jordan’s team works year-round to preserve the sustainability of the land practicing a wide range of sustainability policies, including planting a diverse array of cover crops to improve soil health and promote insectary growth, making its own compost, using organic fungicides to combat disease when necessary, and introducing beneficial insects to assist the myriad bird species that live along the two lakes near the vineyard. Today, of the estate’s 1,200 acres, only 112 are planted with grapes, the bulk remaining wild with a small portion for olive trees, cattle, miniature donkeys, and the chef’s garden.

The choices are difficult. Perhaps we will struggle to consider the many possible consequences of the decisions we make in our daily lives, and we will despair because thinking about these issues is hard, or because we don’t know where to begin. Also, perhaps we will make mistakes; maybe our choices and decisions will not be the right ones. It’s not easy to be a conscious, ethical traveler, hotelier, travel agent, or vintner, but, fortunately, a growing wealth of information and resources is available to help us.<sup>7</sup>

And we should seek that help. As eco-philosopher Stephanie Kaza points out, the personal actions we take can be truly transformational.

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<sup>7</sup> See [www.gstcouncil.org](http://www.gstcouncil.org) and [www.sustainabletourism.net](http://www.sustainabletourism.net)

“People everywhere are wanting to do the right thing; there is a hunger for information and guidance.... People feel passionately about protecting rain forests and whales; they want everyone to know that polar bears and penguins are threatened. Behind the passion is a deeply felt need to do something right, to find a way to correct our past environmental errors.”<sup>8</sup>

We also have many living examples to draw from—good companies that are consciously working to make our lives better through adventure travel, needed rest and relaxation, and educational tours of natural and historical sites. Each of these good companies—and their leaders—is working on some level to step lightly on the earth by educating us, as well as by minimizing waste, saving water, reducing energy, and limiting environmental damage and destruction.

In this book, you will encounter leaders of good companies, individuals who are pointing their companies in the direction of social responsibility and community building, such as:

- Glen Knappe of Damai Lovina Villas
- Mike Benziger of Benziger Winery
- Bruce Poon Tip of G Adventures
- Malia Everette, founder of Altruvistas Journeys

These leaders are building a foundation for sustainability in their industries, taking risks to do what is right by creating organizations that provide employees and customers with transformative experiences.

You will also read about their companies, companies that embody the principles of sustainable tourism, and work to maintain and protect the natural world, avoiding practices that degrade the environment or pollute the water and air. Some, like Banyan Tree, contribute to the prosperity of their local host communities. Others, like Altruvistas, enhance and preserve authentic cultures and traditions. All are good companies we can and should support; all are examples we can and should follow.

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<sup>8</sup> Kaza S. (2009). “Mindfully green” in Melvin McLeod (Ed), *The Best Buddhist Writing*: 2009. Boston, MA: Shambala Sun. pp. 212–213.

Our hope is that the stories we share in this book will inspire you, and that you will support good companies, follow the examples of good leaders, and perhaps even launch a good business of your own. The world needs more fire. Good companies have lit it. We hope to help the flames to grow.

“One wise rabbi reflected, when it is very cold, there are two ways to warm yourself. One is by putting on a fur coat, the other is by lighting a fire. What is the difference? The difference is that the fur coat warms only the person wearing it, while the fire warms anyone who comes close.”

## Key Points in This Chapter

1. A growing number of companies around the world are following triple bottom line—people—planet—profit—practices. We call these good companies.
2. Some good companies are in the hospitality, tourism, and wine industries. This book will highlight these companies.
3. Seven out of every 10 travelers consider the ethical and environmental footprint of their vacations.
4. Following good company practices can increase profit and share valuation.

**Questions to Consider**

1. Why are more travelers asking questions about sustainability?
2. What kinds of questions are they asking?
3. How are leading companies and CEOs responding to these concerns of travelers?
4. What do I need to know as a travel industry professional?



## CHAPTER 2

# The Hospitality Industry and the Rise of Sustainable Tourism

*In the 1950s, the Caribbean region began to emerge as one of the world's major tourist destinations. Travelers eager to escape cold winters began flying to the white sand beaches and year-round sun of the nearby Caribbean. The rise of cheap air travel and the common language of the many Caribbean Islands encouraged travel to the region, particularly to the Bahamas and Jamaica. International tourist arrivals to these English-speaking islands jumped from less than 100,000 in 1940 to more than 2.5 million by 1990.*

*Islanders saw tourism as a way to boost employment and stimulate economic development as tourist dollars rippled through the island economies, pumping up local businesses in a web of transactions involving employees and local markets. It seemed to be working: By 1978, the Bahamas was one of the wealthiest island nations, with tourism contributing \$470 million or 70 percent of the country's GDP.*

*However, the tourism industry's foundation proved to be as soft and shifting as the region's white sand beaches, with very little of the tourist dollar finding its way into the local economy. Most of the earnings leaked out as international hotels purchased food, beverages, furniture, and supplies outside the country to provide the quality of luxuries and food preferred by tourists, and to repay the debts that financed the building of sumptuous hotels.*

*In some respects, tourism also undermined the local culture by fueling its worst aspects, such as drug dealing by local touts. Jamaicans found that the industry's success was subject to the political wiles of Washington, which turned against Jamaica's social democratic experiment of the 1970s. The threat to the local environment, a main draw for visitors, became evident as*



*dredging began, as high-rise hotels encircled the once pristine Ocho Rios Bay, and as an expanding armada of cruise ships, sewage, and spill-offs decimated offshore coral reefs.*

*As these drawbacks and shortcomings became apparent in the Caribbean and around the world, the World Tourism Association began to develop a set of policies and metrics, so that stakeholders within fragile tourist habitats could assess and hopefully take corrective action to avoid environmental stresses and adverse social impacts while increasing customer and local satisfaction.*

*Their actions worked. Although Jamaica's tourism income stagnated between 2008 and 2012, the country's tourist board recognized that international tourism trends had shifted away from "sun, sand, and sea" tourism and toward interactive, experiential tourism. Today, a mosaic of Jamaican communities contribute to sustainability while offering exciting and distinctive natural, heritage, and cultural experiences well matched to this experiential market trend. In response, the Jamaica Tourist Board has turned its attention to "community tourism," seeking an inclusive tourism sector that contributes to the nation's economic and social development.*

## **Background: The Rise and Growth of Tourism**

Tourism is an age-old industry, dating at least to the time of the Romans who traveled to the first Olympic Games in 776 BC. As Father Time marched on, inns sprung up in Europe to accommodate pilgrims traveling to Rome and the Holy Lands. During the 1600s, posthouses sheltered travelers and allowed them to change their horses along travel routes in England. Then, in 1841, Thomas Cook organized a group tour to a religious meeting in England for some 570 people. Around the same time, Cunard began cruise-line crossings between England and America, enabling elites, traveling by ship and rail, to take "grand tours" of Europe and America. The industrial revolution spurred tourism even more, bringing inexpensive railroad travel to the masses and making travel more affordable for all.

The spirit of travel came into full bloom in the 20th century thanks to the birth of the automobile and the advent of transcontinental airlines in the 1950s and jet airplanes in the 1960s, both of which opened the door to fast international travel. The notion of paid vacations also grew, giving people more time to travel widely. These travel revolutions led growing numbers to visit exotic places in developing countries, making international tourism increasingly popular. Air travel, cross-continental commercial airplane routes, and large, high-speed jet planes meant that the traveling public could reach virtually any destination imaginable, propelling even more of an increase in mass tourism.

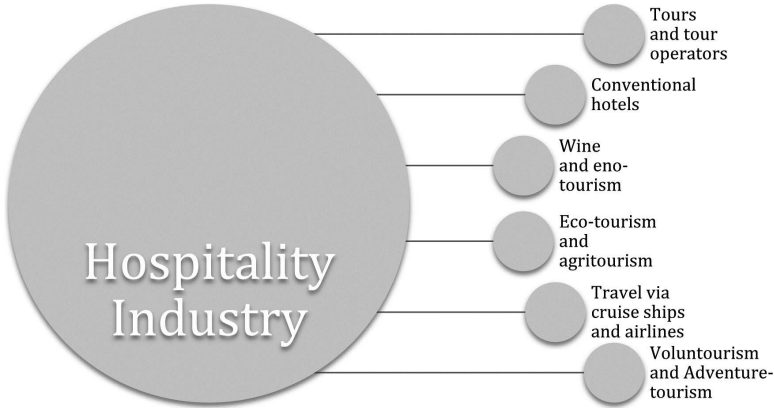
Over the last few decades, travel, tourism, and hospitality industry has evolved to the point where it now shares a seat at the table alongside the world's top industries. Its scope is no surprise, as tourism comprises a vast, complex group of enterprises that, when aggregated, accounts for nine percent of world income and employs 1 in every 11 people on the planet.<sup>1</sup>

This era of globalization provides great economic stimulus as travelers crisscross the Earth at a dizzying pace. In 2012, tourism met an important landmark—1 billion tourists had traveled around the globe in one year, demonstrating the enormous impact of this flourishing industry. In 2013, the number of international tourists rose to 1.1 billion, up from just 25 million in 1950. Today, international tourism accounts for six percent of the world's exports, although for some countries, such as Spain, Thailand, and the Caribbean Island nations, the industry is far more important economically.

Figure 2.1 illustrates the scope of the tourism industry and the multitude of enterprises it encompasses, such as airlines and airports, hotels, resorts and theme parks, travel agencies and tour operators, as well as a wide variety of visitor attractions such as cafes, convention centers and arenas, the food and wine industries, restaurants, adventure travel, and even zoos.

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<sup>1</sup> UN World Tourism Organization. UNWTO Tourism Highlights 2014.



*Figure 2.1 Elements of the hospitality industry*

## The Trouble with Tourism and the Rise of Sustainability

Although globalization spurs cultural interchanges and contact among diverse groups, and while tourism stimulates rising standards and expectations of quality and service, the combination—global tourism—has led to concerns about environmental impacts, health, and sanitation.

The United Nations Environmental Program, a leading voice for the environment in the United Nations system, found, “Ill-managed tourism can put enormous pressure on an area and lead to soil erosion, increased air, soil and marine pollution, natural habitat loss, increased pressure on endangered species and heightened vulnerability to forest fires.”<sup>2</sup> The United Nations report also noted that mass tourism creates socioeconomic hardships for local communities, such as loss of culture and identity, economic leakage, and competition for resources.

Initially, experts and the public alike viewed mass tourism as a magical industry that would create jobs and opportunities without smokestacks. It would contribute to cultural understanding, advanced infrastructure, and the economic growth of countries through foreign exchange. Yet the reality has proven to be far more complex.

A dominant theme of mass tourism is the construction of large-scale facilities, such as resorts, hotels, shops, restaurants, golf courses, and

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<sup>2</sup> United Nations Environmental Program. Annual Report 2013.

theme parks, on natural land and sensitive ecosystems. Mass tourism brings foreign currency and jobs through linkages to the local economy, but it is also accompanied by loss of land and threats to local cultures. In many countries, not only in the developing world but also in some advanced nations including Australia and Canada, improper management and lack of regulations has caused growing concern.

Consider the cycle that starts when site development begins in a hard-to-reach region. Roads go in. Infrastructure goes up. As tourism increases, land prices skyrocket, while a newfound reliance on the global economy displaces local industries and populations. For example, a study of tourism in Bali found that commercial land prices rose to international levels, increasing commercialism and pricing out locals. A 1990 study of the distribution of tourism dollars found that major tour operators receive 47 percent of tourism income, hotels 44 percent, while local guides and food distributors received only nine percent.<sup>3</sup>

Such studies sparked a search for viable, sustainable development and tourism alternatives to counter the destruction wreaked by mass tourism. Sustainable tourism was—and is—the answer. It resolves the issues while appealing to today’s travelers seeking a more meaningful and engaging experience than the typical “sun and sand” adventures offered by mass tourism.

## The Roots and Branches of Sustainable Tourism

The World Tourism Organization defines sustainable tourism as:

“Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities. It is envisaged as leading to the management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems”<sup>1</sup>

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<sup>3</sup> McLaren D. (2003). *Rethinking Tourism and Ecotravel*. Bloomfield, CT: Kumarian Press.

### Box 2.1 Sustainable tourism in the Dominican Republic

Not too many decades ago, the Dominican Republic, with its lush rainforests and more than 1,500 species of wildlife, captured the hearts of more Caribbean tourists than any other island nation. However, rapid development, the most expansive in the Caribbean, virtually destroyed the island's environment and natural beauty. To make way for development, swamps were drained and trees cut down.

Today, less than 15 percent of the Dominican Republic's original forest-cover remains. The nation still fares better than Haiti though, which shares the island of Hispaniola with the Dominican Republic. In Haiti, the pressures of poverty have led the nation to be almost entirely deforested.

After decades of environmental destruction, the Dominican Republic is becoming more responsible. Signs of renewal appear everywhere, such as at the Punta Cana airport, which uses native materials and provides an open-air feeling, with tropical birds darting through the rafters.

The country today—a land of white sandy beaches, dense forests, and towering mountains—boasts 16 national parks and 67 protected areas within its borders and is a popular spot for eco-minded visitors. One notable effort to promote sustainable tourism is La Ruta del Café or “The Coffee Route,” a project based on wine routes in Tuscany, Italy. Visitors to the project, minimizing environmental impact and maximizing awareness and education, stay in the homes of coffee producers, see the process of coffee production, and discover unique pathways into the tropical forests.<sup>4</sup>

Maintaining the quality of the environment—both natural and man-made—is fundamental to tourism. While the infrastructure of tourism necessarily may involve adverse environmental effects, and tourism development may erode and even destroy the environmental resource on which it depends, tourism also has the potential to create beneficial effects through conservation and environmental protection.

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<sup>4</sup> [http://www.fromers.com/destinations/dominican-republic/730647#sthash.4Wr\)0Yny.dpbs#ixzz3D4i1FVq3](http://www.fromers.com/destinations/dominican-republic/730647#sthash.4Wr)0Yny.dpbs#ixzz3D4i1FVq3)

The roots of sustainable tourism lie in the converging interests of political, scientific, and environmental organizations that, along with the traveling public, became interested in exploring alternatives to conventional tourism.

Leading the effort was the Commission on Sustainable Development (CSD), launched by the United Nations after its 1992 Conference on Environment and Development (UNCED), also known as the Earth Summit. Commissioned to create innovative strategies for promoting sustainable development that would preserve the environment and build local economies as an alternative to mass tourism, the CSD led the research and policy development that brought about sustainable tourism, that is, tourism endorsed by the United Nations to counteract the damage caused by uncontrolled development and mass tourism.<sup>5</sup>

Following these efforts, international and nongovernmental organizations (NGOs), including the United Nations Environment Program, the World Wildlife Fund, and Amazon Watch, recognized that the expansion of protected areas was essential to preserve and protect the environment. At the same time, development banks and institutions, such as the Inter-American Development Bank, US AID, and Canadian Aid, began to favor the alternative forms of tourism to power economic growth in developing nations in lieu of the traditional logging, mining, commercial fishing, and mass tourism that was destroying land and threatening resources. Around the same time, travelers and consumers also began to demand practices that preserved ecosystems and offered educational experiences.

Sustainable tourism was born.

***Sustainable tourism:***

- Minimizes environmental impacts using benchmarks
- Improves contributions to local sustainable development
- Requires the lowest possible consumption of nonrenewable resources
- Sustains the well-being of local people
- Stresses local ownership

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<sup>5</sup> United Nations Environmental Program Annual Report 2013

- Supports efforts to conserve the environment
- Contributes to biodiversity

### Box 2.2 Goals of Sustainable Tourism

1. *Economic viability*: To ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term.
2. *Local prosperity*: To maximize the contribution of tourism to the prosperity of the host destination, including the proportion of visitor spending that is retained locally.
3. *Employment quality*: To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service, and availability to all without discrimination by gender, race, and disability or in other ways.
4. *Social equity*: To seek a widespread distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income, and services available to the poor.
5. *Visitor fulfillment*: To provide a safe, satisfying, and fulfilling experience for visitors, available to all without discrimination by gender, race, and disability, or in other ways.
6. *Local control*: To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders.
7. *Community well-being*: To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities, and life support systems, avoiding any form of social degradation or exploitation.
8. *Cultural richness*: To respect and enhance the historic heritage, authentic culture, traditions, and distinctiveness of host communities.
9. *Physical integrity*: To maintain and enhance the quality of landscapes, both urban and rural, and avoid the physical and visual degradation of the environment.
10. *Biological diversity*: To support the conservation of natural areas, habitats, and wildlife, and minimize damage to them.

11. *Resource efficiency*: To minimize the use of scarce and nonrenewable resources in the development and operation of tourism facilities and services.
12. *Environmental purity*: To minimize the pollution of air, water, and land and the generation of waste by tourism enterprises and visitors.

*Source*: UNWTO, Sustainable Tourism for Development Guidebook First edition: 2013.

## **Ecotourism: Promoting Education and Sustainability**

Sustainable tourism gave rise to ecotourism, a term coined to describe nature- and education-based travel to relatively undisturbed areas. It focuses on small tours to protected environments and offers an experiential, educational component as part of the practice. The International Ecotourism Society defines ecotourism as “responsible travel to natural areas that conserves the environment and sustains the well-being of local people.” You will sometimes find ecotourism listed as a subcategory of sustainable tourism or as a segment of the larger nature tourism market.

Ecotourism reached international importance in 2002, a year designated as the United Nations’ International Year of Ecotourism. Since then, the market for ecotourism has grown as consumers, communities, governments, and NGOs, which embrace a form of tourism sustainable for both people and planet. Although the originators of ecotourism intended to protect only biodiversity, ecosystems, and endangered wildlife, it quickly became apparent that preserving local customs and cultures was just as important to the future of this unique form of tourism.

In recent years, the concept of ecotourism has come to imply the planning, management, and development of sustainable tourism products and activities. Ecotourism today encompasses educational, participatory travel experiences to natural and cultural environments while ensuring the sustainable use of environmental resources and viable economic opportunities for both the tourism industry and host communities. It educates the tourist while fostering environmental and cultural understanding, appreciation, and awareness.



### Box 2.3 What Is Ecotourism?

- **It's informative.** Travelers learn about not only the destination, but also how to sustain its character while deepening their own travel experiences. Residents of areas that support ecotourism learn that the ordinary and familiar way of life, such as a walking tour of a city, may be of interest and value to outsiders.
- **It supports integrity of place.** Wise travelers seek out hotels, restaurants, and businesses that emphasize the character of the locale in terms of architecture, cuisine, heritage, aesthetics, and ecology.
- **It benefits residents.** Travel businesses do their best to employ and train local people, buy local supplies, and use local services.
- **It conserves resources.** Eco-savvy travelers favor businesses that minimize pollution, waste, energy consumption, water usage, landscaping chemicals, and unnecessary nighttime lighting.
- **It respects local culture and tradition.** Foreign visitors learn about and observe local etiquette, including using at least a few courtesy words in the local language. Residents learn how to deal with foreign expectations that may differ from their own.
- **It does not abuse its product.** Stakeholders anticipate development pressures and apply limits and management techniques to prevent the “loved to death” syndrome. Businesses cooperate to sustain natural habitats, heritage sites, scenic appeal, and local culture.
- **It strives for quality, not quantity.** Communities measure tourism success not by sheer numbers of visitors, but by length of stay, money spent, and quality of experience.
- **It means great trips.** Satisfied, excited visitors bring new knowledge home and send friends off to experience the same thing, which provides continuing business for the destination.

Source: <http://www.gdrc.org/uem/eco-tour/whatis-sustour.html>

## Conclusions

The travel, tourism, and hospitality industry is extensive and far-reaching, with each component affecting our physical, social, and cultural environments. Many effects are positive: job creation, entrepreneurial opportunities, revenue for governments, income to communities, and a growing cultural awareness, to name a few. At the same time, the industry has degraded or threatened our physical environment. Consider the effects of fuel used to transport visitors and supplies, of waste and wastewater, and of roads and massive development upon fragile ecosystems. Add to this the social costs of cultural commoditization, the breakdown of traditional social structures, and the workplace and life inequities that inevitably accompany tourism development, and it becomes clear that we as providers and consumers of tourism seek a delicate balance.

Solving the human, economic, social, and environmental challenges that face us will require sustained cooperation and strategic alliances between governments, foundations, international agencies, non-profits, businesses, and social enterprises. Fortunately, there is evidence of a growing movement to construct a new pattern of cooperation and new opportunities in the latter—the companies whose stories appear in Part 2 of this book.

These companies are but a few of the many at work to respond to the challenges. They represent the heart and soul of a new approach to hospitality and tourism that seeks to help and heal with a set of sustainability-honoring values: to honor employees, to respect the environment, to give back to communities, to provide value to suppliers, to pay close attention to supply chains, and, of course, to be consistently profitable to support those values. The companies we recognize inspire and enlighten. They serve as valuable examples for current and future business leaders, students, employees, and consumers worldwide.

## Key Points in This Chapter

1. Over the last several decades, travel, tourism, and hospitality industry has evolved to become one of the world's top industries, accounting for nearly 10 percent of world income and contributing to the employment of 1 in every 11 people on the planet.
2. The principles of sustainable tourism require that companies and stakeholders:
  - Initiate tourism with the help of broad-based community inputs, and affected communities maintain control of tourism development.
  - Provide quality employment to community residents and establish linkages between tourism and local businesses.
  - Establish a code of practice for tourism at all levels—national, regional, and local—based on internationally accepted standards.
  - Establish guidelines for tourism operations, perform impact assessments, monitor cumulative impacts, and establish limits of acceptable change.
  - Develop education and training programs to improve and manage heritage and natural resources.
3. Twelve principles of sustainable tourism have been discussed in Box 2.2.

## Questions to Consider

1. How is sustainable tourism different from conventional tourism?
2. What impacts do sustainable tourism and ecotourism seek to address?
3. In what ways can ecotourism contribute to protecting the environment?
4. How might ecotourism affect a destination or country? Who might benefit? Who might be harmed?
5. What business opportunities relate to sustainable tourism and ecotourism?
6. How might we promote sustainable development in tourist destinations and small island economies?
7. As a tourist, how might the idea of ecotourism affect your vacation to places such as Jamaica, Thailand, and Hawaii?



## CHAPTER 3

# Caring for the Planet: Environmental Issues

*In 1985, Michael Stusser founded Osmosis, a Japanese bath and day spa in beautiful Sonoma County, California. In 2006, driven by a desire to positively affect people, planet, and community, Stusser invited a team of Presidio School of Management students to the spa to conduct a sustainability assessment. During the engagement, the team recommended several sustainability-related changes, including installing solar collectors and on-demand water heaters to cut electricity usage; building a small pond and filling it with filters and rich, impurity-removing plants to save water; and installing a dishwasher to reduce paper waste. Later, after involving staff in brainstorming sessions to identify ways to sustainably increase earnings—both the company’s and staffs—Stusser found that morale soared, as did customer satisfaction and company profits. His experiences with sustainability led him to found the Green Spa Network, a nonprofit trade association devoted to helping the entire spa industry become more sustainable.*

*In 1981, also in California’s Sonoma Valley, Mike Benziger purchased an old farm, the future home of Glen Ellen Winery. Over the next six years, he grew Glen Ellen to become one of the top 10 wineries in the United States. By 1989, company revenues reached more than \$3 million annually. From the very first planting, Benziger had been treating his grapes and land conventionally by spraying pesticides and applying fertilizers. But he began to notice that the earth didn’t look as rich as it once had, and that the land seemed drier, harder, and quieter. He wondered if conventional methods were best for his grapes. Along came Alan York, an expert in biodynamic farming, a practice often referred to as “beyond organic.” Following York’s approach, Benziger stopped spraying the vines, created havens for good insects, and began composting. Slowly the vineyard came back to life, and Glen Ellen became the first California winery certified as sustainable and*

*biodynamic. Benziger established a “green team” to monitor every aspect of the winery’s ecological footprint, including its use of fuel, paper, and water. Today, all of the winery’s water is recycled through purifying ponds on the property. The company also scrutinizes suppliers to ensure they meet the high sustainability standards set forth through its environmental purchasing program. And to encourage sustainability in suppliers’ vineyards, Glen Ellen awards bonuses for organic, biodynamic grapes and provides financial assistance to growers wishing to become certified.*

Ever since the Rio Earth Summit of 1992, there has been a profound realization that we need a new approach to managing our environment. Population growth and unprecedented levels of consumption have pressed the natural world to its limits. The planet is on a dangerous unsustainable course, with its resources—the atmosphere, fresh water supplies, oceans, and forests—under great stress. It is hard to deny the overwhelming evidence that human activity has severely changed and, in fact, undermined the ecological health of our world in ways that touch us, both as a race and as individuals.

We must realize that nature and the environment are not just something “out there” for us to visit in a region or national park. We are connected to the natural world in the most intimate of relationships; we need and rely on it for the food we eat, the water we drink, and the energy we use. Dramatic events, such as the Fukushima nuclear catastrophe in Japan, which released radiation that reached the world’s fisheries, have brought to our attention the increased interdependence of humanity and the natural environment. China’s air pollution blows across the Pacific to California. Acid rain in the northeastern United States lands in Canada’s unspoiled wilderness. Debris from a Japanese tsunami washes up on the beaches of Washington.

The deteriorating environment, whether caused by nature or man, affects every facet of the travel, tourism, and hospitality industry. On one hand, travelers, once magnetically drawn to pristine destinations such as Acapulco in Mexico and Thailand’s beaches, now choose other, more hospitable locales. For example, Acapulco’s water pollution has threatened the environment in drastic ways: Human waste, garbage, fertilizer runoff, and industrial pollution have been gradually killing the

rivers; sully the beaches; and threatening fowl, fish, and whole ecosystems. The negative aspects of tourism in Thailand include waste dumping by hotels and restaurants; uncontrolled construction of tourist facilities on islands such as Koh Samui, Koh Phang nan, and Phuket; and the lack of an infrastructure that is able to adequately deal with skyrocketing waste.

The United Nations Environmental Program (UNEP) has been documenting the environmental impacts of tourism:

“Negative impacts from tourism occur when the level of visitor use is greater than the environment's ability to cope with this use within acceptable limits of change. Uncontrolled conventional tourism poses potential threats to many natural areas around the world. It can put enormous pressure on an area and lead to impacts such as soil erosion, increased pollution, discharges into the sea, natural habitat loss, increased pressure on endangered species and heightened vulnerability to forest fires. It often puts a strain on water resources, and it can force local populations to compete for the use of critical resources.”<sup>1</sup>

These concerns coupled with a long list of others—the rising cost of solid waste disposal; collapsing aquifers and the adequacy and availability of clean, fresh water; skyrocketing insurance costs due to climate risks and air pollution associated with the use of fossil fuels—have been driving businesses to act. Even so, we are fast approaching unmanageable levels of toxic, chemical, and hazardous waste around the globe.

Although the situation appears bleak, hope is not lost. In areas that practice environmental stewardship, travelers can find many examples of the industry positively affecting host communities—examples you will read about throughout this book.

Our premise is that successful 21st-century organizations must consider ecological factors as integral to management and leadership. And all of us, whether in business, government, or as private citizens,

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<sup>1</sup> <http://www.unep.org/resourceefficiency/Business/SectoralActivities/Tourism/FactsandFiguresaboutTourism/ImpactsofTourism/EnvironmentalImpacts/TourismsThreMainImpactAreas/tabid/78776/Default.aspx>



must be conscious of the role that every organization, corporation, and community plays in sustaining our planet. We need to hold ourselves, and others, accountable for pointing humanity in a sustainable direction, a direction in which we tackle the five major environmental issues that affect the travel, tourism, and hospitality industry today—and that will affect it tomorrow:

- Global warming
- Water
- Pollution
- Deforestation and land degradation
- Biodiversity

## Global Warming

Global warming—and its associated climate change—is the foremost issue affecting all levels of life on our planet. Global warming is a process in which radiation from the sun enters—but cannot escape—the earth’s atmosphere due to an accumulation of gasses, mainly carbon dioxide [CO<sub>2</sub>], nitrous oxides, and methane—also known as greenhouse gasses. Over the last century, human activities have accelerated the accumulation of these gasses, and thus the rate of atmospheric warming.

A report by the United Nation’s Intergovernmental Panel on Climate Change, representing the work of 2,500 scientists, economists, and policymakers from more than 120 countries, said that humans have been the primary cause of global warming since 1950. Although the February 2007 report concluded that humanity can and does have ways to cut gas emissions and avoid the consequences of global warming, a subsequent report by the Panel issued in 2014 noted that we must transition from the atmospheric-clogging fossil fuels such as coal, oil, and natural gas in the next decades to avoid the inevitable, severe consequences of climate change.

A rapid rise in our planet’s temperature would bring potentially adverse consequences to the tourism and hospitality industry. Tourism involves the movement of people from their homes to other destinations and accounts for 50 percent of travel, with jet airlines, a major contributor of gasses to the atmosphere. With the number of

international travelers expected to rise from 1.032 billion in 2012 to 1.6 billion by 2020, the situation will only worsen. As the UNEP concludes

“Tourism not only contributes to climate change, but is affected by it as well. Climate change is likely to increase the severity and frequency of storms and severe weather events, which can have disastrous effects on tourism in the affected regions. Some of the other impacts that the world risks as a result of global warming are drought, diseases and heat waves. These negative impacts can keep tourists away from the holiday destinations.”<sup>2</sup>

Global warming has already started to affect tourism. Less snowfall at ski resorts means shorter ski seasons in the California Sierras region. Intense heat, fear of diseases, and water shortages keep tourists away from parts of Asia and the Mediterranean. In seaside destinations, rising sea temperatures and extreme weather are destroying vulnerable coral reef ecosystems. Rising sea levels from melting glaciers threaten low-lying tourist islands such as Mauritius, the Maldives, and Tahiti. Tornadoes, hurricanes, and typhoons continually threaten tourist areas in the Caribbean and South East Asia. Consider Hurricanes Ernesto in 2012 and Ivan in 2004, both of which brought heavy storm waves, wind, and rain to Florida and the Caribbean, severely dampening tourism.

Our planet is warming. We must act now for the sake of future generations.

## Water

Less than one percent of the earth’s water is suitable for drinking, elevating water availability, and cleanliness to the forefront of environmental concerns. Severe water shortages regularly plague parts of Europe, the United States, Australia, sub-Saharan Africa, and large parts of Asia. Where water treatment is inadequate, as it is in many tourist destinations, sewage threatens the health of humans and animals. Discharged wastewater from

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<sup>2</sup> <http://www.unep.org/resourceefficiency/Business/SectoralActivities/Tourism/FactsandFiguresaboutTourism/ImpactsOfTourism/EnvironmentalImpacts/EnvironmentalImpactsOfTourism-GlobalLevel/tabid/78777/Default.aspx>

commercial and industrial sites combines with discharged untreated domestic sewage and chemical contaminants such as fertilizers and pesticides to pollute our water. According to UNICEF, more than 2,000 children die every day from drinking dirty water.

Considering how humanity treats its drinking water, it comes as no surprise that we have also harmed the other 99-plus percent of the earth's water, water that, although undrinkable, still profoundly affects us. Every year, people and companies carelessly dump 3 billion-plus pounds of garbage, mostly plastic, into our oceans, resulting in the death of more than 1 million seabirds and 100,000 sea mammals. Marine pollution and over-fishing have collapsed ocean fisheries.

Together, these issues also harm travel and tourism. Increased mortality due to water-borne diseases makes some areas, such as parts of Cambodia and India, inhospitable. The nutrients in wastewater stimulate the growth of algae, which damages flora, fauna, and coral reefs in coastal zones from Mexico to Malaysia, rendering those locations less desirable to visitors. In Cancun, Mexico, the hospitality industry uses approximately 70 percent of the available fresh water. In many destinations, such as Granada, Spain, one tourist consumes from five to seven times more water than does a local resident.

“Water, and especially fresh water, is one of the most critical natural resources. The tourism industry generally overuses water resources for hotels, swimming pools, golf courses and the personal use of water by tourists. This can result in water shortages and degradation of water supplies, as well as generating a greater volume of waste water.”<sup>3</sup>

Water as a resource is precious and scarce. Our need to protect it is great.

## Pollution

Pollution in its various forms has transformed landscapes, beaches, and cities around the world. It affects—and is affected by—tourism.

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<sup>3</sup> <http://www.gdrc.org/uem/eco-tour/envi/one.html>

Consider the development of tourism facilities, which often leads to beach, sand, and soil erosion and extensive paving. Road and airport construction, although opening the door to new opportunities, also brings air pollution, a loss of wildlife habitat and a deterioration of scenery.

Along with the construction of hotels, recreation, and other facilities, come increased garbage, sewage, and wastewater. In many locales, landfills hold barely half of the garbage; much less than half is recycled. Waste disposal is a serious problem in areas with high concentrations of tourism activities and natural attractions; improper disposal is a major destroyer of the natural environment, rivers, and scenic attractions. Even miles from shore in the Caribbean, cruise ships are dumping ground-up glass, rags, and cardboard packaging.

Today, at least 45 percent of all tourists arrive by air, accounting for a large share of the world's emissions. One study estimated that a single, one-way transatlantic flight emits almost half the CO<sub>2</sub> emissions produced in all other ways by an average person each year. Transport emissions and emissions from energy production also contribute to severe local air pollution. We have all witnessed, for example, tour buses leaving their motors on while the tourists are out on excursion; the tourists want to return to a comfortably air-conditioned bus.

China's severe pollution has significantly curtailed its tourism industry, with the number of foreign tourists visiting the Chinese capital falling by 15 percent in 2013. China's National Tourism Administration has acknowledged a decline in foreign tourists as a whole in cities such as Beijing, Shanghai, and Xiamen due in part to a global economic slowdown and a stronger Chinese currency, and in part to the emergence of H7N9 bird flu, air pollution, and dead pigs found floating in Shanghai's main river.

In addition, according to the U.S. Environmental Protection Agency, cruise ships contribute to pollution of our oceans; an average cruise ship with 3,000 passengers and crew produces about 21,000 gallons of sewage a day plus about eight times that much gray-water from sinks, showers, and baths. Under international law, ships are required only to treat wastewater that is dumped within three nautical miles of the coast. Beyond that, vessels may release raw sewage directly into the ocean.

Although the cruise industry is worth billions of dollars, most vessels refuse to install advanced sewage treatment technology.<sup>4</sup>

Meanwhile, water pollution that is increasing with domestic, agricultural, and industrial activities that dump chemicals and waste into the rivers, lakes, and oceans adversely affects tourism. Runoff creates dead zones, areas on the water with no life, and where fish, birds, and wildlife that depend on clean water are forced to either migrate or die, and along with it killing any attraction for tourism. Approximately 40 percent of the lakes in America are too polluted for fishing, aquatic life, or swimming.

While littering by tourists degrades the physical appearance of the water and shoreline and cause the death of marine animals, tourists on mountain expeditions may leave behind their garbage, oxygen cylinders, and even camping equipment, degrading remote areas that have few garbage collection or disposal facilities.

Martha Honey's extensive research concluded, "Popular vacation spots are becoming degraded as a result of human activities linked to industrialization. In the Adriatic Sea, algae blooms have made the water unappealing for swimmers. Beaches have been closed in England because of radioactivity, in New Jersey because of hospital waste and in Haiti because of sewage. In Canada acid rain has depleted salmon stocks, threatening the closure of 600 fishing lodges."<sup>5</sup>

## Deforestation and Land Degradation

Forests, wetlands, and wildlife are important land resources that attract tourists to rural destinations around the world. We like to discover a place that is pristine and untrammled by civilization. Yet increased construction of a variety of facilities destined for tourism and recreation has increased the environmental pressure on the scenic landscapes we so value. The building of infrastructure including roads and lodges directly impacts the natural resources. Forests in particular suffer the negative impact of deforestation.

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<sup>4</sup> <http://www.foe.org/news/news-releases/2014-12-cruise-ships-flushed-more-than-a-billion-gallons-of-sewage-into-oceans>

<sup>5</sup> Martha Honey. *Ecotourism and Sustainable Development: Who Owns Paradise?* P.11

For example, in Nepal, a country that has already been deforested over the centuries, tourism associated with trekking adds to the problem as trees are cut to provide firewood for heating and cooking in addition to the buildup of unsightly trash mounds in the previously untouched Himalayas. In the Indian Himalaya, more than 250,000 Hindu pilgrims, 25,000 trekkers, and 75 mountaineering expeditions climb to the sacred source of the Ganges River, the Gangotri Glacier depleting local forests for firewood, trampling riparian vegetation, and strewing litter.<sup>6</sup>

Travel to see East Africa's wildlife and stunning scenery has attracted tourists to Kenya's 65 national parks and reserves, which are operated by the Kenya Wildlife Service (KWS) stimulating rapid growth in the Kenya's tourism industry. A study by students at the University of Guelph found "These parks represent around 10% of Kenya's land mass, created as conservation areas to protect wildlife. Tourism is important to the Kenyan economy, providing a large number of jobs and accounting for 15% of GDP in 2009 .... [but] the physical environment has been degraded by tourism, and species populations continue to drop with biodiversity loss." This study of the costs and benefits of tourism in Kenya adds, "the increased presence of tourists, vehicles and lodges has impacted the behaviors of wildlife. Traditional wildebeest breeding grounds have been affected so heavily that the schedule of the annual Great Migration has become unpredictable. Leopards, which normally hunt in the daytime, have been forced to hunt at night due to the noise pollution created by tourists and tour vehicles."<sup>7</sup>

Each winter, more people enter Yellowstone National Park with snowmobiles. "A survey of snowmobile impacts on natural sounds at Yellowstone found that snowmobile noise could be heard 70% of the time at 11 of 13 sample sites, and 90% of the time at 8 sites. At the Old Faithful geyser, snowmobiles could be heard 100% of the time during the daytime period studied. Snowmobile noise drowned out even the sound of the geyser erupting."<sup>8</sup>

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<sup>6</sup> [http://naturesway.fm/archives/etg/resources/Environmental\\_Impacts\\_of\\_Tourism.pdf](http://naturesway.fm/archives/etg/resources/Environmental_Impacts_of_Tourism.pdf)

<sup>7</sup> <https://journal.lib.uoguelph.ca/index.php/surg/rt/printerFriendly/2019/2684>

<sup>8</sup> [http://scholarsarchive.jwu.edu/cgi/viewcontent.cgi?article=1006&context=student\\_scholarship](http://scholarsarchive.jwu.edu/cgi/viewcontent.cgi?article=1006&context=student_scholarship)

In mountain areas, tourists generate a great deal of waste. They leave behind their garbage, oxygen cylinders, and even camping equipment. Such practices degrade the environment with all the detritus typical of consumerism in remote areas that have few garbage collection or disposal facilities. “Some trails in the Peruvian Andes and in Nepal frequently visited by tourists have been nicknamed ‘Coca-Cola trail’ and ‘Toilet paper trail.’”<sup>9</sup>

## Biodiversity

According to the American Museum of Natural History’s Center for Biodiversity and Conservation, “The term biodiversity refers to the variety of life on Earth at all its levels, from genes to ecosystems, and the ecological and evolutionary processes that sustain it.” Tourism, especially nature tourism, links closely to biodiversity and the attractions created by a rich and varied environment.

In the 1980s, Costa Rica made a decision to rely on its biodiversity to attract tourism, instead of becoming yet another fun-and-sun tropical destination. As word of this spread, tourist arrivals increased. Soon Costa Ricans were seeing that their commitment to the protection of the nation’s remarkable biodiversity of nature was providing jobs and boosting incomes. In support, the Costa Rican National Parks Service began a concerted effort to teach environmental education in the schools.

This commitment has meant that visitors to just one region, the Monteverde Cloud Forest, contributed nearly one-fifth of the country’s total tourist income. A study by Costa Rica’s Institute for the Study of Biodiversity found “New tourist products such as the Sky Walk and Sky Trek (systems of suspended bridges over the forest) and gardens for observing hummingbirds have provided added value and are generating much employment, and have also prompted the tourists to stay one more day on the average, which has a positive effect on food and lodging services.”<sup>10</sup>

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<sup>9</sup> <http://www.unep.org/resourceefficiency/Business/SectoralActivities/Tourism/FactsandFiguresaboutTourism/ImpactsofTourism/EnvironmentalImpacts/TourismsThreeMainImpactAreas/tabid/78776/Default.aspx>

<sup>10</sup> [https://www.cbd.int/doc/nbsap/tourism/CostaRica\(Tourism\).pdf](https://www.cbd.int/doc/nbsap/tourism/CostaRica(Tourism).pdf)

Costa Rica is clearly a model in demonstrating the vital importance of biodiversity and its positive contribution and connection to tourism, but it is not the only one. Kruger National Park (KNP) in South Africa protects nearly 2 million hectares of bushveld and the nation's biodiversity through a series of sustainable activities to further wildlife watching, environmental education, captive breeding of rare species, habitat manipulation, environmental and conservation management, and research and monitoring program.

However, according to the UNEP, tourism "can also cause loss of biodiversity when land and resources are strained by excessive use, and when impacts on vegetation, wildlife, mountain, marine and coastal environments, and water resources exceed the carrying capacity." For example, Zakynthos in Greece is the most important breeding site of the Loggerhead Turtles; yet the peak of the tourist season coincides with the nesting season for the vulnerable Loggerhead Turtles disturbing coastal nesting grounds along sandy beaches, which have been destroyed by tourism development and the behavior of tourists.<sup>11</sup>

A loss of biodiversity threatens not only tourism but also our food supplies and sources of medicine. It interferes with ecological functions such as species balance, soil formation, and greenhouse gas absorption. Loss of biodiversity also destabilizes ecosystems, weakening their ability to weather natural disasters such as floods, droughts, and hurricanes, as well as man-made stresses such as pollution and climate change.

The United Nations declared the 2010 International Year of Biological Diversity with a goal to gain a significant reduction in the rate of biodiversity loss. A study by Professor C. Michael Hall came to a most pessimistic conclusion "Tourism is a factor in biodiversity loss and its conservation ... the extent to which tourism contributes towards biodiversity loss through tourism urbanization, habitat loss and fragmentation, and contribution to climate change is also dramatic and, arguably, makes a lie out of attempts to paint a picture as a benign industry. Undoubtedly, tourism can make a contribution to the

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<sup>11</sup> <http://www.cbd.int/doc/meetings/mar/ebsaws-2014-03/other/ebsaws-2014-03-submission-rac-spa-3-en.pdf>



conservation and maintenance of biodiversity but, in reality success stories are few and far between and are generally isolated to individual species and relatively small areas of habitat rather than a comprehensive contribution to conservation.”<sup>12</sup> The challenge is for the industry to develop a steady-state approach on a global scale perhaps patterned after the efforts in Costa Rica.

## How Tourism Can Contribute to the Environment

In this chapter, we talked much about how tourism harms environments. However, it is also true that tourism contributes in many ways to our world: it improves investment, development, and infrastructure, bringing to communities water and sewage systems, roads, electricity, telephone lines, information technology, and public transport networks, all of which can improve the quality of life for residents as well as facilitate tourism.

Travel and tourism in many national parks around the world helps to fund local conservation efforts and spread awareness of environmental issues. Tourists visiting attractions such as parks and preserves financially contribute through donations and by paying taxes and fees. And when both the traveling public and residents more fully appreciate their surroundings, they begin to make more environmentally conscious decisions, whether traveling or not.

The examples that follow, and the examples in Part 2 of this book, provide many ideas for how to actively reduce consumption and “green” operations, steps that will ultimately lead businesses to earn consumer confidence and larger profits as more travelers and consumers choose their products and services.

Consider these examples noted by the UNEP:

*In Hawaii, new laws and regulations have been enacted to preserve the Hawaiian rainforest and to protect native species. The coral reefs around the islands and the marine life that depend on them for survival are also protected. Hawaii now has become an international center for research on*

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<sup>12</sup> [http://www.academia.edu/297688/Tourism\\_and\\_biodiversity\\_More\\_significant\\_than\\_climate\\_change](http://www.academia.edu/297688/Tourism_and_biodiversity_More_significant_than_climate_change)

*ecological systems and the promotion and preservation of the islands' tourism industry was the main motivation for these actions.*

*Grupo Punta Cana, a resort in the Dominican Republic, offers an example of how luxury tourism development and conservation can be combined. The high-end resort was established with the goal of catering to luxury-class tourists while respecting the natural habitat of Punta Cana. The developers have set aside 10,000 ha (24,700 acres) of land as a nature reserve and native fruit tree garden. The Punta Cana Nature Reserve includes 11 fresh water springs surrounded by a subtropical forest where many species of unusual Caribbean flora and fauna live in their natural state. Guests can explore a "nature path" leading from the beach through mangroves, lagoons of fresh water springs, and dozens of species of Caribbean bird and plant life. Other environmentally protective policies have been put into effect at the resort, such as programs to protect the offshore barrier reefs and the recycling of wastewater.<sup>13</sup>*

In addition, Costa Rica's 1997 biodiversity law authorized a tax on gasoline to be used to compensate the owners of forested land for the environmental services that their forests offer to society. These services are:

- reduction of greenhouse gasses
- protection of drinking water
- protection of rivers that can be harnessed for hydroelectric power
- protection of biodiversity and its sustainable use for pharmaceuticals and science
- protection of ecosystems, life forms, and scenic beauty.

Lapa Rios Eco-lodge is an award-winning property located in Costa Rica that provides permanent protection of the nearly 1,000 acres of tropical rainforest through a partnership with The Nature Conservancy while supporting local schools and communities through a variety of unique arrangements.

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<sup>13</sup> <http://www.unep.org/resourceefficiency/Business/SectoralActivities/Tourism/TheTourismandEnvironmentProgramme/FactsandFiguresaboutTourism/ImpactsofTourism/EnvironmentalImpacts/TourismandEnvironmentalConservation/tabid/78779/Default.aspx>

At the end of the day, the question remains: What can companies in the travel, tourism, and hospitality industry do to protect the environment? Positive environmental impacts occur when companies look beyond short-term financial profit to serving society and their customers. The hospitality industry can provide the justification and resources to protect natural as well as cultural resources. In addition, the industry generates revenue, which can be used for conservation programs and projects. Visitors often provide a market for the preservation of folk traditions, festivals, and local craft industries. And hospitality can be an important vehicle for communicating environmental values to a wider audience.

### Choosing the Road to Sustainability

Travelers are increasingly seeking accommodations and travel experiences in places that respect and preserve the environment—and all sectors and subcategories of the travel, tourism, and hospitality industry are taking notice. Ecotourism and agritourism represent the industry's fastest growing segments. Consumers of wine, concerned about the health and environmental risks of traditional growing methods, are actively searching for biodynamic and green wineries to visit and purchase from. Consumers in general and travelers in particular are choosing to do business with companies they trust to do the right thing—companies that treat their employees, environments, and communities with respect.

Becoming sustainable requires a proactive rather than reactive approach; moreover, it requires a different way of thinking about the problems we face. We need to become “sustainability-system thinkers” to account for the interrelations and interdependency among the parts. Thinking sustainably means seeing the living world as a network of relationships, and thinking in terms of the interconnections within those networks. Our planet comprises one network; travel, tourism, and hospitality are part of a living system sustained by ethics and economics, and subject to the laws of science.

Indeed, if we believe that destroying the environment is fundamentally wrong, then we must also believe that there is an ethical imperative for the hospitality and tourism industry to pay close attention to sustainability practices. There is an economic imperative as well, as it is less costly to prevent negative impacts than to deal with their consequences. Companies that invest in sustainability reap financial benefits. However, perhaps most compelling is the imperative of survival. Humankind cannot survive without widespread, active attention on efforts to protect the environment.

Sustainability makes sense in both the long and short term. It makes sense in and for itself, as well as for its owners, employees, and the living systems that support it. It operates lean, clean, and green to build profit and a competitive advantage and to reduce risk while wringing waste and inefficiencies out of the supply chain and production process.

In addition to sustainability, if a company is to make sense to its employees and reduce turnover, it must ensure that employees are satisfied with their work environment. For example, under the leadership of general manager Robert Hill, the InterContinental Miami took some initial steps implement a comprehensive sustainability focus beginning in 2006, and incorporating design, operations, and technologies that reduce energy, conserve water, cut carbon emissions, and decrease waste, while at the same time improving guest health and comfort and reducing overall operation costs.

Attaining environmental sustainability is not easy; sustainability is not an end point, it is a direction. Companies that value sustainability will incorporate practices designed to move in that direction, perhaps starting with an examination of its environmental or carbon footprint. They will consistently strive to minimize the adverse effects by using either recycled or plentiful local building materials, renewable sources of energy, comprehensive recycling and safe disposal of waste, as well as educating guests about the environment. They may begin by adopting some measures to reduce waste products or energy use, or to reduce or replace nonrenewable resources with sustainable materials. The company will give back to the community; it may do so by contributing to environmental protection or conservation. Sustainability is not about

compliance with the law, but about proactively pushing past what is required. It includes staff and employees, and involves educating and incentivizing them to become the best humans and employees they can be. It is a holistic approach, which involves respecting the environment as well as the local people and communities.

## Key Points in This Chapter

1. Population growth and unprecedented levels of consumption have pressed the natural world to its limits. The planet is on a dangerously unsustainable course, with its resources—the atmosphere, fresh water supplies, oceans, and forests—under great stress.
2. The hospitality industry along with government and citizens can play a vital role in sustaining our planet.
3. We need to be aware of the ways our actions are shaping the five major environmental issues that affect the travel, tourism, and hospitality industry today and tomorrow:
  - Global warming
  - Water
  - Pollution
  - Deforestation and land degradation
  - Biodiversity
4. Tourism can play a positive role with respect to the environment and there are examples for us to build on.

## Questions to Consider

1. What are some specific examples of how current practices in the hospitality industry have adversely affected our environment?
2. Can you think of some examples of positive impacts of tourism with respect to protecting or restoring the environment?
3. Can you identify some principles which the hospitality and tourism industry should follow in the future?



## CHAPTER 4

# Caring for the Community

*The Evergreen Lodge, nestled in Yosemite National Park next to the glacial Hetch Hetchy valley, is a leader in environmental conservation. The company reuses 100 percent of its water, follows sustainable landscaping practices and sources from the local community. But what really sets Evergreen apart is its innovative youth program, designed to provide training, skills and work experience to “high potential” urban youth aged 18 to 24. Participants work and live at the lodge for about six months. During that time, they develop new skills, engage in an outdoor recreation program and receive the individualized training and counseling they need to overcome past issues and take the next steps towards their educational and career futures. The goal of the program is to give interns a stable, formative path towards a successful future.<sup>1</sup>*

The Evergreen Lodge is an example of a growing trend of using a for-profit business to effect social change, a relatively recent development in the practice of good business. Good companies are now beginning to reach beyond the bottom line, to see beyond the goal of making a profit and to become advocates of social change. On the road to sustainability, they are becoming accountable not just to shareholders, but to stakeholders as well.

The United Nations World Tourism Organization (WTO) recognized the need for hospitality and travel businesses to support sustainable tourism by providing socio-economic benefits to host communities. In fact, two of three of the WTO’s sustainable tourism principles reflect the idea of social and cultural responsibility:

- To respect the socio-cultural authenticity of host communities, conserve their living cultural heritage and traditional values and contribute to intercultural understanding and tolerance

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<sup>1</sup> [www.evergreenlodge.com/](http://www.evergreenlodge.com/)



- To ensure viable, long-term economic operations, providing fairly distributed socio-economic benefits to all stakeholders, including stable employment, income-earning opportunities, social services and poverty alleviation<sup>2</sup>

Such principles shaped the Tour Operators Initiative, which encourages tour operators to commit to sustainable development by:

- Implementing environmental management strategies at destinations
- Influencing tourism development and destinations' lifecycles
- Providing a long-term vision for the competitiveness and attractiveness of destinations
- Encouraging consumers to make responsible travel choices and practice responsible travel behaviors<sup>3</sup>

Because tourism increasingly leads us to engage with vulnerable cultures around the world, hospitality and tourism businesses increasingly recognize the imperative to set social and cultural responsibility as a pillar of the enterprise. Many of these companies are collaborating with non-governmental organizations and existing foundations, while others are creating foundations of their own or designing their own programs and ventures to encourage social change and equity for vulnerable populations.

You will learn about some of these companies and their efforts in this chapter and in part 2 of this book. Here, we will zero in on four importance aspects of social and cultural responsibility: social equity, stewardship, community wellbeing and local control.

## The Importance of Social Equity

Social equity, which speaks to socio-economic fairness and social justice, is one of the three pillars of sustainability as defined by the United Nations. Although social equity is an important mission for the

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<sup>2</sup> <http://sdt.unwto.org/content/about-us-5>

<sup>3</sup> [http://www.toinitiative.org/fileadmin/docs/communication/toi\\_screen\\_neu.pdf](http://www.toinitiative.org/fileadmin/docs/communication/toi_screen_neu.pdf)

hospitality and tourism industry, it is especially critical in remote areas that vulnerable communities call home. Businesses in these areas must ensure that the communities themselves are directly involved in both the design and implementation of sustainable tourism models.

Consider southern Kenya's Maasai people, who live adjacent to two national parks: the Maasai Mara National Reserve and the Amboseli Game Reserve. According to Dr. Martha Honey, founder of the Center for Responsible Travel, these two parks originally led community-based tourism efforts, but mismanagement, land grabs and political greed sent profits flowing away from the Maasai and their communities and into the hands of elite, well-connected landowners and politicians instead.<sup>4</sup>

Although corruption and greed are still widespread in the area, there are now glimmers of hope due in part to a re-emergence of community-based ecotourism in both parks. One example of this noted by Honey is Basecamp Maasai Mara, a tent-based lodge that employs local staff and guides and provide cultural experiences for guests through the local community. Campi ya Kanzi in Amboseli is a similar ecolodge that employs approximately 60 Maasai as guides, trackers, maids and waiters.

### **The Importance of Fostering Stewardship**

Another important aspect of social responsibility is fostering a sense of stewardship, or ownership, among native peoples. Most successful community-based ecotourism models work toward establishing resident stewardship to preserve and care for local ecosystems.

The Royal Chitwan National Park in Nepal is a good example. In 1998, research indicated that only six percent of local villagers profited directly or indirectly from the tourism industry despite being at a location viewed as the epicenter of tourism because of its proximity to the park entrance. Instead, most tourism profits leaked out to private and often foreign-owned enterprises. Consequently, local villagers, needing local resources and having no reason to protect the biodiversity

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<sup>4</sup> Honey, M. (2008). *Ecotourism and Sustainable Development*. Washington D.C.: Island Press. Chapter 8: Kenya: The Ups and Downs of Africa's Ecotourism "Mzee" p. 295-344

of the area, continued to collect firewood and poach wildlife. To counteract this forced disregard for the ecosystem, park management set forth bylaws that funneled half of all entrance fees and concession profits to local communities. Since then, the World Wildlife Fund and Biodiversity Conservation Network have collaborated with two villages to create a community-based approach to tourism that promotes local ownership and stewardship.<sup>5</sup>

In another example, villagers in Southern Thailand, experiencing a drain on natural resources due to increased tourism, collaborated with the Responsible Ecological Social Tours Project, a non-governmental agency, to form the Koh Yao Noi Small Fisher's Club. The Club's overarching goal is to protect the biodiversity of local waters and, being a fishing village, the villagers' livelihoods. Since launching the ecotourism project, the fishing village has been able to protect the environment and educate tourists about the area's cultural heritage and ecosystem. By providing environmental education in a homestay setting, villagers can maintain their traditions while imparting their skills and knowledge to the rest of the world. This model ecotourism project earned the village recognition from Thailand's Royal family, and enabled club members to serve within local governments.<sup>6</sup>

In another groundbreaking project by the non-profit Proyecto Ecológico Quetzal (PEQ), the Chicacnab, an indigenous community living in a remote cloud forest in Guatemala changed its environmentally destructive behaviors and became proud stewards of its own land. The Chicacnab, who had been using slash-and-burn agricultural methods that resulted in mass deforestation and other detrimental effects, agreed to stop their destructive practices and take ownership of the forests so they could participate in the profitable

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<sup>5</sup> Bookbinder, M.P., Dinerstein, E., Rijal, A., Cauley, H., & Rajouria, A. (1998). Ecotourism's support of biodiversity conservation. *Conservation Biology*, 12(6), 1399-1404.

<sup>6</sup>Walter, P. (2009). Local knowledge and adult learning in environmental adult education: Community-based ecotourism in southern Thailand. *International Journal of Lifelong Education*, 28(4), 513-532. doi:10.1080/02601370903031363

tourism project sponsored by PEQ and funded by the Rainforest Alliance. Through the project, tourists live with local residents and learn about the ancient Chicacnab culture. In exchange, Chicacnab families, recognizing that the tourists would not come if the forest vanished, agreed to learn and practice sustainable methods, such as using animal fertilizers and rotating crops. Today, the Chicacnab want to preserve the forest for future generations and have adopted a sincere sense of pride for their surrounding environment. And PEQ has expanded the successful program to Rokjá Pomtilá, a subtropical rainforest community.<sup>7</sup>

### The Importance of Promoting Community Wellbeing

Tourism often takes place in developing countries where communities are marginalized, isolated and oftentimes oppressed by local or national governments. The repression leads to feelings of inferiority among the people, which in turn negatively affect the wellbeing of entire communities.

To determine how to promote community wellbeing, researchers designed case studies around the Maripa, Maguari and Jamaraua communities of Brazil's Amazonian forest. The project, *Projeto Puxirum de Ecoturismo*, supported by the Brazilian government's environmental agency, encouraged the Maripa to develop trails, attend guiding courses and build additional housing for guests—actions the Maripa anticipated would lead to a lucrative venture. Although profits were not instantaneous, the community was able to highlight its culture to tourists, leading to a revival of cultural traditions, a more positive sense of self among community members and a sense of pride and empowerment.<sup>8</sup>

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<sup>7</sup> Bascomb, B. & Taylor, M. (2008). Ecotourism and sustainability in a Q'eqchi' Maya community, *Guatemala* (3), 11-16.

<sup>8</sup> Lima, I., & d'Hautesserre, A. (2011). Community capitals and ecotourism for enhancing Amazonian forest livelihoods. *Anatolia: An International Journal of Tourism & Hospitality Research*, 22(2), 184-203. doi:10.1080/13032917.2011.597933

## The Importance of Local Control and Employment Quality

Because most small, rural communities in developing countries lack people with business savvy and the managerial skills necessary to establish profitable and sustainable ecotourism models on their own, it is crucial to the success of any socially responsible ecotourism project to enlist the help of a non-governmental organization (NGO). NGOs can create business plans that coincide with social and environmental development plans and teach community members the skills needed to succeed through small-scale private enterprises. Behind many successful ecotourism models, an NGO is working with and training local communities.

We mentioned the joint PEQ-Chicacnab project in Guatemala, which began with—and succeeded due to—the pivotal help of an NGO. The Koh Yao Noi ecotourism project in Thailand similarly succeeded thanks to the support of and partnership with an NGO. While many communities use the assistance of NGOs to begin ecotourism or sustainable tourism projects, others are able to learn from their neighbors to start successful businesses of their own.

The Sani Isla Ecolodge, located along the Rio Napo in the Ecuadorian Amazon, began as a community project. Lodge founder Patricio Gualinga explained that while many community members had worked at other lodges in the area, they did not want an NGO ‘boss.’ Instead, to get started, the community agreed to allow an oil company to perform seismic testing, an activity that produced the income they needed to finance the lodge. By using a six-month rotation schedule, everyone in the community had an opportunity to work at the lodge. Money from the lodge funded education, medical needs and transportation and infrastructure projects, such as a community store. All community members also attended a monthly meeting to share opinions and vote on projects, thus empowering the community with social capital.<sup>9</sup>

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<sup>9</sup> [www.sanilodge.com/](http://www.sanilodge.com/)

Social and cultural responsibility are integral aspects of good tourism, not to mention of good companies. The cost of excluding local communities from the tourism paradigm is too great to contemplate, to both businesses and the environment. Good companies are weaving social missions into their personas, and investors are now looking for these missions to balance their return portfolios. Social missions empower communities and promote stewardship, both of which lead to sustainable solutions and social equity in the travel, tourism and hospitality industry.

We recommend that companies interested in adopting practices that foster social and cultural responsibility review The Global Sustainable Tourism Criteria<sup>10</sup> set forth by the Global Sustainable Tourism Council, an arm of the United Nations' World Tourism Organization. The guidance in Section B on how to maximize social and economic benefits to the local community is particularly relevant.

**Table 4.1 Global Sustainable Tourism Criteria**

Criteria	Additional details	Guidance
The organization actively supports initiatives for local infrastructure and social community development including, among others, education, training, health and sanitation.	There is some form of contribution to local community for public benefit through commercial, in-kind or pro bono engagement.	Best practice is a program developed in collaboration with community. The level of contribution should be commensurate with the organizations tourism business turnover and the economic status of the local community.
Local residents are given equal opportunity for employment including in management positions. All employees are equally offered regular training, experience and opportunities for advancement.	Local residents are employed, including in management positions. Training and career opportunities are offered to local residents.	Best practice is employees engaged from an existing local community. The level of local resident employment should be commensurate with the seasonality, location and economic status of the local community.

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<sup>10</sup> Global Sustainable Tourism Council Criteria and Suggested Performance Indicators, Version 2.0, 10 December 2013

Criteria	Additional details	Guidance
<p>Local services and goods are purchased and offered by the organization, following fair-trade principles.</p>	<p>Purchases are mostly from local providers and/or fair trade. Services offered involve local businesses to the greatest extent possible.</p>	<p>Best practice is a purchasing policy which gives priority to local and fair trade suppliers that meet quality and environmentally-friendly criteria. Services and contractors etc. should be locally sourced as far as practical. For tour operators the critical aspect is to support locally owned restaurants, services, and shops utilized on tours.</p>
<p>The organization offers the means for local small entrepreneurs to develop and sell sustainable products that are based on the area’s nature, history and culture (including food and beverages, crafts, performance arts, agricultural products, etc.).</p>	<p>The organization provides their customers with access to local enterprises, including handcrafts, food/beverage, cultural performances, or other goods and services, to sell directly to guests, as far as practical.</p>	<p>The level of local entrepreneur’s access should be commensurate with the organizations tourism business turnover relative to the economic status of the local community (i.e. larger tourism business in impoverished community the access should be high, city hotel in a developed economy the access may be low).</p>
<p>A documented code of conduct for activities in indigenous and local communities has been developed and implemented with the collaboration and consent of the affected community.</p>	<p>Documented code of conduct with includes the organization’s policy documents, marketing, staff induction and training material, and interpretive brochures. In developing the code, the organization has consulted and sought consent of the local community.</p>	<p>Small organizations with few staff may have a simple approach provided it is implemented larger organizations must have documented code of conduct.</p>

## Key Points in This Chapter

1. Social equity, which speaks to socio-economic fairness and social justice, and one of the three pillars of sustainability as defined by the United Nations is an important mission for the hospitality and tourism industry. It is especially critical in remote areas that vulnerable communities
2. Most successful community-based ecotourism models work toward establishing resident stewardship to preserve and care for local ecosystems.
3. Rural communities in developing countries often lack business savvy and the managerial skills necessary to establish profitable and sustainable ecotourism models on their own; the help of a non-governmental organization (NGO) can assist with the creation of business plans as well as training local communities.
4. Companies interested in adopting practices that foster social and cultural responsibility should review The Global Sustainable Tourism Criteria set forth by the Global Sustainable Tourism Council.



## Questions to Consider

1. In what ways does the Evergreen Lodge serve as an example of a trend toward using a for-profit business to effect social change.
2. In what ways is the Royal Chitwan National Park in Nepal a good example of successful community-based ecotourism models work toward establishing resident stewardship to preserve and care for local ecosystems?
3. Consider the project by the non-profit Proyecto Ecológico Quetzal (PEQ), the Chicacnab, an indigenous community living in a remote cloud forest in Guatemala. How did the project help the Chicanab to change destructive behaviors and what was the role of tourism in this change?

## CHAPTER 5

# Caring for Employees<sup>1</sup>

*Across the United States, Kimpton Hotels operates 62 hotels and 70 restaurants, each unique in some way, each with a different vibe. Despite the variety, Kimpton empowers employees to do their jobs without following a strict set of procedures or feeling micromanaged. In fact, 95 percent of staff reports that management gives them a lot of responsibility, trusts them to do a good job without looking over their shoulders, and encourages them to think on their feet and go the extra mile to keep guests happy.*

*For example, a valet at one Kimpton property waived a frustrated guest's \$20 daily parking fee after the guest threatened to leave. Although the guest was thrilled, the valet worried that he'd overstepped and cost the company money. But the next day, his general manager threw a surprise party to celebrate the valet's commitment to delighting a guest. To add even more weight to its talk of employee empowerment, each year Kimpton awards \$10,000 to one hourly worker who goes above and beyond to help a guest. "There is no limit to what we will do to make someone smile," says one employee. "It makes all of the staff push themselves to think of new/funny/creative ways to get involved with the guest experience."*

*Kimpton doesn't stop at delighting guests though; according to one staff member, management also "celebrates their employees just as much as they celebrate guests." The proof is in the action: An overwhelming 95 percent of employees say that Kimpton people care about each other and celebrate special events, citing birthday gatherings for employees and even employees' dogs. As one employee tells it, "We have luncheons every quarter with games and amazing food. Last one, we had to make boats out of different craft items and then we raced them in the pool, which was so unique."*

*Employees love the focus on individuality and empowerment, with most feeling that management adds to the intangible rewards with fair*

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<sup>1</sup> This chapter was prepared by Dana Shay, MA.

*compensation, driving employees to take tremendous pride in their work and the company as a whole. In a landscape where study after study tells us that most people are unhappy in their jobs and itching to switch, more than 9 out of every 10 Kimpton employees say that the company provides a consistently a great workplace. “Many companies profess to be caring and progressive, but Kimpton is genuinely that way,” one staff member says. “It’s a pleasure to be here and it makes all the hard work worthwhile.”*

## The Employee Value Proposition: Your Path to Caring for People

The fair and equitable treatment of employees is one of the components we use to define a good company. To understand what “the fair and equitable treatment of employees” means in practice, we must first consider the broader notion of the employee value proposition (EVP).

The EVP is, effectively, the “deal” a company offers to its employees in exchange for their service. Ideally, this “deal” is an employee-centered package comprising salary, benefits and rewards, and other nonfinancial factors, such as career development opportunities and work–life balance. It also demonstrates a company’s commitment to its people, and illustrates how that commitment connects to the larger business strategy.

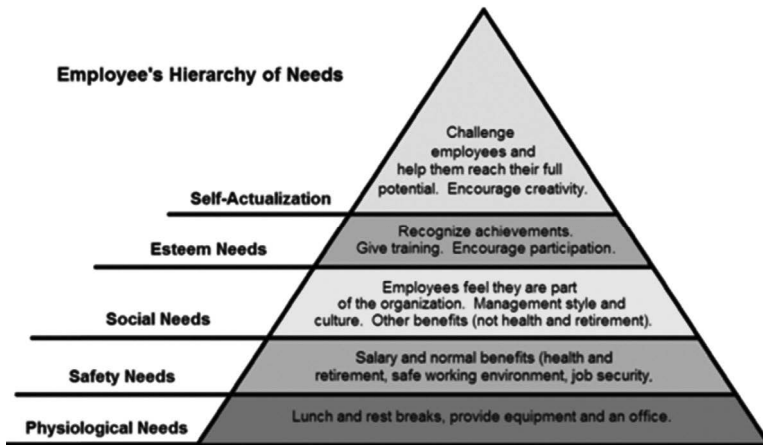


Figure 5.1 The EVP and Maslow’s hierarchy of needs

Research consistently demonstrates the link between a viable EVP and workplace performance, between how the company treats its employees and the contribution employees make to the company. Figure 5.1 shows the relationship, grounded in the theory of Abraham Maslow, between the elements in an EVP designed to meet the needs and desires of the company's workforce, and that engages employees and rewards them fairly, can ultimately have a strong impact on performance, productivity, and, as a result, financial results (Figure 5.2).

The effect is global, as Globe Scan found in its global survey of business issues, which revealed that the fair treatment of employees was the most important indicator of company success in the 26 countries surveyed, including the United States, France, Switzerland, Italy, the Philippines, and all of Latin America.



*Figure 5.2 The employee value proposition*

A good company, then, is one that succeeds and profits by considering the unique values of its employees and creating an EVP that maps to those values. Historically, companies looked solely to competitive compensation and benefits programs to define their EVPs. Today though, due to growing global competition, limited resources, and changing employee needs, the notion of an EVP is expanding. Now, the EVP typically includes components such as career management and development, managerial effectiveness, work–life benefits, and social responsibility.

In the rest of this chapter, we explore the financial and nonfinancial elements of an EVP that result in the fair and equitable treatment of employees and, thus, in a company being a *good company*.

## Financial Rewards

A competitive compensation and benefits package is the first step to developing an EVP that will attract and retain employees. Even with limited budget or resources, companies can practice a philosophy of paying fairly for performance and developing programs that drive engagement to realize a better return on reward investment. Research by Towers Watson shows that organizations with highly engaged employees are much more likely to post better financial results than are their peers.

As you may recall from this chapter’s introductory story about Kimpton Hotels, Kimpton employees appreciate the many nonfinancial rewards offered by their employer. Yet they also welcome financial rewards, critical to a fair compensation package. In the “Great Place to Work” survey, 84 percent of employees said that they are paid fairly for the work they do and 78 percent said that they receive a fair share of profits made by the company. Although in terms of financial rewards, Kimpton, with more than 75 percent approval, exceeds what we would expect from employees at most other firms, the company still has room for improvement.

The Cayuga Collection, a group of luxury hotels in Costa Rica and Nicaragua, ensures financial rewards for the local residents it hires by offering year-round employment and professional development opportunities. The company supports the communities in which it

operates the hotel associates and the surrounding community (consisting of the communities in which it operates). It offers its staff

- **Education**, such as working with reimbursement plans that assist those employees who wish to continue their studies.
- **Health**, sponsoring activities and campaigns that promote the well-being of our associates.
- **Job training and development**, training our associates to be more knowledgeable and skilled in their positions, so that they can learn and grow.

In addition, in order to inspire employees, the company

- Offers extensive trainings in issues related to sustainable development.
- Supports sustainability committees (composed of employees) that meet periodically to discuss and guide our sustainability initiatives.
- Organizes periodic events that focus on fostering community engagement and awareness.
- Provides incentives that award employees for demonstrating their efforts and interest in working toward greater social responsibility.

## Nonfinancial Rewards

The “Great Place to Work Institute” studies what outstanding employers do. What they found is that they make an effort to support the day-to-day relationships that employees experience. This is not just a checklist of benefits but meaningful work and meaningful relationships. This is illustrated in Figure 5.3.

According to “Great Place to Work,” “the key factor in common in these relationships is TRUST. From the Employee’s perspective, a great workplace is one where they:

- **TRUST** the people they work for;
- Have **PRIDE** in what they do; and

- **ENJOY** the people they work with.
- Trust is the defining principle of great workplaces—created through management’s credibility, the respect with which employees feel they are treated, and the extent to which employees expect to be treated fairly. The degree of pride and levels of authentic connection and camaraderie employees feel with one are additional essential components.”<sup>2</sup>

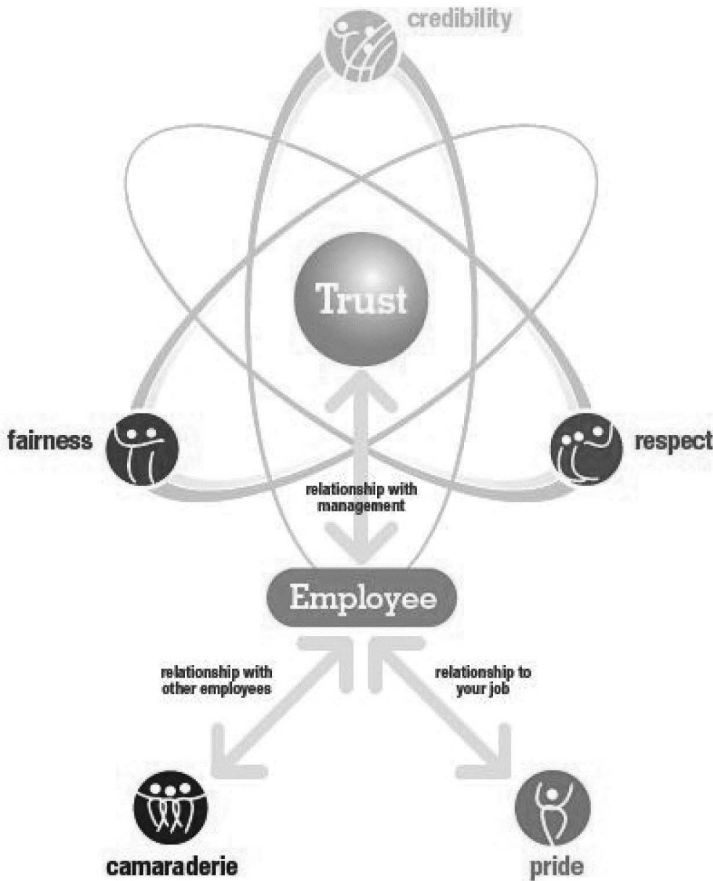


Figure 5.3 Elements of employee satisfaction

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<sup>2</sup> <http://www.greatplacetowork.com/our-approach/what-is-a-great-workplace>

### *Career Development*

One area that has become increasingly important to employee satisfaction with a company is opportunities for career development. According to Towers Watson's 2013 Talent Management and Rewards Survey, career development opportunities are one of the most common reasons noted for joining, or leaving, an organization.<sup>3</sup>

Mountain Lodges of Peru reflects its commitment to career development by including local hires in day-to-day operations. Through this initiative, local employees work with and exchange customs and information with young industry professionals, thereby learning to become industry professionals themselves. In return for its effort, Mountain Lodges now has a team of future-oriented, others-centered people who constantly seek personal development—theirs and that of coworkers.

Accor, voted one of the World's Best Multinational Workplaces in 2013 by Great Place to Work, offers another perspective on career development. Accor selects high-performing employees from across the company to form a "Task Force," which is then responsible for onboarding new hotels. Whenever Accor opens a new hotel location, members of this Task Force serve as internal trainers, preparing the new group of employees and helping to get the day-to-day operations up and running.

Lapa Rios Eco Lodge in Costa Rica encourages employee growth and offers opportunities for individuals to progress, for example, from cleaning staff to management. Because individuals applying for entry-level positions at Lapa Rios often have limited formal education, Lapa Rios provides them with on-the-job training and classroom education. With their connection to and support for the local community, many former staff members at Lapa Rios have moved on to become local entrepreneurs or to pursue successful careers in hotel management throughout Costa Rica.

Another company voted onto the "Best Companies to Work For" list is Darden Restaurants, which gives employees the opportunity to grow through intracompany transfers. Employees often request and receive transfers to work at Darden Restaurants in other parts of the country, and

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<sup>3</sup> <http://www.towerswatson.com/en-US/Insights/IC-Types/Survey-Research-Results/2012/07/2012-Towers-Watson-Global-Workforce-Study>



Darden even provides generous time off to relocate for this purpose. Half of the managers at Darden started as hourly workers, demonstrating great potential for career advancement within the organization.

### ***Effective Management = Empowering Employees***

When Paul Dolan was appointed president of Fetzer Winery by the Brown-Forman Corporation, he moved to steer the company into a new course empowering employees. Beginning with the view that the people who worked at Fetzer were the soul of the business and providing them with the opportunity to expand their contribution to the company and take on responsibility for the economic and environmental components of their work. For example, Sue Hawley who was responsible for procuring packaging developed a system for rating the environmental quality of packaging vendors. This provided Sue with the opportunity to do her job and help make the world a better place. In Paul Dolan's words, "I believe that if you respect the people you have for their entire potential and personality, for their total capacity for self-expression, they will become the right people... Your job as a leader is to provide an environment for this whole expression to come out. From a leadership standpoint you set the direction and then allow people to contribute from their own perspective, knowledge and experience."<sup>4</sup>

Managers hold significant power to contribute to the success of an organization—and to its employees. Towers Watson's 2012 Global Workforce Study reinforces Dolan's experience showing that employees' relationships with supervisors and managers is key to sustained employee engagement. Managers are on the front line, delivering on the company's EVP every day.

We already mentioned Kimpton, which manages to empower employees to do their jobs without laying down strict guidelines or micromanaging. Speaking of the sense of empowerment and freedom such actions foster, one Kimpton employee says of management, "You feel a sense of family with Kimpton. They are the responsible but cool parents you've always wanted."

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<sup>4</sup> Dolan P. (2003). *True to Our Roots*. Princeton, NJ: Bloomberg Press. p. 95.

Marriott, another company voted one of Fortune's 100 Best Companies to Work For in 2014, fosters the benefit of good management by providing employees with a number of opportunities to communicate with leadership. Through a combination of daily, monthly, and quarterly meetings, employees can ask questions and provide feedback on any topic, share best practices, raise concerns, and communicate personal news.

Four Seasons takes its commitment to good management seriously as well, operating according to the Golden Rule philosophy: Treat others as you wish to be treated, and treat employees with the same respects as is accorded to guests. Thanks to this practice, 93 percent of Four Seasons' employees say that the company is and has been a welcoming place to work from day one.

### ***Community Involvement***

Beyond providing effective management, a good company is also committed to working with and supporting the community. A study in *Management Decision* concluded,

“Employees who volunteer time believe that such experiences benefit them personally and improve their ability to perform their work duties.... with those employees involved in programs characterized by high management support and commitment tending to perceive that they reap high overall rewards for their volunteer activities. The perceived impact of volunteer activities on employees included: an improved ability to cope with job challenges; the development of contacts and skills that can be used on the job; improved self-esteem and a sense of pride. These factors can increase employees' ability to be proactive problem solvers on the job.”<sup>5</sup>

A Forbes Insights report found that 72 percent of respondents (311 mainly C-level executives at large companies) believe that philanthropy and volunteerism are critical for recruiting younger qualified employees.

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<sup>5</sup> Geroy G.D., Wright P.C. & Jacoby L. (2000). Toward a conceptual framework of employee volunteerism: an aid for the human resource manager. *Management Decision* 38(4), 280–287.

Many companies today encourage, and even provide paid time off for, volunteering, seeing it as a practical component of their company's philosophy around philanthropic giving. When it comes to direct giving, 72 percent of the companies surveyed in the same Forbes Insights report say they contribute financially to causes that allow their employees to volunteer. According to the survey, the number one reason why companies implement these philanthropic policies, in addition to the obvious social benefits, is to improve employee motivation, with 64 percent of companies citing that reason.<sup>1</sup>

The Cayuga Collection, mentioned earlier for providing competitive wages year-round, also takes community well-being to heart. Each year, the hotels within the collection donate funds or goods to support the improvement of one health care-related cause. The organization also supports immediate community needs by, for instance, funding road and infrastructure improvements and offering programs and supplies to local schools.

Similarly, Mountain Lodges of Peru takes an active role in the socioeconomic development of its local communities. In 2006, the company sponsored the creation of Yanapana Peru, a nongovernmental organization that seeks to improve education and tourist development in the area.

### *Work~Life Balance*

Another way to reward employees and address their needs holistically is through a flexible work-life policy. Marriott seeks to integrate work and life: 88 percent of employees say they can take time off when they need it according to a Great Place to Work survey. "Marriott allows me to be a working mom and not feel guilty about it," says one employee, who also happens to be the parent of a child with special needs. "I am able to work hard at my job, and enjoy my job, and still be a mom to my sons who need me a little bit more than the average kid."

Flexible scheduling is important to the employees at Darden Restaurants, which reports that approximately 75 percent of its employees work variable schedules that fit around their personal lives. Highlighted in its "Best Company to Work For" profile are numerous employee stories of Darden's commitment to scheduling work shifts around personal obligations.

As you move through this text, and especially the Part 2, you will find many examples of good companies caring for their people. Caring for people translates to happy a person, which in turn translates to increased productivity, customer satisfaction, and profits. Take time today to evaluate how well your company stacks up in the area of people care, and then work toward improvements—even if it's just one step, one program, and one action at a time.

### **Key Points in This Chapter**

1. Carefully analyze your EVP, ensuring that both financial and nonfinancial rewards are consistent with the goals of your business.
2. Treat your staff with fairness and respect their needs and views in order to build TRUST within your company and to foster trust by your customers.
3. Make staff aware of the issues surrounding sustainability, so they can implement appropriate policies and communicate effectively with coworkers and customers.
4. Because face-to-face communication with customers is critical, it is essential that you develop your employees in this area. Bring in outside consultants if needed.
5. Educate guests about the values and mission of your enterprise and its people.
6. Reward staff for meeting communication and environmental targets. Ensure that your benefit package supports the personal lives and professional development of employees.

## Questions to Consider

1. What is an EVP and in what way does it drive employee performance?
2. What could your company do in order to build trust?
3. How might companies demonstrate that they care about their employees?
4. In what ways do employee engagement and community development complement each other?
5. How can travel, tourism, and hospitality industry employers promote work–life balance?

PART 2

**Key Sector Case  
Studies: Hotels,  
Eco-resorts, Cruise  
Ships, Tour Operators,  
Wine Tourism, and  
Niche Tourism**



# Hotels, Eco-resorts and Cruise Ships—Introduction

All types of visitors need accommodation, a place to stay. This is true whether the accommodation is commercial—a hotel or guesthouse or quasi-commercial such as a youth hostel or a shared accommodation such as VRBO or AirBNB. The most visible form of accommodation is the hotel.

The global hotel industry has an estimated 13.4 million rooms; the United States accounts for 5.6 million, followed by Europe with 4 million and Asia with 2.9 million. Many of the visitors are tourists seeking access to attractions or overnight stays while traveling to a destination, but recently conferences, seminars, and business meetings have grown substantially.

The hotel sector is an enormous consumer of resources and producer of waste. Decisions taken in the construction and the operations of hotels directly impact the environment and the local community. During the last two decades, environmental considerations have become critical determinants of customer satisfaction, repeat visits, and competitive advantage for hotels.

According to the American Hotel and Lodging Association [AH&LA], “the U.S. lodging industry had 52,529 properties with 4.9 million guestrooms and 1.8 million employees, generating \$155.5 billion in sales. These hotels spent \$8.2 billion on energy, generated 7 million tons of waste, consumed 64 trillion gallons of water, and generated 23 million tons of CO<sub>2</sub>.”<sup>1</sup>

The environmental impact of each hotel room is staggering; in the United States, the average hotel toilet is flushed seven times per day per guest, an average shower is 7.5 minutes long, and 40 percent of bathroom lights are left on as nightlights, whereas typical hotel uses 218 gallons of water per day per occupied room. Guestrooms generate surprisingly large amounts of waste, ranging from one-half pound to 28

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<sup>1</sup> AH and LA Sustainability Report 2013. [www.ahla.com/uploadedFiles/2013SustainReport.pdf](http://www.ahla.com/uploadedFiles/2013SustainReport.pdf)



pounds per day for each guest. Meanwhile, other environmental impacts of the hotel industry include the following: non-refillable amenity bottles (shampoos, etc.) generate large amounts of plastic waste; products used to clean bathrooms and furniture contain synthetic additives; paints contain high levels of volatile organic compounds (VOCs).

Today, hotels view being perceived as eco-friendly as necessary in order to remain competitive. Hotels that decide to pursue this path are finding that they can benefit by following sustainability guidelines set out by industry associations, governmental agencies, and nongovernmental organizations (NGOs) such as the World Wildlife Fund.

For example, at the Westin Ka'anapali Ocean Resort in Maui Hawaii, every room has a brochure posted in the room which states "At the Westin Ka'anapali Ocean Resort Villas we believe that the well-being of our society and culture are tied to the health of our environment. We embrace our kuleana (responsibility) for environmental stewardship. Through *laulima* (many hands working together) we reduce the environmental impact on our beautiful island of Maui. We encourage you to make a difference and support sustainability by:

- Recycling—Divert recyclable cans, bottles and plastics from our landfills by utilizing the recycling receptacle...
- Food Donation—Your unopened non-perishable food items are generously donated to the Maui Food Bank....
- Conserve Energy—Turn off the lights in your villa when not in use."

In addition, the resort has a sustainability council, which meets monthly to discuss items such as installation of solar panels to reduce its \$450,000 annual electricity bill. (Hawaii's energy is produced from imported oil and has some of the highest KWH rates in the world.)

Westin is part of the Starwood Hotels & Resorts Worldwide, Inc., which is one of the leading hotel and leisure companies in the world, with more than 1,200 properties in 100 countries and 180,400 employees at its owned and managed properties. Starwood has set a target for 2020 to reduce its energy consumption by 30 percent and its water use by

20 percent. Starwood's reach is extensive, including the following international brands: St. Regis, The Luxury Collection, W, Westin, Le Méridien, Sheraton, Four Points by Sheraton, Aloft, and Element.

Starwood's website states, "Global Citizenship has become a cornerstone of our business, strengthening our resilience in an age of continuous global change. Today, our efforts address critical issues such as human rights, climate change, conservation, and community development. We have set bold goals and made great progress in areas such as energy, water and greenhouse gas (GHG) emissions, while laying the foundation in new areas such as our supply chain."

Marriott, the first major hotel chain to calculate its carbon footprint, has also initiated a global sustainability strategy, which includes the following elements:

- Reduce energy and water consumption 20 percent by 2020.
- Increase the number of its Leadership in Energy and Environmental Design (LEED) certified green hotels.
- Green the company's multibillion dollar supply chain.
- Reduce deforestation through innovative conservation initiatives, including rainforest protection in the Amazon.
- Ritz-Carlton Environmental Action Conservation Teams identify sustainability projects within their individual property and work together to make changes and improvements that benefit the environment.

The American Hotel and Lodging Association encourages its members to "go green" and lists nearly 70 guidelines that focus on energy and water conservation and waste management as well as case studies, business cases, and resources for properties to implement. It is clear that there are abundant opportunities for hotel to save by reducing their environmental footprint; many can yield bottom-line savings. Low-flow showerheads and faucet aerators can cut water use by half, while a 10.5-W LED light bulb gives the same light as 60-W incandescent, which lasts up to 25 years and uses about 80 percent less energy.

Cornell University's School of Hotel Management sponsors an annual roundtable on sustainability to address the industry's continuing

effort to evaluate, define, and measure the benefits of sustainability. At one recent roundtable, Cornell faculty member Eric Ricuarte noted, “The barriers to sustainable operation rest largely in myth and lack of knowledge, although the complexity of sustainability policies and mandates make it challenging to discern the way forward. Myths include the ideas that green operation is more expensive and that guests are not interested in sustainability. In fact, the reverse is true for both.”<sup>2</sup>

The new generations of travelers may have a stronger sustainability ethos than those of the past. “The value of sustainability programs to various stakeholders depends in part on the stakeholder’s perspective. For owners, cost control remains an uppermost consideration, but many guests are only interested in green practices that don’t diminish their experience. Often, being a “green hotel” is a tie breaker for booking the hotel when all other factors are equal.” A study of certification of 6,850 Spanish hotels found that those that have earned ISO 14001 [environmental] certification had higher guest satisfaction scores than those without certification.<sup>3</sup> While not all individual customers may be influenced by a hotel’s green practices, it is important to note that “corporate and group planners seek sustainability information in their requests for proposals as part of their supply-chain evaluation.”<sup>4</sup>

As the cases in this section illustrate, there are substantial benefits and opportunities that can result from careful consideration of the environment. Among them are the following:

- Cost savings from programs to reduce consumption of energy and water can cut utility bills by 20 percent and more.
- Improvements in product quality result in higher occupancy rates.
- Improvements in community support and relations with local governments can ensure that guests are seen as a welcome addition and not a burden.
- Decreased staff turnover and increased motivation as employees see the greater value of their work.
- Reduced company risks result in lower insurance premiums.

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<sup>2</sup> <https://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/roundtable-16039.html>

<sup>3</sup> <https://www.hotelschool.cornell.edu/about/pubs/news/newsdetails.html?id=994>

<sup>4</sup> <https://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/roundtable-16481.html>

The case stories that follow tell about the path to sustainability taken by hotels and eco-resorts from the four corners of the world.

- Rachel Dodds tells just how a number of hotel chains and individual hotels in Asia and have implemented environmental policies save on utility costs while leading to considerable social benefits in the communities where they operate.
- Arturo Cuenllas tells us how Scandic Hotels put into practice its commitment to do the right thing for the environment by linking customers and employees with a shared vision about the environment and social issues and how this resulted in extensive financial rewards.
- Murray Silverman invites us into the inner workings of the Kimpton Hotels. He explores the details as well as the challenges of implementing Kimpton’s EarthCare program.
- Nicole Darnall and Mark Milstein’s study of Damaí Lovina about whether a Balinese hotel should take steps to be certified as a “green” hotel to improve its competitiveness raises the question “Would participating in a voluntary environmental program (VEP) for certification help Damaí gain external recognition for the hotel’s sustainability efforts?”
- Michaela Reitterer, owner of Hotel Stadthalle, realized that she could turn a venerable hotel into a *model for sustainable tourism*; this is the story of how she created Vienna’s trendsetting combination of sustainability and the world’s first hotel with a net zero-energy balance.
- Camp Denali located in the Alaskan wilderness is a model in bringing human contact to remote areas in the least obtrusive manner; it is noted for its practice of the three “R’s” of sustainability—reduce, reuse, recycle and assistance in providing education, environmental stewardship, and park advocacy.
- Concordia Eco-Resort is a living, growing experiment in environmental best practices, especially with respect to water conservation and alternative energy.
- Guludo Beach Resort demonstrates how combining philanthropy with tourism can help to lift the veil of poverty

that had long since settled over the people of Mozambique providing clean water to more than 20,000 people and a school meal to malnourished children.

- Holland America Lines is a story of how one company in the maritime industry struggled to reduce its significant environmental impacts. The case considers the many challenges to Holland America and specifically which course to choose to achieve cost-effective reduction in fuel use.

## CHAPTER 6

# What Asian Hotels Are Doing<sup>1</sup>

*Tourism is often not as noticeable as an impact when stories of coal plants and oil field fill the news; however, this does not mean they do not have a significant impact on an area's natural resources, infrastructure, and social and cultural environment. Many destinations, such as Singapore, for instance, receive three visitors a year for every permanent resident (about 17 million tourists per year compared with 5 million residents), a ratio that would strain the social and environmental carrying capacity of many destinations.*

*Looking at just one resource—water—shows the need for sustainability to become commonplace. Hotels pay for water twice—once to bring it in and once to dispose of it. A three-star hotel uses the equivalence of approximately 350 l per guest per night—the same amount as a rural village uses for 100 homes. A luxury five-star hotel such as the Shangri-La in Singapore uses the equivalent of 1,800 l of water per guest per night. In many Corporate Responsibility reports, a “best practice” for potable water is 3,413 l per guest per night, however, in a destination that has major water issues such as Singapore; this is hardly to be considered a best practice.*

Although there are issues, a number of hotel chains as well as individual hotels have made progressive steps in Asia. Hotels that have implemented an environmental policy generally save an average 20 percent on energy costs and at least 15 percent on water costs, so any measure of efficiency benefits the bottom line. Environmental benefits usually also lead to social benefits, and one should not be considered without the other. The following are a few good practices currently underway in Asia.

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<sup>1</sup> This chapter was prepared by Rachel Dodds

The first good practice is design. A number of hotels have started to use LEED-certified building standards. LEED is a certification program that provides independent, third-party verification that a building is designed and built using strategies aimed at “achieving high performance in key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.”<sup>2</sup> Windsor’s five-star hotel in Bengaluru, India, was the first hotel in the country to achieve LEED Platinum ranking. The Shangri-La hotels aims to follow LEED Gold standards for its buildings and have comprehensive environmental footprint-saving measures through the way it deals with water, waste, and energy. Sixty percent of Shangri-La’s properties are ISO14000 certified and the aim is to that the remaining properties become certified within the next three to four years. Award-winning Crosswater resort in Guangdong Province in South China was the first property to be Green Globe certified in China and is constructed mainly with environmentally friendly materials—even the cart walk is made of recycled railway ties. The local community was also involved in the design and local architectural styles were taken into consideration to allow the resort to blend in with the area. Gardens are all planted with native species, and it was one of the first resorts to offer Feng Shui tours of the property. Six Senses Resorts aim to incorporate sustainability in both their design and all operation. For example, their resort in Con Dao Island, Vietnam, was built from local sustainable materials, including the timber suites and a pedestrian bridge that brings guests from the river all the way to the beach. Natural ventilation is the focus of all rooms to reduce the need for air conditioning using functional windows and overhanging frames.

An aspect of design is also sourcing and where the building is erected. Banyan Tree resorts works hard to protect the environment in which resorts are built using natural indigenous materials, mostly supplied by local traders. This hotel chain has also won many eco- and green awards for environmental conservation and they focus on tree planting and marine conservation. In 2009, they launched the Banyan Tree Global Foundation as a separate entity to enhance governance and

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<sup>2</sup> <http://www.usgbc.org/articles/about-lead>

institutionally safeguard collected funds. The Banyan Tree in Phuket was built on a disused tin mining site and turned it into a tropical garden site supporting migratory wildlife. The site had previously been labeled “a toxic wasteland” and “unsuitable to support sustained development by the UNDP and Tourism Authority of Thailand.”

The second good practice is energy efficiency. An increasing number of solar thermal systems are also being used by the hospitality industry. Almost every brand has invested in this technology to lower heating bills. Today’s solar collectors are very efficient and have a lifespan of more than 25 years. Evacuated tube solar collectors are a popular choice for solar hot water systems and are dependable, efficient, and cost effective. The Solar Valley Micro-E Hotel in Dezhou City, eastern China, is the largest solar-paneled hotel on earth. It sustains 70 percent of the hotels energy using solar panels and it has integrated photovoltaics to harvest and store energy. An ITC property, the Maurya in New Delhi, has the world’s first on-site Paraboloid Solar Concentrator (with 320 m<sup>2</sup> reflective area) in the hospitality industry that addresses the thermal requirements (steam and hot water) of the hotel.

It is not just chain hotels that are undertaking energy efficiency practices—independent establishments have made some progressive steps. For example, the Old Bangkok Inn built using reclaimed wood uses low-flow showerheads and solar energy. It also promotes public transport, grows veggies in their garden, and donates \$1 per night to community initiatives. In Indonesia, The Sukau Rainforest Lodge located in Sabah introduced electric motors for its river safari tours to reduce noise and impact on wildlife and has made significant impacts on the local community. It is self-sufficient in water and power supply, utilizing rainwater and solar energy.

The third good practice is carbon management. Current approaches to measuring and reporting on carbon emissions vary widely; therefore, The International Tourism Partnership (ITP) and the World Travel & Tourism Council (WTTC), in collaboration with 23 global hospitality companies, launched a methodology to calculate and communicate the carbon footprint of hotel stays and meetings in a consistent and transparent way. Hotel groups that are participating include Accor,



Beijing Tourism Group, Carlson Rezidor Hotel Group, Diamond Resorts International, Fairmont Hotels and Resorts, Hilton Worldwide, Hong Kong & Shanghai Hotels, Hyatt Corp., InterContinental Hotels Group, Jumeirah Group, Mandarin Oriental Hotel Group, Marriott International Inc., Meliá Hotels International, MGM Resorts International, Mövenpick Hotels & Resorts, Orient-Express Hotels Ltd., Pan Pacific Hotel Group, Premier Inn—Whitbread Group, Starwood Hotels & Resorts Worldwide, Inc., Shangri-La Hotels and Resorts, The Red Carnation Hotel Collection, TUI AG, and Wyndham Worldwide. The properties of Alila Hotels and Resorts Ltd. (AHR) are designed and built in accordance with strict EarthCheck standards and are also now committing to become carbon neutral. Six Senses has won numerous awards for environmental efficiency and carbon reduction, making it a globally recognized leader in this field. A recent project is to create one of the largest reforestation projects in South East Asia as part of its commitment to the fight against climate change. The company has partnered with the PATT Foundation to plant more than 200,000 trees per year in the Chiang Mai region of northern Thailand. The project represents a multimillion-dollar commitment by Six Senses over the next decade and beyond. The project will mitigate an estimated 160,000 tons of CO<sub>2</sub> annually by replanting 200 acres of forest every 12 months.

## CHAPTER 7

# Scandic Hotels<sup>1</sup>

Scandic Hotels was one of the first hotel chains to believe that it is a good strategy to do the right thing for the environment, and earn money at the same time by sharing values with its guests. It linked customers and employees with a shared vision about the environment and social issues. Not only is Scandic Hotels customer and employee focused but it also unifies core values for both of them as well. Former chief operating officer (CEO) Ronald Nilsson observed: “Tomorrow’s market is about mutual values. Scandic had been looking inward—as many hotels today do; only focusing on the product and services—instead of outward at the values of the market. The next generation won’t tolerate insensitivity with the environment.”

How did this story of sustainability begin? In 1992, Scandic Hotels was about to declare bankruptcy. Between 1990 and 1992, the hotel chain reported losses of approximately U.S. \$50 million. A new CEO, Ronald Nilsson, was hired to make a turnaround. Contrary to common wisdom, which said that any environmental program could be carried out only if the company was first financially healthy, Nilsson made environmental responsibility one of the core values from the very beginning of the turnaround. At the same time, he decentralized the company, giving more power of decision to managers and frontline employees. If Scandic were to be truly customer focused, employees needed to be empowered to make the right decisions and act accordingly. Nilsson knew about the Natural Step and its success in implementing sustainable principles at IKEA. Scandic was going to be transformed into the “IKEA of hotels,” and the overall guiding spirit was to communicate the new shared values with the customers. The Natural Step, a Swedish nonprofit organization, was primarily

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<sup>1</sup> This chapter was prepared by Arturo Cuenllas Soler.

chosen because it was not the traditional environmentalist NGO telling you what to do. Instead, they gave Scandic—just as they did with IKEA—the scientific principles of sustainability with which to start building a shared model within the organization. Once the Natural Step framework and methodology was taught to the whole company—all 5,000 of its employees at the time—in a period of six months, they were on their way toward sustainable practices.

Only in the first two years they implemented 1,500 actions, reducing costs straightaway in energy and water and waste disposal, as well as improving best practices and eliminating harmful chemical-cleaning products.

In his book *The Natural Step Story*, Dr. Karl-Henry Røbert asks: What is a sustainable society supposed to look like? Or, what are the mechanisms by which human society could damage nature? Nature is damaged by the concentration of substances, which are continually rising by being dispersed outside the Earth's crust faster than they are returned to it (i.e., fossil fuels). Nature is also damaged if concentrations of substances produced by society, that is, combinations of elements (i.e., pesticides, herbicides, chlorofluorocarbons [CFC], etc.), are continually rising because the rate at which they are dispersed exceeds the rate at which they can be broken down. And, finally, nature is damaged if the basis for natural cycles and biological diversity are continuously diminishing through physical means (deforestation, ecosystem manipulation, soil erosion, altering water tables, poor management of cropland, etc.)

The four system conditions of sustainability are:

**System Condition 1:** According to the first law of thermodynamics, matter cannot be created or destroyed, so every single atom of mercury, lead, zinc, cadmium, gas, oil, or coal that we extract from the earth's crust must end up somewhere in our biosphere. Sustainable options include switching to renewable fuels and materials such as wood, fibers, or glass.

**System Condition 2:** In a sustainable society, nature is not subject to systematically increasing concentrations of substances that are unusual in nature such as dioxins, herbicides, and pesticides produced by society. According to the second law of

thermodynamics, energy becomes more dissipated and less useful. This is referred to as the *entropy* of a system.

**System Condition 3:** In a sustainable society, nature is not practiced in ways that lead to a loss of nutrients, extinction of species, or sinking subsoil water levels. Sustainable options are to buy food from farms that grow crops sustainably and obtain materials from environmentally managed forestry plantations.

**System Condition 4:** In a sustainable society, we seek to meet human needs worldwide. Companies seek to get better at giving customers what they want, while using fewer resources. This means to strive for a hypothetical situation in which at least the most basic human needs are fulfilled globally.

Nilsson chose Olaf Ivarsson as the head of purchasing and head of environment. But he did more: he promoted this position to an executive level. Ivarsson was a great upstream thinker and tough negotiator.

The four system conditions had to be translated into the hotel's reality and common language. Ivarsson knew that the only way this process could succeed was by integrating every environmental aspect into the hotel operations. Hence, every single hotel had to develop its action plan toward sustainability. Scandic corporate offices would co-lead and coordinate with the rest of the hotels. The key success of this environmental program was to provide a base knowledge for the whole organization through several educational seminars and courses, so they could build a common framework or share a common mental model, from which everyone could make his or her own decisions.

Consequently, every hotel could have clear guidelines to start its way to sustainability. These guidelines were collected in an environmental policy, which stated the following actions: (i) develop products and services, so that we use nature's resources as sparingly as possible; (ii) choose raw material and recyclable packaging—products that do not fulfill these criteria should not be used; (iii) strive to use environmentally safe and recyclable energy sources; (iv) reduce waste and promote waste reduction; (v) choose, influence, and educate our suppliers to help us implement our environmental policy; (vi) develop an environmental

network of enthusiastic representatives from each hotel; and (vii) every year, review the results of our environmental policy and establish goals for future development.

### **Co-innovation with Suppliers: Upstream Processes**

Ivarsson led many co-innovative actions with suppliers, such as working with the laundry supplier to remove chlorine bleach from its laundry processes. Scandic also worked with the dishwashing liquid supplier to reduce detergent dosage in washing machines for breakfast dishes—the amount of detergent needed for breakfast dishes is not as high as for lunch or dinner.

In 1995, Scandic was the first hotel chain to design the eco-room. This means that rooms would be designed and built for their eventual disassembly and that they would utilize ecologically benign components. With the goal of returning rooms to nature, they created the 97 percent recyclable room (designed together with customers, architects, and furniture equipment manufacturers). The life span for eco-rooms is longer than conventional rooms. Luxury, quality, and sustainability can work together. The aesthetics of a hotel room can live in harmony with sustainability. All the interiors of the rooms were designed with environmental concerns in mind: reducing 30 percent of mercury used in mirrors by reducing their size, using wood for floors and parts of the wall, using cotton and wool instead of synthetic textiles, and avoiding plastics.

Ivarsson also worked with suppliers to reduce the size of bar soap, once they realized that a typical guest used only about 3 g of bar soap per stay, while throwing away the rest (the typical bar of soap weighed 15 g). He also worked with suppliers to reduce waste of the 30 ml shampoo bottles. “A small plastic bottle of shampoo per guest per hotel for the past 12 years means millions of bottles,” said Ivarsson. Hence, they developed a more natural soap and shampoo in a PET dispenser.

### **Empowered Employees**

Scandic and other sustainable companies know that, to be successful on the path to sustainability, they would have to empower their employees.

The principles of empowerment assume that employees are willing to accept responsibilities and improve their daily work processes and relationships. The outcome is a learning organization that continuously innovates, taking advantage of its full human resource potential. The contrary is a command and control approach, exclusively oriented toward following orders from the top, which normally translates into a waste of people and their knowledge. An effective sustainable approach such as that used at Scandic is based on giving more accountability and responsibility to its managers and rank-and-file employees, then hoping for more actions and results. Creativity is also key, and it wouldn't happen without these empowerment principles. Creativity is sustained by principles such as eagerness to do the job, intrinsic motivation, to be able to think outside the box, and not being afraid of being punished if failing to put ideas into practice.

Sustainability training programs at Scandic were key to creating this very powerful vision. Everybody was committed and convinced that this new sustainable path was possible.<sup>1</sup>

How did this empowerment manifest itself? From its very beginning, The Natural Step Dialogue and Educational Program gathered 1,500 useful suggestions, which were classified as (1) short-term, concrete activities that can be carried out immediately (actions that required no investment such as best practices), (2) ideas that needed further investigation, and (3) ideas that needed investment consideration. Olaf Ivarsson developed a very simple but powerful indicator that worked very well: the number of activities that were specified in the local environmental plans (in which everyone in every hotel were involved) and the number that were actually achieved after 6 and 12 months.

Ivarsson believed that an important way to keep employee interest and engagement alive was to go beyond the basic training level and to generate new and more challenging programs about every two years. So he developed the "Resource Hunt" program to promote very high levels of participation in hotels. In 1996, Scandic started to follow energy and water consumption and the amount of unsorted waste. The key aspect of this program was to create a reporting system, sustainability indicator system (SIR), every month to measure progress. With this program, they

were able to reduce 17 percent of energy, 36 percent of unsorted waste, and 14 percent of water overall. Average energy consumption at Scandic's Nordic hotels was then reduced to 47 kWh per guest per night, and water consumption to 235 l per guest.

Having employees that are empowered toward sustainability practices also means providing the needed resources and being able to measure environmental impacts and advancements. In this way, Scandic developed different tools and systems, which allowed hotels to compare their results. Such empowered outcomes could be seen in a healthy and friendly competition among hotels with respect to meeting environmental goals, through achieving environmental indicators and through being recognized individually and collectively for the tangible contribution to protecting the environment. Scandic had the goal to involve every person in its organization: all 5,000 employees!

Empowered employees are needed to create an interactive value creation process to educate guests and to communicate with them about the company's environmental processes.

Because Scandic is a role model, it can take the task of educating its guests with lots of credibility. The rules of green marketing say that marketing, in this context, is no longer about seducing people with empty promises; it is about engaging and educating guests. This educational approach with guests is based on building programs based on knowledge rather than image; this is done by sharing enthusiasm and by giving your customers ways to participate. This is not just selling "my brand" but sharing responsibility and involving both guests and employees in actions toward environmental and social concerns. Green marketing then consists of involvement and participation rather than a superficial company image.

## Scandic in Society

The "Scandic in Society" program aims to contribute to the well-being of societies in which the company operates. Following the dialogue with team members, community programs were created in each hotel. Individual hotels frequently enter into partnerships with local authorities and nongovernmental organizations (NGOs) to find innovative solutions for local community problems.

In 2005, Scandic also supported the breast cancer campaign of the Swedish Cancer Fund by providing 3 million Swedish crowns. In October of the same year, Scandic's guests could book a room at a "pink price" with 10 percent of income going to the Pink Ribbons campaign.

Since 2006 every cup of ordinary coffee, espresso, and cappuccino served at the Swedish Scandic hotels is fair-trade coffee. This means 9 million cups every year. Fair-trade is an initiative designed to help especially small-scale farmers to survive in the global economy.

In 2004, Scandic introduced the disability coordinator in the person of Magnus Berglund, who first entered the company as a cook but later had to abandon his job due to a joint muscle disorder. Magnus has been Scandic's Accessibility Ambassador ever since, working to ensure that all hotels are accessible to everyone. Scandic's unique accessibility standard contains 110 points, 81 of which are compulsory for all hotels, and the whole list is met in both new and renovated hotels. In 2006, Scandic received the St. Julian prize for its contribution to increasing accessibility. The United Nations has also recognized Scandic's focus on accommodation for guests with disabilities.

### **Omtanke**

B. Natrass and M. Altomare write in *The Natural Step for Business* that if *omtanke* could be translated into English, it would be analogous to "profound positive caring and attention." Nilsson described *omtanke* as an essential core learning process in Scandic, "a way of maintaining the values in the company in a very solid way." *Omtanke* could be seen as the glue that holds everything and everyone together by being open and honest to each other and the rest of stakeholders, by taking care of the shareholders, by maintaining the highest integrity when working with fellow employees, and by taking care of society.

Scandic Hotels shares a vision of *omtanke*, caring for its guests and each other while caring for the environment and society. It has to be profitable by bearing a good spirit of enterprise and by doing things efficiently. Without profits, no company can be sustainable. But at the same time, they know that the environment matters, so by being a role model Scandic thinks they can encourage others to do so. The same applies for being a



socially responsible company, taking a share of responsibility with the local and global community through the Scandic Society Program.

## OMTANKE



It was Robert F. Kennedy who stated a long time ago, “Few will have the greatness to bend history itself, but each of us can work to change a small portion of events. It is from numerous diverse acts of courage and belief that human history is shaped. Each time a man stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends forth a tiny ripple of hope, and crossing each other from a million different centers of energy and daring those ripples build a current which can sweep down the mightiest walls of oppression and resistance.” Together with many great sustainable companies, Scandic inspires others toward sustainable practices progressively uplifting others in society.

We surely need role models like Scandic for the success of a sustainable society in the near future.

## CHAPTER 8

# Kimpton Hotels: Balancing Strategy and Environmental Sustainability<sup>i1</sup>

*Michael Pace faced a dilemma. He was Kimpton Hotels' West Coast Director of Operations and Environmental Programs, General Manager of its Villa Florence Hotel in San Francisco, and the main catalyst for implementing its "EarthCare" program nationally. He was determined to help the boutique hotel chain "walk the talk" regarding its commitment to environmental responsibility, but he also had agreed not to introduce any new products or processes that would be more expensive than those they replaced. Now that the first phase of the program had been implemented nationwide, he and the company's team of "eco-champions" were facing some difficult challenges with the rollout of the second, more ambitious, phase.*

*For example, the team had to decide whether to recommend the purchase of linens (towels, sheets, pillow cases, etc.) made of organic cotton, which vendors insisted would cost at least 50 percent more than standard linens. It would cost an average of \$100 to \$150k to switch out all the linens in each hotel. If they couldn't negotiate the price down, was there some way they could introduce organic cotton in a limited but meaningful way? All linens are commingled in the laundry, so they can't be introduced one floor at a time. Maybe they could start with pillowcases—though the sheets wouldn't be organic, guests would be resting their heads on organic cotton. Would it even be worth spending so much on linens? From a PR perspective, would it make that much of a difference? Should they wait and see, phase it in over time, or drop the idea altogether? They would face similar issues when deciding whether to recommend environmentally friendly carpeting or furniture.*

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<sup>1</sup> This chapter was prepared by Murray Silverman.

*And then there was recycling. The program had been field tested at Kimpton Hotels in San Francisco, a singular city in one of the most environmentally progressive states in the United States. Now the eco-champions team had to figure out how to make it work in cities like Chicago, which didn't even have a municipal recycling program in place. In Denver, recycling actually cost more than waste disposal to a landfill, due to the low cost of land in eastern Colorado. Pace knew that the environmental initiatives most likely to succeed would be those that could be seamlessly implemented by the general managers (GMs) and employees of the 39 unique Kimpton Hotels around the country. The last thing he wanted to do was to make their jobs more difficult by imposing cookie-cutter standards.*

*Kimpton had recently embarked on a national campaign to build brand awareness by associating its name with each unique property. Pace knew that the success of Kimpton's strategy would rest heavily on its ability to maintain the care, integrity, and uniqueness that customers had come to associate with its chain of boutique hotels. Other hotel companies had begun investing heavily in the niche that Kimpton had pioneered. To differentiate itself, the company had to continue to find innovative ways to offer services that addressed the needs and values of its customers, and EarthCare was a crucial part of its plans. But could Pace find a way to make it happen within Kimpton's budget, and without adversely affecting the customer experience? Would Kimpton be able to keep the promises made by its new corporate brand?*

## **Kimpton's Business Philosophy and Strategy**

Kimpton Hotels was founded in 1981 by the late Bill Kimpton, who once said, "No matter how much money people have to spend on big, fancy hotels, they're still intimidated and unsettled when they arrive. So the psychology of how you build hotels and restaurants is very important. You put a fireplace in the lobby and create a warm, friendly restaurant, and the guest will feel at home." By 2005, Kimpton had grown to include 39 hotels throughout North America and Canada, each one designed to create a unique and exceptional guest experience. Every hotel lobby had a cozy fireplace and plush sitting area, where complimentary coffee was

served every morning, and wine every evening. Guest rooms were stylishly decorated and comfortably furnished, offering amenities such as specialty suites that included Tall Rooms and Yoga Rooms. Every room offered high-speed wireless Internet access, and desks with ample lighting. Rather than rewarding customer loyalty with a point program, Kimpton offered customization and personalization. “We record the preferences of our loyal guests,” said Mike Depatie, Kimpton’s CEO of real estate, “Someone may want a jogging magazine and a Diet Coke when they arrive. We can get that done.”

Historically, Kimpton prospered by purchasing and renovating buildings at a discount in strategic nationwide locations that were appropriate for their niche segment. The hotel industry in general had been slow to enter the boutique niche, and Kimpton enjoyed a substantial edge in experience in developing value-added services for guests.<sup>2</sup>

“All hotels are starting to look alike and act alike, and we are the counterpoint, the contrarians,” according to Tom LaTour, Kimpton president, and CEO. “We don’t look like the brands, we don’t act like the brands, and as the baby boomers move through the age wave, they will seek differentiated, experience-oriented products.”

Kimpton’s top executives took pride in their ability to recognize and develop both undervalued properties and undervalued people. Kimpton’s hotel GMs were often refugees from large branded companies who did not thrive under hierarchical, standardized

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<sup>2</sup> Business travel (group and individual) accounted for approximately 65% of Kimpton’s revenues, and leisure travel (tour group and individual) the other 35%. The selection of hotels for business meetings and conferences was through meeting and conference organizers. Around 35% of all rooms were booked through their call center, 25% through travel agents, 25% through their web site, and the remainder “came in off the street.”

The internet portion of their business continued to grow, but they didn’t cater to buyers looking for the “steal of the century.” Rather, they were increasingly being discovered by the 25% of the customer pool that market researchers called “unchained seekers,” many of whom used the Internet to search for unique accommodations that matched their particular needs or values.

corporate structures. At Kimpton, they were afforded a great deal of autonomy, subject only to the constraints of customer service standards and capital and operating budgets.

This sense of autonomy and personal responsibility was conveyed down through the ranks to all 5,000 Kimpton employees. Kimpton's flexible corporate structure avoided hierarchy, preferring a circular structure where executives and employees were in constant communication. Steve Pinetti liked to tell the story of a new parking attendant who had to figure out how to deal with a guest who felt that he had not been adequately informed of extra charges for parking his car at the hotel. The attendant decided on the spot to reduce the charges, and asked the front desk to make the necessary adjustments. He had heard his GM tell everyone that he or she should feel empowered to take responsibility for making guests happy, but he fully expected to be grilled by his GM, at the very least, about his actions. A sense of dread took hold as he was called to the front of the room at a staff meeting the very next day, but it dissipated quickly when his GM handed him a special award for his initiative.

## **Establishing the Kimpton Brand**

While Kimpton was known for designing hotels that reflected the energy and personality of their distinct locations, by 2004 the company's top executives realized that uniting its hotel portfolio under a single recognizable brand could add considerable value. Cross-selling of hotel rooms in different cities, for instance, would be easier for salespeople handling corporate accounts if the properties all shared the Kimpton name. Hence, the company launched what it called the first Lifestyle Hotel Collection, with the theme "Every Hotel Tells a Story." One aspect of the branding effort was to add the Kimpton name to each property, as in "Hotel Monaco San Francisco, a Kimpton Hotel." According to CEO LaTour, "We think of our hotels as a family, all having their own first names and sharing the last name Kimpton. We are ready to tell the world the Kimpton story."

### ***Kimpton's Value Proposition***

The distinctive value proposition associated with the Kimpton brand guaranteed the customer a unique and satisfying experience along five different dimensions, what the company referred to as Care, Comfort, Style, Flavor, and Fun.

- *Care.* Just as Kimpton treated its guests with a strong dose of friendly personal attention and TLC, its culture also emphasized concern and responsibility for the communities in which it did business, and the people it employed. Each hotel's GM and staff expressed this sense of care by engaging in their own forms of community outreach, employee diversity, and environmental quality initiatives.
- *Comfort.* Kimpton focused intently on making its guests feel comfortable, their plush rooms, and intimate public spaces providing a home away from home. It kept overhead costs in check by limiting the range of services it provided, forgoing the gyms, spas, swimming pools, and other space-hungry amenities that larger chains regularly offered.
- *Style.* No two Kimpton Hotels were alike. Each attempted to draw upon the distinctive character of the city and neighborhood in which it was located. Interiors tended to be upscale and stylish rather than opulent or ornate.
- *Flavor.* The restaurants located in each hotel were designed to stand on their own, catering to local clientele rather than rely on hotel guests for the bulk of their business.
- *Fun.* Employees were encouraged to bring their personalities to work, and to make sure that guests enjoyed their stay. According to Mike Depatie, "We don't try to make people Kimpton people. We want them to express the best of what they are."

### **Social Responsibility—Kimpton Cares**

An important part of Kimpton's story was its longstanding commitment to social responsibility. Staff at each hotel had always been encouraged

to engage with local community nonprofits that benefited the arts, education, the underprivileged, and other charitable causes. Kimpton maintained these local programs even in periods of falling occupancy rates and industry downturns. These local efforts evolved into the companywide “Kimpton Cares” program in 2004, as part of the company’s corporate branding effort, expanding its social and environmental commitments to the national and global arenas. At the national level, Kimpton supported the National AIDS Fund (in support of its Red Ribbon Campaign) and Dress for Success (which assisted economically disadvantaged women struggling to enter the work force) by allotting a share of a guest’s room fee to the charity.

At the global level, Kimpton embarked in a partnership with Trust for Public Land (TPL), a nonprofit dedicated to the preservation of land for public use. Kimpton’s EarthCare program was designed to be instituted through a comprehensive environmental program rolled out to all of Kimpton’s hotels. “As business leaders, we believe we have a responsibility to positively impact the communities we live in, to be conscious about our environment and to make a difference where we can,” said Niki Leondakis, Kimpton’s CEO.

### **Financial Returns to Kimpton Care Program**

The early evidence suggested that the branding effort also had financial payoffs. Kimpton was receiving significant PR coverage of its EarthCare program in local newspapers and travel publications. According to Pinetti, “The number of people who visit our Kimpton web site has tripled in the year since we began the branding effort. Membership in the company’s ‘InTouch’ guest loyalty program, which markets to previous guests via email, rose from 86,000 in the 1st quarter of 2004 to 112,000 in the 4th quarter. Consumer surveys showed big gains in awareness that each hotel is part of a bigger organization, with properties in other cities.” As for the firm’s “Kimpton Cares” program and its new EarthCare initiative, anecdotal evidence pointed to top line benefits. “We’ve booked almost half a million dollars in meetings from a couple of corporations in Chicago because of our ecological reputation,” said

Pinetti. “Their reps basically told us, ‘Your values align with our values, and we want to spend money on hotels that think the way we do.’” Kimpton believed that companies that identified with being socially responsible would look for partners like Kimpton that shared those values, and that certifications like the California Green Lodging program would attract both individuals and corporate clientele.

However, Pinetti noted, “The cost-effectiveness wasn’t clear when we started. I thought we might get some business out of this, but that’s not why we did it. We think it’s the right thing to do, and it generates a lot of enthusiasm among our employees.” Kimpton’s Real Estate CEO Mike Depatie believed that incorporating care for communities and the environment into the company’s brand has been a boon to hiring. “We attract and keep employees because they feel that from a values standpoint, we have a corporate culture and value system that’s consistent with theirs. They feel passionate about working here.” While the hotel industry was plagued with high turnover, Kimpton’s turnover rates were lower than the national averages.

### **Template for EarthCare—The Hotel Triton**

Kimpton’s environmental consciousness reaches back to 1985 when they introduced the Galleria Park Hotel in San Francisco as an urban retreat with an open space “park” within the hotel. In 1995, Kimpton’s commitment picked up steam as they converted an entire floor of the 140-room Triton hotel in San Francisco into an “eco-floor.” With assistance from Green Suites International, a supplier of environmental solutions for the lodging industry, the Triton introduced the following initiatives in the 24 rooms on its eco-floor:

- Energy-efficient lighting solutions, including compact fluorescent bulbs and sensor nightlights (cutting energy costs by 75 percent).
- Bathroom amenity dispensers using biodegradable hypoallergenic soaps, lotions, and shampoos.
- Programmable digital thermostats to control guestroom energy consumption.



- Low-flow/high-pressure showerheads and sink aerators, and toilets that reduce water use.
- Linen and towel reuse program.
- Nontoxic, nonallergenic, all natural cleaning products.
- Facial and bathroom tissues made from 100 percent recycled materials with at least 30 percent postconsumer waste paper.
- Recycling receptacles.
- Bedding and bath towels made from organically grown cotton (1.5 pounds of agricultural chemicals are used on average to produce the conventionally grown cotton in a single set of queen-size sheets).
- Water filters to improve water quality and air filters to improve air quality.
- Low-VOC paints used to paint walls and ceilings.

For Michael Pace, the sustainability light bulb came on when he was general manager of the Monticello Hotel, prior to taking over as GM of the Triton. At first, his interest was piqued by recycling efforts at the Monticello. But one day, he says, “I had a personal epiphany, where I realized how lucky I am. I’m living the American Dream, and I pass by a dozen homeless people on my way to work every day. I just realized that I wanted to do more than focus on myself and my job. The more I got involved, the more I saw the positive impact these efforts could have.”

When Pace became GM of the Triton in 2003, he felt that the eco-floor concept should be expanded throughout the Triton hotel’s rooms and common areas. He immediately began to institute most of the eco-floor initiatives in the hotel’s other guestrooms. He worked closely with the hotel staff to sort the hotel’s entire waste stream, and was able to reduce waste hauling expenses from \$2,200 to \$600 per month.

As a result of Pace’s conversion efforts, in 1994, the Triton was recognized as one of four properties in Northern California to qualify at the Leadership Level for the State’s new Green Lodging program. More importantly, the Triton was ready to serve as the template for the EarthCare program and the rest of Kimpton’s hotels.

## Planning the EarthCare Program Rollout Campaign

Pinetti and Pace realized that they were too busy to handle all the planning and operational details of the national rollout, so they turned to Jeff Slye, of Business Evolution Consulting, for help. Slye was a process management consultant who wanted to help small- and medium-sized business owners to figure out how to “ecofy” their companies. He knew that entrepreneurs were typically far too busy to do much about the resources they don’t like to overuse, and the waste they don’t like to generate. He had heard that Kimpton was trying to figure out how to make its operations greener and integrate this effort into its branding effort. When they first met, Pinetti and Pace handed him a 10-page document detailing their objectives and a plan for rolling out the initiative in phases. Kimpton’s program was to have the following eco-mission statement:

“Lead the hospitality industry in supporting a sustainable world by continuing to deliver a premium guest experience through nonintrusive, high quality, eco- friendly products and services. Our mission is built upon a company wide commitment towards water conservation; reduction of energy usage; elimination of harmful toxins and pollutants; recycling of all reusable waste; building and furnishing hotels with sustainable materials; and purchasing goods and services that directly support these principles.”

Slye worked with Pinetti and Pace to fill various gaps in their plan and develop an “ecostandards program,” a concise report outlining a strategy for greening the products and operational processes that Kimpton used to deliver a superior experience to its guests. In December 2004, Pinetti asked Slye to present the report to Kimpton’s CEO, Niki Leondakis. Leondakis greeted the proposal enthusiastically, but noted that it needed an additional component: A strategy for communicating the program both internally (to management and staff) and externally (to guests, investors, and the press). As important as these external audiences were, Slye knew that the internal communications strategy would be particularly crucial, given the autonomy afforded each Kimpton Hotel, each with its own set of local initiatives. Getting

everyone on board would require a strategy that respected that aspect of Kimpton's culture. Slye kept that in mind as he worked with Pace to draft a communications strategy.

They decided to create an *ad hoc* "eco-champions" network throughout the company. The national "lead" (Pace) and "co-lead" (Pinetti) would head up the communications effort, and would be accountable for its success. Each of five geographic regions (Pacific Northwest, San Francisco Bay Area, Central United States, Washington D.C., and Northeast/Southeast), covering six or seven hotel properties, would also have a lead and co-lead who would help communicate the program to employees, and be the local point-person in the chain of command. One of their key roles would be to solicit employee suggestions regarding ways to make products and processes greener.

In addition, a team of national eco-product specialists (EPS) would be key components of the network. These specialists would be responsible for soliciting staff input, and identifying and evaluating greener products as potential substitutes for existing ones. Products would be tested for effectiveness and evaluated on the basis of their environmental benefits, effect on guest perceptions, potential marketing value, and cost. Pinetti and Pace determined that specialists would be needed initially for six product categories: beverages, cleaning agents, office supplies, engineering, information technology, and room supplies.

Pinetti and Pace knew that the various regional leads and national product specialists would have to be selected carefully. The program's success would depend largely on the enthusiasm and capability that team members would bring to the task. They faced a dilemma: Ask for volunteers, or handpick preferred candidates? They decided to identify likely candidates and invite them to participate, an approach made possible by Kimpton's tractable size and intimate culture. As they anticipated, everyone they approached responded enthusiastically and volunteered on the spot.

Meanwhile, Pace and Pinetti asked all GMs to report on their existing environmental initiatives, to get baseline feedback on what individual hotels were doing already. They turned the results into a matrix they could use to identify gaps and monitor progress for each hotel.

They also sent out to all Kimpton Directors of Operations (regional managers) a briefing that laid out the communication strategy, including the mission statement, a description of the new eco-champions network, an overview of the phased rollout of products and processes, and a “talking points” document that explained to employees the benefits of the new program.

## National Rollout of the EarthCare program

By February 2005, the new network of eco-champions was in place, and everyone had agreed on the two basic ground rules for the transition: (1) New initiatives couldn't cost more than what was already budgeted for operations and capital improvements and (2) they couldn't adversely affect customer perceptions or satisfaction (Exhibit 8.1).

To help communicate the program's goals and achievements, and help motivate employees seeking recognition, the team began to post regular updates and success stories in Kimpton's internal weekly newsletter, *The Word*, which was distributed throughout the organization and read by all GMs. They also ran an EarthCare contest to further galvanize interest, which generated over 70 entries for categories such as “Best Eco-Practice Suggestion,” “Most EarthCare Best Practices Adopted,” and “Best Art and Humor Depicting EarthCare.”

Potential benefits of the program became clear when the team of EPS began researching the availability of nontoxic cleaning agents. Common cleaning products such as furniture polish, carpet cleaner, spot remover, air fresheners, disinfectants, and bleach can contain hazardous compounds such as toluene, naphthalene, trichloroethylene, benzene and nitrobenzene, phenol, chlorine, and xylene. These and other hazardous ingredients found in many cleaning products are associated with human health concerns, including cancer, reproductive disorders, respiratory ailments, and eye or skin irritation.

The eco-specialists learned that one of Kimpton's incumbent vendors did have a Green Seal–certified nontoxic line, but the products were selling at a 10- to 15-percent premium over standard products. They discovered that virtually every product they were interested in was

more expensive than those currently used. At the extreme, eco-friendly paper products were priced 50 percent above standard products.<sup>3</sup>

## Exhibit 8.1

### Rollout of Kimpton's EarthCare program

**Phase I:** Phase I initiatives are designed to make hotel staff comfortable with the concept of greener management.

- *Recycling program* ("Back of house"): bottles, cans, paper, cardboard.
- *Cleaning chemicals*: cleaners, deodorizers, and disinfectants to be switched to nontoxic, natural products.
- Promotional materials printed on recycled paper, using soy-based inks.
- Complimentary coffee served in lobbies every morning must be organically grown.
- *Towel/linen reuse*: Sheets and towels are replaced only at guest's request.

**Phase II:** Hotels that successfully complete their implementation of Phase I initiatives will then move to Phase II, which focuses on investments in water and energy conservation, organically grown cottons, and extending Phase I initiatives.

- *Water conservation*: Install 2.0 GPM sink aerators, 2.5 GPM showerheads, and phase in 1.6 GPF toilets.
- *Energy conservation*: Install motion sensors in rooms, fluorescent bulbs in corridors and back-of-house.
- Use recycled content paper for copying and notepads back-of-house, toilet paper and tissues in room.
- Serve organic coffee in rooms and meeting rooms, organic tea in lobby.
- Switch to organic linens and towels, if feasible.

**Phase III:** The most fundamental changes are anticipated when hotels are renovated and new hotels are acquired and converted. In addition to

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<sup>3</sup> An EPA-funded study by the Western Regional Pollution Prevention Network found that 41% of all standard cleaning products they tested were potentially hazardous to the health of individuals using them. Cleaning chemicals may also include ozone-depleting substances, and toxic materials that can accumulate in the environment and harm plant and animal life. The health and environmental consequences for Kimpton were substantial, as one of its suppliers (Sierra Environmental) estimated that every housekeeping worker handles 60 lbs of cleaning agents per year. With an average of 15 room cleaners, times 39 hotels, it adds up.

implementing Phases I and II, this will require extensive investment in building materials, labor, and appliances. The good news is that rooms can be designed, rather than retrofitted, to be more energy efficient, and green building materials can be ordered in larger quantities, thus lowering costs.

- Install only Energy Star-rated appliances, computers, and electronic.
- Use only low-VOC paints.
- Install energy-efficient lighting, heating, and air conditioning.

## Working with Vendors

They knew that this would not satisfy the imperative that the greening initiative should not increase operating costs. Determined, they just kept going back to the vendors and asking them to keep working on it until they could supply a greener product of the same quality at the same, or lower, price. Eventually, existing or new vendors were able to meet these criteria, and now the typical hotel uses eco-friendly products such as organic coffee and tea, air fresheners, and cleaning agents at no extra cost, and saves thousands of dollars a month by recycling waste materials that were previously shipped to landfills.

The team of eco-champions also quickly learned that the national rollout effort would have its share of potential operational risks and challenges, which would need to be addressed. Among them are the following:

- *Potential resistance by GMs to centralized imperatives.* A green management program mandated by corporate headquarters might threaten Kimpton's culture of uniqueness and autonomy. GMs might chafe at what they see as corporate intrusion upon their autonomy. Some local vendors and distributors may not offer green products while search and acquisition costs may increase if GMs have to work with a broader range of vendors.
- *Potential resistance by hotel staff to new products and procedures.* Kimpton's relatively low turnover meant that some employees had been working there for many years, and had become accustomed to familiar ways of doing things. (Informal queries by management, e.g., revealed that many cleaning staff equate

strong chemical odors with cleanliness.) Also, many of the service staff do not speak English fluently, and may have difficulty understanding and accepting management's rationales for switching to new procedures or greener cleaning products.

- *Investments might have slower payback period, lower rate of return, intangible benefits.* Unless informed, guests will not be aware that their rooms have been painted with low-VOC paints. Likewise, organic cottons are not likely to feel or look superior to traditional materials. The gains in operating costs achieved by installing longer life and more energy-efficient fluorescent lighting can take years to pay off, while higher acquisition costs can inflate short-term expenses. The same logic applies to water conservation investments. Will GMs be around to enjoy the benefits? Will corporate executives and investors be patient? What if consumer tastes or Kimpton's branding strategies change before investments have paid off?
- *For some products being considered in Phase II, required investments might exceed existing budgets or fail to meet the cost parity criterion.* Linens and towels made from organic cotton could cost at least 50 percent more than the cost of conventional products and, the initial cost of converting an average Kimpton Hotel to organic cotton linens would run between \$100 and \$150,000. Other environmentally friendly products such as environmentally friendly carpeting and draperies and sustainable flooring would have a price premium. Would additional budget be provided? Would savings in other areas be allowed to pay for it?
- *Marketing the program could be challenging.* How should the EarthCare program be promoted, given customer concerns regarding the impact of some environmental initiatives on the quality of their guest experience? Guests might be concerned, for example, whether low-flow showerheads or fluorescent lighting will meet their expectations. Environmental awareness and concern varies considerably by geographic region, from very high on the West Coast and in the Northeast, to considerably lower in the South and Midwest. Would this affect customer

perceptions and demand? Would the program affect the quality rating of Kimpton's hotels?

- *Regional differences in recycling infrastructure and regulatory environment.* California had a mandated recycling program requiring 70 percent recycling of solid waste by 2007, so San Francisco's disposal service provided free recycling containers. Other localities might not be so generous.

Even in the face of these challenges, Kimpton executives believed that the EarthCare program was the smart, as well as the "right," thing to do. According to Tom LaTour, Chairman and CEO,

"It's good business. It's not just because we're altruistic, it's good for business. Otherwise the investors would say, what are you guys doing? A lot of people think it's going to cost more. It's actually advantageous to be eco-friendly than not."

Niki Leondakis, CEO, saw the program's impact on marketing and employee retention:

"Many people say we're heading toward a tipping point: If you're not environmentally conscious, your company will be blackballed from people's choices. Also, employees today want to come to work every day not just for the paycheck but to feel good about what they're doing...It's very important to them to be aligned with the values of the people they work for, so from the employee retention standpoint, this helps us retain and attract them so we can select from the best and the brightest."

## The Results

Investors appeared to be happy with Kimpton's efforts to manage their properties in a more sustainable manner, as the firm announced a new round of financing in June of 2005. Private investors poured \$157 million into the company for a new wave of expansion and renovation. Yale University put up most of the funds, making an investment valued at close to one percent of its \$12.7 billion endowment.



By July 2005, Phase I of the EarthCare initiative had been successfully implemented at all Kimpton Hotels. The percentage of waste materials recycled at its hotels in San Francisco had gone from 10 to 20 percent to over 50 percent (by volume) since the program's inception. Chemical cleaning agents were no longer used in any of Kimpton's hotel rooms. Every hotel served organic coffee in its lobby, and printed promotional materials on recycled paper with soy-based ink.

### Questions to Consider

1. Explore whether there is a “business case” for Kimpton's environmental sustainability initiative, its EarthCare program:
  - a. What are the costs and benefits associated with the EarthCare program?
  - b. Based on these costs and benefits, how might you justify the program to investors?
  - c. Is it necessary for there to be a ‘business case’ to justify implementation of the EarthCare program?
2. In your opinion, does Kimpton's EarthCare program involve any potential risks to their business model? For example, could the eco-initiative adversely affect customer perceptions, GM autonomy, or costs?
3. To what extent does the EarthCare program have marketing value? Would you actively promote the program? If so, how? If EarthCare lost its marketing value, would you continue it?
4. How would you measure the success of the EarthCare program?
5. Would you require each potential product to stand on its own, meeting the criteria that it costs no more than existing products? Or should the greening program be treated as a whole, with some products allowed to exceed existing costs as long as the entire program is “cost-neutral”? What are some advantages or disadvantages of each approach?
6. How would you “institutionalize” Kimpton's environmental sustainability initiative? If Michael Pace or other key personnel leave Kimpton's or are unable to devote their time and enthusiasm,

would the program continue? How could the company keep it from eventually losing steam?

7. What do you see as the primary challenges in implementing Phase II and III? How would you address those challenges?

## Update to 2015

Since this case was written in 2006, Kimpton's has continued to build its environmental EarthCare program. At this point in time, it has been fully integrated across the organization vertically and horizontally and accepted as part of what defines Kimpton.

- Kimpton has about 55 hotels and 55 restaurants. There is a champion at every restaurant and hotel that coordinates EarthCare at each site. This is a volunteer position. There is a regional coordinator, also a volunteer position. There are monthly conference calls for both the hotel and restaurant champions in each region.
- The EarthCare program now encompasses 150 products and practices. The organization is constantly looking for new practices that will improve its environmental performance. This year they are focused on plastics. In terms of plastics, they have listed all things that are plastic, broke them into categories, including identifying the ones that are closest to the customer (e.g., key cards), and now they are seeking options for eliminating plastics and testing ideas.
- They still maintain the criterion that any proposed initiative must reduce cost or not increase costs. If an investment is required, there must be a 12-month or less payback. For example, a certified (wood) door has come down from \$1,800 to \$1,100, but a traditional door is only \$200. Similar issue with organic cotton sheets, so these do not meet the criterion.
- They have a hotel in Philadelphia that was renovated to the LEED Gold standard.
- They use the hospitality industry Green Key standard for certifying their practices. This is apparently the highest standard.

- Employees who come up with new ideas that are adopted are rewarded.
- Last year they had an EarthCare Week, celebrated at all hotels. It involved a significant amount of community involvement. Steve says that it was so involved, and he does not know if it will be repeated.
- There is no formal sustainability position in the organization. Steve and another VP coordinate the informal and highly engaged CHAMPION structure.
- In terms of the question of “top line” benefits. The third-party organization, Market Metrics, surveys 40,000+ hotel guests quarterly for the industry. Asking why someone chose a particular hotel, 16 percent said they chose Kimpton because of EarthCare!
- One challenge is training and orienting new employees in a relatively high-turnover industry.

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## CHAPTER 9

# Boutique Hotel Stadthalle<sup>1</sup>

This case study shows the successfulness of a sustainable strategy. A truly committed sustainability path can provide hotels with wider economical results. Ultimately, this is what sustainability should aim for balancing the triple bottom line: environmental results, social results, and economic results. The decision about whether going or not going green, in the case of Michaela Reitterer, owner of hotel Stadthalle, wasn't just a strategic debate but a firm decision based on her own personal values.

The Boutique hotel Stadthalle is a three-star, 79-room hotel in Vienna. The property is defined as a “green oasis.” Contrary to conventional opinion about boutique hotels, hotel Stadthalle is neither located in the city center nor can it be considered a luxury property. Boutique hotels don't have to be necessarily high-end properties. Stadthalle is a midscale property, yet it still offers a memorable experience, a great service because of a great hospitality team, unique decoration, and atmosphere, as many other boutique hotels do.

Joel Makower puts it very well asking these questions: “What does it mean to be a green business? Are eco-certifications a guarantee of greenest for hotels? How do you know if mainstream environmental policies and programs are ‘good enough’? What eco-certifications are the ones that count for being more serious and having more prestige?”

Sustainability must be definitively seen as a new quality management dimension, a source of innovation and as a new paradigm for the 21st century; yet it still needs to keep up with other strategic variables such as providing memorable experiences, offering good product and an outstanding service. And of course, sustainability still needs to fulfill the classic economic axiom, to offer great value for the money.

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<sup>1</sup> This chapter was prepared by Arturo Cuenllas Soler.

Hence, the final customers' decision in choosing green hotels instead of their browner counterparts, and even paying a premium for them, will not only be defined by their green attributes. It is the green attributes together with the overall and unique experience that customers will have.

In addition to green virtues, customers at hotel Stadthalle appreciate its great service, decoration, terraces, lavender roof-top and lavender aroma spread all over the place, the overall comfort, the green façade and vertical garden, the friendliness and professionalism of the team members, the quietness of the place, its organic and bio-breakfast, the free Wi-Fi, etc.

### **Stadthalle's Higher Room Rates and Occupancy Percentage**

While the average rate per night in Vienna in 2013 was 64.8€ for three-star hotels, Stadthalle had an average daily room rate of 92.4 €, compared with 80.1 € for four-star hotels and 152.9 € for five-star hotels. In spite of the increasing competition with more properties and rooms in the city during the last years (+7 percent), occupancy rates were still higher at hotel Stadthalle than the average. Boutique hotel Stadthalle accomplished a 74.9 percent occupancy rate in 2013, while the average occupancy rate in Vienna the same year was 71.6 percent (69.7 percent, three star; 72.4 percent, four star; 72.9 percent, five star). Claudia Plot, hotel director, clarifies its price positioning: "Though there was bigger competition we could show that we had a unique product, something which was incomparable in the city an even in the country. That made us believe we had to stick to our price policy."

What is even more interesting is the hotel lesser dependency on distribution channels. Recognized brands, not to mention independent hotels, are struggling to reduce hotel dependency on online travel agencies (OTAs) and other distribution channels. Hotel rooms are for sale in a dynamic and volatile distribution landscape and the power of online distribution channels is continually growing. Mainstream debate focuses on online marketing, revenue management strategies, and social media actions as a way of counterbalancing OTAs, tour operators, and

other distribution channels dependency. For many hoteliers getting 25 percent in direct bookings can be considered almost utopian. Nevertheless, Stadthalle generated 65 percent in direct bookings from its own website and direct phone reservations to the hotel. The other 35 percent came from different distribution channels (15 percent through OTAs and 20 percent through tour operators and other travel agencies). “Account managers of online travel agencies do not believe us when we tell them our percentage of direct bookings,” says Monika Haas, Sales and Marketing Manager.

### **Renewable Energies On-site: Zero-Energy Balance**

The boutique hotel Stadthalle was renovated and built in zero-energy balance in 2009. Zero-energy balance means that the hotel produces its own energy on-site in renewable sources on a yearly basis. Surpluses of energy, especially in summer, go back to the grid, although conversely some energy necessities in peak periods of occupancy or winter days can also be needed from the grid sometimes—municipal heating in Vienna is Biomass and Cogeneration. However, on a yearly basis, the hotel energy balance is zero; kilowatts of energy produced on-site in renewables cover all of the hotel energy needs.

The hotel has solar panels producing hot water, and photovoltaic panels, producing electricity, but the main source of energy comes from its heat water pumps. The system collects water at 14° from the ground water levels and takes the energy out to heat the building in winter or cool it in summer. Cold water collected from the warm water pump is also used to flush room toilets.

Solar and photovoltaic panels can be seen also as a part of the hotel aesthetic. These renewable technologies cover one façade of the building and part of the entrance façade as well.

Mainstream hoteliers see sustainability in general and renewable technologies in particular as a big investment not worth making, as the payback period could range between 8 and 14 or more years. Hoteliers are not sure about this kind of investment, especially if their strategy consists in matching short-term results. Such capital expenditures generally don't fit in when it comes to maximizing profits in the short run.

We may lose an opportunity when we see renewable energies in strictly traditional financial terms. Conventional wisdom would ask the following questions: “What is the return of investment?” Or, “what is the payback period?” And while the responses sometimes could be encouraging, maybe because of government’s direct or indirect subsidies, the norm is to postpone the decision about investing in renewable energies.

But there is a different approach. Let’s take, for example, Interface’s case study. Interface is a carpet producer known to be a role model in sustainability. Against all financial odds indicating that renewable energy was a poor investment for Interface, it turned out to be the opposite: a terrific one. Ray Anderson, founder and former CEO of Interface, puts it this way: “In fact, the classic approach to problem solving- about investing in solar arrays for producing its products- turned out to be the problem. But what is the payback period for being a global leader? What is the return on investment for making a public commitment for a better world? How will our main market—interior designers and architects—respond? Classic scientific analysis is not equipped to answer any of those questions.” Using solar energy, Interface made and commercialized *Solar-Made Carpet TM*, and its sales skyrocketed.

Michaela Reitterer of boutique hotel used a similar approach; she did not follow the classic thinking when deciding to invest in renewable technologies. She did it because she thought it would be a good investment in the long run. “There was no question about how much did it cost or if there was going to be a return on the investment,” affirms Michaela. “10, 12, or 14 years? Who cares if your view of the business is for the long run? It seemed logical to develop a hotel not dependable on volatile and ever-changing prices of gas and electricity.” Contrary to Interface, Michaela did not anticipate the tremendous success her decision was going to have. Sustainability was pretty much in her DNA, so her betting in renewable energies was based on both caring for the environment and lowering utility costs. She was surprised by the tremendous public relation and media attention that her decision attracted from all over the world. Boutique hotel Stadthalle was in the forefront of reducing carbon emissions in the hospitality industry.

## Values, Culture, and Higher Purpose

It might not be obvious yet for mainstream companies as it is for hotel Stadthalle, but the reality is that sustainability is pushing to be a value more demanded. The advantage of this company is that it “shares values” with their customers and employees. The result is that normally they generate more admiration for their brand and customer loyalty. These types of businesses are also better positioned to attract (and retain) more talented employees; intrinsic motivation is boosted when employees realize that they are working for a business with a higher purpose than just making profits. Their jobs have more meaning. Not only does meaning come from engagement in positive work that challenges the person capacity, but it is also about making a larger contribution to the overall well-being of humanity and the planet. “I chose to stay,” says Monika Haas, Marketing and Sales Manager at hotel Stadthalle; “I could have gone somewhere else but this is my place. There is a higher purpose to working here: to tell other people that sustainability is working.”

Every company at its inception is imbued with a set of beliefs, sometimes also with a higher purpose. Or they develop it throughout the company’s life. Whatever the case, a company’s higher purpose answers the basic question of “Why.” “Why are we in this business?” In this manner, leadership can be seen as the practice of helping people envision, and then participate in creating a better world. Sustainability at boutique hotel Stadthalle is a higher purpose, which also includes inspiring others in the same direction. “I am an entrepreneur, and certainly I need profits. When I started the path to sustainability I did it because it was the right thing to do. I didn’t know this was going to be so successful. I don’t want my hotel to be the only hotel going for sustainability, the more hotels we get into this strategy the better.”

Michaela’s personal values have permeated hotel Stadthalle culture. These values are (1) environmental consciousness through action; (2) authentic hospitality with passion and service with heart; (3) treating employees and customers with fairness, helpfulness, and compassion as members of a family; (4) enthusiasm, performance, and competence by constantly looking for ways to improve business; and (5) community at work and having fun. Like many other high-performing companies,



hotel Stadthalle is more than group of people working together. It is a community of people sharing goals and objectives who enjoy working together and support each other. “Healthy leaders first must tap into the higher purpose of the organization,” writes Bob Rosen of *Grounded*. “When individuals pursue more than a simple livelihood, they fulfill the quintessential to the community of their fellow man. A higher purpose feeds the spirit of the organization.”

### **Employees’ Sustainability Awareness and Education**

Awareness and education are both needed and key to promote sustainability engagement in employees. Social responsibility should not be a matter of one isolated department or group of selected persons when the rest of the organization have neither the knowledge nor the necessary commitment to helping improve social and environmental actions. Not everyone in a hotel needs to be an expert in sustainability-related issues, but employees can have enough knowledge to make a contribution with their actions to improving cost savings in energy efficiency, water management, waste reduction, reusing, or recycling.

Education is a way of capturing people’s minds and hearts in environmental and social stewardship. “The interesting thing of educating employees in sustainability is that the more they know, the more they are convinced and engaged. Even to a point in which they bring environmental behaviors to their homes,” says Michaela Reitterer.

Michaela made herself aware of the importance of educating employees when she attended a congress in sustainability. She told me the story of a person from the public rising up and saying that boutique hotel Stadthalle was not as good as it was being reported. This gentleman from the audience said that when he stayed at the hotel once and asked a chamber maid about the points for the green certification Austrian eco-label (the hotel has two eco-certifications: the Austrian eco-label and the European eco-label), the maid was unable to answer his question. “From this day on we changed everything and when somebody starts working with us, during the first two weeks, employees must read a green guide. They are also trained in environmental matters,” affirms Michaela with a humble attitude.

In this way,

1. The hotel provides all of the team members a folder with overall information on environmental actions.
2. The hotel also gives out a sheet with the above-mentioned core values.
3. The hotel gives a detailed list of the points and policies of the Austrian eco-label.
4. They also train the staff in how to separate waste. There is only one bin in every guest room, and waste is separated and classified by room attendants into their housekeeping karts. This information is given in the mother tongue language of the employee—some foreign room attendants, for example, might have some language barriers.
5. Every few months, hotel employees must do a quiz in environmental-related aspects.

### **Responsible Consumerism: Informing and Educating Guests**

Employees should be able to answer guests' questions such as "Why has the hotel decided not to offer minibars in the rooms?," "Why organic is good for the environment and your personal health, yet purchasing local should have priority over organic?," "What is fair-trade?," and "Why does the hotel prefer to offer glass bottled mineral water instead of plastic containers?" All these questions and many others are not easy to respond to unless you have acquired the knowledge.

No company can reduce energy, water, and waste beyond a point if customers are not involved too. This is called responsible consumerism. A hotel might have done a significant effort in reducing its energy consumption by changing to LED lights, installing light sensors and many other actions, but it will not be able to reduce its kWh of energy consumption if customers leave all the lights and air conditioning on while not being in their rooms. The same holds true if a property has implemented actions to reduce water consumption, yet guests leave their taps running while shaving or brushing their teeth, or take 20 minute showers. The point is not to promote uncomfortable actions, but encourage responsible behaviors.

The good thing about role models like hotel Stadthalle is that their credibility is an asset. It is even contagious! Maybe you are not an environmentally conscious customer. However, you are prone to be paying more attention, and even changing your behavior if the hotel in which you are staying is not the usual “greenwasher.”

The green points that Stadthalle placed in rooms are very smart and subtle. Strategically located, these small green stickers inform guests about the environmental actions the hotel is implementing. “Some guests are not involved or do not care about environmental aspects,” says Michaela. “Maybe they just came to attend a concert—the music center is close by. But when they see the green points they say: ‘Oops! This is something different.’” The green points, located strategically around the rooms, are simple, visual, and clear, giving messages like “Hot water by our solar panels,” “No minibar in all hotel rooms saves 21.024 kg of CO<sub>2</sub> per year (assorted drinks at the reception desk), or “We produce our own electricity with photovoltaic panels.”

## Upcycled Rooms

Upcycling is the process of converting waste material or useless products, otherwise going to garbage, into new material of better quality or better environmental value. This means using products with no further use in a creative way. Upcycling gives an item a better purpose.

Hotel Stadthalle has some rooms decorated with upcycled products. Michaela has worked together with an acquaintance of the Faculty of Arts in Vienna to bring this concept to her hotel. There is a great creativity in the process and customers can see night desks made out of books, a wood classic tennis racquet used as an auxiliary mirror, and skies decorating the walls.

## Social Aspects

Sustainability is not only about the environment but also about social aspects. The main consideration of the social dimension is how the hospitality operation can positively contribute to the lives of local people now and in the future, or even at a global scale.

All coffee served at hotel Stadthalle is organic and fair-trade. But what is fair-trade? Farmers have traditionally not been paid adequately or been charged with high interest rates to borrow money to run their business. Much of the money a customer pays for coffee never or rarely reaches the farmer. The money stays in the hands of distributors or middlemen. Socially responsible companies source their coffee from farmers directly around the world in a fair-trade system in collaboration with NGOs to assist farmers and bring them support. Farmers get fair prices for their products, so they can invest their money in their businesses and their communities such as in education and health. These best practices also try to prevent child labor.

Every year, the hotel decides and evaluates how many and which projects they will support with their donations. Boutique hotel Stadthalle attracts many student groups from schools and universities, and architects or other experts interested in their sustainable practices. Visits and tours are frequent and happen almost on a weekly basis. All visitors are requested a 5€ donation. Normally, the hotel collects 4.000 to 5.000€ every year, and all this money goes to support different social causes. The hotel also cooperates with an Austrian organization that offers work to persons with disabilities who produce art-crafts the hotel helps selling to its guests.

## Conclusion

The Corporate Social Responsibility (CSR) movement needs role models like Stadthalle. If CSR does not change how the company thinks, as Peter Senge pointed out, it becomes just a sort of *window dressing*; a simple image of looking good, and maybe making some people feel better. It should not stop there. Boutique hotel Stadthalle goes beyond the usual CSR practices normally applied in many hotel companies. It is a truly responsible company.

This is happening because sustainability is a part of its DNA. It lies deep in the company's culture. It means that environmental and social concerns are not a one-man duty or an isolated department's but a whole organizational commitment. The same holds true for continuous

improvement, which means doing more than the obvious actions to reduce energy consumption or recycling. Role models such as Stadthalle do not fall into the trap of complacency. As Peter Senge has stated, “Building a responsible company takes forever.” Instead of just reducing energy consumption like mainstream hotels, hotel Stadthalle is willing to accomplish the transition to a non-carbon energy situation. At the same time, they understand that sustainability is a never-ending journey.

## CHAPTER 10

# Can Eco-standards and Certification Create Competitive Advantage for a Luxury Resort?<sup>1</sup>

Glenn Knape, General Manager of Damaí Lovina Villas, wandered the small luxury hotel's grounds looking out over the property's rice paddy fields located on the island of Bali, Indonesia. His gaze was drawn to the property's gardens full of organic produce destined for the resort's restaurant. He turned to see the hotel's outdoor spa, which was surrounded by waterfalls that captured and reclaimed fertile topsoil for use by neighboring farms. In the four years since his arrival in 2002, Knape had strived to make Damaí more sustainable by building on his experience as food service manager at the 2000 Sydney Olympics. The experience had taught him how to promote high-quality service delivery and enhance operational efficiency through waste reduction. In applying that knowledge to Damaí, he introduced significant changes that had made the resort more efficient than many of its competitors. Additionally, many of his innovative initiatives—from sourcing food to preventing erosion—were benefitting employees and the local community in ways he had not anticipated.

Now, in 2006, Knape wondered whether his efforts to address a host of social and environmental issues could be leveraged to brand Damaí as a “green” hotel to improve its competitiveness. Toward that end, Knape

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<sup>1</sup> This chapter was prepared by Nicole Darnall and Mark B. Milstein. *Earlier versions of this case and instructor's manual were awarded The Case Association's Best First Case, in addition to the Oikos Sustainability Case Writing Competition's Honorable Mention.*

considered whether participating in a voluntary environmental program (VEP) would help Damaí gain external recognition for the hotel's sustainability efforts and improve revenues. These programs used standards and certification to improve business' environmental performance, and had become increasingly popular in Europe, Asia, the United States, and his own native Australia. However, Knapé wondered whether Damaí's existing sustainability practices would need to be expanded significantly to qualify the hotel for membership in those programs. He also questioned whether the programs were worth the investment, and if they would persuade additional guests to stay at the hotel. Moreover, if he chose to participate in a VEP, he had questions about which one (or which combination) might offer Damaí the greatest benefits.

### **Damaí Lovina Villas & Restaurant**

Damaí Lovina Villas & Restaurant is situated on the northern part of Bali, Indonesia, among spice plantations, tropical jungles, and terraced mountainsides. A panorama of jungle and hills lay to the south, and to the north was the hotel's eternity pool that seemed to spill into the ocean below. The hotel's motto was "hard to find, hard to leave." The property consisted of eight romantic villas with 57 hotel staff to pamper its guests.

Guests also had the option of receiving spa treatments at two private outdoor "bales" with views of rice paddies and waterfalls. The hotel arranged daily excursions for guests to snorkel, dive, golf, and shop, in addition to programs for guests to learn Balinese cooking, yoga, meditation, and Tai Chi.

Damaí's open-air dining room and restaurant was one of the hotel's foremost features. Daily menus were created based on available spices and seasonal organic produce from local markets and the hotel's own private gardens. Dinner typically consisted of five-set courses. Meals were designed with a creative flair and a strong focus on presentation. That attention to detail kept most hotel guests dining at the hotel.

Damaí's target guest was the urban professional. Guests came from all parts of the world; however, most traveled from Western Europe and the United States. Many visitors were honeymooners or couples

celebrating other special occasions. With eight villas, Damaí's maximum occupancy was 16 guests, and about 39 percent were repeat visitors. Most guests booked their stays using either an Internet search engine (e.g., Expedia.com, Hotels.com) or the hotel website.

Room sales accounted for approximately 40 percent of Damaí's total revenues. The restaurant's food and beverage sales accounted for approximately 43 percent of the hotel's revenues. While guests from other hotels sometimes dined at Damaí's restaurant, restaurant revenues from outside guests were negligible (<2 percent). Spa treatments accounted for approximately seven percent of total revenues and excursions and other hotel programs accounted for the remaining 10 percent. Damaí's average annual costs of operations were approximately 40 percent of total revenues.

The hotel's strong operating margins were bolstered by Bali's low cost of labor and Damaí's compensation structure. A good paying wage for a waiter was about \$350 per month, and this wage could sustain a family of four with no additional income. Gardeners and cleaning staff were paid less. Knapé's salary was less than Western standards not only because of market factors, but also because the hotel provided him with on-site accommodations, transportation, and meals. Food production costs in Bali were also quite low (again because of low labor costs), and Damaí's on-site gardens reduced the hotel's food costs even further. All these factors, in addition to Damaí's strong emphasis on operational efficiency, contributed to the hotel's overall profitability.

Even though its margins were strong, Knapé was eager to improve Damaí's average occupancy rate of 65 percent. He hoped that the hotel's sustainability initiatives might be a vehicle to brand Damaí as a sustainable retreat, which might, in turn, improve occupancy and increase revenue. Knapé believed that no other hotel in Bali offered Damaí's level of environmentally friendly experience and services. He knew that those that had come close lacked the hotel's luxury offerings and were recognized largely as "backpacker" hotels that were frequented by budget-minded eco-travelers, who were not Damaí's core customer. Hotels that offered amenities rivaling Damaí's—Alila Ubud, Puri Bagus, and Matahari Beach Resort—were significantly larger, and thus lacked the same level of intimacy as Damaí. Damaí's competitors also had higher



room prices. Only one of these competitors, Puri Bagus, was located in Lovina. Other smaller Lovina hotels, although significantly cheaper, could not be compared with Damaí for comfort. Damaí therefore occupied a unique niche of being the only boutique luxury hotel in Lovina.

Damaí's website was the primary vehicle for marketing the hotel's various sustainability efforts. The website directed environmentally conscious customers to an "organic resort" link to learn about the hotel's sustainability vision. Potential guests were guided to a statement describing the hotel's organic restaurant. There was no additional information about the hotel's sustainability activities on the website.

### Positioning Damaí as a Green Brand

As Knappe became interested in potentially leveraging Damaí's sustainability investments to build brand awareness and drive revenues, he began to look into how sustainability was being marketed in the hotel industry. By 2006, 16 percent of consumers in Europe, Asia, and the United States showed a strong preference to purchase goods and services from eco-friendly businesses, and indicated they were willing to pay price premiums for these goods and services. Additionally, 25 percent of consumers were committed to achieving personal health, and while not committed to environmental concerns, sought out products and services that were perceived as health conscious.

In response, many hotels were putting forward claims that they were environmentally friendly. However, Knappe suspected that a lack of verifiable information was creating opportunities for businesses to disclose misleading information about their environmental status or display superficial or insincere concern for the environment. Knappe also worried that misleading information had caused consumers with a strong preference for purchasing eco-friendly goods and services to distrust hotels' green marketing claims. Recognizing these concerns in the market, NGOs had responded by developing a range of VEPs to inform potential guests about hotels' sustainability activities. A VEP is any program, code, agreement, or commitment that encouraged organizations to voluntarily reduce their environmental impacts *beyond*

that required by the environmental regulatory system. VEPs fostered environmental improvements by way of environmental standards and certification. By 2006, more than a dozen VEPs targeted the hotel industry, with a handful of those extending membership to small-scale Indonesia hotels.

Knape determined that the most widely known programs were Best Green Hotels, Eco Lodge, Green Globe 21, Green Hotel Initiative, and ISO 14001 (see Exhibits 10.1 to 10.4). Although each of these VEPs shared the common goal of using environmental standards to identify and promote environmentally superior hotels, Knape noticed that there was significant variation among their sustainability requirements. VEPs also offered varying levels of credibility for their sustainability approach, in that most VEPs required hotels to self-report their adherence to program guidelines, whereas others required third-party certification of participants, which enhanced the legitimacy of member hotels' environmental claims. For example, participation in the Best Green Hotels program required that participating hotels evaluate their environmental performance across 29 "green" attributes, whereas participants in CERES' Green Hotel Initiative completed a longer "Best Practice Survey." Best Green Hotels, Eco Lodge, and CERES' Green Hotel Initiative, all asked member hotels to self-assess their environmental performance. By contrast, Green Globe 21 and ISO 14001 relied on independent third parties to verify members' environmental practices.

Knape also observed that there was significant variation in VEP costs. For instance, participating in Best Green Hotels and CERES' Green Hotel Initiative was free. The Eco Lodge Program charged a percentage of bookings through its website. Green Globe 21 had a graduated fee system that began at \$220 per year, whereas ISO 14001 certification cost between \$270 and \$1,370 USD per employee, depending on the extent to which the business had instituted pollution prevention and product stewardship procedures prior to implementing the environmental management system (EMS).

## Exhibit 10.1

### Best Green Hotels

The Best Green Hotels website described its mission as providing participating lodging properties with the opportunity to demonstrate commitment to the environment and greening of the hospitality industry. By participating in the program, hotels identified themselves as being sustainable and provided specific information about what environmental action they have taken. Participating hotels were included in an online database that was searchable by location and other identifiers. Registration was free. Hotels used an online submission form to provide information about their environmental activities. Responses were then summed and ranked based on the number of “green” attributes they designate. Between 1 and 6 green triangles were assigned to participating hotels to indicate their level of “greenness.” A rating of 6 indicated that a hotel had all the green attributes deemed important by Best Green Hotels.







#### Participation Survey

No: X	Yes: ✓	Unknown: ?	Promised but not provided: #
	<u>X</u>	<u>✓</u>	<u>? #</u>
	<u>X</u>	<u>✓</u>	<u>? #</u>
Towel program	○ ○ ○ ○	Fresh air	○ ○ ○ ○
Sheet program	○ ○ ○ ○	Allergies	○ ○ ○ ○
Cotton towels/sheets	○ ○ ○ ○	Nonsmoking rooms	○ ○ ○ ○
		Environmental cleaning	○ ○ ○ ○
Alternative energy	○ ○ ○ ○	Water conservation	○ ○ ○ ○
Maintenance for conservation	○ ○ ○ ○	Xeric Garden	○ ○ ○ ○
Energy conservation	○ ○ ○ ○	Gray-water recycling	○ ○ ○ ○
Bulk soap and amenities	○ ○ ○ ○	Recyclable disposables	○ ○ ○ ○
bonus	○ ○ ○ ○	Compostable disposables	○ ○ ○ ○
Newspaper program	○ ○ ○ ○	Durable service items	○ ○ ○ ○
Composting	○ ○ ○ ○	Guestroom recycling bins	○ ○ ○ ○
Organic food served	○ ○ ○ ○	Hotel recycling bins	○ ○ ○ ○
Eco-friendly food served	○ ○ ○ ○	Donations to charity	○ ○ ○ ○
Promote “Greenness” in PR	○ ○ ○ ○	Conference center/Rooms*	○ ○ ○ ○
Educate staff to “Green”	○ ○ ○ ○	Transportation*	○ ○ ○ ○







Educate guests to "Green"	○ ○ ○ ○	Fitness center*	○ ○ ○ ○
Participate in "Green" program(s)	○ ○ ○ ○	Internet*	○ ○ ○ ○

\*The non-green (business-related) attributes are not included in the rating system.

### Best Green Hotels Rating System

- 1 green triangle  = 1-4 checks
- 2 green triangles  = 5-9 checks
- 3 green triangles  = 10-15 checks
- 4 green triangles  = 16-22 checks
- 5 green triangles  = 23-28 checks
- 6 green triangles  = 29 checks

### Bali Participants

1. Risata Bali Resort & Spa, Tuban ..... 
2. Bali Hilton International, Nusa Dua ..... 
3. Udayana Eco Lodge, Denpasar ..... 
4. Melia Bali Villas & Spa Resort, Nusa Dua ..... 
5. Melia Benoa, Tanjung ..... 
6. Le Meridien Nirwana Golf and Spa Resort, Kedri ..... 

Source: <http://www.bestgreenhotels.com>, July 6, 2006.

## Exhibit 10.2

### Green Globe 21

The Green Globe 21 (GG21) website characterized this VEP as a global benchmarking, certification, and improvement program that encouraged sustainable travel and tourism. GG21 was developed using Agenda 21 and principles for sustainable development, which were endorsed by 182 Heads of State at the United Nations Rio de Janeiro Earth Summit. Its website indicated that GG21's goals were to provide companies, communities, and consumers with a path to sustainable travel and tourism. Participation in GG21 was open to businesses across the travel and tourism industry, including accommodations.

According to GG21, its International Ecotourism Standard was designed to facilitate environmentally sustainable ecotourism by promoting a core set of principles that included:

- Conservation and management
- Design of environmentally sensitive products
- Energy efficiency
- Environmentally sensitive purchasing policies
- Hazardous substances
- Involving staff, customers, and communities in environmental issues
- Land use planning and management

- Management of fresh water resources
- Noise control
- Partnerships for sustainable development
- Protection of air quality
- Reuse and recycling
- Transport
- Waste minimization
- Wastewater management

GG21 provided participants a report indicating where the member hotel performance was positioned relative to environmental and social benchmarks. Each year advice was provided as to whether a participant had improved or maintained his performance based on the original benchmarking assessment.

The GG21 program involved three steps or levels—Affiliation, Benchmarking, and Certifying—which had to be renewed annually to maintain status. Hotels were encouraged to work toward higher levels and track progress in achieving targets over time, thus committing to a process of continual improvement. Operations had to meet all of the requirements of the relevant level and undergo an independent audit in order to use the GG21 logo. According to GG21, certification to the International Ecotourism Standard helped to provide ecotourism businesses with the following:

- A benchmark of their ecotourism performance that encourages continual improvement of their product;
- Recognition and reward for best practice performance through the Standard;
- A blueprint for ecotourism development;
- A means of recognizing genuine ecotourism product for primary consumers—the visitors—and secondary consumers such as local communities, protected area managers, and tour wholesalers;
- A means of protecting local and global environmental quality;
- Encouragement to contribute to local communities and conservation;
- Improved profitability by being less wasteful and more efficient.

Participation fees were based on the hotel's entry level into the program and the number of full-time equivalent employees or the number of rooms (accommodation properties only) a hotel had. Hotels seeking Awareness (Affiliate) status paid \$220 USD per site and 50% of the Benchmarking & Certification base costs. Benchmarking and Certification base fees were a function of hotel size. Micro hotels with <5 employees or <10 rooms pay \$395 USD, small enterprises (<50 employees or <70 rooms) paid \$695 USD. Large sites (>50 employees or >70 rooms) paid \$1,610 USD. Benchmarking and Certification fees did not include the cost of on-site independent assessment for GG21 Certification, which typically cost \$2,000~\$3,000 (total) for large sized hotels.

Source: <http://www.greenglobe21.com>

## Exhibit 10.3

### CERES' Green Hotel Initiative

Launched in 2001, the Coalition for Environmentally Responsible Economies' (CERES') Green Hotel Initiative (GHI) was designed to catalyze the market demand for, and supply of, environmentally responsible hotel services. CERES was a worldwide coalition of environmental, investor, and advocacy groups working together for a sustainable future. Its network included a community of forward-looking companies and multinational corporations that endorsed CERES' codes of environmental conduct.

The goal of GHI was to raise awareness about environmental and social concerns in the hospitality industry and to encourage meeting planners and travel buyers to demand green services. According to the CERES website, GHI came about by collaborating with consumers and industry members, with the aim of demonstrating the economic savings that resulted from environmentally responsible operations and facility maintenance. The program was designed to address two major obstacles that typically frustrated hotel guests from communicating their preference for environmentally responsible hotel services: (1) a lack of information about environmental options and (2) a lack of time to research the environmental performance of hotels. While many guests were inclined to use green hotel services, they needed improved access to environmental information in order to include such considerations in their purchasing decisions.

GHI's goals were to:

- Educate the purchasers of hotel services, particularly large buyers such as corporate meeting planners and travel buyers, about what they can ask from lodging providers;
- Create vehicles for these purchasers to express their demand for these services;
- Provide mechanisms for hotels to communicate their environmental performance.

To participate in GHI, hotels completed the online Best Practice Survey, which allowed potential guests to assess a hotel's environmental performance. There was no cost to hotels to follow GHI practices. Although CERES did not actively promote participants, because no information was collected on hotels that completed the GHI Best Practices Survey, hotels were encouraged to self-promote their adherence to GHI goals.

*Source:* <http://www.ceres.org/industryprograms/ghi.php>, July 6, 2006

## Exhibit 10.4

### ISO 14001

ISO 14001 was a certified standard for environmental management systems (EMS) that was developed in 1996 by the International Organization for Standardization (ISO). Any type of organization could adopt an ISO 14001 EMS. In addition to hotels, government offices, administrative companies, and manufacturing facilities could certify to ISO 14001. Because of this broad applicability, ISO 14001 had quickly become one of the most widely recognized environmental certification programs in the world. According to its website, more than 129,000 companies worldwide had certified to ISO 14001.

A requirement for ISO 14001 certification was the adoption of an externally audited EMS, which involved the adoption of a formal management system that required companies to evaluate and manage the environmental aspects of their operations. Sustainability management systems broadened this objective by also considering the organization's impacts on the community. Both management systems emphasized compliance with environmental regulations, involvement of external stakeholders in environmental activities, and pollution prevention.

To adopt ISO 14001, businesses were required to undertake six steps and commit to continuously lowering the environmental impact of their goods, products and services:

- Develop an environmental policy
- Assess environmental aspects and impacts
- Establish objectives and targets
- Develop an implementation strategy
- Monitor and correct for problems
- Undergo management review

While many companies had employed EMSs for years, ISO 14001 was the first international standard certified by an independent third party auditor. According to ISO's website, most companies that certified to ISO 14001 reported that obtaining registration was the main reason for their interest in ISO 14001, because for the first time they could market their environmental management processes as a means to reach environmentally conscious purchasers.

Certification required that businesses hire independent external auditors to review and verify that their EMS conformed to the ISO 14001 standard. Adoption of an ISO 14001 EMS cost between \$270 and \$1,370 USD per employee, depending on the extent to which the company had already instituted proactive environmental and continual improvement procedures prior to implementing a formalized EMS and seeking external certification.<sup>1</sup>

The gold standard in the hotel industry was the certified eco-hotels located in Costa Rica, a country that had gained an international reputation for sustainability. Costa Rica had more than 75,000 acres of

natural parks, and 87 percent of tourists reported that these parks were the most important place to visit in the country. Many lodges and hotels in Costa Rica had participated in a third-party–certified VEP called Certification for Sustainable Tourism. Any hotel within the country could have participated in the VEP; however, hotels that demonstrated highest verifiable levels of superior environmental performance had built reputations as sustainability havens, and eco-minded tourists were paying price premiums of \$30 above other hotels to stay in them. However, travelers to Costa Rica might have differed significantly compared with travelers to other countries.

In considering the prospect of Damaí receiving premium prices associated with VEP participation, Knapé wondered whether Bali could command a price premium similar to Costa Rican hotels or whether Damaí's patrons were like most other travelers, who were unwilling to pay a price premium. Bali lacked the nature preserves that had drawn so many eco-minded tourists to Costa Rica in the first place. Additionally, Knapé perceived that non-luxury eco-hotels appealed to budget-minded travelers in a way that a luxury hotel might not. Perhaps a segment of the market would have been likely to seek out a visit to a luxury eco-hotel, but would the individuals comprising this segment be willing to pay a premium to stay at Damaí? Would VEP membership influence their decision for selecting a hotel?

Knapé thought VEPs might be a way to establish Damaí as a green brand to overcome consumer skepticism. But given the variations in VEP requirements, he decided to conduct an internal audit of the hotel's sustainability practices to better understand how VEPs might work for Damaí. Coincidentally, about that time, a friend and sustainability consultant persuaded Knapé to implement his internal audit with the assistance of a broader sustainability framework (Exhibit 10.5). Applying the framework would involve assigning each of Damaí's individual activities into one of four sustainability categories—cost/risk reduction, reputation/legitimacy, innovation/reposition, and vision/opportunity framing. The consultant explained to Knapé that companies that tended to emphasize cost/risk reduction and/or reputation/legitimacy were in a good position to address present-day environmental concerns related to



existing services. However, these companies still could be vulnerable to unanticipated shifts in the operating environment, consumer preferences, etc. On the other hand, hotels that placed greater emphasis on innovation/repositioning and vision/opportunity framing tended to have stronger sustainability visions but lacked the foundational capabilities or analytical skills necessary to implement that vision. The consultant further explained that hotels focused internally were more concerned with activities they could control, which could lead to myopia and a lack of consideration for critical external constituencies. On the other hand, hotels that fixated externally were more concerned with stakeholder concerns and external opinions, and could fail to nurture their internal capabilities. These hotels, Knapé surmised, were especially vulnerable to external claims of “greenwashing.”

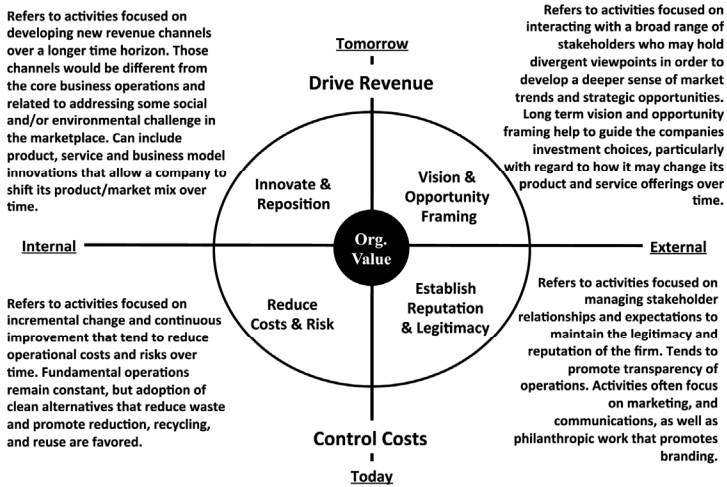
Knapé saw that the framework would also help him think about the activities the hotel did (or could do). By utilizing the framework, Knapé hoped to determine whether Damaí’s sustainability activities were balanced both in terms of their focus on short- and long-term goals, and the degree to which these goals engaged internal or external stakeholders. Finally, the framework would encourage Knapé to consider the organizational value of the hotel’s sustainability activities, and what skills or capabilities would be associated with each category.

Knapé was keen to apply the portfolio framework to determine how Damaí’s various activities linked to value creation. He also believed that the results of the portfolio analysis would offer a basis upon which to compare Damaí’s sustainability program to the activities required by the various VEPs, to determine what additional activities the hotel would need in order to qualify for VEP participation.

### **Damaí’s Sustainability Program**

Knapé began inventorying Damaí’s sustainability activities in three areas: organic and locally sourced services, operational efficiency, and employees/community.

## Exhibit 10.5 Sustainable value portfolio and definitions



### *Organic and Locally Sourced Services*

By 2006, Damaí was growing approximately 80 percent of its organic produce in the gardens surrounding the hotel. What Damaí could not grow on-site was purchased from local farmers who also utilized organic farming principles. Knape made a concerted effort to purchase the restaurant's supply from local farmers rather than farmers in South Bali or the neighboring Indonesian islands. Wines and cheeses were examples of two exceptions to the restaurant's "buy local" policy. Bali had only two wineries—Hatten Wines and the organic Bali Fruit Drink. The restaurant stocked wines from both producers, but neither were of premium quality. There were also no cheese makers on Bali. As such, Knape imported wines and cheeses from Australia. The hotel had not established an organic purchasing policy for these imported food items.

Damaí's villas contained furniture made of plantation-grown wood from neighboring Java that was handcrafted in Bali. Stains were organically based. Cotton bed linens and towels were woven with natural—but not organically grown—cotton. Guests were provided with organically produced massage oils, perfumes, soaps, lotions, and shampoos developed, especially for Damaí. Knape purchased all body

products in bulk and placed them in refillable ceramic dispensers in guest rooms. In partnership with a local nonprofit, Damaí had also developed a line of spa products, which consisted of organically produced natural botanicals.

Knape maintained a chemical-free policy by using nontoxic organic sanitizers. These products were cheaper than conventional chemical-based detergents and sanitizers. In its gardens, pests were managed using biological controls. Through strategic planting of crops, indigenous insects helped limit the population of unwanted insects. Pests were also controlled by using botanicals made of citronella and lemongrass. Inside guest rooms, mosquito nettings canopied the beds.

All of the hotel's natural wastes were composted, including pre- and post-preparation food scraps, spoilage, excess product, cooking oil, paper, flowers, and natural packaging (e.g., crates and boxes). Animal-based wastes were treated using nontoxic and environmentally safe microorganisms, which reduced bacteria development that created odor. The treated wastes were then composted and used as fertilizer in Damaí's gardens, increasing crop production by 20 percent since Knape began managing the hotel.

### ***Improving Operational Efficiency***

To increase operational efficiency, Knape had focused on energy and water conservation, in addition to reducing solid waste generation. As a first step, Knape had swapped the property's halogen lighting and 40-W incandescent bulbs with compact fluorescent lights, which consumed a quarter of the energy and lasted up to 10 times longer. Garden lights were changed from 100 to 12 V by purchasing a new transformer. Knape installed one-way valves and sensors in the hotel's water system, so that the hotel's water pumps would operate only when water pressure fell below a specified threshold instead of operating 24 hours a day. Hotel staff lowered shades in the guest rooms during the hottest times of the day to help keep the rooms cooler. By implementing these measures, Damaí had reduced its electricity bill by 65 percent.

The hotel's practice of paying a Denpasar contractor to drive to Lovina, pick up the hotel's solid waste, and transport the waste back to Denpasar (which hosted Bali's only landfill, 3.5 hours away by car) had proved very costly. Knape decided to send plastic and bottle containers back to their respective (local) suppliers for reuse or recycling. Guest rooms contained drinking cups made of recycled glass rather than plastic or paper, and the restaurant used linen napkins and bamboo drinking straws that were washed and reused. Rather than using plastic waste bin liners (and since there was no local manufacturer of paper bags), the hotel found a reliable source for large unbleached paper envelopes. The staff cut off the tops of the envelopes and the remainder was used to line the waste bins. These natural fiber "bags" were composted with all other natural waste from guest rooms. Combined, these efforts eliminated the need to send solid waste to the Denpasar landfill.

Damaí did not heat its pool since the tropical temperatures kept it warm year-round. The pool's water was maintained at one-seventh the salinity of seawater to inhibit biological growth. Even so, it still required a two-percent chlorine solution to further reduce algae development. To eliminate the need to purchase chlorine, Damaí switched to iodized water. The new system converted noniodized salt into pure chlorine. Once the chlorine oxidized dead bacteria and algae, it was recycled back into salt—ready to be converted to chlorine again. While the system was not chemical free, it was a closed-loop process and eliminated stabilizers and calcium by-products that were associated with conventional chlorine systems.

Damaí utilized a water recycling system that directed "gray water" from sinks and showers to on-site tanks. This wastewater was filtered through a series of tanks containing volcanic rock, porous rubber, and sand. Treated water was tested once a month by government officials who communicated to Knape that Damaí's water rating was the best in North Bali. Treated water was used in agricultural production. Even waste from the toilets, or "black water," was collected and treated using natural enzymes to break down the organic waste. Black water was then passed through a series of filters and reused in the hotel's fields. In aggregate, Damaí's water conservation efforts reduced hotel water use by 75 percent.

Permaculture was used to lower water consumption in hotel gardens and to increase healthy crops. It created a closed-loop system by which Damaí's farmers collected leaves and other natural garden waste and distributed them among the crops. Like mulch, the natural waste reduced water evaporation. The permaculture also prevented weed growth and eventually become compost that nourished the fields. To further sustain its garden, Damaí's farmers allowed a portion of their crops to go to seed. In other instances, plants were grafted. The result of these efforts was high-quality, high-yield fruit and vegetable production, which had reduced Damaí's crop production costs by 90 percent.

In early 2006, Knape was in the process of installing a solar energy system with storage capacity. The first step in this conversion had begun in November 2005 when Damaí converted its hot water systems to solar power-based heating. A new solar electric system was anticipated to further reduce the hotel's electric costs. As the hotel moved all its electrical systems toward solar power, Knape anticipated that surplus electricity would be sold to the state operated electricity authority, and yield a return on investment within 3 months.

The hotel's eight villas were not constructed with green design principles. The rooms, for example, lacked vents for natural air flow. As a consequence, guests had to rely exclusively on air conditioning for temperature control. Looking ahead, Knape hoped to renovate the villas, so that they utilized natural thatching and venting to keep the rooms cool. Although the hotel's owner was reluctant to undertake the renovations, a new investor might change this, and some discussions regarding a new investor were underway.

Knape did not promote Damaí's sustainability focus in its guest rooms, restaurant, and gardens and did not seek to involve guests in activities such as optional linen reuse programs that had gained popularity in the U.S. and European hotel industries. These efforts seemed to him unbecoming of Damaí's luxury status.

## Employees/Community

Knape provided transportation, telephone service, and two meals per shift to Damaí employees. The hotel employed a doctor to address the health concerns of both the staff and their families. To accommodate

the religious needs of its workers and their families, the hotel offered transportation for monthly visits to the region's largest temple. Private temples constructed on the hotel's grounds and communal temples in nearby villages met religious needs at other times.

Additionally, Knappe had instituted a preferred purchasing policy with its hotel staff. Staff relatives made employee uniforms and guest room curtains. The hotel gave preference to hiring the staff's family when booking musical performances and traditional dances. Damaí did not have an official incentive program that encouraged continual improvement of the hotel's environmental and community practices; however, departments that operated most efficiently were recognized with bonuses.

Related to the broader community, conventional farming practices in nearby villages had involved farmers burning their agricultural waste at the end of the growing season to generate ash that fertilized the land. However, burning impaired air quality and human health—an issue compounded by the hundreds of small farms that operated locally. Poor air quality also had a negative impact on tourism. In response, Damaí partnered with local farmers to teach them about composting their leftover plant material, and utilizing microorganisms to increase the pace of decomposition, thereby eliminating the need for burning.

Knappe had also sought to address some of the environmental problems facing the fishing industry. Fish farms were common in North Bali, and one of the biggest concerns was limiting the growth of blue/green algae. High algae growth produced harmful toxins, emitted strong sulfurous odors, and depleted dissolved oxygen in water causing fish to die. Conventional fishing methods typically relied on harmful chemicals to control algae development. These methods also limited Damaí's access to organically farmed fish. By encouraging fishermen to use microorganisms to temper blue-green algae growth and forgo the need for harmful chemicals, fish farms were able to protect their revenue streams while at the same time increase their availability of organically farmed fish.

Damaí was also working with local farmers and village leaders to reclaim eroded topsoil. Bali's terraced landscapes, coupled with monsoon rains, caused fertile topsoil to flow from the rice paddies and drain into the ocean. The topsoil loss prompted more farmers to rely on

chemical fertilizers to grow their crops. As a means to address the issue, Damaí built a series of large rock wall filters in the river that ran through the hotel's property. The filters created a series of waterfalls, the base of which captured much of the topsoil lost from the seven villages surrounding the hotel. Damaí encouraged the local farms to reclaim their topsoil from the hotel pools to reduce the need for chemical fertilizers. Damaí's guests appreciated the waterfalls as a tranquil place to relax and enjoy nature.

Finally, Damaí had partnered with the area leaders to help them develop a fire preparedness strategy. Damaí was especially concerned about the lack of fire preparedness procedures because fires were commonly used in agricultural practices, and were one of the greatest threats to the community. Knappe had collaborated with the fire department to write detailed fire procedures to ensure the safety of local residents and businesses.

## Next Steps

Moving forward, Knappe faced three nested decisions to determine whether participating in a VEP could leverage Damaí's sustainability efforts to achieve the company's competitive goals of increasing guest occupancy and its related revenues. First, having undertaken his internal audit of Damaí's existing sustainability practices, he had to decide whether or not they would be enough to qualify for one (or more) of the five VEPs related to the hotel industry. Next, Knappe had to decide whether the hotel needed to invest additional resources to qualify for VEP participation, and if so what investments were required. Finally, he needed to decide whether VEP participation would achieve Damaí's broader strategic objective to enhance its external profile, increase bookings, and lead to premium prices.

## CHAPTER 11

# Camp Denali Wilderness Lodge, Alaska

*Founded by lifelong conservationists and environmentalists, Camp Denali continues to offer wilderness lodging in a remarkable and remote setting.*

Mount McKinley, the tallest mountain in North America at 20,320 ft, is known by Alaskans as Denali. Denali is part of the Alaska Range and stands within the 6-million-acre Denali National Park and Preserve. The location displays boreal forest, tundra, snowy mountains, glaciers, seasonal wildflowers, and freely roaming wildlife. Wild Alaska is fully on display.

Denali National Park and Preserve lies 240 miles North of Anchorage and 120 miles South of Fairbanks. One road, Denali Park Road, 95 miles in length, provides access into the Park. Cars are permitted on the first 15 miles. The remaining 80 miles are accessible only by licensed buses. Camp Denali and North Face Lodge are located near the end of the road, about a seven-hour bus ride, between the Wilderness boundary and Kantishna Mining District. Denali and Wonder Lake can be seen from the lodges.

Celia Hunter (January 13, 1919 to December 1, 2001) staked a claim and homesteaded 67 acres along an isolated and rocky ridge that included a pond. Water was carried in five gallon buckets, wood was harvested on-site, and, with great determination and sweat, rustic lodging was built. Nothing was readily available in this remote setting. Spacious tranquility and stunning beauty awaited all visitors. Guests experienced the environment without changing or disturbing the wildlife and animals.

Celia Hunter and Virginia “Ginny” Hill Wood (October 24, 1917 to March 8, 2013) met while flying for the Women Airforce Service Pilots (WASP) during World War II. Both were deeply adventurous.



Ginny grew up loving the outdoors in eastern Oregon and Washington. Celia grew up on a Quaker farm in Washington. Having heard about Alaska during their flying days, both were determined to see it for themselves. Both ended up making Alaska their home. Celia and Ginny met Forest Ranger Morton “Woody” Wood while traveling in Alaska. Ginny and Woody got married. Camp Denali was established in 1952 by Hunter and the Woods.

Known by Celia and Ginny, they sold the business in 1975 to Wallace “Wally” and Jerryne Cole. Hailing from Maine, Wally worked in the area, making it his home. Cole’s daughter Jenna and son-in-law Simon Hamm currently operate the family business.

Morton and Ginny Wood established the Alaska Conservation Society in 1960. The organization was superseded, continuing today as the Alaska Conservation Foundation, founded by Celia Hunter and Denny Wilcher in 1980. The mission remains, “...an inspiring Alaska that is naturally thriving, biologically and culturally diverse, rich in wildlands, bountiful in terrestrial and marine life, sustainable in its economic development and thoughtfully protected-forever.”<sup>1</sup>

The Alaska Conservation Foundation honored Celia and Ginny with lifetime achievement awards. Among other awards, Celia received the Sierra Club John Muir Award in 1991 and was made an Honorary Life Member in 2000.

Owners past and present know the value and responsibility of preserving their locale. The backcountry can be explored, sustained, and preserved for future generations. The location is made available by trustworthy stewards.

The hearty heritage and remote location continue to provide access to this remarkable area. While not as rustic as its 1952 beginnings, Camp Denali and North Face Lodge offer comforts without sacrificing the surroundings. Camp Denali consists of cabins utilizing wood stoves and propane lighting. Well-maintained outhouses serve as facilities with a view! North Face Lodge, purchased to preserve controlled development, has been remodeled and houses 15 guest rooms.

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<sup>1</sup> <http://alaskaconservation.org/foundation-work/mission>

The lives of the founders are noteworthy examples of living, loving, and sustainably conserving the land and all it offers. Remarkable and well lived, their vision and values remain.

Camp Denali's cabins were built with locally grown spruce logs and materials salvaged from the National Park Service.

The first hydroelectric system, taking advantage of free-flowing spring water on an adjacent mountainside, was installed in 1981. Electricity is now generated from an enhanced hydroelectric plant and from photovoltaic panels. Generators serve only as backups.

An on-site greenhouse and outdoor raised-bed garden produce vegetables and flowers. Food and yard scraps are composted. Non-compostable food scraps are fed to nearby sled dogs.

Foods grown or caught locally are served to staff and guests, including, pork, elk, reindeer meat, fish, shellfish, lettuce, greens, onions, potatoes, squash, carrots, and herbs. USDA-certified meats and sausages are purchased from Delta Meat and Sausage Company, a local family business.

Reusable cloth napkins, lunch bags, and water bottles are used and reused. Laundry is line-dried when seasonally possible. Cleaning products are nontoxic and concentrated. Guest amenities are safe and wholesome minimizing the use of individually wrapped items. Though recycling centers are at a distance (Anchorage is 240 miles away), paper, aluminum, tin, cardboard, and plastic, which cannot be consumed or reused, are brought to a recycling center at the park entrance, then to Anchorage. Three "R's" of sustainability are practiced—reduce, reuse, recycle. The founders, Hunter and Woods, refused to sell soft drinks due to the potential of aluminum cans being found along hiking trails. Decision making flows through the funnel of the three "R's."

Camp Denali has both seasonal and year-round staff. The owners and employees serve on environmental boards. The business supports 15 organizations, which assist in providing education, environmental stewardship, and park advocacy.

Camp Denali and North Face Lodge serve as a model in bringing human contact to remote areas in the least obtrusive manner. While exploring the area, the founders sought to provide and support access

without disturbing the ecology and native residents. Technological and environmental advancements and enhancements, such as solar panels and a greenhouse, improve the experience without adversely impacting the environment.

Whether hiking with Naturalist Guides, canoeing, picking blueberries, bicycling, viewing plant and insect collections or wildlife, fishing, visiting the Natural History Exhibit, or browsing the Resource Library, a stay at Camp Denali or North Face Lodge provides an Eco-cultural Opportunity as only Alaska can offer. Like Celia, Ginny, and Woody, guests to the area may “Leave No Trace,” yet take home breathtaking sights, sounds, and smells while experiencing sustainable hospitality.

Best practices include the following:

- Reduce, reuse, and recycle;
- Monitor and manage hiking trail usage;
- On-site greenhouse and outdoor raised-bed garden;
- Participation in, and support of, 15 environmentally oriented organizations.

## CHAPTER 12

# Concordia Eco-Resort, St John, Virgin Islands

Sustainability is not an accomplished science, rather a self-informing, self-correcting exploration of best practices. Though Stanley Selengut, the developer and sole proprietor of Concordia Eco-Resort, has been named the “Father of Sustainable Resort Development” and credited as the originator of the term “Eco-Tourism,” he will tell you himself that he never set out to “invent a concept.” After decades, working as a New York real estate developer and having been introduced to St John and the treasure that is the Virgin Islands National Park, Stanley had the idea that it must be possible to develop a resort property in such a way that the product would minimize its own impact on the delicate ecosystems that made the property attractive in the first place. He thought it important also to create a sense of place and involvement for the traveler experiencing that resort. The businessman in him realized that for such a venture to be truly sustainable, it also had to be economically viable.

### First Steps

Stanley Selengut opened Maho Bay Camps on the north shore of St John in 1976, adjacent to the Virgin Islands National Park (VINP). He created a rustic resort intended to be compatible with National Park Mandates. Built on leased land and using low-impact, minimalist construction techniques combined with efforts to conserve natural resources, Maho Bay offered the adventuring and self-reliant traveler an affordable experience of the native environment of St John, a modicum of environmental education, and access to the VINP.

## Misssteps

In the early 1980s, Stelengut bought 51 acres of land at Estate Concordia on the south shore of St John overlooking Salt Pond Bay and Ram Head intending to build a Maho-style resort called Concordia Campgrounds. Due to the distractions of his other projects on St John and in New York, the Concordia project was stalled until he was approached, in the late 1980s, by a Canadian condominium developer who wanted to partner with him in a venture to build condos on the Concordia property. Stanley bought in, putting up his property as his share of the investment. Barely half way to completion, the project was bankrupt and construction stopped in 1990. Two years later, Stanley was able to buy his land and the unfinished buildings back from the bank, complete the buildings, and add five tent structures. He opened Concordia Campgrounds in 1993.

## Learning from Maho

The condo structures on the Concordia property, while not Stanley's style, lent themselves well to being adapted as hotel rooms. Applying what had been learned in the original Maho project and applying advancements in green technologies, the 5 tents he built at Concordia had evolved from the minimalist Maho-style tent into a bit more complex and more comfortable unit. Instead of carried water and shared bathhouses, each unit had its own water collection system and cistern, solar-heated shower, and composting toilet. Each tent was independent of the electric grid, having photovoltaic panels and a 12-V battery storage system of its own to power a 12-V pump, lights and fans, and, wishfully, a refrigerator. As it turned out, the refrigerators put too much of load on the 12-V system and ran the batteries down too quickly. One 120-V outlet powered by the grid was added to each unit to run the refrigerator and allow for battery chargers to be plugged in in the event that extended periods of cloud cover did not allow enough solar gain to keep the batteries charged.

## Self-Informing, Self-Correcting

The original 5 tent units, called Eco-Tents, all had the same basic amenities but were each unique in their layout. The best concepts of each were culled and adopted into a final design that created the Concordia Eco-Tent. Between 1994 and 2007, Stelengut built 20 of the newly designed tents for a total of 25 tent units.

The units, raised above the steep hillside on stilts and feeling like a tree house, are wood-framed structures covered in sheet vinyl reinforced with polyester fiber. Zippered covers of the same material, over bug screening, make up the windows. Each unit sleeps five or six individuals in twin-sized beds. There is an attached bathroom with solar-heated, gravity-fed shower, and a composting toilet. A two-burner propane range, mini refrigerator, pots, dishes, linens and towels, and an outdoor deck/dining area complete the amenities.

In 2006 Stanley began building the next pieces in his long-range plan to develop Concordia as an economically viable business based in sustainable development practices. He added a concrete road to help control erosion and three large concrete cisterns to improve water conservation and collection. He added a Central Pavilion and Restaurant to provide the community with a meeting space and a venue for Performance Art and the practice of Yoga.

In 2009 and 2010, eight new units, dubbed Eco-Studios, were added to the inventory of Concordia's rental property. Fabricated in North Carolina and shipped by container as a kit to St John to reduce on island construction waste issues, the Eco-Studios are an insulated panel wall and roof construct designed to be assembled on a locally raised platform and finished with windows, doors, exterior and interior finishes also locally fabricated. Each unit is insulated against solar heat gain with structural foam in the walls and roofs and insulated, hurricane-rated glass in the windows and doors. Situated on the property in a way to take advantage of the Trade Winds, the combination of design, construct, and orientation in these studios precludes the need for expensive air conditioning.

## Best Practices

Between the time the tents were built and the permitting of the studios, net metering became available in the Virgin Islands. In place of battery storage, it is now possible to put excess electric energy generated by photovoltaic panels on-site back into the grid, instead of into batteries. Net-metered power is then reclaimed when needed at no cost until consumption outstrips production. Because batteries are expensive to purchase and to dispose of at the end of their usefulness, net metering is a much better alternative. Concordia hopes to upgrade the battery-supported tents to the net metering system of the studios in the next few budgeting cycles.

A major component of Concordia's planning for sustainability is its rainwater collection, filtration, and disbursement systems. On St John, if you don't capture the water you consume, you need to truck it in, at \$0.086 per gallon. When a business consumes upward of 750,000 gallons per year as Concordia does, and you are working to be both ecologically and economically sustainable, water conservation is a major factor in your game. At Concordia, every roof on the property is attached to a cistern and the maintenance of that system is a major priority in the management of the property. Even with that effort, in a year of average rainfall Concordia spends more than \$40,000 on supplemental Reverse Osmosis Water.

In the original design, every unit had its own cistern and disbursement pump. That system is expensive to maintain, does not have enough storage to capture periods of heavy rainfall, and the water captured cannot be made potable due to the prohibitive expense of having 30 individual filtration systems. With the construction of the last eight eco-studios, large capacity cisterns, and a complex infrastructure of aqueducts, collection and filtration of rainwater has been centralized, allowing Concordia to capture and store much larger volumes of rain water and then to provide potable water through a single filtration system to the individual units.

To be fully sustainable, a venture must consider its human resources as major and irreplaceable. It must value human need and experience equally with environmental and fiscal responsibility, and operate a

malleable management plan weighted toward the improvement of human experience. In the hospitality industry, that applies equally to the guest experience and the staff experience. For the staff, it is not just a decent and fair wage, but also satisfaction with the product they represent that informs the quality of the work experience. The resort cannot merely give lip service to sustainability, but must deliver what it sells in order for the staff to have pride in what they are doing. When that is accomplished, providing the guest with an enjoyable experience follows naturally. At Concordia that means not only providing competitive wages and an excellent benefit package, but also maintaining a culture of willingness to learn from what we do and manifesting what we have learned in improved systems.

There is no perfect and final answer to all the fluid and evolving questions about sustainability and stewardship of the natural environment and the human experience. Concordia Eco-Resort sees itself as a living, growing experiment in best practices. It can seem overwhelming and impossible at times. Open mindedness and an open heart are the two most important ingredients in the sustainability of any culture. Joy comes in the opportunity to practice, manifest, and make accessible an invitation to that openness and to the potential for continued improvement.





## CHAPTER 13

# Guludo Beach Resort, Mozambique

The Quirimbas National Park was created in 2002, which conveniently went with the construction of the Guludo Beach Resort and allowed for a great pairing for Neal and Amy Carter-James' dream of tourism combined with the aid of philanthropy to influence the Mozambique area. The Quirimbas National Park is the largest marine protected area in Africa and home to five species of turtles, calving humpback whales, grazing dugongs, and beautiful coral reefs. Within the park are 11 islands of the Quirimbas Archipelago, which stretches all the way up to Tanzania. These tropical islands have a vast amount of historical and cultural value to Africa as well as other influences, including Arabian and Portuguese. The Quirimbas National Park also stretches inland, including coastal forest inhabitants that have stayed put within the park, but disappeared along the East African coastline. There are plentiful amounts of elephants, lions, leopards, crocodiles, and even wild dogs for guests to see when touring the extraordinary wildlife that the park has to offer. Historically, these remote regions reserved for the park were cut off for decades during the civil war and sit in the gray area between the well-established Southern and East African field guides, which means that new species here are waiting to be discovered and explored every day.

Guludo Beach Resort began as a dream for Neal and Amy as a path of determination in order to demonstrate how combining philanthropy with tourism can be such a success. The pair visited the poverty-stricken area in 2002, envisioning a blend of tourism and philanthropy that could lift the veil of poverty that had long since settled over the people of Mozambique. Since Guludo Beach Resort opened, more than 20,000 people have gained access to clean water, and more than 900 malnourished children receive education and a school meal each day.

Nearly 130 young scholars have received a secondary education. The Nema Foundation has also been responsible for providing 9,500 mosquito nets; building two primary schools; and educating local families about nutrition, malaria, HIV, hygiene, and sanitation. The effects of Guludo extend into the local business community as well, with the resort supporting more than 150 local supplies, employing 70 staff members, and enabling eight local businesses to sell products directly to resort guests.

Currently, Guludo Beach Resort acts as an area resource by donating five percent of its profits to the Nema Foundation, a sister organization the Carter-James' created with the intention of supporting the local community and economy. The Nema Foundation cooperates with 16 local communities near the Guludo Beach Resort, creating projects that benefit the area economically and culturally. The resort is located in one of Mozambique's poorest areas on a 12-km palm-fringed beach. In terms of the locals, the life expectancy of an adult is only 38 years and one in three children do not make it to five years old. Before Neal and Amy began their work, there was no guaranteed access to clean water, and the education system was close to nonexistent since very few children attend school. The culture was lacking any form of identity due to the communities relying on resources that are threatened or endangered to their homeland with barely any ability to thrive or cause change in the environment. Today, a new and growing sense of optimism is alive in the communities surrounding Guludo, which prospers by drawing tourists from near and far.

The more tourism and profits, the more that Guludo can contribute to the Nema Foundation and to the local economy. From 2009 to 2012, a time of great struggle for many businesses in the tourism industry, Guludo Beach Resort experienced exceptional growth. The Carter-James' plan is to continue to expand the resort's and the foundation's efforts to bring more prosperity, hope, and environmental conservation to the region is well on its way to becoming an accomplished goal in the years to come. Guludo Beach Resort has provided development for the local economy of Mozambique, which allows for healthier children and a decline in the poverty rate. This

allows for a sense of optimism and overall hope to occur within local communities in the surrounding area near the resort. Guludo Beach Resort is able to prosper on its own account due to the rate of tourism and also due to the generous philanthropy that the sister organization the Nema Foundation is able to provide.

In terms of sustainability, there are several key initiatives that Guludo Beach Resort works to enforce in order to obtain a sense of sustainability, such as using water as minimally as possible, managing the responsibility of water usage, recycling, using water and energy efficiently, and minimizing the use of harmful chemicals and toxic products. These goals also include a reduction in pollution, emissions, and nonrenewable energy use. Guludo Beach Resort works specifically on reducing the amount of packaging and by doing so using renewable and sustainable sources that have a low impact on the environment. Guludo Beach Resort also strives hard to protect and conserve the natural environment and wildlife in and around the lodge's acreage.

Northern Mozambique has been noticed as a potential travel "hot spot," due to the quality of its beaches, pristine coral reefs, and rich cultures. Guludo is a small, eco-resort located in the Quirimbas National Park, centered near the local communities that allow guests to experience all of their local gifts and customs. There are also special holiday accommodations that provide anything possible to make each guest's stay as comfortable and luxurious as possible paired with the gentle sea breezes, beach views from every location, alfresco en-suite bathrooms with a stunning view, high roofs, and the luxury of going barefoot to feel as indulgent and daring as possible. Guludo Beach Resort has been featured in "100 Best Hotels of the World," in the *Sunday Times Travel Magazine*. Guludo has also been deemed one of the "World's Top 20 Deserted Beaches," by *The Observer*. In other recognition, Guludo has been awarded a variety of international accolades as well as the significant amount of tourism that has been brought to the Mozambique area year-round.

There are many cultural and adventure opportunities at Guludo Beach Resort, which include scuba diving, snorkeling, visiting Quirimbas National Park, visiting the village of Guludo, and

experiencing the bush lookout. In terms of the local communities thriving due to guests touring the area, interactions with local employment, purchasing goods and services through local vendors, five percent of all revenue from the resort being donated to the Nema Foundation, and becoming involved with the water point rehabilitation project that provides access to clean water for all citizens, all allow locals and guests to benefit from the surrounding communities.

Following are top five community involvements:

- Donating five percent of all resort revenue to Nema Foundation;
- Involving in Water Point Rehabilitation Project—providing access to clean water for 20,000 people;
- Providing daily school meals to 900 malnourished children;
- Providing secondary school scholarships for 130 scholars/Constructing two primary schools;
- Providing household training in nutrition, malaria, HIV, hygiene, and sanitation.

## CHAPTER 14

# Protecting Our Oceans: Sustainability at Holland America Line<sup>1</sup>

### Introduction

Holland America Line (HAL) was proud of its reputation as a sustainability leader in the global cruise industry. Bill Morani, V.P. Safety & Environmental Management Systems, was responsible for ensuring that the company and fleet complied with safety and environmental regulations and policies. He had been with HAL since 2003 following a 25-year career in the U.S. Coast Guard. In light of the maritime industry's significant environmental impacts and the complex and rapidly evolving regulatory environment, Bill was thinking about the company's current initiatives in order to prioritize the areas that should be emphasized in the future. Bill's thinking was interrupted as Dan Grausz, Executive V.P., Fleet Operations, came into his office waving an article about a Stena Line ferry that claimed that the two helical turbines on the deck of one of their ferries was achieving cost-effective reductions in fuel use. Dan was the leader of the Fuel Conservation Committee, and he reminded Bill that wind turbines on the ship's deck was one of the 56 initiatives in the spreadsheet tracking their priority in being considered for adoption. However, this initiative

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<sup>1</sup> Copyright © 2012 Murray Silverman. The case was developed with the cooperation of Holland America and the support of the Center for Ethical and Sustainable Business at San Francisco State University and the Campbell Foundation as a basis for class discussion rather than to illustrate the effective or ineffective handling of an administrative situation.

had been assigned a very low priority, and Dan asked Bill to report back to the Fuel Conservation Committee (FCC) as to whether time and resources should be expended in reconsidering or piloting it.

Bill was particularly proud of the progress HAL had made in increasing fuel efficiency. HAL had committed to reduce its fuel use (on a per passenger berth—per nautical mile traveled basis), and thus its associated carbon emission intensity by 20 percent between 2005 and 2015. They achieved this goal by 2011. Reductions in the quantity of fuel used to sail each guest on a voyage reduced HAL's carbon emission intensity as well as the intensity of emissions of sulfur and nitrous oxides (SOX and NOX) and particulate matter (PM). Regulations relating to SOX, NOX, and PM were becoming a major issue for the cruise industry, as there was increasing concern about their health and environmental impacts. According to Bill,

“Fuel conservation is our ‘go-to’ strategy. It is a win-win. By consuming less fuel, we are not emitting as much exhausts containing green house gases and other pollutants, while reducing HAL's fuel costs, and by the way, the money saved through fuel conservation can help offset the increased cost of cleaner fuel.”

Bill put aside his thinking about broader sustainability priorities in order to look into the wind turbine idea.

## Our Oceans

HAL and the cruise industry business models rely on the oceans as their most important resource. The unspoiled waters and coral reefs at port destinations are a major attraction for passengers. Our oceans cover 71 percent of the earth's surface and they provide food in the form of fish and shellfish. They are used for transportation and for recreation, such as swimming, sailing, diving, and surfing. They are a source of biomedical organisms that help fight disease. And very importantly, the ocean plays a significant role in regulating the planet's climate. The oceans are an integral part of the world's climate system, absorbing CO<sub>2</sub>

and heat. The oceans and the atmosphere work together in defining our weather patterns.<sup>2</sup> Unfortunately, our oceans face many threats:

*Overfishing:* More than half the planet depends on the oceans for its primary source of food, yet most of the world's fisheries are being fished at levels above their maximum sustainable yield. Furthermore, harmful fishing methods unnecessarily kill turtles, dolphins, and other animals and destroy critical habitat.

*Pollution:* There are numerous sources of ocean pollution. An enormous amount of oil has been accidentally spilled from ships. Although this in itself is destructive to aquatic plant and animal life, the threat from land-based activities is also great. Eighty percent of all pollution in seas and oceans comes from land-based activities.<sup>3</sup> More oil reaches the ocean each year as a result of leaking automobiles and other non-point sources than was spilled by the Exxon Valdez.

*Eutrophication:* Another serious ocean threat is algal blooms, which form and spread in coastal areas due to nutrient overloading primarily as a result of fertilizer and topsoil runoff and sewage discharges in coastal areas. As the algae die and decompose, the water is depleted of available oxygen, causing the death of other organisms, such as fish.

*Black and gray water:* The shipping industry, as well as recreational boats, discharges black water (human waste) and gray water (water from galley sinks and showers) at varying distances from the shore. Cruise ships are outfitted with equipment that treats the black and gray water prior to overboard discharge.

*Ocean acidification:* Global warming is primarily driven by the increasing accumulation of CO<sub>2</sub> in the atmosphere due to the burning of fossil fuels. On the positive side for the earth's ecosystem, the oceans absorb about one-third of this anthropogenic carbon, reducing the atmospheric warming potential. However, the CO<sub>2</sub> absorbed is converted into carbonic acid, which increases the acidity

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<sup>2</sup> [www.savethesea.org/resources/briefings/governance.php](http://www.savethesea.org/resources/briefings/governance.php), accessed April 10, 2012.

<sup>3</sup> Ibid.



of the ocean. The current rate of ocean acidification is unprecedented, and the increase in acidity dissolves the carbonates needed by organisms such as corals and oysters, thereby threatening their survival. It is estimated that acidification is a major contributor, along with ocean warming, to the loss of 20 percent of our coral reefs and that by mid-century we may lose another 50 percent.<sup>4</sup>

*Ocean warming:* Global warming is also increasing the temperature of the ocean. Increasing ocean temperature leads to significant marine ecosystem change, influencing the generation of plankton, which forms the base of the ocean's food web. Coral reefs are also endangered as they are extremely sensitive to temperature change. Over 90 percent of marine species are directly or indirectly dependent on these reefs.<sup>5</sup>

*Tourism:* Although tourism generates vast amounts of income for host countries, it can have negative social and environmental side effects. The most significant impacts are in the heavily visited coastal areas. Sewage and waste emanating from the local residents, resorts, hotels, restaurants, and the housing that supports the tourism-related employees can find their way directly or indirectly into the bays and ocean. Even when there is municipal infrastructure, the sewage system can become overwhelmed or inadequate, resulting in seepage or dumping into the ocean. Also, careless diving, snorkeling, and other tour activities can damage coral reefs.

### ***Ocean Protection***

The oceans are a global commons that is not under the control of a single nation, except for the territorial waters of coastal nations. There are a number of formal institutions and instruments that provide national governments the opportunity to cooperate in managing the ocean commons. These agreements may be bilateral, regional, or global.

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<sup>4</sup> Interview with Rick MacPherson, Conservation Programs Director at the Coral Reef Alliance on March 7, 2012.

<sup>5</sup> [www.savethesea.org/resources/briefings/governance.php](http://www.savethesea.org/resources/briefings/governance.php), accessed April 10, 2012.

Examples of these agreements include the UN Convention on the Law of the Sea (UNCLOS), which is a comprehensive treaty establishing protocols for the use and exploitation of the ocean and its resources. The International Whaling Convention (IWC), which implements the International Convention for the Regulation of Whaling, regulates the hunting of great whales. There are many other agreements and conventions, but they all apply only to nations that sign them, and even then there can be variations in enforcement.<sup>6</sup>

## Cruise Industry

According to the World Tourism Organization (WTO), tourism has become one of the largest and fastest growing economic sectors in the world.<sup>7</sup> Taking a cruise is a popular tourist experience and the cruise industry is one of the fastest growing sectors of the tourism industry. Prior to the mid-20th century, ships focused on transporting customers to a particular destination. The modern cruise industry traces its beginnings to the early 1970s in Miami, United States, with cruises throughout the Caribbean. The industry created a reasonably priced opportunity for many people to experience a resort-type vacation. Sometimes, cruise ships are referred to as floating hotels or marine resorts, because like land resorts, they have rooms, restaurants, entertainment, shops, spas, business centers, casinos, swimming pools, and other amenities.

Cruise ships travel worldwide in every ocean, and frequently visit the most pristine coastal waters and sensitive marine ecosystems. Cruise packages typically include more than one destination. The most popular destinations are the Caribbean, the Mediterranean, a number of European ports, the Bahamas, and Alaska. There are approximately 2,000 ports capable of receiving cruise ships. The amount of time spent at a destination can vary from one-half day to many days, depending on the design of the

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<sup>6</sup> Important agreements relating to the global oceans are described at [www.seaweb.org/resources/briefings/governance.php](http://www.seaweb.org/resources/briefings/governance.php), accessed May 5, 2012.

<sup>7</sup> The World Tourism Organization (UNWTO) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism ([www.unwto.org](http://www.unwto.org)).

cruise package. The length of cruises can vary from two days to over two weeks, with an average length of about seven days. Destinations vary from tropical beaches such as Cozumel to nature-based destinations such as Alaska, whereas others might feature historical and culturally rich locations such as Istanbul. The cruise product is incredibly diversified, based on destination, ship design, onboard and onshore activities, themes, and cruise lengths. Cruise accommodations and amenities differ and are priced accordingly. A typical classification of cruise types ranges from budget to conventional to premium and lastly to luxury.<sup>8</sup> Exhibit 14.1 elaborates on the differences between these categories. The passenger capacity of cruise ships tends to be larger at the budget and conventional categories and varies from a few hundred to over 5,000 passengers.

The popularity of cruising is reflected in its growth. Since 1980, the industry has had an annual passenger growth rate of 7.6 percent. Between 1990 and 2010, over 191 million passengers have taken a cruise.<sup>9</sup> Twenty-four percent of the American population has cruised. As demand grew, the industry responded by building more cruise ships. As of 2012, there were 256 cruise ships.<sup>10</sup> Newer ships tend to be bigger, they include innovative amenities such as planetariums and bowling alleys, and they are being designed to conserve fuel.

Typically, cruise passengers are predominately Caucasians (93 percent), with an average age of 46 years, well educated, married (83 percent), and with an average household income between \$90 and \$100k.<sup>11</sup> The leading factors in the customer decision to select a cruise package are the destination and the price. Customers tend to be very price sensitive. It does not appear that many customers factor a cruise

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<sup>8</sup> Ward D. (2011). *Berlitz Complete Guide to Cruising and Cruise Ships* 2011. Singapore: APA Publications Services. [www.berlitzcruising.com](http://www.berlitzcruising.com)

<sup>9</sup> CLIA. (2011). *2011 CLIA Cruise Market Overview*. Fort Lauderdale, FL: Cruise Line International Association, Inc. p. 1, accessed May 25, 2012 from [cruise.org/regulatory/clia\\_statisticalreport](http://cruise.org/regulatory/clia_statisticalreport)

<sup>10</sup> [www.cruisemarketwatch.com/capacity/](http://www.cruisemarketwatch.com/capacity/), accessed April 20, 2012.

<sup>11</sup> [www.windrosenetwork.com/The-Cruise-Industry-Demographic-Profiles.html](http://www.windrosenetwork.com/The-Cruise-Industry-Demographic-Profiles.html), accessed April 20, 2012.

line's environmental practices into their choice of cruise lines.<sup>12</sup> The uniqueness of the experience also ranks highly. The customer can choose from luxury, premium, conventional, and budget offerings based on the packages being offered and the price. The packages are highly differentiated based on destination and the amenities associated with the ship. Ninety percent of the bookings come through travel agents.<sup>13</sup>

## Exhibit 14.1

### Characteristics of cruise line segments

#### Budget segment

- Low price
- Appealing to youth and lower income population segments
- Small ships with a minimum of onboard facilities
- Leading cruise lines in this segment include Louis Cruise, Travelscope, Thompson, Island Cruises, Pullmantur, and Fred Olsen

#### Contemporary segment

- Most popular and profitable segment based on application of economies of scale
- Offers resort-type facilities with a strong emphasis on onboard activities and services, such as beauty shops, golf, and ice skating
- Well adapted to families with children
- Broad target market with "something for everyone"
- Cruise lines in this segment include Royal Caribbean International, Carnival Cruises, Norwegian Cruise Line, Disney, MSC, P&O, and Costa

#### Premium segment

- A somewhat more sophisticated product than contemporary- better suited to repeat cruise passengers
- Clientele in the over-40 age group
- Itineraries featuring rarely visited ports
- Cruise lines in this segment include Celebrity Cruises, Holland America Line, and Oceana Cruises

<sup>12</sup> <http://thevacationgals.com/best-cruise-ships-of-2011/>

<sup>13</sup> WTO. (2010). *Cruise Tourism: Current Situation and Trends*. Madrid, Spain: World Tourism Organization. Section 4.1.

## Luxury segment

- High-style luxury with emphasis on the destination and onboard facilities
- Exclusivity, with fewer passengers and a much more formal atmosphere
- Spacious accommodations
- Clientele: couples and singles with a taste for super luxury resorts on land, with no facilities for children
- Longer itineraries (10 days or more) and unusual ports and places
- Cruise lines in this segment include Radisson Seven Seas, Silversea Cruises, Seabourn Cruise Line, and Crystal Cruises

*Source:* Cruise Tourism: Current Situation and Trends, 2010, WTO.

## Industry Structure

The cruise line industry is a 30-billion dollar a year global industry. Three major cruise companies dominate the industry and, in 2012, controlled 84.3 percent market share based on the number of passengers: Carnival Corporation (51.6 percent), Royal Caribbean Cruises Ltd. (21 percent), and Norwegian Cruise Line (7.1 percent).<sup>14</sup> The major cruise companies each have a number of brands, allowing them to operate within the different pricing segments. The market shares of the brands of Carnival, which include HAL, are listed in Exhibit 14.2 along with the market shares of other cruise lines. Many of HAL's and Royal Caribbean's brands were a result of acquisitions. The resulting consolidation of the industry led to the high level of market share concentration. However, this level of concentration was not viewed as anticompetitive by the Federal Trade Commission, because cruise ships are viewed as part of the resort industry, rather than as an independent cruise industry. Carnival Corporation had 2011 revenues of \$15.8 billion and averaged net income to revenue of 13.0 percent over the three years from 2009 to 2011. Royal Caribbean had 2011 revenues of \$7.5 billion and averaged net income to revenue of 6.1 percent over those three years.<sup>15</sup>

<sup>14</sup> [www.cruisemarketwatch.com](http://www.cruisemarketwatch.com), accessed May 20, 2012.

<sup>15</sup> Carnival Corporation & PLC. 2011 Annual Report and Royal Caribbean Cruises Ltd., 2011 Annual Report.

## Exhibit 14.2

### Share of worldwide passengers and number of ships: 2011

Parent company	Brand	Share of worldwide passengers (%)	Number of ships
Carnival Corporation and PLC (CCL)	Carnival Cruise Line	21.1	24
	Costa	7.2	17
	Princess	6.4	16
	AIDA	4.4	8
	Holland America	3.7	15
	Other CC Lines	6.4	23
	TOTAL CC Lines	49.2	103
Royal Caribbean Cruises, Ltd. (RCCL)	Royal Caribbean International	17.0	22
	Celebrity	4.7	11
	Other RCCL Lines	2.1	7
	TOTAL RCCL	23.8	40
Norwegian MSC Line		7.1	11
		5.8	12

Source: Cruise Market Watch 2011 (<http://www.cruisemarketwatch.com/market-share/>).

There are a number of Cruise Line Associations. The largest is the Cruise Line Industry Association (CLIA), whose membership includes 22 of the world's largest cruise line companies, accounting for 97 percent of the demand for cruises.

The cruise lines have the ability to compete with each other on the basis of a highly diversified set of offerings. Much like hotels, they offer different levels of comfort and style, all priced accordingly. In addition, cruise lines can vary in destinations, cruise lengths, ship themes, and amenities in the packages they offer. To the envy of traditional hotels, the major cruise lines operate at 100 percent occupancy levels. They do this through a marginal pricing strategy, adjusting prices downward as the date of departure approaches.

There are major barriers to entry and exit in the industry due to the high cost of purchasing (\$300 to \$500 million) or selling a single cruise ship and the large investment required to operate a cruise line. In terms of the supply chain, there are many sellers to choose from in terms of food, supplies, equipment, and fuel. On the other hand, ship builders are few and are in a strong negotiating position. Cruise ships need many employees. There might be as few as 2 to 2.5 passengers for each employee. While there is an ample supply of cabin stewards and other lower skill jobs, there is a shortage of qualified deck and engineering officers.<sup>16</sup>

### **Regulations**

The mechanisms governing the shipping industry are complex and multilayered. Shipping activities are regulated by a mixture of the international law of the sea and the laws of various nations. The country where a ship is registered is called the flag state. The flag state is obligated to ensure that the ships it registers comply with regulations set down in international conventions and agreements to which the flag state is a signatory. The International Maritime Organization (IMO) plays an important role in developing regulations relating to shipping.<sup>17</sup> *The IMO* is the United Nations' specialized agency responsible for improving maritime safety and preventing pollution from ships. Their regulations relate to safety, labor standards, and the environment. Even though a ship may be registered in a flag state that has not ratified a particular IMO convention, that ship must conform to the conventions adopted by nations it visits. Since almost all cruise ship ports are in nations that have ratified the IMO regulations, cruise ships must abide by IMO regulations.

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<sup>16</sup> Email exchange with Tina Stotz, Manager, Sustainability and ISO Systems Management, July 20, 2012 and Bill Morani, VP Safety & Environmental Management Systems.

<sup>17</sup> For information about the IMO, go to [www.imo.org/About?pges/Default.aspx](http://www.imo.org/About?pges/Default.aspx), accessed June 15, 2012.

## Sustainability in the Cruise Industry

There is a wide range of environmental and social aspects and potential impacts associated with cruise ship operations. There are discharges to water and to air, enormous amounts of waste are generated, and there are environmental aspects associated with inputs such as packaging and food sourcing. Social aspects relate to employees, cruise customers, and impacts on destination communities. The environmental aspects and impacts are displayed in Exhibit 14.3.

Prior to 2000, each of the three major cruise companies listed above had been convicted of violations of U.S. water quality laws. In response to these convictions, the CLIA developed Cruise Industry Waste Management Practices and Procedures.<sup>18</sup> CLIA members have adopted these voluntary environmental standards, which exceed the requirements of U.S. and international laws. Formal adoption is reflected by a cruise line, including the requirements in the company's Safety Management System (SMS). As a result of these standards and an industry-wide effort to be responsible environmental citizens, the cruise industry has dramatically improved its environmental performance.

However, some cruise lines perform better than others in the environmental and social arena, because CLIA does not describe the manner in which the voluntary standards are to be implemented by their members or impose consequences for failing to incorporate them. Also, there may be a failure to adhere to an adopted voluntary standard due to equipment failure or operator error. Finally, the standards do not address every environmental issue. In comparing performance across cruise lines, HAL has been recognized as a top performer.

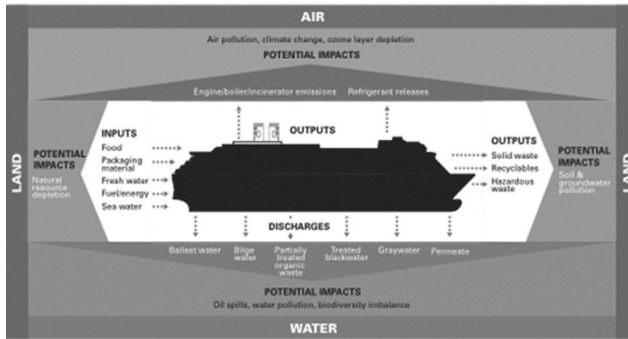
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<sup>18</sup> Interview in Washington, DC, at the Cruise Line Industry Association with Michael Crye, Executive Vice President, and Bud Darr, Director of Environment and Health Programs on February 15, 2012. The CLIA Waste Management Practices and Procedures can be accessed at [www.cruising.org/regulatory/cruise-industry-policies/cruise-industrys-commitment-environment](http://www.cruising.org/regulatory/cruise-industry-policies/cruise-industrys-commitment-environment)



## Exhibit 14.3

### Environmental impacts of cruise ship operation



Source: Holland America Lines.

### Holland America Line and Sustainability

HAL was founded as a shipping and passenger line in 1873 and offered its first vacation cruises in 1895. Over its first 136 years, HAL has carried over 11 million passengers. In 1989, HAL became a wholly owned subsidiary of Carnival Corporation. HAL maintains its own identity, operating its own fleet and managing its marketing, sales, and administrative support. In 2011, HAL operated 15 midsize ships and expected to carry 750,000 passengers to 350 ports in 100 countries. HAL operates ships with passenger capacities in the 1,200- to 2,100-passenger range. HAL is recognized as a leader in the industry's premium segment. HAL has more than 14,000 employees and is headquartered in Seattle, Washington, United States.<sup>19</sup> Holland America has received a number of awards for environmental sustainability and responsible tourism. In 2006, HAL was awarded the Green Planet Award, which recognizes eco-minded hotels, resorts, and cruise lines for outstanding environmental standards.<sup>20</sup> This award was based on their ISO 14001 certification and the installation of shore power plug-in systems on three ships. In 2008, Virgin

<sup>19</sup> Holland America Line. Sustainability 2009 Report. [www.hollandamerica.com/about-best-cruise-lines/Main.action?tabName=Sustainability#](http://www.hollandamerica.com/about-best-cruise-lines/Main.action?tabName=Sustainability#)

<sup>20</sup> <http://boards.cruisecritic.com/archive/index.php/t-457134.html>, accessed August 1, 2012.

Holidays honored HAL with the Responsible Tourism Award based on reducing dockside emissions by 20 percent, increasing recycling by 50 percent, and instituting a training program to avoid “whale strikes.”<sup>21</sup> HAL was named the World’s Leading Green Cruise Line at the World Travel Awards in London in 2011,<sup>22</sup> and they received a 2010 and 2012 Rear Admiral William M. Benkert Gold Environmental Protection Award from the U.S. Coast Guard.<sup>23</sup> HAL does not advertise its environmental credentials or accomplishments to potential customers, nor do any of their competitors.

In 2009, HAL released its first sustainability report covering activities from 2007 to 2009. Other Carnival Corporation subsidiaries also developed sustainability reports and were among the first in the industry to do so. Their sustainability report used the Global Reporting Initiative’s (GRI) G3 Guidelines as the framework for their report. They include a GRI content index, so that readers can see where GRI categories are covered in the report. The data in this baseline report were not independently verified, although this was not unusual among first-time GRI reporters. Their environmental management system (EMS) was recertified in 2009 and 2012 as meeting the ISO 14001 environmental standards.

### *Discharges to Water*

Exhibit 14.3 diagrams the various discharges associated with a cruise ship. The primary discharges to water include black water (sewage), gray water (from showers, sinks, laundry, and the galley), and bilge water (potentially oily water leaked from engines and equipment that

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<sup>21</sup> <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aLw6DFDEovrI>, accessed August 1, 2012.

<sup>22</sup> <http://www.worldsleadingcruiselines.com/about-us/press-room/holland-america-news/holland-america-line-receives-second-benkert-environmental-award.aspx>, accessed August 1, 2012.

<sup>23</sup> [http://markets.on.nytimes.com/research/stocks/news/press\\_release.asp?docTag=201205221327PR\\_NEWS\\_USPRX\\_SF11884&feedID=600&press\\_symbol=83500](http://markets.on.nytimes.com/research/stocks/news/press_release.asp?docTag=201205221327PR_NEWS_USPRX_SF11884&feedID=600&press_symbol=83500), accessed August 1, 2012.

accumulates in the bilges). Black water is an issue because it contains pathogens, including fecal coliform bacteria that need to be removed before being released into the environment. Untreated blackwater can cause serious contamination of fisheries and shellfish beds, resulting in a general contamination of the food chain and a risk to human health by transmitting infectious diseases.

On most cruise ships, sewage is treated using a marine sanitation device (MSD) that disinfects the waste prior to discharge. Although regulations require the use of MSDs, there is a newer technology, Advanced Waste Water Purification Systems (AWWPS) that are capable of producing water effluent that is as clean or cleaner than that produced by many municipal treatment plants.<sup>24</sup> HAL was instrumental in developing the AWWPS technology for use in cruise ships. The first installation was on the ms Statendam in 2002. These systems use a combination of screening, maceration, biodigestion, ultrafiltration, and ultraviolet light to go a quantum leap beyond MSDs. Approximately 40 percent of cruise ships have AWWPSs and more are being added every year. Holland America is a leader in this area, as 12 of their 15 ships had AWWPSs.

MARPOL and U.S. regulations require that treated sewage (MSD or AWWPSs) be discharged at least 3 nautical miles (nm) from shore and untreated sewage at least 12 nm from shore. In addition, there are no discharge zones (NDZs) that limit discharges in certain areas. MSD discharges by HAL are at least 12 nm from shore.

Gray water can contain a wide variety of pollutant substances, including oil and some organic compounds, detergents and grease, suspended solids, nutrients, food waste, and small concentrations of coliform bacteria. In the United States, gray water was not considered a pollutant until recently. Current regulations prohibit the discharge of gray water within 3 miles of the coast in California and Alaska. CLIA voluntary standards specify a distance of at least 4 miles from the coast. There do not appear to be conclusive studies as to the safest distance from shore to discharge black water or gray water.<sup>25</sup> Regulators require

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<sup>24</sup> CLIA at 35, p. 20.

<sup>25</sup> *Post and Courier*, Charleston, SC, 2011, [www.postandcourier.com](http://www.postandcourier.com)

that discharged bilge water be less than 15 ppm (parts per million) while the vessel is enroute and not operating in a special area. HAL was also a leader in improving bilge water treatment prior to overboard discharge.

HAL also reduces the amount of water used and discharged through various water conservation strategies. In 2009, HAL used its EMS to set a target to use seven percent less water than in 2008. They exceeded the target using nine percent less water through a number of approaches, including low-flush toilets, low-flow shower heads and faucets, and specialized pool filters. In 2010, HAL passenger growth was 9.8 percent, but overall water use rose by only 1.8 percent.<sup>26</sup>

### *Solid and Hazardous Waste*

Cruise ship waste streams can be either hazardous (chemicals from dry cleaning or photo processing, solvents, paint waste, etc.) or non-hazardous (food waste, paper, plastic, glass, etc.). The industry has grown 7.6 percent per year between 2000 and 2009, but has cut its waste almost in half.<sup>27</sup>

The potential impact from pollution by solid waste on the open ocean and coastal environment can be significant, with a diversity of effects and consequences, including (a) aesthetic degradation of surface waters and coastal areas; (b) entanglement of sea birds, fish, turtles, and cetaceans, which may result in serious injury or even death by ingestion or asphyxiation; and (c) nutrient pollution derived from continued disposal of food wastes in restricted areas (Exhibit 14.4).

HAL's disposition of solid waste breaks down as 26 percent going ashore primarily to landfills, 16 percent recycled to shore, 39 percent incinerated on board, and 19 percent (food waste and ground glass) discharged at sea. Recycled items include glass, paper, cardboard, aluminum, steel cans, and plastics. On HAL ships, paper and cardboard are shredded and are most often incinerated to reduce the fire load carried by the vessel. Food waste that has gone through a pulper is discharged more than 12 nautical miles from shore.

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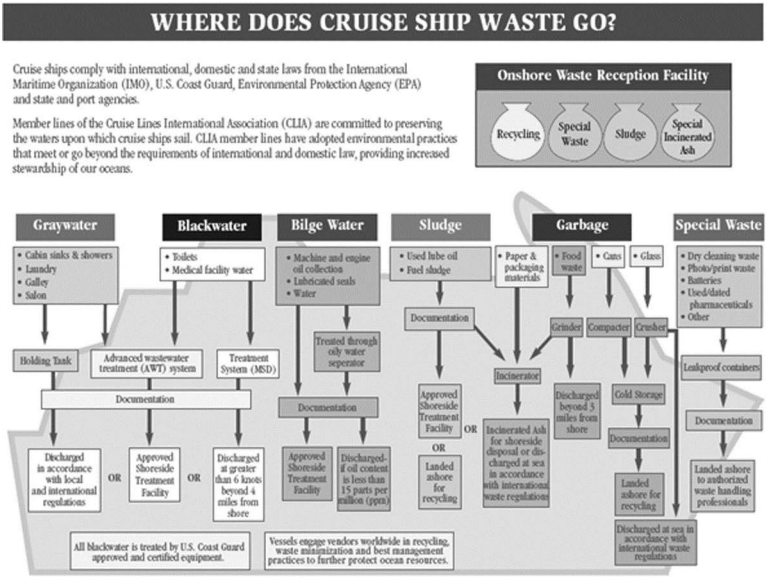
<sup>26</sup> Email exchange with Tina Stotz.

<sup>27</sup> <http://www.ethicaltraveler.org/2010/01/sustainability-in-the-cruise-industry/>, accessed August 1, 2012.

In 2006, HAL set objectives to reduce solid waste offloads by 15 percent and to increase materials recycled ashore by 10 percent.<sup>28</sup> Between 2007 and 2008, solid waste disposed ashore increased by five percent and the total amount of solid waste recycled ashore increased by 86 percent attributable to fleet personnel properly segregating materials. The total quantity of waste generated by HAL during 2009 was 28 percent less than during 2008. The amount of material incinerated decreased by 27 percent in this period. Some of their waste management initiatives included replacing highly toxic perchloroethylene dry cleaning with a nontoxic technology, developing a program for recycling paint and thinner, and implementing a list of approved chemicals to reduce the use of toxics. HAL donates many partially used products and reusable items (mattresses, toiletries, linen, clothing, etc.) to nonprofits.

### Exhibit 14.4

## Where does cruise ship waste go?



Source: Cruise Line Industry Association.

<sup>28</sup> Data relating to waste management can be found in Holland America’s Sustainability Report (2009).

### *Supply Chain Issues*

The primary inputs for a cruise are food, packaging materials, fresh water, and fuel. Fresh water is needed to clean and prepare food, clean kitchen equipment, wash guest and crew linens and clothes, and to maintain engine room equipment. HAL used its EMS to target seven percent less water use between 2008 and 2009 and they exceeded that target and used nine percent less water. HAL has been working with its vendors to reduce packaging, and this is reflected in its solid waste reduction.

One important supply chain issue with food is the sustainability of the seafood served. In 2010, HAL partnered with the Marine Conservation Institute (MCI) to protect marine ecosystems.<sup>29</sup> MCI is a nonprofit organization working with scientists, politicians, government officials, and other organizations around the world to protect essential ocean places and the wild species in them. The HAL/MCI program is entitled “Our Marvelous Oceans” and includes the purchasing of sustainable seafood to be served on board, the development of a series of video programs about the oceans to be shown to guests and support for MCI to provide grants to graduate students and young scientists engaged in historical marine ecology. As part of the sustainable seafood program, MCI evaluated over 40 species of fish for HAL. MCI classified fish options within each species for HAL as best choice, good choice, not sustainable and need more information. Best choice seafood items are abundant, and caught or farmed in an environmentally friendly way. Good choice items are evaluated by MCI as acceptable although there may be some environmental concern. In those cases, best choice alternatives are sought. For the “not sustainable” category, HAL discontinued purchases of those items. When more information was needed, HAL went back to the suppliers, and in many cases where there was a sustainability issue, suppliers worked hard to find sustainable alternatives for HAL. In a few instances, HAL had to eliminate specific menu items, but in some cases they were able to find an acceptable

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<sup>29</sup> Interviews with Lance Morgan at Marine Conservation Institute and Tina Stotz at HAL, Fall 2011. Also, see <http://www.marine-conservation.org/what-we-do/program-areas/how-we-fish/holland-america/sustainable-seafood/>

substitute for a menu item they wanted to retain (e.g., sustainably fished dover sole caught with hook and lines). HAL embraced this program because there was strong interest at the top management levels and even though purchasing costs were higher.<sup>30</sup>

### *Social Sustainability Issues*

The cruise industry also has social aspects in the areas of guest experience, employee satisfaction, and impacts on port communities visited by cruise ships. HAL's 800,000 guests are provided an opportunity to have a unique vacation, traveling by water to beautiful and interesting destinations, and they rate the cruise line very highly on follow-up surveys. In terms of employees, HAL makes considerable effort to be a socially responsible employer. Their sea-going workforce was 81 percent Filipino and Indonesian, who are away from home 3 to 10 months of the year, working seven days a week. All of the Filipino and Indonesian employees work under a collective bargaining agreement. The International Labor Organization in Switzerland sets standards that the CLIA supports. Benefits for HAL employees include health care, room and board, paid vacation, sick leave, compassionate leave, and preparation of cuisine from their homeland. Seventy-two percent of HAL's more than 14,000 crew, officers, and shore side employees were covered by collective bargaining agreements in 2009.<sup>31</sup>

Community impacts associated with port visitations have complex social and environmental aspects for HAL and other cruise lines. When the cruise ship docks, thousands of passengers disembark, and it is a boon to merchants and the local economy. Many port destinations are economically dependent on tourists and cruise ships. However, the cruise line passengers can engender perceptions of income inequality and have other cultural impacts. Also, human health can be impacted by air pollution from sulfur oxides (SOX), particulate matter (PM), and nitrous oxides (NOX) emitted from the ship's stacks. About 9 to 14 percent of a cruise ship's emission occur in ports (depending on the

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<sup>30</sup> Ibid.

<sup>31</sup> Holland America Line. Sustainability 2009 Report.

type of ship), as some of the ship's diesel engines are used to power lights, refrigeration units, pumps, and other equipment.<sup>32</sup>

Coastal water pollution is primarily an indirect impact associated with the cruise ships. Although the cruise lines follow established regulations and voluntary standards that minimize the risk to the coastal waters, the number of passengers engaging in shore excursions in combination with tourists staying at the local resorts and hotels can place an excessive burden on the local municipal sewage treatment systems. Overflow from those systems or leaching from injection wells that are drilled to contain the sewage can enter the coastal water leading to algal blooms and pollution that degrade the coral reefs and coastal ecosystems that are the *raison d'être* for visiting the destination.

Another issue is the environmental footprint of the shore side vendors and tour operators (boating, snorkeling, and diving) that cater to the guests. The cruise lines responses to shore side issues are referred to as destination stewardship. In 2003, CLIA partnered with Conservation International (CI) to establish the Ocean Conservation and Tourism Alliance with the goal of addressing the shared responsibilities among cruise lines, governments, civil society, and shore operators to manage the growth of tourism in sensitive ecosystems. An example of CI's efforts in partnership with the Coral Reef Alliance is the Mesoamerican Reef Tourism Initiative (MARTI), a stewardship initiative involving Carnival and Royal Caribbean cruise lines.<sup>33</sup> MARTI is intended to protect the natural resources that draw tourists to Mexico, the Caribbean, Belize, and Honduras. MARTI partners meet in a multi-stakeholder format that includes private sector, government organizations, and nongovernmental organizations to develop solutions to port-related environmental issues.

### *Emissions to Air*

Cruise ships generate the energy they need for propulsion as well as the electricity needed for lights, refrigeration, HVAC and other equipment.

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<sup>32</sup> Internal HAL document.

<sup>33</sup> [http://www.conservation.org/fmg/articles/pages/greening\\_tourism.aspx](http://www.conservation.org/fmg/articles/pages/greening_tourism.aspx)



Approximately 60 percent of the energy generated goes for propulsion, 15 percent HVAC, 10 percent lighting, 5 percent refrigerators and freezers and 10 percent to other systems.<sup>34</sup> Engine exhaust is the primary source of ship emissions. The most significant gasses are CO<sub>2</sub>, NOX, SOX, and PM. The major concern with CO<sub>2</sub> is global warming. The primary concern with SOX, NOX, and PM is air pollution in coastal areas.

The primary fuel used by cruise ships is heavy fuel oil (HFO). Distillate fuel oil and low-sulfur fuel oil (LSFO) offer an alternative to HFO. The price of these lower sulfur fuels fluctuates, but they are expected to cost between 10 and 50 percent more than HFO.<sup>35</sup> Burning LSFO or distillate fuel reduces SOX and PM pollution, but the carbon footprint of these fuel is about the same as HFO. HAL relies primarily on HFO, but changes in national and international regulations in 2015, will require an increase in use of more expensive distillate fuel. In 2011, about four percent of fuel use at HAL was distillate.<sup>36</sup> Considering that fuel costs can be on the order of 15 percent of operating expense, increases in fuel cost would have a major impact on the industry.

### **CO<sub>2</sub> Emissions**

There is a high level of agreement that global warming is undermining the complex web of natural systems that allows life to thrive on earth. The CO<sub>2</sub> emissions from the burning of fossil fuels account for most of the increase in GHG concentrations. Approximately two to three percent of the global total of CO<sub>2</sub> emissions comes from shipping, mostly from the 50,000 merchant ships plying the ocean.<sup>37</sup> The 350 cruise ships contribute in a small way to this problem. In comparison to shipping, CO<sub>2</sub> emissions from aviation contribute 2 percent, road transport

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<sup>34</sup> Holland America Line. Sustainability 2009 Report.

<sup>35</sup> <http://www.maritimeuk.org/2012/01/marine-fuel-sulphur-content/>

<sup>36</sup> Email correspondence with Tina Stotz and Bill Morani at HAL.

<sup>37</sup> <http://www.marisec.org/shippingfacts/worldtrade/index.php?SID=ca4a0dfa59eac4d7f4edc87fef82b4d>

21 percent, and 0.5 percent from rail.<sup>38</sup> According to the IMO, there is “significant potential to reduce GHG through technical and operational measures.” The IMO estimates these measures could reduce emissions rate by 25 percent to 75 percent below 2009 levels (see Exhibit 14.5). Of course, not all of these measures are technically feasible and/or cost effective for the cruise lines, especially in the short term. Ship retrofit is very expensive, so design changes need to be built in up-front. Some ships are getting as much as 7 to 10 percent fuel reduction from coatings.<sup>39</sup> Speed reductions can significantly increase fuel efficiency. A 10 percent reduction in speed can provide an energy saving of 19 percent.<sup>40</sup> Just like with driving an automobile, ship size and speed are the most critical defining parameters with respect to fuel consumption.

HAL’s response to its GHG impact has been to reduce fuel use through:

- More energy-efficient equipment
- More energy-efficient ships
- Energy conservation
- Shore power
- Circulate monthly fuel use data to encourage competition between vessels
- Sharing best practices from high-performing ships
- Providing monetary incentives to senior shipboard staff to encourage fuel conservation practices

These options not only conserve fuel and reduce GHG, but also reduce the amount of SOX, PM, and NOX because less fuel is burned. Fuel use overall increased due to an expanding fleet and passenger growth; however, on a normalized basis, the fuel used per available lower berth on the ships steadily decreased over that period.

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<sup>38</sup> IMO. (2009). *Second IMO GHG Study 2009*. London: UN International Maritime Organization.

<sup>39</sup> Interview with Michael Crye and Bud Darr at CLIA.

<sup>40</sup> *Second IMO GHG Study 2009*, p. 176.

### Exhibit 14.5

#### Assessment of potential reductions of CO<sub>2</sub> emissions from shipping using known technology and practices

	Saving of CO <sub>2</sub> (%)	Combined within category (%)	Overall combined (%)
<b>Design (new ships)</b>			
Concept, speed, and capability	2~50*		
Hull and superstructure	2~20	10~50	
Power and propulsion system	5~15		
Low-carbon fuels	5~15		
Renewable energy	1~10		
			25~75
<b>Operation (all ships)</b>			
Fleet management	5~50		
Voyage optimization	1~10	10~50	
Energy management	1~10		

Reductions at this level would require reductions of operational speed.

*Source:* Second IMO GHG Study 2009, UN International Maritime Organization.

### SOX and NOX

The maritime industry accounts for approximately four and seven percent, respectively, of global SOX and NOX emissions,<sup>41</sup> of which a small proportion is attributable to the cruise industry. Combustion of HFO produces sulfur dioxide and particulate matter. Sulfur dioxide reacts with other substances in the air to form acid rain, which falls to earth as rain, fog, snow, or dry particles. Some may be carried by wind for hundreds of miles. Acid rain causes deterioration of cars, buildings, and historical monuments and causes lakes and streams to become acidic and unsuitable for many fish. PM may cause serious human health problems,

<sup>41</sup> <http://www.dieselnet.com/standards/inter/imo.php>

including respiratory diseases, neurological damage, birth defects, or cancer. Emissions from cruise ships are of concern while a ship is at port, close to residents of coastal communities. NOX causes a wide variety of health and environmental impacts. Ground-level ozone (smog) is formed when NOX and volatile organic compounds (VOCs) react in the presence of heat and sunlight. Children, people with lung diseases such as asthma, and people who work or exercise outside are susceptible to adverse effects such as damage to lung tissue and reduction in lung function.

The health and other environmental impacts associated with SOX, PM, and NOX emissions have been under intense regulatory scrutiny. International regulations (MARPOL) in 2000 had lowered sulfur limits in fuel to 4.5 percent and by 2012 to 3.5 percent, and by 2020, global sulfur limits are set at 0.5 percent. However, certain national and regional regulations have put reduced sulfur emissions on an even shorter time line. Emission control areas (ECAs) are being established that impose very tight limits on sulfur, NOX, and PM for ships entering those areas. For example, sulfur limits are restricted to one percent levels already in the Baltic and EU rules will cap sulfur at 0.1 percent by 2015. Significant reductions in NOX are also being mandated. Australia, NZ, and Hong Kong have voluntary measures, likely to develop into ECAs by 2015. The industry is experimenting with seawater scrubbers in the stacks, which would remove a high level of SOX and PM. However, it is not yet clear as to whether the use of seawater scrubbers will be a less expensive option than low-sulfur fuels. In any case, increasing regulatory pressure to reduce SOX, PM, and NOX will have a significant financial impact on HAL and the rest of the cruise industry.

### *Managing Fuel Conservation at HAL*

In 2005, HAL's parent, Carnival Corporation set an ambitious corporate goal of increasing fuel efficiency as measured by the amount of fuel used per lower berth per nautical mile by 20 percent by 2015. In order to address the need to reduce fuel use, HAL had established a Fuel Conservation Committee in 2007 that systematically identified and assessed fuel reduction opportunities based primarily on projected fuel

savings and return on investment (ROI). The committee had been very effective in adopting successful initiatives based on established financial criteria, and HAL reached its 2015 target in 2011.

Bill participated in the weekly Fuel Conservation Committee<sup>42</sup> meeting in Seattle, which explored and implemented various fuel conservation initiatives. In 2012, the committee was evaluating close to 50 initiatives. These initiatives fell into five broad categories, a majority of which required capital investments in new and modified equipment:

- *Sailing and maneuvering* (six initiatives): Many of these initiatives involve the use of software to optimize speed and maneuvering.
- *Modifying or adding equipment* (28 initiatives): A wide variety of initiatives such as upgrades of air conditioner chiller control systems.
- *Operational improvements* (eight initiatives): Initiatives such as running one seawater cooling pump while in port.
- *Monitoring various sources of energy consumption* (10 initiatives): Initiatives such as installation of kWh meters in electrical substations to monitor the energy consumption of various users.
- *Waste heat recovery* (four initiatives): Initiatives such as adding an additional heat exchanger to reuse high-temperature waste heat for potable water heating.

The committee's spreadsheet included estimates of potential savings from each initiative and the cost per ship. Typically, the estimates of savings were measured in terms of percentage of overall fuel budget. For the 38 initiatives for which estimates had been made, 13 would save 0.25 percent fuel or less, 16 saved between 0.26 and 0.99 percent, and 9 of the initiatives might save more than one percent. The committee also tracked whether each initiative was proven or assumed to be viable and its stage of implementation (study, funding required, implemented, or

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<sup>42</sup> Information relating to the FCC is based on internal documents and interviews with HAL managers.

discontinued). If the committee decided that a proposed fuel conservation initiative should be implemented, it was pilot tested on a single ship. Performance was tracked and if the results met investment criteria, the initiative would be eligible to be rolled out to other ships. Finally, based on all of this information, the committee assigns a priority (1, 2, or 3) to each initiative. Because there is a limited capital budget available to pursue fuel conservation projects, even initiatives with a priority of 1, might not be implemented, or might not be implemented fleet wide.

Because of the unproven nature of the wind turbine initiative, and skepticism on the part of HAL's engineering department personnel, the Fuel Conservation Committee had long ago assigned a priority "3" and an estimated fuel savings of less than 0.25 percent. Wind turbines can be horizontal (HAWT) or vertical axis (VAWT). However, it appeared that VAWT were most appropriate on ships as they can withstand much higher wind speeds, and are significantly more efficient than HAWT.<sup>43</sup>

Bill read the article about Stena Line, a ferry line operating with travel service between Britain, Holland, and Ireland. He learned that Stena Line estimated that the two turbines installed on Stena Jutlandica would generate about 23,000 kWh per year, equivalent to the domestic electricity consumption for four normal homes during one year. This was equivalent to a reduction in fuel consumption of between 80 and 90 tons per year.<sup>44</sup> Bill began to enquire internally at HAL about the wind turbine idea, and one of his direct reports had received unsubstantiated information from a third party that the Stena Line installation was projected to be very cost effective and that contrary to intuition, the turbines reduced aerodynamic drag on the ferry. Bill also found another article describing how Hornblower Cruises planned to launch the Hornblower hybrid to take passengers on sightseeing, dinner, and social events in New York Harbor.<sup>45</sup> This 600-passenger vessel would incorporate helical wind turbines, solar

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<sup>43</sup> <http://colonizeantartica.blogspot.com/2008/01/vertical-axis-wind-turbines.html>

<sup>44</sup> <http://www.stenaline.com/en/stena-line/corporate/media/press-releases/wind-power-onboard-a-ferry/>

<sup>45</sup> <http://www.engadget.com/2010/12/02/hornblower-hybrid-ferry-relies-on-eco-friendly-trifecta-hydroge/>

panels, and hydrogen fuel cells in addition to its diesel engine. The company believed that the combination of alternative power generators would result in fuel savings that justified the investment.

Bill consulted with Pieter Rijkaart, former Director of New Builds, who had led the design and build of almost all of HAL's current fleet. Pieter mirrored the skepticism expressed by other engineers. For example, the engineers noted that a cruise liner is much larger and more streamlined than a ferry, raising questions about the applicability of the Stena Line performance results. There were also cost issues. A pilot test on one ship would require a large up-front investment in addition to the cost of the turbine, as it would have to be anchored to the deck and tied into the electrical grid on the ship. There were also major aesthetic concerns. Cruise ships are designed to have a beautiful appearance, and having bulky wind turbines on the deck could be an eyesore. Finally, the amount of energy supplied by the wind turbines would account for an extremely small percentage of the ships energy needs.

Bill wondered whether there were intangible benefits associated with the use of wind turbines. HAL had already demonstrated a proactive interest in alternative energy initiatives. HAL had installed heat reflective film on windows to reduce the transfer of heat to the interior, thus reducing the load on air conditioners. At a cost of \$170,000 per ship, and a projected fuel savings between 0.5 and 1.0 percent, three ships had this technology installed and other ships awaited funding.<sup>46</sup> Also, HAL had adopted an initiative involving the pumping of used cooking oil into the fuel line. In 2010, HAL reused 51,000 l of used cooking oil. This very low cost option resulted in both the reduction of fossil fuel and avoidance of the disposal cost of drums of used cooking oil. Wind turbines represented another opportunity for HAL to explore using alternative energy. While this could contribute to HAL's reputation as a sustainability leader in the industry, Bill did not believe that reputation should be factored into a FCC decision. According to Bill, "We don't talk about whether something will get good press." While the turbines would produce only a very small amount of the

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<sup>46</sup> Internal HAL document.

electricity used on the boat, they would contribute to reduced fuel use. Bill did not have enough information to estimate ROI or payback. Given that there were dozens of other proposed initiatives in the FCC spreadsheet, he wondered whether it made sense to expend FCC effort on this initiative. On the other hand, Bill said, “I would be concerned that we could be missing an opportunity”. Bill was eager to pull together his thinking on the turbine initiative for the upcoming FCC meeting, so that he could get back to longer term thinking about the sustainability priorities facing HAL.

## Questions to Consider

1. From the viewpoint of the cruise line companies, do you believe that the industry will be more or less attractive in the future? Explain your thinking. How will sustainability issues and regulations impact industry attractiveness?
2. Who are the key stakeholders in relation to HAL’s sustainability issues? What is the influence of each in terms of their potential impact on HAL?
3. What are the most significant environmental issues facing HAL? In what ways has Holland America gone beyond compliance in its environmental initiatives?
4. What are the most significant social issues facing HAL?
5. Bill Morani has asked for your assistance in assessing what action to take with respect to the wind turbine initiative. What would you recommend?
6. What are the challenges facing Bill Morani and Holland America in moving their sustainability agenda forward?



*Acronyms Used In the Case*

AWWPS	Advanced Waste Water Purification System
CI	Conservation International
CLIA	Cruise Line Industry Association
CO <sub>2</sub>	Carbon Dioxide
FCC	Fuel Conservation Committee
HAL	Holland America Lines
HAWT	Horizontal Axis Wind Turbine
HFO	Heavy Fuel Oil
HVAC	Heating, Ventilation, and Air Conditioning
IMO	International Maritime Organization
IWC	International Whaling Convention
MARTI	Meso-American Reef Tourism Association
MCI	Marine Conservation Institute
MSD	Marine Sanitation Devices
NOX	Nitrous Oxide
PM	Particulate Matter
SOX	Sulfur Oxide
UNCLOS	United Nations Convention on the Law of the Sea
VAWT	Vertical Axis Wind Turbine
VOC	Volatile Organic Compounds
WTO	World Tourism Organization

## Questions to Consider

1. List five cost effective, innovative strategies hotels could implement in order to reduce their environmental footprint? How can these produce long term savings?
2. What steps can hotels and lodges take to benefit the surrounding communities while preserving their cultural identity?
3. Is there a developmental model that hotels can implement to benefit surrounding communities?
4. Explain how design and energy efficiency are important components of a hotel's environmental policy?
5. What is an *eco-room*?
6. How does the Natural Step training help hotel staff focus on sustainability?
7. Why are supply chain management and transparency important aspects of any sustainability model?
8. Why is it imperative to get a company-wide commitment to move forward with sustainability initiatives?
9. How are sustainable hotels taking advantage of their full resource potential?
10. What are hotels doing to educate their guests regarding their sustainability? Is this important for the hotel's credibility or is it a form of greenwashing?
11. Describe three successful programs that hotels, lodges and ships have implemented to forward sustainability? What aspects make them successful? What more could be done?
12. How can hotels and resorts brand their sustainable practices to create a competitive advantage?
13. What is a VEP and is it worth the investment?
14. Is it possible for a luxury operation to also be eco-conscious?
15. Is it possible for a cruise ship to be a model for sustainability? Please explain.



# Tour Operators and Destinations— Introduction

Although the tourism sector continues to rapidly grow, tour operators follow sustainable practices in order to protect these tour sites. This section discusses some of the tour operators that are setting new standards for this industry by applying both new processes and performance-based measurement systems in order to track their progress along a path toward sustainability.

In order to prevent erosion, and damage to communities around the world that are dependent on tourism, tour operators have a duty to start incorporating sustainable policies into their business models. Although sustainable tourism has been gaining popularity and attention since the 1990s, tour operators have often resisted getting involved since they deal with so many factions of tourism (transportation, lodging, activities, meals) and they felt it would be too complicated. More recently, tour operators have been banding together to form partnerships such as Tour Operator's Initiative (TOI), a nonprofit organization that helped to design and promote Global Sustainable Tourism Criteria (GSTC) and develop new and innovative strategies to implement sustainability. This sustainability initiative was drawn from the latest research with the objective that it should not be difficult to implement sustainability measures into a tour program.

Although sustainable tourism is gaining popularity in the tourism industry, many tour operators consider it to be a frill with many operators, who have been in business a long time, marketing luxury not sustainability; many resist implementing sustainability into their business because they think it will be expensive and take too much time.

Also, although sustainability may be the ideal, many countries lack regulations and standards. It is often difficult to operate along the same principles throughout all levels of the organization—from transportation

to activities, meals, and lodging. Although many tour operators philosophize about sustainable practice, it can be difficult to take action.

However, we have listed some simple steps that any operator can follow in order to become more sustainable.

### **Sustainable travel guidelines for tour operators**

- Create a company policy on responsible tourism and environmental standards
  - Include it in your Mission Statement
  - Refer to your values on your website and in your brochures
- Evaluate service providers and select the best
  - Hold dialogs with all stakeholders
  - Conduct on-site evaluations of hotels and cruise ships with respect to such items as:
    - Environmental standards: waste policy, water, energy use
    - Quality and sourcing of foods such as sustainable seafood
    - Whether they use local operators, suppliers, transport, and guides
    - Make certain your and your sub tour providers have a safety plan and emergency situation plan in place and implemented in case of accident or disaster to protect both tourists, employees and your own company
- Contribute to the sustainable development of local communities
  - Where feasible use local small-scale lodging
  - Support local transportation
  - Support community-based projects
  - Engage community members in discussion
- Consider partnerships, memberships, and certification
  - Consider partnering with NGOs
  - Join TOI (Tour Operators Initiative), CREST, TIES (The International Ecotourism Society), or other organizations supporting sustainability in travel
  - Consider applying for certification
  - Consider joining EXPA to combat sex tourism
- Goal setting
  - Create internal criteria to measure sustainability
  - Set a time line of sustainability goals
  - Make practices regular—not just one-time events

## CHAPTER 15

# Sustainable Travel for Social Good: The Altruvistas Journeys Model<sup>1v</sup>

*If you have come here to help me, you are wasting our time.  
But if you have come because your liberation is bound up with  
mine, then let us work together.*

—Lila Watson

Imagine if communities worldwide retained 50 to 70 percent of the tour package costs, what that would contribute to protect bioreserves, UNESCO World Heritage Sites, and national parks as well as to build schools and hospitals in the surrounding community's infrastructure? Imagine the shift that could be made in the well-being of the 73 percent of the world's population that lack basic necessities. The travel industry needs to embrace a vision of tourism that addresses equity systemically. The experience of Altruvistas shows that tourism can be a phenomenal force for good.

The term "tourism" conjures up seductive images of palm trees and beautiful sun-filled beaches. Beneath this attractive and simple façade, lies the sad reality that tourism from the summits of the Kilimanjaro and Mt. Everest to the vistas from Machu Picchu, Persepolis, Chichén Itzá, and the Giza Necropolis often fails to benefit the very people and communities who are our hosts.

The "leisure industry" is the world's largest, accounting for 9.5 percent of world Gross Domestic Product (GDP), 1 in 11 of the world's total jobs, 4.4 percent of total investment and 5.4 percent of world

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<sup>1</sup> This chapter was prepared by Malia Everette.

exports. The travel industry in 2013 contributed U.S. \$2.2 trillion to world GDP, U.S. \$754 billion in investment, and U.S. \$1.3 trillion in exports.<sup>1</sup> International tourism has continued to grow over the past decades despite global economic uncertainty, to reach over 1 billion international tourist arrivals in 2012, marking a new record for international tourism.<sup>2</sup> The World Tourism Organization (WTO) estimates that by the year 2020, there will be 1.6 billion arrivals, with tourism receipts surpassing \$2 trillion.<sup>3</sup> Yet the question remains, just who will benefit from this vast expenditure? World Trade Organization Secretary General, Taleb Rifai asserted, “International tourism continues to grow above expectations, supporting economic growth in both advanced and emerging economies and bringing much needed support to job creation, GDP and the balance of payments of many destinations.”<sup>4</sup> Clearly, tourism does improve the lives of some, but far too often travelers are struck by the stark contrast between the luxury of hotels and the lives of working people in the countries where they visit. And they are left asking themselves “does it have to be this way?” Surely tourism deserves a closer look.

Although the boom of the tourism industry has its positive side, there are major inequities in the current system. One of the biggest is the fact that in many parts of the world, very little of the tourists dollar remains to benefit the local population. This is called the “leakage effect.” It is in addition to other problems that arise from tourism, including displacement of indigenous populations, exploitation of local communities and labor, sexual exploitation of children, destruction of natural resources and ecosystem, and disrespect of sacred sites.

In 1999, the UNWTO created a Global Code of Ethics for Tourism that aimed to help maximize the industry’s benefits while minimizing its negative impact on the environment, cultural heritage, and societies worldwide.<sup>5</sup> Yet despite the provisions and the increase of ecotourism, ethical and fair tourism movements travel and tourism businesses collectively have done very little systemically to address tourism leakage as a lost opportunity for locals and nationals to benefit from tourism. According to the statistics assembled by UNEP, leakages in the tourism sector total up to 85 percent in some African least developed countries, more than 80 percent in the Caribbean, 70 percent in Thailand, and

40 percent in India. In the Mediterranean, the world's largest tourist destination, two-thirds of the income from tourism returned to less than 10 tour operators from northern Europe. In Thailand, 70 percent of all money spent by tourists left the country, via foreign-owned tour operators, airlines, hotels, imported drinks, and food. Significantly in most all-inclusive package tours, about 80 percent of travelers' expenditures go to the airlines, hotels, and other international companies (who often have their headquarters in the travelers' home countries), and not to local businesses or workers. The average import-related leakage for most developing countries today is between 40 and 50 percent of gross tourism earnings for small economies and between 10 and 20 percent for most advanced and diversified economies. In import-related leakages where tourists demand standards of equipment, food, and other products that the host country cannot supply, income goes to purchase these imports.<sup>6</sup> As revenue leaks out of the host community's hands, there is a significant lost opportunity for communities and nations to benefit from tourism earnings.

## Behind Altruvistas' Philanthropic Travel Philosophy

*Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary.*

—Martin Luther King Jr.

As the founder of Altruvistas, I have had over two decades working in alternative travel, blending experiential, educational, and socially responsible tourism for a human rights organization. Altruvistas tours are ethical in that they educate the traveler about important social and environmental rights and issues while building solidarity around the world through facilitating direct people to people ties. In many ways, the tours benefit our hosts and the local economy. Altruism in tourism follows where the money goes and every tour included donations and honoraria for those we meet and engage with. This benefit is quantitative and qualitative. Locals share their stories, their struggles, and their



aspirations for the future first hand. The tours are transformational for the visitor and behaviorally powerful. Tourists got to know and respect people with far less material wealth and learned invaluable lessons about what makes us all human. The intention is that the traveler would return changed and be more informed and active global citizen.

*I would like to express my greatest gratitude for the amazing experience my students and I had during our ecotourism trip to Costa Rica in spring 2013. The trip you custom designed for my students increased their understanding and awareness of sociocultural, economic, and environmental tourism impacts faced by small communities on the Caribbean side of Costa Rica and exposed them to unique community-based development models introduced by local communities to alleviate these impacts. The guest lectures by local scientists, biologists, and historians on different issues local communities face, interaction with indigenous Bribri community, and community service learning component specifically contributed to students' personal transformation and enhanced their understanding of global citizenship. Thank you again for the lifelong memories.*

—Dr. Pavlina Látková

*This [Amazon Watch] journey truly led participants through transformational experiences. It opened our eyes and hearts to alternative, and perhaps healthier, indigenous worldviews. Coming back to the U.S. I am buzzing with new energy, life, ideas, and intentions for how to live and act with greater reverence for Pachamama, and, indeed, for all life.*

—Dr. Jessica Ludescher

Dr. Latkova's impressions as an educator and professor of Ecotourism are important. The teachings and curriculum come to life through experiential education and transform the student's awareness. Dr. Ludescher's personal experience during an Amazon Advocacy Journey cosponsored by the organization Amazon Watch illuminates the personal impact on the delegation.

*There were so many unique experiences such as doing yoga with the Cubanos , so difficult to put into words! From the beginning of the trip and experiencing the local city of Holguin and all the services and education they provide for the communities, healthcare and passion for their work, family life, peace of heart to be content where they live so holistically. As a nurse, seeing the patients in the clinics was most dramatic for me and hearing their stories at the rehab facility was heart-warming.*

*By contrast, visiting Havana, a larger city, more bustle and noise , there was still that sense of pride and hardworking people to stay with their families , keep the city as clean as possible, build for better dwellings and streets, stay educated and informed, the arts and music such an integral part of their culture, now will face a future of hope but with doubts of what changes will occur for the better, if possible. In summary, everything was a highlight and favorite moments! Thank you for this wonderful opportunity and feel we can all be ambassadors in kind for Cuba!*

—Julie Durand

Julie participated on a Yoga and Health Immersion Journey to Cuba, December 2014. For a North American to travel as a citizen diplomat to Cuba for the first time, the experience is transactive, and clearly through connection with locals through the people-to-people exchanges, she returned home transformed with a deeper understanding of Cuba and its complexities.

With the mission to transform communities through sustainable philanthropic travel, Altruvistas three program areas concretely address the need to ensure that dollars spent by tourists benefit the people.<sup>8</sup> By doing so, we know we can concretely assist communities around the world improve health, education, and employment, as well as helping communities themselves meet UN Millennium Development Goals.<sup>9</sup>

Altruvistas Journeys promotes transformational travel through three programs. First, Altruvista Funds provides communities the financial tools they need to improve their lives and benefit from tourism. For example, our salon series this past year generated funds for

organizations in the United States, Cuba, and Nicaragua. Second, Altruvista Connects is a professional fellowship program, which matches community grantees with tourism professionals to implement community development programs, support the capacity building of the community, and bridge cultural norms. Third, Altruvistas Journeys creates privately branded trips for others using the pillars of experiential education, philanthropy, and social responsibility. For example, we have created fundraising journeys of late for organizations such as Amazon Watch, Dining for Women, ECPAT USA, Ethical Traveler, Food First, Friendship Amongst Women, GirlFriendCircles Growing World Wellness, and THRIVEGulu. These journeys raise funds and general support, bring donors to see the impacts of their giving, share the stories of their partners, and create deeper personal affinity to the mission, thus inspiring advocacy. For foundations we set up, vetting journeys and our dedicated staff arranges exchanges to highlight the capacity building needs or successes of our hosts. For educational institutions, we create tours around the curriculum and service interests of the professor or student group. For example, this year we organized a variety of academic journeys for Grace and St. Stephen's Episcopal Schools, Lake Forest Academy, SFSU, Adelphi University, Trinity University, Skyline College, Los Altos Community College, The University of Massachusetts at Amherst, and the Monterrey Institute of International Studies. For businesses, we offer travel services to bring their members or staff together on ethical retreats that build community while doing so as a social enterprise. These businesses bring their members together to travel and include our partners training and have included photography workshops, interactive arts training, dance schools, yoga retreats, and professional development retreats.

*Changing the world doesn't require much money.... How much were Gandhi's teachers paid? How much did it cost to give Dr. Martin Luther King the books that catalyzed his mind and actions?*

—Tim Ferriss

At Altruvistas, concrete, quantitative, measurable outcomes are necessary for us to know that we are truly walking the talk. How can we ensure that the majority of every tourism dollar stays in the local or national economy? We acknowledge that following where every dollar goes is quite simple really. It is a matter of making the choices to ensure the money stays and does not leak. In the checklist for social benefit below, you will see how we have itemized the various travel-related products and services, and the key questions to ask.

### Altruvistas Journey's Checklist for Social Good

<b>Program Director</b>	Are they a local/national or live there?	Locals as leaders and salary stays local. Knowledge of area is high & relationships deeper.	At Altruvistas this is the person that confirms and usually facilitates the tour. They represent and over time own more of the program leadership.
<b>Tour Operator</b>	Is operator a local or national registered? Are their guides nationals or do they hire foreigners?	Profits from operated services stay in local economy.	We prefer to hire individuals over operators. However at times they are necessary or required by the host nation.
<b>Accommodations</b>	Is it locally or nationally owned? If not what is the profit sharing to local communities or indigenous communities. Have they signed ECPAT's The CODE? What are their labor standards?	Funds directly benefit the owners and have a higher possibility to benefit service based employees.	Our priority arc its order is: locally owned and then nationally owned chain. In certain areas where there are ecolodges or no nationally owned options we ask if the property owners are involved with giving back, profit sharing, etcetera
<b>Transportation Providers</b>	Are you licensed, insured and registered in the host	Funds benefit local owners.	Our program directors often negotiate directly

	locale?		with van and bus companies. It is important that they hire trusted safe sources.
<b>Restaurants</b>	Are they locally owned or is it a national chain?	Funds benefit local owners.	We avoid chain, fast food and foreign owned restaurants. We also try to support restaurants that serve bioregional, organic and seasonal foods
<b>Souvenier Shopping</b>	Is there a Fair Trade organization to visit? Are there traditional craft forms where we can exchange with producers and cooperatives? Are their local art studios to visit?	Purchase directly benefit the producer. Fair trade offers education in certification.	When the traveler meets with the crafts producer the gift is somehow more special. They have a connection to the artisan, to the social benefit of the cooperative/ngo if there is one, and understand the cultural significance of the item.
<b>Speakers and Performers</b>	What is their expertise and what unique story do they offer? Are women and ethnic minorities represented over the course of the tour? Is there a mix of traditional leaders as well as grassroots	Honoraria benefits the speaker and honors their time and expertise. Relationships are built.	It is important to know the hourly fair wage for local experts. Also consider adding more in compensation for transport if they travel far to meet the group. Make sure there is water or a beverage for them as they speak.
<b>Host Organizations &amp; Institutional Partners</b>	What is their mission and what unique service they offer? Are women and diverse social groups	Donations are built into the tour cost and honors their time hosting us. Relationships are	Often our NGO partners are framed by the work of our partners. At times our staff or in

	represented over the course of the tour? What do the hosts need to prepare? What do they hope they get out of the visit?	built. The visit is news and social media worthy.	country program officers identify the best organizations to visit according to the interest and them of the journey
<b>Program Site Visits</b>	Is the visit to an ecosystem or archeological site well managed locally? Is it low impact? Is it a local or national landmark and culturally relevant?	Fees are retained by community based tourism managers, national parks, museums, etc.	Often there are options in what natural park or UNESCO World Heritage Site that the group can visit. Think about the best eco and community based tourism practices to make sure the groups visit is done thoughtfully.

By asking these types of questions, and making the best choice for all of the facets related to tour creation and implementation, an operator is ensured that the majority of money that is sent to the host destination stays there. The key to success is to incorporate this philosophy as an ethical business principle and to train staff and in-country program directors to adhere to responsible travel criteria.

Notably, no model is perfect; the travel industry is full of contradictions. Over the years, there have been times where we have discovered that there are no locally or nationally owned hotels in the town, city, or even tourist destination we want to visit. Another issue is that at times there are homestays and three-star hotels, but perhaps no nationally owned business or five-star property is available. When this occurs, this is an opportunity for education. This is a concrete example of leakage. Altruvistas lets our group know when this occurs and during one of our discussion circles our tour facilitator briefs the group about sustainable tourism and the contradiction of our stay. Another pressing and vital contradiction to be addressing is the carbon footprint of the traveler in view of what we know about climate change.

### ***Altruvistas Social Benefit***

Altruvistas is not afraid to be transparent. To the contrary, our booming start shows two motivating behaviors behind our partners. First, our clients are truly “Voting with their Wings!” as they are choosing to support ethics and the special “off the beaten path” experiences. Second, our clients want to be fully informed and make decisions regarding where their group’s money goes. We provide detailed itemized budgets for each journey. Each budget can be broken into categories and examined to ensure we are on the mark.

It is important to remember that Altruvistas runs fundraising trips for many of our partners, for example, by including a donation of \$200 to \$1,000 per person to support their good work.

Examining our tour’s contribution to the local economy is easy. For example, in a recent Uganda Journey, Altruvistas in the United States kept 14 percent of the package as our revenue and for administrative costs, and the U.S.-based NGO donation of 18 percent; this means that for each Uganda Journey 32 percent of the tour package stays in the United States (though over half of that is philanthropic). Thus, the advocacy journey is 68 percent localized. In an Amazon Watch Ecuador Journey, Altruvistas earns 11 percent of the package, while U.S. fees and the U.S.-based NGO donation total 23 percent. Thus, for each Ecuador Journey, 35 percent of the tour package stays in the United States, though again over half of that is philanthropically dedicated. The advocacy journey is 65 percent localized. Altruvistas commitment to socially responsible travel ensures that 50 to 70 percent of each tour dollar stays in the host economy.

### **Conclusion ~~—~~ Plug the Leak Together**

*If tourism’s potential to improve the livelihoods of poor people is to be fulfilled, then we need to understand and measure how much of tourism benefits reach the poor. This can help determine how the poor can better access the tourism value chain—whether from employment or from other means—International Labor Organization (2008).<sup>11</sup>*

In order for the tourism industry to address equity of benefit, systemically we need to examine poverty. Altruvistas as an example of small-scale tourism shows how more revenue can be retained in a host economy. Clearly, there are opportunities for larger scale operations to make measures to reduce capital flight and leakage. It will take strategic prioritization and a change of consciousness for this to be done, or if you will have a conscious behavioral shift toward altruism. If the traditional mass tourism model seeks to maximize profits, then necessarily minimal revenue remains in the destination. Conventionally speaking, for the profits not flying back to the larger multinational corporations, this can be seen as “lost profit” and act against one’s self-interests. Equity is and will be a core concept for those of us involved in evolving the tourism industry to a truly sustainable enterprise.

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## CHAPTER 16

# G Adventures

In 1990, Bruce Poon Tip founded G Adventures with nothing more than two credit cards and a burning desire to create an authentic, sustainable travel experience like nothing the world had ever seen. By offering adventure-craving travelers an alternative to the resorts, cruises, and tours they were accustomed to, he changed not only the way people looked at their holiday time, but also the face of travel building on its **mission** “We LOVE changing people’s lives” and incorporating the following core values:

- LEAD with service
- EMBRACE the bizarre
- CREATE happiness and community
- DO the right thing

Today G Adventures, formally known as Gap Adventures, is a travel company headquartered in Toronto, Canada, with regional offices strategically placed around the globe. The company has grown from just one employee in 1990 to over 1,300 while over 100,000 travelers experience the world with G Adventures each year.

Each core value may be only one word, but the meaning attached runs much deeper.

The first core value “we LOVE changing people’s lives” speaks to both their customers and their employees. One tour guide, originally from India had dreamed of visiting both Goa and Thailand. This dream came true after being hired by G Adventures, as he was able to travel with their tours and through regional conferences to both these dream destinations. Treating its employees well is also beneficial for the company because it leads to low turnover and high productivity.

“LEAD with service” applies to the company’s belief that having the highest quality of service will build a strong customer base. The testimonials on the G Adventure website speak to this core value.<sup>1</sup> The top notch guides that G Adventures employs deliver quality service, which in turn generates repeat clientele. This level of service also tries to consistently deliver the most authentic travel experience in order to transform how the traveler views the world.

“EMBRACE the bizarre” is a unique core value to G Adventures. While most companies think outside the box, G Adventures has gotten rid of the box altogether. In trying to create the most authentic experiences possible, instead of the typical bus and hotel excursions, it offers the customers incomparable trips such as hiking and sleeping under the stars.

“CREATE happiness and community” is a very important core value for G Adventures who considers themselves more of a family than a company. In creating a travel dynamic where both employees and travelers alike respect and believe in each other, G Adventures showcases the importance of community, cultural exchange, and true happiness in every trip.

The fifth core value “DO the right thing” explains the company’s priority to make a difference with its work. In so doing, they are striving to challenge themselves every day to create a meaningful and positive difference with the people and the planet. In this way, G Adventures prides itself in being a model sustainable tour operator.

G Adventures offers a multitude of tours for every style of traveler. Every tour is unique in transportation style, group size, service style, budget, and physical ability accommodating even the most discerning traveler.

## Caring for Employees

G Adventures rewards its employees in a variety of ways. While offering basic financial rewards, it also offers “green incentives” to employees. One green incentive to reduce emissions encourages employees to use public transportation by providing a monthly subsidy to help cover the

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<sup>1</sup> <https://www.gadventures.com/>

costs. In addition, employees are also given many paid travel opportunities and are able to see the world through their work with this innovative company.

## Caring for Community

Supporting and giving back to the community are qualities in which G Adventures excels. For starters, in their home town Toronto, G Adventures holds an annual Christmas party for over 300 low-income families to enjoy a turkey dinner, gifts, and various art and craft activities. In 2003, G Adventures founded the Planeterra Foundation, a nonprofit organization that strives to “empower local people to develop their communities, conserve their environment, and provide supportive solutions to local problems.”<sup>2</sup> Planeterra seeks out travelers and “global citizens” to donate to specific causes or invest in a particular area.

Over the past few years, G Adventures has developed still yet another form of giving back, known as G Project, which is open to anyone with a vision for a better global society. Ideas that are submitted are then placed in four different categories: freedom, beauty, knowledge, and community. These four ideas will be selected from each category by a public vote. These will be further narrowed down to just four ideas, which will then be presented to a panel of thought leaders. The winning idea is given \$25,000 and help from Planeterra to implement the project. In 2013, the winning idea (which also garnered the most public support during the first vote) was Human Trafficking Survivors Take Back the Streets in Nepal.

## Caring for the Planet

Although G Adventures has no official environmental policy, there are several policies in place. All tour operations employ local guides and operators and buy supplies from local businesses while keeping tour size small to minimize negative social and environmental impacts. Tour leaders are trained in “low-impact practices,” first aid and CPR certified,

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<sup>2</sup> [www.planeterra.org/](http://www.planeterra.org/)

and encouraged to research socioenvironmental policies to be implemented into tour operations. G Adventures takes Earth Day to the next level by celebrating Earth Month. The head office and all concept stores are powered by 100 percent green energy providers such as wind and low-impact hydro generators. The brochures are made out of 100 percent Forest Stewardship Council–certified wood, which is sustainably harvested. All computers are donated to reboot Canada, to refurbish for use by individuals with limited access to technology (Box 16.1).

### Box 16.1 Best practices of G Adventures

- Sustainable travel practices
  - Use of local guides, suppliers, operators
  - Training and education program for porters and cooks
  - Small-scale lodging or homestays offered to support local communities
  - Staff training on low-impact travel
  - Sourcing from local businesses and communities in supply chain
- Head office initiatives
  - 100% green energy
  - Brochures 100% FSC certified (Forest certification)
  - Electronic instead of paper (pay stubs, faxes, etc.)
  - Donates used computers to low-income families
  - Public Transport Subsidy
- Projects and memberships
  - Member of EXPAT and Childsafe Cambodia—to combat sex tourism
  - Hosts Christmas in the community—support for local low-income families
  - Earth month—organizes community initiatives
  - Plant-A-Tree: partners with Trees for the Future
  - Member of TIES
  - Follows GSTC—Global Sustainable Tourism Criteria
  - Seva Canada Society (combats blindness in community)
- Partnering with Planeterra Foundation
  - G Adventures covers administrative fees and makes an annual donation
  - Offers voluntourism projects through G Adventures

**Awards**

- Environmental Industry Award from Flight Centre North America recognizing a travel industry supplier partner that has made the greatest effort to minimize their environmental impact.
- World Savers Award
- Canada's Favourite Adventure Tour Operator
- Canada's 50 Best Managed Companies 2010
- Best National Adventure Operator
- Green List by Conde Nast Traveler
- Cause + Action Award
- The Corporate Award for Environmental Excellence
- Ethics in Tourism Award (UNWTO)
- Tanzania Tourist Board—Tour Operator Humanitarian Award for companies who give back to the local communities they visit



## CHAPTER 17

# What Exactly Is an “Ethical Destination”?<sup>1</sup>

*Do not tell me how educated you are. Tell me how much you have traveled.*

These words, spoken by Muhammad, seem as apt today as they must have 14 centuries ago. As we explore our home planet with greater ease, but at an ever greater remove—on our laptops, tablets, and smart phones—let’s not forget the transformative potential of actual, physical travel. There’s still nothing like arriving in a strange land, and embarking on a personal voyage of discovery.

Travel has become the world’s largest industry, with a trillion-dollar annual footprint. It supports well over 250 million jobs, and generates nine percent of the world’s GNP.

This means that travelers have real power. Where we choose to put *our* footprints has genuine economic and political significance. By “voting with our wings”—choosing our destinations well, and remembering our roles as citizen diplomats—we can help promote international goodwill, and change the world for the better.

### Choosing Ethical Destinations

Every August, Ethical Traveler,<sup>2</sup> the all-volunteer, nonprofit organization that I co-created in 2003, begins an exciting and maddening project. We attempt to name the countries that are doing

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<sup>1</sup> This chapter was prepared by Jeff Greenwald, Christy Hoover and Natalie Lefevre..

<sup>2</sup> A project of the Earth Island Institute, we are located at [www.ethicaltraveler.org](http://www.ethicaltraveler.org)



the very best job of protecting their natural resources, caring for their citizens, and upholding basic human rights. These will be the year's "Ten Best Ethical Destinations," a distinction that has become ever more attractive since we created the list in 2006.

It's a very daunting and exacting process. First, of course, we assemble a team of qualified volunteer researchers (there were 30 in 2014). As a first step, we take a close look at all of the countries in the developing world, from Afghanistan to Zimbabwe (there about 160 of them), to eliminate obvious offenders. The reason we focus on developing countries—as opposed to, say, Thailand or Israel—is because tourism is an especially important part of these countries' GNPs.

In the first phase of our process, we consider country scores from many databases, using information from sources like Freedom House, the Millennium Challenge Corporation, Reporters Without Borders, UNICEF, GLBT resources, and the World Bank.

When we're down to a short list of about 25, we zero in searching on specific hot-button subjects (e.g., spousal abuse or reef protection), calling in-country NGOs, and reading through the country's local newspapers to find the most current information.

Our investigation takes about three months. In November—after much debate and gnashing of teeth—we choose the 10 that appear to be doing the best job in three categories: promoting **human rights**, preserving the **environment**, and supporting **social welfare**. (We now look at LGBT rights and animal welfare as well.) By visiting the winning countries on our list, Ethical Traveler believes, we can direct our travel dollars to support best practices (as opposed to literally rewarding governments that turn a blind eye to human trafficking, overfishing, etc.). We like to think of our list as a travel Oscar, giving bragging rights to countries that performed really well during the past year.

## Beyond the Bucket List

But even that's not enough; winning countries have plenty going on as full-spectrum travel destinations. A country might score high on lots of

the things we’re looking for, but if there’s nothing to do there but lie on a beach with an umbrella drink, we won’t recommend it.

That’s because we also want people to have good *cultural* and *interpersonal* experiences. Since air travel itself has such a high-carbon footprint,<sup>3</sup> there has to be a positive impact in our travels—and we see intercultural goodwill and citizen diplomacy as a real value.

So what we’re doing at Ethical Traveler is little different. Our list isn’t really about ecotourism, voluntourism, or any of the other buzzwords of the industry. Ethical travel is a more recent concept, and a more demanding one. It’s a state of mind more than anything else; a current of awareness that pervades every aspect of the travel experience, whether one is in an orphanage in Kathmandu or a car rental center in Lithuania.

People often ask me exactly what is meant by the term “Ethical Travel.” It’s disarmingly simple: Ethical Travel is mindful travel. It’s traveling with an awareness of where we are, where our money is going, and how our interactions create a ripple effect through the societies we’re visiting. It’s not about “doing” Chile’s Atacama desert or Palau’s coral gardens; it’s about seeing the places we visit as peoples’ homes (even if those “people” are fish). The focus is on more than our personal fulfillment; it’s also about our role as *de facto* ambassadors, and about (as nutty as this may sound) how we are redistributing our wealth.

The point of our list, then, is to start that mindful process from the top down. That means beginning our travels in countries where our money is, for the most part, promoting values that we endorse. It’s not being used to oppress dissidents, destroy forests, dig up mountains, or displace ethnic minorities.

## No Place Is Perfect

Finding such places is more difficult than you might think. One of our greatest challenges every year is coming to terms with the fact that no

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<sup>3</sup> Here’s a sobering example. My own carbon debt, for a single RT flight to South Asia from San Francisco, equals the rest of my annual energy use combined—including my car and heating bills.

country is perfect. Every single country that we selected as a winner, past and present has faced daunting challenges—from Mauritius’ role in the animal research trade to Dominica’s LGBT policy and from Latvia’s ethnic biases to captive dolphin parks in the Bahamas.

But given the fact that most travelers choose places with far more grievous abuses—such as Thailand, Nepal, India, and even the United States—we find much to admire about our selected countries. All score high marks in human rights, and work hard to see that the revenue from travel and tourism helps benefit their citizens.

Let me add a personal note here. I also happen to love traveling in *unethical* countries—they’re often the places that we read about the most, and understand the least.

Of all the places I’ve traveled, for example, few have been as surprising as Iran, Pakistan, and Cuba. I found the people in all those countries to be extraordinarily warm, welcoming, and genuinely engaging. On one occasion, in Iran, for example—while I was sitting in a public park in Isfahan—a small but very loud anti-American demonstration erupted nearby. Without so much as a word, all the picnickers around me spontaneously stood up and formed a protective circle around me. It was utterly unexpected, and deeply moving. And it taught me more about Iran than any newspaper story ever could.

## Accidental Ambassadors

More important, it wasn’t just about me. In writing about that experience, in print and on blogs, I’ve served a small role in helping to change the popular North American perception of the Iranian people.

That observation feeds right into one of the things that Ethical Traveler does best: providing some basic tools for being a good citizen diplomat. Our “Thirteen Tips for the Accidental Ambassador”<sup>4</sup> are nothing but common sense—but often they are the simple things that we forget. It’s crucially important to remember, for example, that travelers are not the only ones making a judgment call. The people in the countries we visit infer a great deal about us—meaning, our homeland—from our behavior. Good listening skills, a basic knowledge

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<sup>4</sup> <http://www.ethicaltraveler.org/explore/reports/thirteen-tips-for-the-accidental-ambassador/>

of what’s going on in our host country and a willingness to mispronounce a few local words go a very long way in fostering goodwill.

On the other hand, of course, anger, impatience, and a general sense of entitlement fulfill the worst expectations that people in other lands might hold of us. Even in the worst situations, I try to remember Wavy Gravy’s timeless observation: “When you lose your sense of humor, it’s just not funny anymore.”

The bottom line is that no mindful traveler ever reacts to a tense situation with threats or sarcasm. In difficult situations, a little humility can go a very long way. People really seem to enjoy being of service, and helping each other—especially when it subverts a stale power dynamic. The single most valuable phrase I’ve learned in all my travels is “Can you help me?” Those four words are more than an invitation for engagement, or even friendship. They’re a reminder of our global interdependence.

## Widening Circles

Not so long ago, we traveled more or less in a bubble. Long-distance wanderers could be gone for weeks or months and have little or no contact with family or friends. Today, we’re able to stay connected to our communities from almost anywhere, but this can be distracting—because the real connection offered by travel is with the unknown. The best journeys are a series of surprises, no matter how carefully we plan. We encounter people who enrich our lives and inspire our dreams, and face the human condition in ways unimaginable to us when we set off.

The poet Rainer Maria Rilke once wrote, “I live my life in widening circles that reach out across the world.”

That’s become true for all of us. The impact created by our travels ripples outward—expanding not only our own circle, but the lives of the people whose worlds we enter. Being aware of that fact isn’t just the first step in ethical travel; it’s the whole journey.

## Questions to Consider

1. Please explain sustainability guidelines for tour operators. Why are they important?
2. What is the leakage effect and what can tour operators do to prevent it?
3. In what ways are tour operators caring for their environment? The communities they visit? Their employees?
4. Why is informed travel important?
5. What is an Accidental Ambassador?

# Wine Tourism

*Nestled at the end of a county lane outside of the town of Rutherford, Honig Vineyard and Winery borders California's Napa River. Michael Honig's grandfather founded the family winery, and in honor of the family heritage, he and his family and staff put sustainability first, considering it a holistic way of looking at the entire business.*

*Entering the winery, you note that solar panels power the winery and all waste is recycled. All grape skins, seed, and stems are set aside for composting. Winery staff uses environmentally friendly cleaning products throughout the facility. Even the office staff uses recycled office products. Conservation is evident in all that Honig Vineyard and Winery does.*

*Among the practices you will see at the vineyard include planting cover crops, which provide nutrients, build soil microorganisms, and use drip irrigation to minimize water use. As you wander about the vineyard, you notice borders of drought-tolerant, native shrubs and trees. Gazing out over the grapevines, you see birdhouses and posts, which serve as habitat for rodent-eating hawks and insect-eating bluebirds. Wineries favor bluebirds as they eat insects but not grapes, as do other species of birds.*

*The Honig property, which borders the Napa River, is a model for the restoration of riparian life. In the 1990s, the river was in decline; levees and berms built by landholders on the river's edge to protect their land from erosion and even expand acreage slowed the river to a trickle. As the river's channel narrowed, wildlife retreated; salmon and steelhead could not swim upstream. Honig and several other vintners realized that restoration of the river was essential to protect the vineyards against a devastating threat to local viticulture: Pierce's disease, spread by sucking insects known as sharpshooters,*

*and causing a bacterial infestation that can wipe out grapevines. “Typically, the insects feed on riparian plants until those die down in the summer, then the bugs move into adjacent vineyards. Removing the riverbank habitat is one approach to managing the sharpshooter, but it means the beneficial insects lose their home too.”*

*The Honig’s river restoration employs a counterintuitive tactic: by watering the riparian area throughout the summer to keep it green and fertile, the sharpshooter has no reason to migrate to the vineyard. And bird boxes sprinkled throughout the perimeter of the land provide another line of defense against the invasive insects.*

*“I see myself as the caretaker for my generation,” said Michael. “My goal is to get it to the fourth generation.” Michael Honig helped to develop the Codes of Sustainable Practices for the Wine Institute, and was among the first wineries to receive California Sustainable Winegrowing Certification. Honig readily shares information and encourages others to practice sustainable practices.*

Wine is very different from other products that people buy and consume. As winemaker Paul Dolan puts it, “There is a romance to wine, and a mystery in the art that creates it. These qualities enable wine to engender lively discussion that makes people want to learn more about it.”

The production and consumption of wine date from antiquity. Archaeologists discovered the oldest-known winery in a cave in Armenia, and early evidence of wine production at sites in the region of Georgia (c. 6000 BC) and Iran (c. 5000 BC). Centuries later, the Romans brought viticulture to what are today some of the world’s best-known wine-growing regions: The Spanish Rioja, the German Mosel and the Bordeaux, and Burgundy and Rhône of France. Deeply aware that cool air runs downhill and gathers at the bottom of valleys, as well as of other natural requirements of soil and climate, Roman viticulturists identified steep hillsides as among the best locations to plant vines.

Throughout history, wine has played roles in philosophy, religion, politics, art, science, culture, and business. For instance, the Babylonian

Code of Hammurabi included provisions governing the wine trade, including dunking a seller of fraudulent wine in the nearest river! Meanwhile, the tomb of the Pharaoh Tutankhamen contained bottles of wine labeled with the vintage year and name of the estate. And it is documented that the wine trade was a major source of wealth for Phoenician traders.

A millennium of world trade means that one can find wine in virtually every corner of the world. Its economic importance is indisputable: In the United States, wine is the number one finished agricultural product in retail value. Today the United States is the most important market for wine, after passing the French and Italians for largest total wine consumption in 2011, and it will remain so in the foreseeable future.

Yet in order for the wine industry to continue to grow profitably in the 21st century, it will need to meet a new level of demands and expectations. A growing group of vintners is finding that the continued use of chemicals at nearly every phase of the wine making process risks the long-term viability of the industry. In addition, the wine industry requires enormous amounts of water and energy, and it produces toxic effluents, which must be treated and disposed. For example, When the Sonoma Wine Company sought to expand its production in 2006, the company faced a host of regulatory requirements and costs related to the inevitable increase in water use, wastewater output, and permitted discharge levels. Moreover, environmental regulations to protect the Coho salmon residing in an adjacent stream were an added consideration. Working with an environmental consultant and the nonprofit Climate Protection Campaign, the company came up with an expansion plan that actually would reduce water use and wastewater discharge while producing twice as much wine.<sup>1</sup>

Sustainable viticulture means reducing the day-to-day, negative operational impacts of wineries on the earth, thus improving public perceptions and community standings. Sustainability not only saves money but can also grow a winery's bottom line. As you'll discover in

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<sup>1</sup> Garn J. Case study in wine production. *Wine Business Monthly*. May 2007.



this chapter, several of the wineries we interviewed reported substantial savings from sustainability investments. Consumers also respond positively to ecofriendly products. They want and are willing to pay more for them, especially in the higher income LOHAS market segment in which many wine enthusiasts fall.

Growing wine grapes is a long-term prospect; when sustainably managed, vineyards can have a life span of 40 years or more. A sustainable winery builds community between vineyards, workers, and the land, preserving fertile soil that produces hearty grapes for years to come. In a sustainable winery, vineyard workers are dedicated to the same sustainable practices because they know that enhancing and maintaining ecosystem integrity keep soils and vines healthy and produce higher quality grapes.

Today, the wine industry is engaged in journey toward *sustainability*—“improving the quality of human life while living within the carrying capacity of supporting ecosystems” as the United Nations Environmental Program defines it. David Brower, father of the environmental movement and a leader of the Sierra Club, puts it this way, “We don’t *inherit* the earth from our ancestors; we *borrow* it from our children,” which is precisely why wineries should move in the direction of sustainability.

Sustainability also fosters ecotourism, which has grown rapidly in recent years due to marketing campaigns by California’s Napa Valley, Spain’s Catalonia, and France’s Bordeaux and Rhone Valley. The truth is, though, you’ll find wine tourists wherever there are open wineries. In the first decade of the 21st century, somewhere between 20 and 27 million travelers—or nearly one in every five American leisure travelers—engaged in culinary or wine-related travel each year. Events such as “Wine Tourism Day” and “Ecotourism Day” in North America and Europe, respectively, drive awareness, tourism, and revenues even further. For example, in California in 2012, more than 20 million tourists visited wineries, spending \$2.1 billion on wine and related activities.

What motivates these wine tourists? According to Liz Thach, Management and Wine Business Professor at Sonoma State University, reasons for seeking out wineries vary.

“In parts of Europe and Asia, consumers will often visit a wine region not only to taste wine, but because of the health benefits of wine consumption in moderation. Tourists in the US and Australia may go winetasting with a group of friends because it is a fun activity. At the same time, there are smaller segments of wine consumers who are motivated to visit wine regions because of the architecture or art in the wineries, to see nature and participate in eco-tourism, for food and wine matching, or for cultural or romantic reasons. A motivation that research shows is common to the majority of wine tourists, however, is the desire to taste new wines, learn about them and see how the wine is made.”

Most wineries want to take advantage of the current and blossoming consumer interest in wine and sustainability, as grapes are among the most finicky of crops, sensitive to subtle shifts in temperature, rain, and sunshine. Also, recent studies forecast the likelihood of significant declines in wine production from the Bordeaux and Rhone regions in France, Tuscany in Italy, the Mendoza region in Chile, and Napa Valley in California by 2050; a warming climate will make it harder to grow grapes in today’s traditional wine countries. Napa Valley particularly, as well as Sonoma County, also in California, both home to several leading sustainable vineyards and wineries, face the challenges of global warming, which continually threatens to alter the favorable climatic conditions of these unique valleys via water shortages that make the area unsuitable for existing varieties. Add to that the typical challenge of mono-crop agriculture—destruction of the natural ecosystem—for yet another risk to the wine industry.

Although risks and challenges are many, so, too, are opportunities and solutions. For instance, luminaries like Paul Dolan, whose book *True to our Roots: Fermenting a Business Revolution*, provide a blueprint for wineries to follow to address the challenges. And the California Sustainable Winegrowing Alliance’s certification program helps the State’s winegrowers create for their vineyards a foundation of sustainability. In 2002, the Wine Institute and the California Association of Winegrowers together created a sustainable winegrowing program. By 2014, more than 100 wineries in Napa Valley and Sonoma

County Winegrowers are committed to becoming the first 100 percent sustainable wine region by 2019, while the predominantly family-owned wine grape growers are informing and educating wine consumers on the eco-friendly benefits of buying a Sonoma County wine. The Wine Institute's book, *Down to Earth: A Seasonal Tour of Sustainable Winegrowing in California*, by Janet Fletcher, provides a photographic feast of and brief stories about 15 sustainable wineries, not to mention incredible recipes for wine pairings.

Although approaches to winegrowing in other parts of the world vary from one region to the next, wineries in Europe, particularly small French and German vineyards, have followed largely organic practices for centuries. And with a few exceptions, the new world wineries of Australia, South America, and South Africa have tended to follow conventional farming practices, which rely on the application of nonorganic fertilizers, soil amendments, and pesticides.

Now, what you've been waiting for? In the chapters that follow, you will meet some wineries around the world that are both leaders in sustainability and worthwhile destinations for eco-tourists—and anyone else committed to learning about sustainable winegrowing. You'll begin your tour with California's Napa Valley and Sonoma County wineries, and then move to representative wineries and vineyards in other parts of the world.<sup>2</sup>

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<sup>2</sup> As you move forward, keep in mind that it was no easy task selecting among hundreds of wineries and vineyards at various points on the journey to sustainability. We're highlighting only a few in this first edition, and fully recognize that we have most certainly omitted others that are worthy of inclusion.

## CHAPTER 18

# Grgich Hills Estate in California's Napa Valley: Leaders in Organic Winemaking

California's Napa Valley is home to over 400 vineyards and perhaps the paramount destination for wine tourism. It is noted for its world class wineries. Some of these excel in some aspect of sustainable practice: among these are Grgich Hills Winery noted for the depth and breadth of its husbandry of the earth, Honig Vineyard and Winery for its path-breaking work in river restoration, and V. Sattui for combining sustainable wines with pastoral picnic grounds.

Grgich [pronounced "greg-ich"] is located in the town of Rutherford in the heart of California's Napa Valley. Today, with 366 acres, Grgich is considered the largest certified, biodynamic and organic winery in the Napa Valley. It all began when Mike Grgich, an experienced wine owner and immigrant from Croatia and Austin Hills, purchased a 20-acre site in 1977. Grgich had studied viticulture, or grape growing and enology, which includes all aspects of wine making at the University of Zagreb and soon landed a job as winemaker at Chateau Montelena, where he earned worldwide recognition when a chardonnay he crafted won the 1976 Paris Tasting. The event involved the best French wines together with several upstart California winemakers. The French judges expected that the French wines would trounce the California upstarts. But that's not what happened. The nine judges, blind tasted the white wines, awarded Grgich's chardonnay 132 points and first place. Another California wine, a Cabernet Sauvignon from Stag's Leap, won top ranking in the red wine category.

Those two results, recorded as “The Judgment of Paris,” firmly cemented the place of California’s wines among the world’s best wineries. The win also gave Grgich the confidence to start his own winery, which began bottling in 1977. In 1980, Grgich Hills’ Chardonnay won first place in a tasting of 221 Chardonnays. Over the next several years, the winery expanded its holdings, adding acreage in Calistoga, American Canyon and Carneros.

Vintners like Grgich are constantly searching for a competitive edge, a way to distinguish their luxury product from the next boutique winemaker, crafting a well-balanced, complex wine that expresses the distinct characteristics of the land where the grapes are grown, a quality known as *terroir*. Vintners like Grgich also face ongoing challenges from pests, viruses, fungi, and soil depletion. In 2003, Grgich Hills Estate began experimenting with biodynamic farming to save its vines, which were suffering from a virus that lowered its yields and wine quality.

Industry experts advised Ivo Jeramaz, Grgich Hills’ Vice President of Vineyards and Production, to rip out the estate’s Yountville Cabernet Sauvignon vines, decimated by the leaf roll virus. But instead of incurring the costs of starting afresh, Jeramaz used biodynamic techniques to try to rejuvenate the plants, and in lieu of toxic chemical herbicides, pesticides, and petroleum-based fertilizers, he turned to organic and biodynamic farming. “Biodynamics rejuvenated the previously hardened soil, allowing it to hold higher concentrations of nutrients and water longer,” Jeramaz said. “Biodynamics also strengthened the plants’ immune systems and seemed to improve the robustness and life of the vines.”

The Cabernet Sauvignon vines recovered and still produce successful wines today. The results were so convincing that over the next three years Jeramaz converted the rest of *Grgich Hills*’ 366 acres to run biodynamically. In 2006, the estate became 100 percent certified organic and biodynamic.

According to Jeramaz, biodynamics helps reduce business risks associated with viticulture by making the vines more resilient to pests, fungi, viruses, and even changes in climate, particularly drought. He further notes that biodynamics also reduces input costs by reducing the

cost to replace vines. Conventional farming requires vine replacement every 17 years, whereas organically farmed vines last 40 years and longer. Using natural ingredients instead of expensive chemical inputs also saves money and provides a safer environment for workers who no longer have to spray chemicals.

In 2006, Grgich installed 13,000 square feet of solar panels, producing 142 kW, or 92 percent of its power, for a savings of approximately \$80,000. The expense of the solar panels turned into an investment, allowing the company to recoup its original outlay in just five years. "Not only does it virtually eliminate our electricity bill, but this conversion to a renewable and pollutant-free energy source follows our philosophy of environmental sustainability," Jeramaz said. "It just makes economic sense."

Grgich Hills also believes that good business goes hand in hand with social responsibility. Grgich's homeland Croatia suffered through the Balkan War, which left an estimated 1.3 million unexploded landmines throughout the country. The impact of this vast amount of unexploded ordinance holds the land hostage and the population in terror or injury; many of the victims are children. In 1998, Grgich partnered with Roots of Peace, an organization that removes land mines and plants grape vines in their place, returning the land to productive agricultural use. In 2007, Roots of Peace presented Grgich with its Global Citizen Award for his leadership and contributions in raising landmine awareness around the globe. In doing this work, Grgich also played a large role in restoring Croatia's place among the world top vineyards by establishing Croatia as the origin of California's Zinfandel vine, an honor recognized by Croatia.

Today, the winery's strategy of sustainability and community service has led to economic success. The company produces an average of 66,000 cases annually and distributes its products around the globe in over 40 countries as well as all 50 states. Visitors to Grgich Hills can participate in an annual grape stomp, crushing the wine in wooden barrels throughout the harvest—usually September and October. And company Vice President, Violet Grgich, an accomplished musician, offers occasional concerts at the winery.

## Box 18.1 Roots of Peace

**Roots of Peace** is an international humanitarian organization working to unearth dangerous landmines in war-torn countries and empowers the local communities scarred by these indiscriminate weapons to plant sustainable crops on land once too dangerous to traverse transforming the scars of conflict into the Roots of Peace.

### Origins

Founder Heidi Kühn became gravely aware of the landmine crisis upon the tragic death of Princess Diana in 1997. Motivated by her own appreciation for the gift of life and the Princess's compassion and commitment to global demining, Heidi's vision was to turn *MINES TO VINES* by replacing the scourge of landmines with bountiful vineyards worldwide. Initial support from the California wine industry helped turn Heidi's dreams into reality.

The grape vine is a symbol of celebration for the "gift of life." The vine is an ancient metaphor for peace -transcending religions and political borders. Converting Mines to Vines™ helps innocent farmers and families avoid a lethal harvest of bloodshed for future generations.



Roots of Peace programs have removed over 1 million landmines in numerous continents paving the way for postconflict recovery enabling over 1 million farmers to improve their orchards and crops while

opening the door for them to sell to new markets. Roots of Peace identifies crops that are well suited for project environments and provides training in modern-day farming techniques while remaining culturally and environmentally respectful. These programs have facilitated the export of over 14,500 metric tons of fresh and dried fruit and nuts worth over \$18 million to international markets.

*Source:* [www.rootsofpeace.org](http://www.rootsofpeace.org)





## CHAPTER 19

# California's Sonoma County: Benziger Winery<sup>1</sup>

Unlike the Napa Valley with its crowded highway 29, which runs through the heart of the wineries, Sonoma County, offers a more pastoral scene of narrow winding roads leading to small family owned wineries off the beaten path. At one turn, you might be surprised by a winery in an abandoned brick Hops Kiln; at another, by having to stop to let traffic through on a narrow one-way bridge over Dry Creek.

As in Napa valley, many of Sonoma's wineries are making remarkable progress on the path to sustainability. Benziger Winery is one of the leaders; it took an early lead in biodynamic farming and tells its story in a remarkably detailed vineyard tour.

The light on Sonoma Mountain in October is golden. Sitting at a table on the patio at Benziger Winery, there is electricity in the air. You hear the steady drone of insects and the distant mechanical wine of harvesting. The sounds of de-stemmers and sorting tables tell you that this is a working farm and not just a showplace for finished wine. The beauty of this location may be what first attracted Mike Benziger and his wife Mary.

The Benzigers began farming operations in the late 1970s and quickly discovered that the wine business is capital intensive. They solved their cash flow problems by starting a high-volume, jug-wine brand called Glen Ellen Winery. In 1989, Benziger, including the Glen Ellen brand, would sell 3.2 million cases for a gross revenue of \$90 million. Shortly after reaching this milestone, Mike met a man named Alan York, an expert in biodynamic farming, and everything about his winery changed.

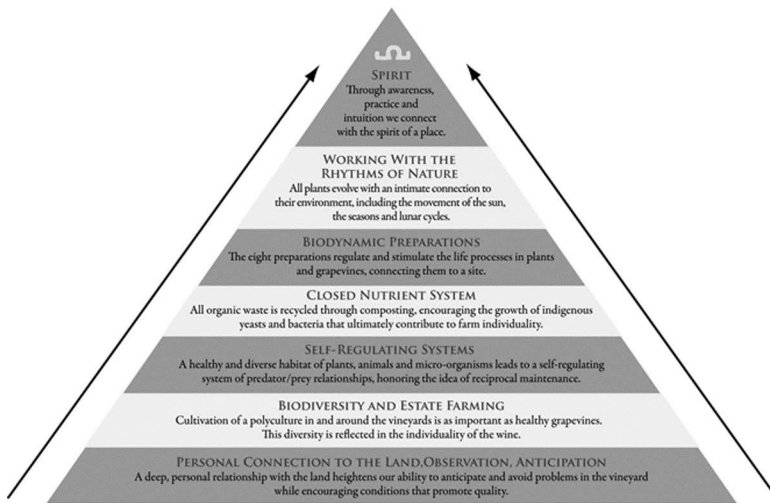
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<sup>1</sup> This chapter was prepared by Rachel Kau-Taylor.

Until this point, Mike farmed his winery conventionally. He sprayed grapes according to a calendar, one part of the year spraying pesticides, another, fertilizers. “The earth didn’t look as rich as it once had,” said Chris Benziger. “Things seemed drier and harder and quieter,” Mike and Mary, following Alan York’s lead, began to realize that maybe the conventional way wasn’t the best way to grow grapes. They stopped spraying their vines, created havens for good insects, and began composting. Slowly their vineyard came back to life.

Although the decision to become a biodynamic winery had less to do with green marketing than with keeping the 85-acre property healthy, once Benziger became biodynamic, people began asking about the wine they were producing from purchased grapes. Was that wine biodynamic as well? Since the Benziger property was the first in Sonoma County to become certified biodynamic by the Demeter Foundation, the answer was “no.” In fact, most of the wine the winery produced was still farmed conventionally. In 2001, Mark Burningham, Benziger’s VP of winegrowing, created his own certification process for sustainable grape farming called “Farming for Flavors.” As of 2007, Benziger would only buy grapes meeting the Farming for Flavors criteria.

The Benzigers describe their farming practices as a pyramid (see Figure 19).



**Figure 19** *The sustainable winegrowing pyramid*

At the base of the pyramid is “Personal Connection to the Land, Observation, Anticipation.” This is vigilant, involved farming. It means knowing, for example, where a plant might get mildew in certain conditions and cutting it back before the mildew spreads to the rest of the vines.

The next level is “Biodiversity and Estate Farming.” This is really the idea that the terroir of the site will speak in the wine if the farmer doesn’t try to completely destroy the natural habitat.

Next on the pyramid is “Self-Regulating Systems.” At most wineries, you might see cover crops between the rows of grapevines or a small garden at the visitor’s center; the Benzigers have taken this to the extreme by planting connecting insectaries in pockets of the vineyard to give predatory bugs an incentive to range into all parts of the vineyard, providing extra defense against disease-causing insects.

Next, because the property is certified biodynamic, it is a “Closed Nutrient System.” This means that the vineyard composts everything, and that no outside compost will be added.

The last two pyramid planks and the pyramid’s apex are where biodynamic farming really differs from organic farming. “Biodynamic Preparations” are often what people cite as the only thing they know about biodynamic farming. According to Demeter USA, the certifying organization for biodynamic farms in the United States, nine biodynamic preparations made from a variety of herbs, mineral substances, and animal manures are used in field sprays and compost inoculants applied in minute doses, much like homeopathic remedies are for humans.<sup>2</sup>

At the tip of the Benzigers’ pyramid is “Spirit.” Although less tangible, you definitely feel Spirit on the property. The Benziger’s stamp is everywhere—in the way they do business with their employees and customers, and in the way they make their wine.

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<sup>2</sup> Benzigers’ website also has a widget that shows the current phase of the moon, which gives reference to what they mean by the next plank, “Working with the Rhythms of Nature.” One of the tenets of biodynamic farming is that crops should be planted and harvested according to lunar cycles.

Today, Benziger really seems to care about worker happiness: “Green Teams” monitor employee morale and secret shoppers make sure that the customer experience in the tasting room is good as well.

The company also differentiates itself by its level of community activism, which at other wineries ends with donating wine and tasting room visits to auctions. Benziger goes beyond that, with its greatest philanthropic commitment being to Jack London State Park. The winery donates its tasting room profits to the Park during Earth Day weekend each year, and sends paid vineyard workers to the park for trail restoration and campground clean ups. The winery is also the signature sponsor for the Park’s Broadway Under the Stars series.

Benziger is also a leader in the area of water conservation, so much so that in 2010 the National Resources Defense Council named Mike Benziger the “Water Steward of the Year.” The Benzigers began to really look at their water use when their wells started to run dry. They did two things to conserve quickly. First, they removed underperforming grapes that need frequent irrigation; second, they built wetlands to recycle water using planted hollow reeds as a filter.

The Benzigers also water differently. Instead of using scheduled drip irrigation to water the grapevines, they watch the weather closely and use drip irrigation a few days before a hot spell to keep the temperature around the vines cool, so that the grapes don’t overheat. Otherwise the grapes are dry farmed.

Today, Benziger’s priorities are to make and sell the best wine they can for as long as they can while remaining good stewards of their land, so it will continue to produce great grapes long into the future.

## CHAPTER 20

# Franschhoek Valley, South Africa: La Motte Wine Estate

La Motte Wine Estate is a family-owned wine estate in the Franschhoek Valley near Cape Town, South Africa. The 2012 South African winner of “The Great Wine Capitals of the World’s Best-of-Wine Tourism competition,” the estate consists of a wine-tasting facility, restaurant, courtyard where people can sit on sofas and children can play, a farm shop, and a museum. The La Motte museum introduces visitors to its history and activities, while sharing a special private collection of artwork and contemporary exhibitions. That history and architecture are as important to the owners as sustainable farming is evident from the historic buildings and gardens on the farm.

La Motte is committed to the principles of environmental sustainability, as evidenced by a number of certifications including:

- The ISO 14001 Environmental Management Certification for its commitment to the principles of environmental care in wine-making
- Accreditation by WIETA for Ethical Trading in the wine industry
- The Woolworths Eco-Efficiency Award for its sustainable practices on supplier farms and wineries.

All wine processed in the estate’s cellar originate from organically grown grapes.

LaMotte’s history dates to 1709, when French Huguenot Pierre Joubert, believed to have named it after the village of his birth in

Provence, purchased the land. Joubert's descendant Gabriël du Toit established viticulture on La Motte in 1752 by planting 4,000 vines. In 1970, Dr. Anton Rupert purchased the estate, and a major development, restoration and conservation program followed, reinventing La Motte into a leading global wine producer and tourist destination. Since then, Dr. Rupert has progressively replanted the vineyards, introduced the latest viticulture practices, and built a modern cellar.

Apart from the winery's dedication to producing quality wine, LaMotte has proven its dedication toward uplifting and empowering its employees and their quality of life. La Motte has become a member of the Ethical Trading Initiative, and in co-operation with other Rupert family farms, developed a modern village, Dennegeur, its design and construction based on input from its future residents and aimed at giving the workers a real stake in the farming activities and giving the workers the opportunity to own their own homes after 20 years of service on the farm, and is aimed at giving the families who have lived in the Franschhoek valley for decades a stake in the area.

Dennegeur village also includes comprehensive health care, training, and sport facilities, as well as a daycare center that offers the full-time services of a trained nursery-school teacher for children on the farm. An after-school program helps older children to do their homework and a training center, including a library, offers development opportunities in terms of farming as well as general life skills such as literacy and personal financial management. WIETA, in recognition of the winery's commitment to improving the working conditions of employees, awarded La Motte accreditation.

Environmental management is also a priority at La Motte. In 2002, the winery launched an organic production unit on its Nabot farm to optimize the use of resources through eliminating or largely avoiding the use of fertilizers, synthetic pesticides, plant growth regulators, and animal feed additives, and through recycling and re-use to reduce capital and operating costs as well as to alleviate costs to the environment

La Motte has been farming organically since 2007. The estate has been awarded full SGS Certification—an International Organic Production Standard that acknowledges good agricultural practices in

organic production. La Motte is also a member of the Green Mountain Eco Route, and has achieved Champion status among members of the Biodiversity and Wine Initiative.

Today's La Motte Estate includes four historic monuments dating from 1752 to 1793: the Manor House, Jonkershuis, Historic Cellar and the Water Mill. All the structures have been fully restored. **The Manor House**, built in 1751, with an imposing front gable is a National Monument. A tour of the historic buildings on the estate proceeds through La Motte's rose garden and dwells at the four national monuments. If you visit, take the Historic Walk to see stone-ground flour being milled in the oldest operating mill in the Franschhoek Valley and to taste artisan breads.

The La Motte Sustainable Walk offers visitor's the opportunity for a guided walk through the sustainably farmed vineyards and indigenous landscaped gardens, ending with a special visit to the organic vegetable and herb garden that supply the restaurant and farm shop with farm fresh produce. The Hiking Trail offers an opportunity to explore some of La Motte's greatest assets—the abundant birdlife, a floral garden, organic vineyards, and wealth resident mammals and reptiles and vistas of the Franschhoek Valley.

Finally, music, including classical concerts by local and international artists, is an inherent part of the culture at La Motte, largely inspired by La Motte's current owner Hanneli Rupert-Koegelenberg, one of South Africa's leading mezzo-sopranos.





## CHAPTER 21

# France's Bordeaux Region: Chateau Feely

The winelands of Bordeaux and Bergerac are home to a host of award-winning organic and biodynamic vineyards and estates. Saussignac is an area in the region of Bergerac an hour from Bordeaux city that is dominated by organic vineyards with 60 percent of the farms organic as compared with only four percent as the average for vineyards in France.

French Wine Adventures offers wine tours to certified organic wineries and biodynamic estates as well as wine courses in the region of Bordeaux, including Medoc, St. Emilion, and beyond. French Wine Adventures multiday tours offer relaxation in accommodation on a vineyard. A five-day tour includes a day of wine school with a wine and food pairing lunch, grand cru classés of Medoc and St. Emilion, French cookery school, and a day walking the bucolic organic vineyards of Saussignac.

Chateau Feely, an organic and biodynamic estate, has a certified wine school that offers educational visits of anything from 1 hour to 3 days. As winemaker Caro Feely put it, “we swapped professional careers and a comfortable house for an 18th-century near-ruin and 10 hectares of vines.” The couple’s first three years in France were a baptism of fire that included a late frost that wiped out half of their harvest, but a chance call from a businesswoman in Florida looking for organic grape skins proved a savior—selling their grape-skin waste to produce Reserveage antioxidant food supplements and all because of the Feely’s commitment to biodynamic farming. Feely explains, “We farmed organically and, for the past six years, biodynamically as well. People often ask why we farm organically. Soon after we moved I recall seeing a skull-and-crossbones sign on pesticide cans left by the previous owner. I looked closer and read, ‘Do not enter the vineyard for 48 hours after spraying.’ This would be difficult to do if you live in the middle of it. I didn’t know much about

the subject at the time, but common sense told me that putting something so toxic on food, or in the vicinity of homes and children, made no sense. Grapes are not washed before they are made into wine. A few months ago French watchdog magazine *Que Choisir* did an analysis of 100 wines bought randomly off the shelf. The results were shocking: It found the level of pesticides was on average 300 times the amount allowed in our drinking water, and some were well over 1,000 times the amount.”

Feely makes nine wines each year and the Irish Ministry of Foreign Affairs purchased Estate Feely wines to serve to President Obama and the Queen of England.

One visitor had this to say about Chateau Feely

*Our expectations exceeded on every level. From the first moment you meet Caro Feely you realize this is a special person that eats, breathes and sleeps not only all things wine in the region but also its food, history, people, architecture, economy, politics... we stayed 5 nights at the beautifully located and appointed Wine Lodge at Chateau Feely in early September—just before harvest. Caro’s generosity with her time and precise information she provided during the planning and booking phase was matched by her in person from the moment we first met and began our guided tour in St Emilion. It matters little what you already know of wine, after spending time with Caro you come away enlightened by the knowledge she imparts especially regarding organic viticulture techniques—the way Caro describes the environmental benefits you wonder why everyone isn’t doing the same.*

Not surprisingly, Château Haut Garrigue/Terroir Feely was awarded Best of Wine Tourism Winner in 2013 for Sustainable Wine Tourism Practices.

French Wine Adventures recommends use of France’s excellent public transport system since this is a more sustainable tourism than driving everywhere. The company will pick up guests from the local station, which is just over an hour from Bordeaux St. Jean, the main station in the center of Bordeaux. For tours in other regions, the company will meet clients at the most appropriate place for shared transport, for example, the station in St. Emilion.

In addition, they offer ecological accommodation [organic paint and organic cotton sheets and towels; breakfasts with homemade organic bread and jams from the fruit trees surrounding the accommodation] on the vineyard (both self-catering and B&B for people doing multiday tours).

### **Box 21.1 The 12 Best Practices of Global Wine Tourism<sup>1</sup>**

The most successful wine regions have adopted some best practices, which enable them to provide tourists with memorable experiences that keep them coming back time after time—and bringing their friends and relatives.

**#1 Wine Roads.** Any wine region that wants to be taken seriously has taken the time to develop maps which list their wineries and provide information on hours of operation, website, phone numbers, and directions. In addition, the wine maps may also include local restaurants, hotels, and other tourist sites. The maps are provided free on the web and in brochure format, and are very helpful for tourists planning a trip.

**#2 Wine Community Partnerships.** Successful wine regions work in partnership with local hotels, restaurants, airports, and transportation companies to make sure that tourists have a way to find them. Often they hire an Executive Director of Wine Tourism and Marketing for the region that is responsible for developing these community partnerships and tours. A good example is in the Hunter Valley of Australia where they pick up visitors at the Sydney airport and transport them two hours to the valley where they spend four days visiting wineries, including hotel and meals. The wineries of Hunter Valley work together with local tour operators to create this beneficial partnership.

**#3 Special Wine Events and Festivals.** Many wine regions host special events and festivals, but the most innovative regions think “out of the

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<sup>1</sup> Thach L. The 12 best practices in global wine tourism. *Fine Wine & Liquor Magazine*. December 2012.

box” in developing unique events. For example, in Lodi, California, they have an annual “Wine and Crane Festival,” and at Melton Wine Estate in New Zealand they host a “Cabaret & Wine Show” with comedians and singers.

**#4 Experiential Wine Programs.** Related to special events is the new practice of offering wine tourists unique experiential programs. For example, in Napa and Sonoma valleys of California, it has become common for visitors to participate in wine blending seminars where they mix together different types of wine to create their own customized bottle, such as a Bordeaux blend with merlot, cabernet sauvignon, and malbec. Next they design their own wine label and get to take the wine home with them. This is offered, for example, at DeLoach Vineyards in the Sonoma Valley.

**#5 Link Wine to Regional Tourism.** Smart wine regions make sure to link to other local tourism sites. This is a win-win strategy for everyone involved because the more activities that can be advertised, the more likely the region will attract greater numbers of tourists. For example, tourists visiting Beijing for the first time always want to see the Great Wall and the Forbidden Palace, but now many also want to taste the local wine and visit famous wineries such as Chateau Changyu and Jinshanling.

**#6 Unique Partnerships.** Linking up with different types of partners, rather than just the usual marriages of food, wine, music, and art, is another best practice of successful wine regions. For example, the wineries in Okanagan Valley of Canada have joined forces with the many golf courses in the area to provide experiences that include both golf and winetasting, such as their “Chip & Sip” experience. Likewise, the Sonoma Mission Inn Spa in California has teamed up with local wineries to offer afternoon wine-tastings for visitors who have spent the day at the spa enjoying such wine-related treatment as a Chardonnay Scrub and massage.

**#7 Wine Villages.** Some wine regions have committed the time and resources to create a “wine village.” This is a town in the wine region that is designed specifically around the theme of wine. There are

generally multiple winetasting rooms within walking distance that tourists can visit. Restaurants in the village cater to the wine tourist and provide food that matches local wines. Hotels offer rooms and packages designed around a wine theme. In some cases, these wine villages are quite old and have been known as a wine center for generations, such as Chateaufeuf du Pape in the Rhone Valley of France or the mountaintop wine village of Montalcino in the Brunello region of Italy. However, other regions have created their wine villages from scratch. Examples include the town of Healdsburg, California, in Sonoma County where they have expanded from five winery-tasting rooms to over 20 in the past five years. They also have many hotel and restaurants that cater to wine tourists. Another example is the town of Grapevine, Texas, outside of Dallas. Not only does the name of the town proclaim their linkage to wine, but also they have more than 12 wine tasting rooms and many wine-related tourist experiences, plus souvenirs advertising Texas Wine.

**#8 Focus on Art and Architecture.** Some wineries attract visitors by adding art galleries, sculpture gardens, or other unique art-related items. For example, both Bodegas O Fournier Winery outside of Mendoza, Argentina, and the Hess Collection Winery in Napa Valley have famous art collections that visitors can see while tasting wine. Other wineries use architecture to attract crowds, such as Vina Mar Winery in Casablanca Valley, Chile, with its beautiful Moorish-influenced building, and the impressive Chateau Changyu Moser XV in the Ningxia wine region of China.

**#9. Food and Wine Matching.** Another best practice is targeting tourists who enjoy the culinary aspects of wine tourism. Generally, a wine region organizing special food and wine tours or events implements this. A good example is the Wine & Paella Event held every spring in Baja, Mexico, where the local wineries match their wines to many different types of paella rice dishes. Another case is the Wine & Food Showcase celebrated every autumn in Sonoma County where the local restaurants pair up with wineries to showcase their food and wine pairings. There are also many food and wine tours offered in the various

wine regions of France and Italy throughout the year to attract tourists.

**#10 “Green” or Ecotourism Focus.** For wine tourists who seek organic and biodynamic wines, or those who enjoy begin around nature and in the outdoors, a newer best practice is an emphasis on “green” or ecotourism aspects of wine. For example, some wineries offer special tours and educational programs on how they craft organic and biodynamic wines. Parducci Winery in Mendocino County of California is the first carbon neutral winery in the United States, and they provide special tours of the vineyards to describe their environmental practices. Likewise, Banfi Winery, in Montalcino, Italy, which has the distinction of being the first winery in the world to achieve environmental certification in ISO14001 and SA8000, also offers tours and explanations of their special “green” practices. Also, Saturna Island Winery in Canada responds to ecotourists by encouraging them to taste wine and then go boating around the island in search of whales. And a number of wineries in California have added electric car charging stations for their “green” guests.

**#11 Unique Wine Tours.** Another cutting edge practice is offering very unique tours for winery visitors. These are usually targeted at the more adventurous wine consumer or for those who have already visited a specific wine region and are looking for something different. An example is “wine & kayaking” as offered by Chatham Winery in Virginia, or a “river-rafting and wine tasting” as offered by Southern Oregon Wineries working in partnership with a local tour company. Other examples include four-wheel jeep drives through Steinbeck Vineyards in Paso Robles, California, Napa Valley’s Wine Train as well as wine and hiking tours at LaMotte Wine Estate in South Africa.

**#12 Social Media for Wine Tourism.** Finally many wineries and regions are catching onto the benefits of using social media to attract wine tourists. This includes making sure those tourists who use their mobile phones and the Internet to seek information on which winery to visit can easily locate the winery. They do this by ensuring GPS directions are correct, that they are easily found in search engines, and that they have a website that is also designed for mobile phone users.

Several wine regions have gone so far as to develop “apps” that can be downloaded onto a mobile phone to provide winery information, maps, and even coupons and tasting fee discounts. Finally, savvy wineries have set up Facebook fan pages and work with other sites, such as Trip Advisor, to make sure they can interact with wine tourists.



## Questions to Consider

1. List innovative strategies that wineries are implementing to preserve eco-systems?
2. Why is it important that wine growers care for their environment?
3. What does the term biodynamic refer to? What is its role in sustainable wineries?
4. How are wineries creating a competitive advantage through sustainable practices?
5. What is Roots of Peace?
6. What is the Sustainable Wine Growing Pyramid and how is it used?
7. Explain what self-regulating systems are and how they promote energy efficiency?
8. In what ways are wineries around the globe contributing to their communities?
9. How can wineries empower their employees?
10. Explain how wineries are partnering with tour companies? How is this helping to promote sustainability?
11. What are the best practices of global wine tourism?

# Niche Tourism: Agritourism, Voluntourism, and Adventure Tourism

The desire to explore the world is timeless. In today's global society, people can now quench this thirst through a vacation. While at one time, simple sun and sea tourism would suffice, today's travelers are requiring a more engaging experience. Vacations built around special interests, otherwise known as niche tourism, have become a popular alternative to mainstream, sun and sand tourism.

Many aspects of alternative niche tourism align with sustainable tourism. Both forms of tourism cater to a small group size, which encourages planned slow development. The focus is on nature and cultural immersion and therefore there is a need for environmental and social responsibility. Also, the visiting time tends to be longer, so that the experience can be more authentic.

In the previous section, we explored the key players in the world of hospitality and tourism. The hotels, eco-lodges, tour operators, and cruise ships cater to specific interests to attract clientele. In this section, we will explore some of various niches that they cater to, from agritourism which focuses on the farm experience to apitourism, where the focus lies in exploring bee farms and honey. We will also examine voluntourism where the tourist is able to give back to a cause while on vacation and adventure tourism, which is a nature-based alternative to mass tourism.



## CHAPTER 22

# Agritourism<sup>1</sup>

*New social trends, together with the popular quest for health and well-being, an active life, spirituality, new knowledge, harmonious relationships and community, dictate new approaches to the creation of travel experiences. When asking “Where do we want to go?” we need to reflect on “What experiences are we looking for?” a process that directs us, and may even precipitate a change in our lives. Experiences lived in a manner that makes us more demanding of ourselves, more responsible to the environment, and which allow us to contribute more to the community, shall surely make us more generous, as well as happier better people with each passing day.*  
—Tanja Aarih Korošec, travel agency Aritours, ApiRoutes

Agricultural tourism or “agritourism” is a recent worldwide trend that showcases small-scale farms and sustainable practices. “Agritourism” includes any income-generating activity conducted on a working farm or ranch for the enjoyment and education of visitors. Its growing popularity is due to a combination of factors. First, although large-scale mechanized farming is still prominent, the environmental costs attached to it are leading many farmers around the world to turn to smaller scale organic farming methods. At the same time, consumers have begun to develop a curiosity about where their food comes from, and how it is produced. The farmers, in turn, are developing ways to showcase their farms in order to diversify as well as to educate the public and to support their communities. Advantages to this form of tourism include educating the public, socioeconomic support for members of the community, and it assists in local job creation. Agritourism is a broad concept that can be broken up into three main categories: lodging, education, and events. Marketing and tourism boards have been effective tools to promote agritourism, but there have been some

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<sup>1</sup> This chapter was written with the assistance of Tanja Aarih Korošec and Marissa Lamagna.

recent economic recession have hit farmers hard and many small family farms now struggle to make ends meet.

## History of Agritourism

Agriculture has been around for over 10,000 years, and during the majority of this time it was used primarily as a sustenance method by people around the world. It was not until the Industrial Revolution, with the invention of machinery that could replace farm workers that mechanized, large-scale farming began to take hold and slowly dominate the industry. Large fields filled with mono-crops that were sprayed with harmful pesticides began to threaten the biodiversity of the environment around the world. Researchers have begun to examine growing health problems such as cancer and allergies in the population as a possible result of these chemicals. In 1989, WHO and UNEP estimated that there were around 1 million human pesticide poisonings annually. Over the past two decades, a backlash has begun to occur across the agricultural community and a move away from mechanized factory farms and small-scale farming is once again on the rise. The USDA National Organic Standards Board (NOSB) in April 1995 provided this definition, “Organic agriculture is an ecological production management system that promotes and enhances biodiversity, biological cycles and soil biological activity. It is based on minimal use of off-farm inputs and on management practices that restore, maintain and enhance ecological harmony.”

One of the main reasons that organic farming has increased in popularity over the past two decades is largely due to pressure from consumers who are becoming savvy about what they eat. When people began to turn to organic food, smaller farms that were more community based and more transparent in their farming practices became prevalent. Consumers want to know where their food comes from, how it is grown, and the entire process of farming. “From farm to table” is a popular quote used in the agritourism industry because it claims that one will know the whole life cycle of his or her food from beginning to end, and this exactly what consumers are demanding now.

## Sonoma County

*“Sonoma County is the chosen spot as far as all of nature was concerned.”*

—Luther Burbank

Sonoma County has been chosen as a key exemplar of one of the most intricate and far reaching agritourism networks in the United States. Since wine tourism is really the foundation of agritourism (it was even practiced in Ancient Rome!), much of the advanced state of Sonoma County agritourism can be traced to its agricultural roots in viticulture, dairying, ranching, and fishing.

In this chapter, we will look at the way small farms in Sonoma and neighboring counties have been able to continue in the face of mass agriculture.

For example, because of the California Cheese Trail and the 28 farms, creameries and cheese factories along its numerous families have been able to keep their farms operational and profitable. These artisanal operations have become so popular, that several have expanded, employing many people and winning awards nationwide for their cheeses, butters, and other dairy products.

Naturally raised meats are another hallmark of Sonoma County agritourism. Petaluma’s *Thistle Meats* sources all of its meats from neighboring ranches. It includes a number of highly sought out delicacies, such as goat, rabbit, duck, heritage pigs, and of course, beef. The natural meat industry in this community has grown so much that a regional slaughterhouse and meat packing plant, the Petaluma Slaughterhouse, has just been purchased and reworked by Marin Sun Farms to feature more humane practices and better quality control. These meats are in big demand in restaurants throughout Northern California, and having a local facility allows ranchers to keep more money and jobs in the county. Marin Sun Farms also operates a popular butcher shop and attached restaurant out on the coast.

The city of Petaluma may hold some claim to being the agricultural mother lode of Sonoma County with distinguished producers and purveyors along its waterfront, which is quickly becoming an artisan

food and café hub. Petaluma is the starting point for several agritourism tours into West Marin, the national seashore and up into West Sonoma's rolling hills, salmon fishing on the coast, honey farms, and bed and breakfasts serving local produce make for popular destinations.

## Farm Tours

California produces more than half of the nation's fruits and vegetables, and, along with our abundant dairy and cattle industry we are home to world class food production, food consumption, and food consciousness. Small ranches, dairies, and farms have struggled to compete with mass agriculture and maintain their ways of doing business. However, with the increasing public interest in agritourism, many farmers are happy to open their barnyard gates to let folks see what life is really like on the farm. Many have succeeded now by developing artisanal products that can financially compete due to their quality and along with farm touring which introduces the public and especially children to their farms and processes through hands-on, on-site, tours, and experiences.

Sonoma County has always had a thriving farm tour scene. Many farms, including Green String Farm and Tara Firma Farm in Petaluma offer tours every weekend, weather permitting. In addition to being able to walk onto a farm and buy your agricultural products, farm stands also flourish along country roads throughout Sonoma County.

At Wind Rush Farm, where Mimi Lubberman raises sheep for wool as well as llamas and alpacas, tours are affordable and very successful at bringing families into the country and teaching kids where their clothing comes from.

Sonoma County Farm Trails produces two annual tours, Weekend Along the Farm Trails in the Fall, and Blossoms, Bees & Barnyard Babies in the Spring, where hundreds of visitors explore participating farms along the trails. They get to meet the farmers, cuddle baby animals, try their hands at milking, collect eggs, pick pumpkins, learn about composting and backyard beekeeping, sample products, etc.

Bay Area Green Tours is another example, where you can spend a

day or a week traveling visiting organic, biodynamic Bay Area sustainable farms, wineries and/or ranches in Sonoma County visiting family-owned farms that have been passed down for generations or meeting the new generation of “back to the land” locavores ([www.bayareagreentours.org](http://www.bayareagreentours.org)).

## **Farmers Markets**

The biggest news however, in Sonoma County, are the 21 farmers markets, which are spread out all over the county, some cities having two or three offering a party atmosphere and a prime venue for the county populous, to gather each week to sell and buy vegetables, exchange recipes, and the latest news, and pick up fresh staples for the garden or kitchen.

The Tuesday night market in Sonoma Square has been featured in international news outlets and draws a crowd from all over. It is supported by vendor fees and the smart city council who realizes that a big draw such as this market also fills rooms mid-week and the hotel tax or bed tax is one of the city of Sonoma’s largest sources of revenue. This market has allowed many crafts people to supplement their incomes, and for many young people to find part-time jobs in this expensive area.

Rather than staffing on-site farm stands, one of the oldest and best known examples of agritourism, many farms have turned to Community Supported Agriculture (CSA), where they can interface with larger numbers of customers and still be an active part of the community. Whether the CSA boxes are delivered to the customers door or picked up from the farm, many CSA’s cultivate community by regularly holding parties, barn dances, dinners, and other gatherings to keep their customers and community engaged.

## **Farm to Table**

Farm-to-table dining experiences have become very popular and in Sonoma County, a very big business, with many being sold out weeks in advance.



A few different kinds of farm-to-table dining experiences exist, such as pop-up dinners, like the one The Girl and The Fig hosts in a warehouse space in Sonoma's industrial district, or dining in the fields, which is becoming a national phenomenon, and is offered by many wineries in Sonoma County. An especially innovative vegetarian option, offered by Slide Ranch and Sol Yoga, pairs a day of learning yoga with an exquisite meal, sourced right from the property. Even bakeries have become involved, like Della Fattoria in Petaluma.

Meanwhile, some restaurants have sprung up focusing on farm-to-table cuisine. Examples include high-end Peter Lowell's restaurant in Sebastopol, which highlights small production wines and Italian cuisine carefully crafted from local organic sources, and Lydia's Sunflower Center in Petaluma, a vegan restaurant where the progressive folks from Lydia's Organics produce exemplary vegan fare, making it a tourist destination in itself while also offering an event center where many of the most important films about the influence of ecology and agriculture are screened as well as family friendly learning events.

To find farm-to-table and other experiences near you, visit Farm Star Living online, created and founded by Mary Blackmon to help bring awareness and respect to the farming community ([farmstarliving.com](http://farmstarliving.com)).

## Farm Stays and Lodging

Farm stays are steadily rising in popularity, as a younger generation is finding a farm makes a lovely place for a wedding with the serenity and seclusion, which allows for large parties at affordable prices. Many farmsteads with houses built for the large families of former rural life have found that turning a few bedrooms into B&B rooms can provide financial relief, as well as opening the door to farm-based workshops, seminars, and other get-togethers that require an overnight stay. Some have turned former bunkhouses into more luxurious lodgings and the recent popularity of "glamping" has further promoted the idea of using farms and ranches for larger gatherings. In many states and counties, these types of properties can be fairly easily permitted for this type of use, with some navigation of legislative red tape.

## Box 22.1 Agritourism: Farm-based learning

Farms are the perfect setting for teaching a number of skills, old and new, such as bread making, furniture making, gardening, jarring (jam and jelly making), quilting, spinning and weaving, historical crafts, conservation technology, domestic animal husbandry, and wildlife management.

### Farm experiences

Experiential travel is leading the way in many areas of tourism. Unsurprisingly, agritourism provides the perfect venue to experience a myriad of activities, such as barn raising, making your own toys and decorations, Christmas fairs, pumpkin patches and corn mazes, hay rides and pony rides, pony carting, trail rides, cheese making workshops, and dining in the field.

### Festivals

Many communities in Sonoma County have developed countywide festivals based on agriculture, like the *Sebastopol Apple Blossom Festival*, *The Gravenstein Apple Fair*, *Seafood, Art and Wine Festival*, wine tours of specific valleys as many as 12 in Sonoma County alone, the *Bodega Bay Fisherman's Festival*, the *Annual California's Artisan Cheese Festival*, and *The 2015 Heirloom Exposition*, which drew over 15,000 people last year to the Sonoma County Fairgrounds with an international line-up of speakers.

## **Box 22.2 Api-tourism—travel as inspiration, education, and enrichment**

### **Slovenia—green piece of Europe**

Lying on the southern sunny side of Alps, mixed coniferous and deciduous forests cover almost 60 percent of the country, which lies in a zone where warm Mediterranean, cool Alpine, and the seasonally varied Continental climate regimes meet. With the beauties and riches of a small verdant land populated by friendly and relaxed people, Slovenia never fails to surprise and delight.

### **Beekeeping in Slovenia—a way of life**

In Slovenia, beekeeping is considered to be the poetry of agriculture. It is not merely keeping bees for their honey, but much more. It is a way of life. Apiculture has long been a traditional activity in Slovenia. Because of a long tradition, it is no surprise that beekeeping has left a strong mark on the country's folk art. Hence, the artistically painted front panels of beehives became an appreciated decoration of hives across Slovenian territory, and the beehouses became themselves a familiar architectural element of the rural landscape.

### **Api-tourism**

Slovenian beekeepers are world famous for their beekeeping practice and excellent honeys, while the indigenous apiary systems and beehouses naturally lend themselves to apitherapy. Indeed, inspiring stories together with the realization that bee products are healthy and nutritious, and that there would be no life without bees revealed the idea about Api-tourism. It is about authentic travel, which enriches one's life and strengthens one's connection with nature, culture, and society. This merger of apiculture and travel opportunities thus becomes Api-tourism.

### **Api Experiences in Slovenia**

Api Experiences provide an opportunity to become intimate with Slovenia's nature, culture, and traditions; its exceptional cuisine; and

warm-hearted people. In addition to being a showcase for an apicultural tradition as well as an occasion to become familiar with some unique beekeeping practices, the aim is to raise awareness as to the importance of bees to mankind; enrich knowledge about the use and effects of bee products, preparations, and apitherapy; and enhance people's well-being.

### The main objectives of Api-tourism

- The preservation of **tradition** in harmony with nature
- The provision of **education** and the design of **new dimensions and experiences in travel**
- Raising **awareness** as to the importance of bees to mankind as of following natural laws
- The **promotion** of natural products and natural medicines
- Development of the **green economy** as well as environmentally, socially and economically sustainable tourism
- The creation of tourist products based on **natural advantages, innovation, and high value added**
- At all times Api-tourism aim is for you to enjoy genuine experiences, which reflect lifelong values in relation to health, work, family, love, friendship, respect, tradition, knowledge, creativity, development, and growth. This is achieved by activating every sense: sight, hearing, smell, taste, and touch.
- Source: Tanja Arih Korošec, travel agency Aritours, ApiRoutes (www.apiroutes.com, info@apiroutes.com)



## CHAPTER 23

# Voluntourism<sup>1</sup>

Voluntourism is a form of alternative tourism, which combines travel with volunteer service. You may have heard of it in its many other forms: volunteer vacations, working vacations, eco-voluntourism, edu-voluntourism, or educational tourism. These terms all represent the desire to swap a typical vacation for the chance to make a difference either near or far, to forgo the surf and sand in exchange for an opportunity to serve and learn about a host community, project, or people by rescuing sea turtles in Nicaragua, building schools in Kenya, or working in a program teaching art to homeless youth in the United States. Voluntourism is one of the fastest growing trends in travel today.<sup>2</sup>

A survey of over 300 volunteer tourism organizations worldwide estimated that overall the market is a total of 1.6 million volunteer tourists each year, with an estimated value of between \$1.7 billion and \$2.6 billion, with most of the growth taking place since 1990.<sup>3</sup>

The common element is that participants are volunteers and tourists; they are seeking a travel experience that is not only mutually beneficial and that contributes to their personal or professional development but also intended to make a contribution to improving economic or social conditions or the natural environment where they visit. For a variety of reasons, the volunteer tourist's experience involves greater and more profound interaction between host and guest. The motivations behind volunteer tourism include (1) a desire for cultural immersion, (2) wanting to make a difference, (3) seeking camaraderie or family bonding, (4) a desire to experience something different or new

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<sup>1</sup> This chapter was written with the assistance of Dana Shay.

<sup>2</sup> <http://www.npr.org/blogs/goatsandsoda/2014/07/31/336600290/as-volunteerism-explodes-in-popularity-whos-it-helping-most>

<sup>3</sup> <http://www.globalvolunteertourismguide.com/greetings.html>

(5) to meet foreign people and to learn about another country and culture by to living in another country, and (6) to broaden one's mind.

Volunteer tourists discover new things about themselves and learn about the host culture and society in a much deeper way through participation in such activities as scientific research, environmental conservation, medical assistance, agricultural development, or restoration of cultural artifacts.<sup>4</sup>

Often the greatest beneficiary is the volunteer tourist: "When volunteers come back, they feel empowered, knowing they have been able to make a difference... You come home feeling you don't have limits. You feel a lot more confident in your ideas and beliefs and that you can contribute to society."<sup>5</sup> For this reason, it is popular for European students to undertake a "gap-year" activity combining tourism with an internship or volunteering.

Although voluntourism is a growing trend globally, it isn't as new as you may think. Many connect the origins of voluntourism to the founding of the UK-based Volunteer Service Overseas in 1958, and later the U.S. Peace Corps in 1961. Both of these organizations send volunteers for periods of a year or more to work at the most grassroots level to fight poverty and address the pressing needs of communities around the world to support a local community in areas of need, such as education, health, environment, economic development, and agriculture. Both organizations have created a legacy of volunteers who have helped and learned from the communities they served.

One of the first reported volunteer vacation activities occurred by accident in 1971 when the nonprofit Earthwatch, suffering from a reduction in federal funding, needed to find a way to boost its revenues. Their solution: engage the public in their research projects and offer tourists the chance to pay to watch their scientists at work. Unfortunately (or

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<sup>4</sup> Motivations that underpin volunteer tourism include (1) cultural immersion, (2) making a difference, (3) seeking camaraderie, and (4) family bonding (5) to experience something different/new, (6) to meet foreign people, (7) to learn about another country and culture, (8) to live in another country, and (9) to broaden one's mind.

<sup>5</sup> Hill, 2001 p. 28 cited in Wearing S. *Volunteer Tourism: Experiences that Make a Difference*. Google eBook.

fortunately as it would turn out), tourists didn't want to simply watch, they wanted to participate. This idea offered Earthwatch a chance not only to boost funding but also to have a larger pool of labor. They started offering trips where individuals could work and learn side by side with their scientists, and there was born the idea of short-term, work-based tourism! A recent study found that between 1971 and 2008 Earthwatch involved upwards of 90,000 volunteers in 1,350 projects across 120 countries; this work contributed U.S. \$67 million and 11 million hours to scientific fieldwork.<sup>6</sup>

About a decade later, a new organization called Global Volunteers adapted the Earthwatch approach to include Peace Corps-style projects. During the 1990s, more opportunities emerged to suit the different markets of people interested in taking a volunteer vacation.

Today there are a host of websites that connect volunteers with a vast array of nonprofits devoted to alleviating poverty or researching or restoring the environment. Perhaps the most extensive list of opportunities is global volunteer tourism guide.<sup>7</sup> On their website, you might find an opportunity to volunteer cleaning up a local playground in Guatemala, to provide medical aid in Tanzania, to engage in scientific research in Ecuador, or teach English at a local school in Thailand. In addition, there are numerous voluntour and educational tour companies if you are looking to take part in a voluntourism opportunity.

One leader in the voluntourism industry today is a company called Cross-Cultural Solutions. The idea for Cross-Cultural Solutions came to its founder, Steve Rosenthal, while on a yearlong trip traveling the world in 1994. While on this trip, Rosenthal had the opportunity to work side by side with Peace Corps workers in Kenya building a local health clinic. While he spent only a week working with this team, the experience stayed close to his heart. He was moved by the idea that his hard work benefited this local community, and it opened his eyes to the possibility of effecting real social change through short-term volunteerism. He wanted to explore possibilities for doing this on a larger scale.

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<sup>6</sup> Wearing S. & MacGehee N.G. (2013). Volunteer tourism: a review. *Tourism Management*. 38, 120–130.

<sup>7</sup> <http://www.globalvolunteertourismguide.com/greetings.html>



After some time back at home in the United States, Rosenthal's next trip was to Delhi, India, where he met with a group of local development experts to discuss this possibility of short-term volunteer programs. It was in Bela Singh, a community organizer that Rosenthal found his first partner. Together, they started Project India, which was later renamed Cross-Cultural Solutions. At its founding, one of Cross-Cultural Solutions' primary goals was to defer to the needs of community in determining what volunteer support would be required. Rosenthal and Singh established a culturally appropriate home base for volunteers, hired local staff, and found partners in local organizations who needed support. Now, more than 20 years later, Cross-Cultural Solutions has an alumni base of over 30,000 and provides volunteering opportunities in 10 countries across Asia, Africa, and Latin America.

### Box 23.1

Judith Lopez Lopez, who runs a center for orphans outside Antigua, Guatemala, says she's grateful for the help that volunteers give. All visitors and volunteers get a big warm welcome when they walk in the doors of her facility, Prodesenh. It's part orphanage, part after-school program, and part community center.

Most of the kids at Prodesenh don't have parents, Lopez says. They live with relatives. Some were abandoned by their mothers at birth. Others lost their fathers in accidents or to alcoholism.

There are three volunteers here now, all from the United States. Lopez says they give the kids what they need most: love and encouragement.

One of those volunteers is Sam Daddono, a junior at Rumson-Fair Haven High School in New Jersey. His whole Spanish class is in Antigua, sharpening their Spanish skills. But they're also hiking up the side of a volcano every morning to help tend to a coffee plantation—and learning about what life is like here in Guatemala.

"The way I view things now is a lot different than before," Daddono says. "I've visited other countries, but I've never done hands-on work or really talked to the people about the problems that they face in their lives."

*Source:* <http://www.npr.org/blogs/goatsandsoda/2014/07/31/336600290/as-volunteerism-explodes-in-popularity-whos-it-helping-most>

### Box 23.2

It was in 2006 that I first became acquainted with Cross-Cultural Solutions while reading about volunteer vacations and wanting to do something more meaningful with my time off from work. I researched the voluntourism operators and chose Cross-Cultural Solutions for their reasonable cost, strong reviews, and program offerings that appealed to me. Knowledge of the local language was not necessary to volunteer, and in fact many voluntourism agencies offer language training as part of their package. Nevertheless, I felt it was a safer bet to travel and volunteer in a country where I could speak the local language. A few weeks before my trip I found out that I'd be working in an urban shantytown just outside of Lima called Villa El Salvador. There, I would be volunteering with an organization called INABIF (El Programa Integral Nacional para el Bienestar Familiar), which provides services to at-risk children and adults.

It would be an understatement to say that this first volunteer vacation was hard – it challenged me in ways that I never expected. Simply showing up didn't make me helpful; I had to truly forge relationships with the locals who I was working with, and find a place for myself in their work. At INABIF, they placed me in a classroom for 4-year olds where I supported the teacher in classroom management, instruction, and games. The children that I worked with were beautiful in spirit; they were so accepting and trusting of me. The pains of their lives outside of school were apparent in the malnutrition spots on their skin, the same clothes that they wore day after day, and the humble possessions that they showed off so proudly. It took me a good week to feel like I knew what I was doing there, and by the end of my second and final week I felt like I'd finally dug my nails in and was beginning to make important personal and social progress.—Dana Shay

The growing popularity and success of volunteer tourism has led to a number of concerns. In particular, the numerous commercial organizations who have entered the market have shifted the organizations engaged in this area from the not-for-profit to the

commercial, and a process of commodification; Professors Stephen Wearing and Nancy Gard MacGehee comment “Great increases in the number of commercial operators motivated by profits have ... changed the face of volunteer tourism... These organizations which are profit-driven may have a different impact on the community than those which emerge from NGOs; they may be less established within the community and more focused on satisfying their primary customer – the volunteer – than on the host community.”<sup>8</sup>

Consequently, ethical operators encourage potential volunteers and travel agencies to undertake a careful appraisal of providers think about the potential negative aspects and avoid them. In addition, use references to ensure that the work that you will do will be what you want to do and that the fees you pay will be properly used.

One needs to be aware of the potential for improper behavior including the following:

- Some orphanages are fakes, a facade purely for the purpose of leeching dollars and work from gullible folk who feel they are helping.
- Fees paid by volunteers may not go the facility or community but pocketed by organizers.
- Any use of your labor that displaces work opportunity for locals is wrong; instead try if possible to do things that the locals can't do. Don't try to be a hero, instead work with the locals and let them take the credit.
- Be cautious about agencies that charge high fees, require no previous experience, and send volunteers for a short-term teaching experience that may do more harm than good, both to you and to your temporary students.<sup>9</sup>

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<sup>8</sup> Wearing S. & MacGehee N.G. (2013). Volunteer tourism: a review. *Tourism Management*. 38, 120–130.

<sup>9</sup> <http://www.globalvolunteertourismguide.com/greetings.html>

## CHAPTER 24

# WWOOF: Sustainable Travel Meets Sustainable Food<sup>1</sup>

Today's current food system is a complex international network that provides ease and convenience, but at a cost. The growing disconnect between food producers, their products, and consumers has caused health issues, environmental problems, human injustices, and a lack of knowledge and closeness with the environment from which we live off. Organic farming, sustainable agriculture and the farm-to-table movement are growing in popularity as attention to the environment increases and healthy, organic, seasonal food becomes more accessible. Not only have restaurants began to embrace these ideas, and farmer's markets become more popular, but also organizations such as WWOOF have given people the opportunity to reeducate their communities and become reconnected and directly involved with the production of our food. WWOOF—What Is It?

It stands for Willing Workers on Organic Farms, but is now more commonly known as World Wide Opportunities on Organic Farms. WWOOF is a network of international organizations that links volunteers willing to learn and live on organic properties with host farms seeking help to make a more sustainable world. Volunteers give their time and labor in exchange for education, food, and housing, all while traveling the world cheaply and reconnecting with nature. The organization began in the United Kingdom in 1971 by Sue Coppard, a secretary in London seeking an escape from her urban duties. When created, under the name "Working Weekends on Organic Farms," the

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<sup>1</sup> This chapter was prepared by Patricia Apple

goal was to provide city dwellers the opportunity to get involved in the organic farming movement, eventually growing into a worldwide institution, with over 50 countries around the world involved. Although there is an international website, WWOOF programs operate independently within each country, giving volunteers the opportunity to focus on specific regions.

## How It Works?

To become a WWOOF member, depending on the country/region chosen, you can sign up online and receive complete access to the full host directory. Each host creates a profile describing their lifestyle, location, expectations, and accommodations. Members can also create a profile describing themselves and their experience and wishes, allowing for hosts and volunteers to interact and communicate directly. Once a member has chosen their destination and host, specifications on accommodations, projects, work hours, and length of stay can be discussed. Generally, no money is involved as this is voluntary based, although some hosts may offer a stipend for your time and effort. Many farms vary on what they focus on, ranging from purely produce or cattle, to wineries or beekeeping, giving volunteers a wide range of options. Volunteer and host relationships are not of employee/employer but equally work together. WWOOFing is compatible with people from all walks of life, including families, groups, young, old, all are welcome.

The key to a successful WWOOF job is a continuous and open communication between host and volunteer as well as an open mind and positive attitude.

- It gives people the rare opportunity to receive a new and valuable education while literally in the field
- A cheap and rewarding way to travel all over the world
- Get to meet all kinds of people from different cultures and backgrounds
- Potentially even earn some extra money (depending on the farm)

- Have a brand new experience outside of your comfort zone
- Improve health through diet and exercise (and maybe get a tan!)
- Learn or brush up on a new language
- Explore and reconnect with nature
- Work on environmental advocacy outside of the city for less
- Maybe even get the chance to learn a new skill unrelated to farming
- Slow down your life and relax
- If time or location permit, work while you WWOOF
- Can open new doors and opportunities to get involved or work within the industry



## CHAPTER 25

# Adventure Tourism<sup>1</sup>

*I believe that if we know how to find, through adventure travel, the ability to employ those who own the land, woods, rainforests or deserts, the lakes or lagoons, that we will find a path to correcting the terrible inequalities of our country and the world.*

—Former Mexican President Felipe Calderon

Tourism is one of the most rapidly growing industries in the world, and adventure tourism is one of its fastest growing niches. Increasingly, countries in all stages of economic development are prioritizing adventure tourism for market growth, because they recognize its ecological, cultural, and economic value.

Adventure tourism is defined as a trip that includes at least two of the following three elements: physical activity, natural environment, and cultural immersion. While the definition of adventure tourism only requires two of these components, trips incorporating all three tend to afford tourists the fullest adventure travel experience—for example, a trip to Peru that involves trekking (physical activity) through the Machu Picchu trail (natural environment) and genuine interaction with local residents and/or indigenous peoples (cultural immersion).

Adventure tourism can be domestic or international, and like all travel, it must include an overnight stay, but not last longer than one year. Regardless of how tourism professionals organize or categorize adventure travel, adventure will always be a subjective term for the travelers, because it is related to one's individual experience. Adventure to one traveler may seem mundane to another. Adventure tourists push their own cultural, physical, and geographic comfort limits, and those limits differ for each person

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<sup>1</sup> This chapter was prepared by Shannon Stowell.





## Brief History of Adventure Tourism

Humans have been engaging in adventurous travel for hundreds of years via exploration by the likes of Marco Polo, Captain James Cook, and Sir Ernest Shackleton, who had primarily scientific, geographic, or colonial motives. However, commercial adventure travel is a relatively new phenomenon, in which travelers hire a professional guide to provide a range of technical support and equipment, as well as culture and nature interpretation.

In the mid-1800s, adventurers began to push the limits of mountain climbing and river rafting, with the first ascent of the Matterhorn in 1865 and descent of the Colorado River in 1869. Shortly thereafter, two key institutions were formed. The National Geographic Society was formed in 1888 to “increase and diffuse geographic knowledge,” and the Explorers Club was formed in 1904 to “promote the scientific exploration of land, sea, air, and space.” Both institutions continue to support adventures and expeditions today.

In the mid-1950s, many first ascents and descents attracted global attention and inspired people to attempt their own expeditions. Maurice Herzog's ascent of Annapurna in 1950 and Sir Edmund Hillary and Tenzig Norgay's ascent of Mount Everest are key examples.

The transformation from information exploring to commercial guiding in the United States can be traced back to the 1920s when Don Hatch and his brothers decided to build wooden rafts to explore the Green River in what is today known as Dinosaur National Monument. Hatch eventually formed a company, Hatch River Explorations, which was the first business to receive a national park concessioner permit for rafting in 1953.

Other seminal adventure companies formed during this time, such as Ker & Downey in 1946, Abercrombie & Kent in 1962, and OARS in 1969 (river rafting). OARS led several first river descents, including Bio Bio in Chile and the Zambezi in Zimbabwe, blending exploration with commercial adventure.

Today, adventure tourism is a vibrant, dynamic, and fast-changing sector with new variants routinely added into the possible experiences. Individual companies are often small, owner-operated businesses led by entrepreneurs with a drive to share their favorite places and passions with others. Adventure offers opportunities to entrepreneurs in rural areas around the world to do the same. Sixty-nine percent of overall international travel departures leave from Europe, North America, and South America, and together these three regions account for over U.S. \$263 billion in adventure travel expenditures.

Key aspects to be considered about adventure travel:

**It attracts high-value customers:** Adventure tourists are willing to pay a premium for exciting and authentic experiences. Adventure operators have reported an average of \$3,000 spent per person, with an average trip length of eight days. Trip costs vary based on length, luxury and activity levels, destinations, and distance from a traveler's starting point to the destination.

**It supports local economies:** Direct income from tourism is the amount of tourist expenditure that remains locally after taxes,

profits, and wages are paid outside the area and after imports are purchased; these subtracted amounts are referred to as “leakage.” The United Nations Environment Programme (UNEP) cites that in most all-inclusive mass tourism package tours, about 80 percent of travelers’ expenditures go to the airlines, hotels, and other international companies (who often have their headquarters in the travelers’ home countries), and not to local businesses or workers. Of each U.S. \$100.00 USD on a vacation tour by a tourist from a developed country, only around U.S. \$5.00 actually stays in a developing destination’s economy. UNEP cites several studies that estimate tourism leakage to be up to 40 percent in India, 70 percent in Thailand, and 80 percent in Caribbean countries due to factors such as foreign-owned operators, airlines, hotels, and imported food and products.

In ATTA’s *Industry Snapshot 2014*, the adventure tour operators polled estimated that 65 percent of the total trip cost from an adventure package remains in the destination(s) visited.

**It encourages sustainable practices:** Adventure tourism practitioners and policymakers adhere to sustainable environmental practices. This is because they know that without pristine natural environments and meaningful cultural experiences, their destination would lose its competitiveness and tourists would go somewhere else.

## Examples of Adventure Tourism

There are a number of categories of adventure activities; the list below indicates some of the adventure activities.

- Cycling
- Fishing
- Heli-skiing
- Hiking
- Horseback riding
- Kayaking

- Paragliding
- Rafting
- Research expeditions
- Safaris
- Sailing
- Scuba diving
- Skiing and snowboarding
- Surfing
- Trekking

### **How Is Adventure Tourism Different from Other Types of Tourism?**

Both public and private sector stakeholders understand that adventure tourism is inextricably linked with human and nature capital. Protection and promotion of these resources is important, and the continued development of this sector must seek to protect these valuable assets.

Because of its documented benefits to the environment, local people, and local economies, governments are increasingly identifying adventure tourism as a tool for sustainable and responsible economic growth that delivers benefits to every level of society.

In many destinations, adventure tourism has been developed without extensive new infrastructure. It can also deliver benefits, from creating local jobs rapidly to relying on traditional knowledge of local people for guiding and interpretation.

#### ***Adventure Tourism versus Mass Tourism***

Adventure tourism can also be defined by what it is not—mass tourism. Mass tourism includes products such as large-ship leisure cruises, “sun and sand” package vacations, bus tours around city centers that stop only at iconic attractions, theme parks such as Disneyland, or casino resorts such as those found in Las Vegas, Nevada.

It relies on economies of scale, the replication of standardized products, and the reduction of costs. Mass tourism includes little cultural immersion or education.

It can also be classified by the sheer number of people in one destination. For example, the Mediterranean, a well-known mass tourism destination, receives an average of 230 million tourists per year. In contrast, the Galapagos, a popular adventure destination, received just 180,831 visitors in 2012.

Unlike adventure tourism, mass tourism is, by and large, environmentally unsustainable as historically practiced. For example, rapid development of mass tourism infrastructure in areas such as the Costa Brava in Spain and Cancun in Mexico have created pollution and ecological degradation, including loss of habitat and contamination of the water in addition to local culture being overshadowed by mass business interests.

## The Future of Adventure Tourism

Adventure tourism is one of the fastest growing sectors of the tourism industry, attracting high-value customers, supporting local economies, and encouraging sustainable practices. Thus, the continued growth of this sector creates net positive impacts not only for tourism, but also for destination economies, their people, and their environment.

Adventure tourism used to be considered a fringe or a small niche, while in reality it is becoming more mainstream. The top four trends noted by tour operators in 2014 were the softening of adventure travel, customization of experiences, multigenerational groups, and cultural experiences. These data came from more than 300 companies in 69 countries.<sup>2</sup> Governments acknowledge this trend as well. Prior to 2007, 52 percent of tourism boards surveyed noted they did not recognize adventure tourism as a stand-alone sector in their destination. In 2011, out of that same group of 91 tourism boards/ministries surveyed, only eight percent still did not recognize adventure as a sector.

Rapid growth represents opportunity and peril. As noted by many if not most scientists, experts, and academics around the world (from both within and outside the tourism industry), the world is facing many

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<sup>2</sup> 2014 ATTA Industry snapshot <http://www.adventuretravel.biz/store/industry-snapshot-2014/>.

significant challenges, including climate change, environmental degradation, habitat loss, language and cultural erosion and loss, social justice issues, and poverty, just to name a few. The tourism industry can either do its best to combat and prevent these issues, or by negligence can even do further damage. There are numerous examples of destinations overrun, commoditized, and devalued, some of which will never fully recover. The adventure industry, specifically, needs to pursue better risk management, community inclusion in projects, and sustainability in order to be both healthy and productive.

This is where it becomes clear that the adventure industry contains the DNA to be an example of how tourism should be conducted. Because it relies on cultural and natural capital as its primary assets, it can be used as a model to create, develop, and sustain profitable businesses and thriving destinations by pursuing the desired outcomes of the Global Sustainable Tourism Criteria in order to:

- Demonstrate effective sustainable management
- Maximize social and economic benefits to the local community and minimize negative impacts
- Maximize benefits to cultural heritage and minimize negative impacts
- Maximize benefits to the environment and minimize negative impacts.
- **Adventure tourism is on the front lines of climate change issues.** This is born out of need—it is daily and starkly apparent to adventure travel companies that if they lose their local environments, wildlife, and human cultures, that their businesses have no future even in the short term, much less the long term. Interestingly, because the majority of adventure travel businesses are small and medium enterprises (SMEs) and entrepreneurial, innovative ideas and products often emerge from this segment; this is where many trends start. There is not much “status quo” to protect, so businesses in this space quickly jump to incorporating initiatives such as composting, recycling, alternative energy sources, and reclaiming land. It is affecting

how mass tourism has to look at its own development and an increasing number of companies are starting to add adventure product to their portfolios. Not only are the adventure travel companies themselves on the front lines of climate change issues, they also take customers there to see it first hand, for example, to where the polar bear is losing its habitat because of climate change. In Mexico, this would look like travelers learning about the effects of climate change on the Monarch butterflies or coral reefs.

- **Adventure travel transforms consumers into active advocates.** A night in the jungle, a week on the trail, a day in the mountains, an afternoon at an archaeological site interacting closely with nature and culture has an impact on a traveler that is impossible to replicate any other way. And it will take transformation and disruption to change consumer behaviors that are so deeply ingrained and that increase carbon footprints worldwide. Adventure travel bridges the gap between the problem and the consumer. The more that people see, feel, and interact, the more they will understand what is happening to the world around them. They must and will take this important learning back to their lives and businesses. Consumer demand for responsible tourism will help give destinations and businesses a reason to pursue change in their own operations.
- **Adventure travel protects the important “lungs of the earth.” Different from waste reduction or carbon offsetting efforts, this is market-driven preservation.** A key element of adventure travel is that it takes place in nature and often in rural locations. The adventure travel industry is among the most vocal and self-interested in protecting the world’s forests and jungles. Tropical forests absorb 18 percent of all carbon output ([http://en.wikipedia.org/wiki/Carbon\\_sink](http://en.wikipedia.org/wiki/Carbon_sink)) by fossil fuel emissions and must be protected. It is important that private industry, community, NGOs, and government protect the forest together.

If travelers stop coming into a region and delivering important income, people will extract every last bit of value from the land—either directly or by selling to nonlocal parties who care primarily about profit versus the negative environmental impact. Ironically, tourism will likely be the champion to save species such as Indian tigers, Namibian elephants, and Rwandan gorillas.

- **Adventure travel requires less development than traditional industry.** Paved roads, large airports, and expensive infrastructure are not always required by the adventure customer or product. This is especially ideal for emerging economies who can maximize what they already have.
- **Revenue.** It keeps revenue in the destination, gives alternatives to extractive one-use industries (mining), and pushes revenue to the rural outreaches (66 percent of revenue spent stays in the local destination).<sup>3</sup>
- **It gives people a reason to stay rural and to be proud of their cultures.** Migration to overcrowded megacities is a problem in many emerging economies and adventure tourism can be used as a tool to give young people and entrepreneurs a way to create products that attract high-value, low-impact customers.

It is believed by the authors of this report that tourism of the future must be done in a decisive, well-planned manner in order to help stem and reverse many of the negative global trends today. It is further the belief of the authors that adventure tourism has many case studies and models that can be employed for exactly this purpose and that it should be considered by most if not all destinations looking to successful futures.

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<sup>3</sup> 2014 ATTA Industry Snapshot <http://www.adventuretravel.biz/store/industry-snapshot-2014/>





## CHAPTER 26

# Chongwe Safaris

*Working today, to protect tomorrow.*

Zambia is centrally located in Southern Africa. The country is landlocked, sharing borders with Angola, the Democratic Republic of the Congo, Botswana, Malawi, Mozambique, Namibia, Tanzania, and Zimbabwe. Zambia is slightly larger than the state of Texas. The tropical climate's rainy season runs from October to April. The country's topography consists of high plateau with some hills and mountains. Natural resources include copper, cobalt, zinc, lead, coal, emeralds, gold, silver, uranium, and hydropower. Among others, wildlife includes lions, buffalo, elephants, leopards, hippopotamus, aardvarks, antelopes, crocodiles, and various monkeys. Birds include ostriches, pelicans, cormorants, herons, egrets, flamingos, ducks, geese, swans, cranes, hawks, kites, eagles, pheasants, partridges, cranes, parrots, doves, macaws, cuckoos, woodpeckers, and many others. Big game has attracted tourists, becomes one of the largest employers, and has brought in foreign exchange.<sup>1</sup>

Government administration came from the British South Africa Company from 1891 until 1923, when the United Kingdom took over. In 1964, the territory, formerly known as Northern Rhodesia, became the independent nation of Zambia.

Lusaka, located in lower central Zambia, serves as the nation's capital. The Province of Lusaka is home to the Lower Zambezi National Park, which covers 4,092 km<sup>2</sup>. Zambezi is the fourth longest river in Africa. The 16,000-mile river begins in Zambia, flowing through several bordering countries before emptying into the Indian Ocean.

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<sup>1</sup> [www.cia.gov/library/publications/the-world-factbook/geos/za.html](http://www.cia.gov/library/publications/the-world-factbook/geos/za.html)

Chongwe is located in Lower Zambezi just outside the National Park where the Chongwe and Zambezi rivers merge. Chongwe Safaris is one of the oldest and most established companies operating in the area. Accommodations can be found at Chongwe River Camp, Kasaka River Lodge, and Chongwe River House.

The Lower Zambezi is home to elephants, buffalo, lions, leopards, antelope, crocodiles, and hippopotamuses. Herons, egrets, African skimmers, white-fronted plovers, and white-browed coucals are among the birds native to the area.

Chris Liebenberg was born in Zambia, spending much of his time in the bush with his dad Boet. Initially, the two were interested in combating poaching and promoting conservation. Chris is a founder of the Conservation Lower Zambezi (CLZ) whose motto is “Working today, to protect tomorrow.” The organization is nonprofit and nongovernmental, committed to conserving and sustaining wildlife and natural resources for the current and future generations.

CLZ proposes to achieve this through the following:

- wildlife protection—assisting Zambia Wildlife Authority (ZAWA) anti-poaching patrol deployments and training as well as supporting a local Community Resource Board Village Scout unit;
- environmental education through outreach in schools and visits to our CLZ environmental education center; and
- supporting local community development projects, especially human wildlife conflict mitigation

The Lower Zambezi National Park and surrounding game management areas are home to a wide range of biodiversity including at least four threatened species according to the IUCN red list (African elephant, hippo, lion and African wild dog). Illegal poaching of three kinds: commercial ivory; commercial bushmeat; and subsistence poaching remains a constant threat in this area due to proximity to the capital of Zambia, Lusaka and one of the main transport links, the Great East Road.”<sup>2</sup>

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<sup>2</sup> <http://conservationlowerzambezi.org/>

While the family business and experience was in mining, the desire to protect and preserve the bush brought Boet and Chris Liebenberg to Chongwe, where they purchased land just outside the Lower Zambezi National Park. The best deterrent for poachers is proving to be tour operators and their guests. The decision to move into this new field of business began slowly. The initial desire to reduce poaching and increase conservation included working with the local communities. Game is viewed rather than poached. Responsible tourism means that the environment is being conserved and the area people are uplifted.

Chongwe began as a make-shift location, a place to spend the night. It has grown into an award-winning luxury bush camp. Chongwe River Camp, Chongwe River House, and Kasaka River Lodge provide lodging and accommodations for those on safari. The Lower Zambezi valley has a policy of nonintrusive enjoyment of wildlife and low environmental impact.

Speaking of Chongwe River Camp, owner Chris Liebenberg states, “No matter how beautiful the camp, and glorious its setting, it’s the staff who make or break a safari experience. And at Chongwe, we are blessed with a fantastic team of amazing people.”<sup>3</sup>

In 2012, owner Chris Liebenberg and three others swam a relay along the length of the Nsumbu National Park, a Park which covers almost 2,000 km<sup>2</sup>, including 100 km of pristine lake shore. The purpose of the relay was to raise awareness and funds for the needs and plight of Nsumbu National Park. The five-day 40-km (almost 25 miles) marathon swim showcased the home of 2,000 species of animal life. Ongoing sustainability of local fishing industries was one of the objectives and needed areas of conservation. Wildlife and fish are resources tourism relies on, are in need of protection, and also benefit the local human population.

The capacity for endurance in this area includes supporting the local communities, the local residents, and wildlife. Employment and related travel revenues provide a protection from poaching and pillaging of the land. Sustainability, or the capacity to endure, begins with mitigating

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<sup>3</sup> <http://www.chongwe.com/team.php>

the poaching and pillaging. Reduction in poaching, education and support of the local communities, assisting the local economy through foreign funds, building awareness and charitable efforts, all are needed in order for the preservation and endurance of all that is indigenous to the area.

Chongwe is committed to the ethics and principles of responsible tourism. In a nation whose people's lifespan averages 52 years, guests contribute to the conservation efforts and uplift the lives of the people of Lower Zambezi valley.

Chongwe is one of the oldest and most established safari and lodging companies in the Lower Zambezi. Superior service and location—location—location combine to provide the best accommodations the bush has to offer. The scenery and wildlife combine to create a unique and incredible experience. Depending upon your preference, lodging options run from tent to home to lodge. Activities include day and night drives, boat cruises, walking safaris, and canoeing—all providing views of wildlife from more natural perspectives.

Recent recognition and awards include 2013, 2012, and 2011—Good Safari Guide Awards, Best Safari House in Africa.

The ownership and employees are committed to the long-term, bringing longevity, humility, and hard work where other investors invariably fail.

Access to remote and unique regions such as Chongwe provide opportunity to experience and witness the flora and fauna unique to the area. While familiar to the staff, they realize their guests are new to the area and focus on experiencing it afresh through the senses of their guests.

The Liebenberg's saw a need, a need to work to minimize and eliminate illegal activities such as poaching, thereby conserving and preserving the treasured residents of the area, those human, bird, and animal, sustaining what is native to the region and nation. Travelers are brought into the bush, experience the area with minimal impact, and leave with a unique experience and awareness of what has been, and needs to be preserved.

The most significant contribution to the planet, community, people, and economy is working to halt poaching and related activities. Sadly, some countries allow poached items to be brought into their countries. There are many fronts to raise awareness and reduce and eliminate the illegal activities.

Solar power is harnessed. Funds are raised and contributed for conservation and education. Training is a high priority. Funds are generated for the local communities. Hunting and fishing rights are purchased and regulated.

The owners treat the indigenous communities with respect, even if they lack formal education. They know their lives and communities.

Africa's wildlife areas are often poor farming regions home to the poorest people. Responsible tourism provides education, training, and jobs, offering environmentally sound access to travelers.

In considering the goodness of a company, the existence of a business, which brings tourists into more remote areas, Zambia and the Lower Zambezi National Park, highlights the issues surrounding the preservation and proper management of the limited resource of wildlife, especially big game.

Best practices include:

- Addressing local and regional detrimental issues, like poaching
- Approaching and providing education and jobs for local residents
- Respect for the indigenous communities
- Commitment for the long term—emphasizing longevity, humility, and hard work.

## Questions to Consider from Niche Tourism

1. Is agritourism a new concept and how is it promoting sustainability?
2. Explain how organic farming is consumer driven? What is meant by *farm to table*?
3. Describe what is meant by a voluntour experience? How can this be mutually beneficial?
4. What are the motivations behind Voluntourism?
5. Give an example of a successful voluntourism project. What made it successful?
6. Is there any way that a voluntour project could hurt rather than help? Please explain how and why.
7. What is the difference between mass tourism and adventure tourism?
8. In what ways does adventure tourism transform participants into advocates?
9. Is Chongwe Safaris an example of sustainable adventure tourism? Why or why not?

# APPENDIX 1

## Certification

Certification has become a means to legitimize ecotourism and other forms of sustainable tourism throughout the world. After UNWTO declared 1992 the Year of Ecotourism, governments, the tourism industry and consumers around the world began to recognize ecotourism as a viable option for travel. While the idea of ecotourism seemed to be the answer to many of the problems stemming from mass tourism, this concept was often misunderstood and misrepresented. The Global Sustainable Tourism Council (GSTC), an international body under the umbrella of UNWTO, and The Tour Operators Initiative (TOI) were organized to further sustainable options, criteria, and best practices for the tourism sector.<sup>1</sup> International organizations, governments, and stakeholders in the tourism industry such as hotels, tour operators, and local communities have begun to certify ecotourism projects which authenticate programs and services and assure the public that their efforts are truthful and trustworthy.

Certification programs throughout the tourism industry are important because they provide standards and assurances to the public by giving weight and validity to programs, which then attracts more supporters, both in the industry to develop programs and for consumers who want to purchase these programs. “A certificate is considered to be a mark of general high product quality as well as an indication of environmentally, economically, and socially sound products.”<sup>2</sup>

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<sup>1</sup> In 2002, an international proposal on criteria for ecotourism and sustainable tourism certification programs known as The Mohonk Agreement was developed as part of an international workshop organized by the Institute of Policy Studies. For more information on the criteria and initiative, refer [www.gstcouncil.org/](http://www.gstcouncil.org/) and [www.toinitiative.org/](http://www.toinitiative.org/)

<sup>2</sup> Haaland H. & Aas O. (2010). Eco-tourism certification – does it make a difference? A comparison of systems from Australia, Costa Rica and Sweden. *Scandinavian Journal of Hospitality and Tourism* 10(3), 375–385.



At this time, ecotourism certification is often used as an added measure to, or in the absence of governmental regulations. Ecotourism certification falls into three categories, process-based, performance-based, or a combination of the two. There are currently over 60 different certification programs for ecotourism throughout the world. While some experts argue that certification methods should be standardized so that they are comparable throughout the world, others maintain that the effectiveness is dependent on the situation. Others ask whether this is an effective means to measure this vast industry, or just another form of green-washing.<sup>3</sup>

Process-based ecotourism certification programs use a third-party audit to evaluate the system by taking quantitative measurements while focusing on management and technical solutions to improve environmental efficiency of a destination or establishment. One example of a popular, widely recognized process-based certification program is Green Globe, developed in 1994 based on standards developed in the Rio Earth Summit.<sup>4</sup> For example, in Barbados where government regulation enforcement is weak due to a profit-driven perspective, the Green Globe Certification program has provided a means for the tourism industry to self-regulate, and implement sustainable tourism goals through this process-based approach. Although this process-based certification program is both a method for industry self-regulation and market differentiation through sustainable branding, it is also argued to be an expensive option that many small, local business owners cannot afford.

The alternative to a process-based approach is a performance-based certification program, often designed by the country itself by creating goals to be achieved in order obtain certification and the same standard applies to all companies trying to realize certification. An example of a

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<sup>3</sup> Otherwise known as green washing, or “ecotourism lite,” many in the tourism industry continue to use ecotourism as a marketing ploy to draw in consumers without being a genuine ecotourism endeavor.

<sup>4</sup> The independent third-party audit policy designed by Green Globe to measure sustainability is modeled after ISO19001, an international standard rating system.

voluntary performance-based certification program is the Costa Rican Certification for Sustainable Tourism (CST program), which was the first of its kind in a developing country.<sup>5</sup> This performance-based program, designed in 1995 by the Costa Rican Tourism Board (ICT) along with the National Accreditation Commission, is an affordable alternative which begins with self-evaluation. Although this program was originally intended for hotels, it has expanded to include tour operators and is gradually being adopted throughout the country.<sup>6</sup> Even though this approach is often difficult because it is hard to measure and to delineate standards, it has the advantage of being accessible to all tour companies, large or small. Researchers have found that locally developed performance measures are the most likely to generate the necessary and voluntary buy-in from a large range of local stakeholders for long-term success.<sup>7</sup>

Both process-based and performance-based certifications have merits and flaws, whereas a combination of both of these approaches has begun to gain popularity. In one instance, instead of a certification, this method is known as verification and was developed by Rainforest Alliance, a non-governmental agency (NGO) as an alternative or supplement to certification.<sup>8</sup> This verification program gives access to local companies and communities, and provides performance measurement as well as system management to combine practical aspects of both process and performance-based approaches.

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<sup>5</sup> Rivera J. & Leon P. (2005). Chief executive officers and voluntary environmental performance: Costa Rica's certification for sustainable tourism. *Policy Sciences* 38(2/3), 107–127. doi:10.1007/s11077-005-6590

<sup>6</sup> Only 15% of hotels were certified in 2005, but with the announcement by certified tour operators that they plan to use only certified hotels, more hotels are expected to be swayed in this direction.

<sup>7</sup> Bowman K. (2011). Sustainable tourism certification and state capacity: keep it local, simple, and fuzzy. *International Journal of Culture, Tourism and Hospitality Research* 5 (3), 271.

<sup>8</sup> Verification, which can be fully or partially subsidized, offers training, assistance, and support in setting goals and evaluating sustainable practices, and is recognized by the Global Sustainable Tourism Council.

B Corp is another example of a certification, which combines process-based and performance-based requirements through a third-party audit by the nonprofit, B Lab with a concentration on social and environmental performance, accountability, and transparency. B Corp certification is not concentrated in the tourism industry, but because it is situation specific, any tourism business, regardless of earnings, has the potential to become a B Corp.<sup>9</sup>

Studies show that consumer demand is growing for sustainable travel options. Certification programs are a viable means of discerning authentic ecotourism from green-washing. The international tourism industry must take care to create situational appropriate certification programs in order to guarantee its success in generating and establishing sustainable ecotourism paradigms. While performance-based certification programs tend to gather more support from stakeholders, the management framework and quantitative measurements used in a process-based approach are also important. The combination of the two certification styles is the most comprehensive system available. Ecotourism is a growing industry that is continually evolving. In order for certification programs to be both successful and effective, they will need to advance along with the industry to include community input, environmental measurement, and institutionalize sustainability among all stakeholders.

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<sup>9</sup> Since 2006, B Lab has been certifying businesses based on these measures. Today, there is a growing community of more than 1,000 Certified B Corps from 33 countries and over 60 industries including many in the tourism sector such as the Evergreen Lodge. (see [www.blab.com](http://www.blab.com) and chapter 20 in Girling (2012) *The Good Company*, for more information.)

## Questions to Consider

1. Using the case studies in this book, explain who would benefit most from the following types of certification and why:
  - A process-based certification
  - A performance-based certification
  - A combination process/performance based certification



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2. Nicole Darnall is Professor of Management and Public Policy in both the School of Public Affairs and the School of Sustainability at Arizona State University where she is the Associate Director of the Center for Organizational Research and Design. Her research investigates non-regulatory governance as it relates to global sustainability. Operating at this nexus of the policy and management sciences, she considers a variety of non-regulatory governance approaches (e.g., voluntary programs, strategic alliances, certification, and information-based initiatives) to determine whether the absence of state coercion, combined with appropriate incentives, can encourage organizations to be more environmentally sustainable.
3. Rachel Dodds is a Professor at the Ted Rogers School of Hospitality and Tourism Management at Ryerson University and the Director of their Hospitality and Tourism Research Institute. Rachel has travelled to over 80 countries and six continents and continues to be passionate about sustainable travel. Rachel's interest lies in sustainable tourism planning and management as well as corporate social responsibility and island studies.

4. Malía Everette promotes in-depth experiential education and socially responsible travel as an alternative to the type of "sun and fun" tourism that often results in cultural homogenization and does little to benefit local communities and host economies. In 2013 she founded Altruvistas, a foundation and travel company to promote transformational philanthropy and social responsibility in the travel industry. She holds a Masters of Arts in International Relations; has written numerous articles about socially responsible travel and is a regular speaker on ethical travel and social entrepreneurship; and serves on a number of nonprofit boards.
5. Jeff Greenwald is the author of six books, including *The Size of the World* (for which he created the first Internet travel blog), *Scratching the Surface* and *Snake Lake*, a memoir set in Nepal during the 1990 democracy revolution. The 25th anniversary edition of his *Shopping for Buddhas* was released in 2014. Jeff also serves as Executive Director of [EthicalTraveler.org](http://EthicalTraveler.org), a global alliance of travelers dedicated to human rights and environmental protection.
6. Tanja Arih Korošec is the director and owner of Aritours; ApiRoutes travel agency, based in Slovenia. As an apitourism specialist, she shares her knowledge around the globe. She was named coordinator of the working group at Apimondia, an International Beekeeping Organization. Her creative energy, knowledge and belief are oriented in the concept "travel as inspiration, education and enrichment". She holds a Bachelor degree in Economics.
7. Marissa LaMagna, Executive Director of Bay Area Green Tours, 501(c) 3 has curated "field" trips to Bay Area urban and rural farms since 2008. Marissa has spoken at agritourism conferences hosted by UC Davis's Small Farm Program and is a member of its Agritourism North Bay committee, ECO Ring and is a Sonoma County Tourism Ambassador. Marissa helped with the startup of Slow Money Northern California and the California Food Policy Council and is on the Berkeley Food Policy Council.

8. Dana Shay has over 14 years' experience with global employee benefit programs. During this time Dana has worked as both a consultant and corporate manager of global benefits, focusing on developing programs that are competitive, compliant and locally relevant. She has extensive experience supporting companies in developing programs and philosophies that support the attraction and retention of employees globally. Dana also has a love for volunteering and was fortunate to have the opportunity teach English in six countries outside the US. Dana received her B.A. from Emory University and her M.A. from Sonoma State University.
9. Dr. Murray Silverman is a professor of Management in the College of Business at San Francisco State University. He is a co-founder of SFSU's Center for Ethical and Sustainable Business. He has been teaching graduate and undergraduate courses in environmental sustainability since 1995, assisted in the development of the university undergraduate Environmental Studies program, was the initial catalyst in the development of the university's first campus wide Sustainability Committee and was instrumental in the development of the MBA Emphasis in Sustainable Business.
10. Shannon Stowell is the president of the Adventure Travel Trade Association (ATTA), the largest professional organization for adventure travel companies, destinations and organizations worldwide with over 1000 members from 90+ countries. He spent 8 years with an environmental testing firm, performing projects around the Pacific Rim and co-founded Altrec, an outdoor gear retailer. He re-started the ATTA which has held Adventure Travel World Summits around the world. Shannon served on the board of the Global Sustainable Tourism Council and co-authored: *Riding the Hulahula to the Arctic Ocean- A guide to 50 Extraordinary Adventures*. He holds a B.S. in Biology from Seattle Pacific University.



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## The Good Company Sustainability in Hospitality, Tourism, and Wine

Robert H. Girling • Heather Gordy • Pamela Lanier

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"This much-needed work is essentially a cookbook, filled with inspiring recipes for sustainable travel. This will be a valuable resource—for everyone from students to industry leaders—for many years to come."—**Jeff Greenwald, Executive Director, Ethical Traveler**

*The Good Company* tells the stories of over 30 inspiring companies around the world that are among the ethical leaders in the industry. The broad positive message is encouraging; each of the companies seeks to live up to the highest standard. The authors tell the steps they have taken and what has motivated them or enabled them to pursue such noble aims.

**Robert H. Girling** is a professor in the School of Business and Economics at Sonoma State University, where he teaches courses in leading sustainable enterprises. He received his PhD from Stanford University. Dr. Girling has consulted with the World Bank, the Caribbean Development Bank, and the United Nations.

**Heather Gordy** is the founder of Healing Water Journeys, a sustainable tour company which focuses on exploring hot springs, nature, and local holistic practices around the world. She has an MS degree in recreation from San Francisco State University, with an emphasis in sustainable tourism. Heather has worked for several sustainable tour organizations including Global Exchange Reality Tours, Bay Area Green Tours, and Altruvistas.

**Pamela Lanier** is the author of 15 travel titles, the founder of Bed and Breakfasts Inns and Guest Houses International, and the TravelGuides.com network. Pamela is deeply committed to furthering ecotourism and sustainable travel, leading presentations at the IUCN's World Conservation and World Parks congresses, WTM, and the World Wilderness Congress. She is a National Geographic Geo Ambassador, and is the founder of **EcoGo.org**, a one-stop resource for ecotravel news, lodgings, and more, to help you have fun and travel green!

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