

WHAT BUSINESSES SEEK FROM CERTIFICATION AND THE RANGE OF INCENTIVES THAT GOVERNMENTS, NGOs, TRADE ASSOCIATIONS, AND OTHERS COULD OFFER

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ABSTRACT

A sample of industry participants was interviewed in order to determine what industry seeks from sustainable travel certification programs. These experts echoed the findings in task 3.1.1.2 that consumer demand for sustainable travel certification programs has not yet evolved into a significant market force, at least in the United States. These respondents, therefore, did not view certification as an effective means for increasing near-term sales or pricing power, which is the primary reason most enterprises consider participating in certification programs. As a result, few indicated an interest in pursuing certification at this time. Some noted, however, that the market for sustainability is growing steadily and suggested ways to accelerate the growth in consumer and industry demand for certification programs.

In the absence of across-the-board consumer demand, most respondents recommended that marketing efforts be focused on those segments of the industry that already cater to eco-conscious travelers. For example, some tour operators and travel agents specialize in serving alumni, church, environmental or social groups, many of which are concerned with sustainability issues. These kinds of intermediaries and affinity groups that are already “among the converted” were viewed as the most logical targets for the marketing of sustainable travel certification programs.

It was also noted that some enterprises consider participating in certification programs in hopes of reducing expenses and becoming more efficient through energy, water or other cost savings. In general, the potential cost savings were viewed as relatively minor and not directly associated with certification. Despite that, the one company that was certified indicated that it would continue with the program because “it is the right thing to do” and because it had been useful in conveying the owners’ commitment to sustainability practices to the staff.

Other respondents were more skeptical about the potential for certification schemes. They felt that certification criteria often are too mechanical, fail to adequately reflect site specific conditions, and do not reflect consumer priorities. Accordingly, they believed that modifications would be required in many sustainable tourism certification programs before they could be effectively marketed to the industry. There was also concern that SMEs are often disadvantaged by certification programs.

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INTRODUCTION

The purpose of this section is to report on what businesses seek from certification and to evaluate the range of incentives that governments, NGOs, trade associations and others could offer to increase demand for and participation in certification programs. A major challenge in carrying out this assessment was that most industry participants who were interviewed had not studied certification programs very thoroughly or thought systematically how various stakeholders could help build awareness of and demand for certification initiatives. Among the judgments that were offered on various topics, recommendations varied about what should be done by governmental and other outside players to increase demand for and participation in certification programs. As a result, there was a divergence of opinion about the best way to market sustainable travel certification programs, what incentives would be required, and what should be done to enable small and medium size enterprises (SMEs) to participate more effectively.

METHODOLOGY

An initial questionnaire that addressed a wide number of issues was developed for use with industry participants. Following test interviews, the questionnaire was simplified, shortened and designed to more directly develop information on both industry's assessment of the demand for certification and what they seek from certification. (See Appendix for copies of the questionnaires used with individual participants and with the focus group as well as a summary of the focus group discussion).

The questionnaire was used as the starting point for interviews with a cross section of industry participants. A number of the respondents were prior acquaintances of the author, so there may be a selection bias of unknown magnitude and direction in the sample. Interviews were conducted both by phone and in person. Most interviews ranged beyond the items raised in the questionnaire and attempted to explore areas of special interest to the person being interviewed. A focus group was also organized with industry experts at the Sustainable Resources 2004 Conference in Boulder in September. The conclusions of the group generally corresponded with the variety of views expressed in the individual interviews. The number of interviews was relatively small, and the responses quite varied, so the results should be viewed as suggestive rather than definitive.

RESULTS AND DISCUSSION

General Impressions

The primary objective sought by most businesses from certification programs is to increase their sales and pricing power. None of the industry experts interviewed, however, indicated that they had experienced significant demand for sustainable practices, either from consumers or intermediaries. In the words of one tour operator, "I can count on the fingers of one hand the number of inquiries I've had about my sustainability practices". There is even less evidence of derived demand by consumers for

formal certification programs. As a result, most businesses recognize that participation in certification programs is not likely to lead to direct increases in business from consumers in the near term. This is the fundamental challenge in making certification programs a force for sustainable practices in the travel and tourism industry.

Despite the limited consumer demand at the present time, some respondents noted that U.S. society was moving toward greater awareness of sustainability issues. They were, therefore, interested in seeing what various stakeholders could do to promote sustainability and certification programs as a longer-term objective. This was especially true of those who viewed certification (as well as less formal industry codes of conduct) as a mechanism for raising and enforcing performance standards in the industry. These individuals hoped to strengthen their destinations over time and wanted to enhance the competitive position of responsible operators and to pressure the irresponsible ones to improve their performance.

Respondents also cited selected examples of intermediaries in the tourism distribution chain that do currently have the potential to create and aggregate individual consumer demand for certification programs. For instance, as discussed below, many specialized tour operators, travel agents and related affinity groups are committed to sustainability and should prefer using certified suppliers when available. This could create an initial source of industry demand for certification in advance of broader consumer interest. These intermediaries are also a potential leverage point for increasing demand for certification among SMEs. Some of the incentives that could be offered to these intermediaries are discussed in later sections of this report.

In addition to seeking increased revenues, some enterprises have considered certification programs in hopes of lowering their operating costs, which is a potential benefit touted by some certification programs. Results appear to have been somewhat mixed on this score. Some respondents cited examples that had been reported of energy and water savings as a result of following good practices and certification guidelines. The enterprises that have realized the largest savings, however, generally appear to have been following the more expensive certification programs (such as HVS's Ecotel), which provide extensive technical and consulting assistance. These expensive programs will be unaffordable for most SMEs.

Other respondents believed that codes of conduct and certification programs are more likely to increase costs than to generate cost savings. Even if the participants do not realize direct cost reductions, however, they still may realize indirect savings and profits from higher guest satisfaction. For example, one tour operator indicated that the industry code of conduct that he promoted had increased his costs, but he still felt that he had benefited on balance from the creation of a "loyal cadre of customers" partly as a result of strictly following the code. He felt that it helped protect the destination and the long-term viability of his business. Over time, this should increase profitability because of repeat business and favorable word of mouth.

Another industry participant, an accommodation provider, reported benefits (initially unanticipated) in terms of better communication with staff and improved operations and morale, thereby presumably also increasing guest satisfaction even if not directly reducing costs. This may be somewhat akin to the experience of owners of green buildings, who have found that the unanticipated savings from improved workforce productivity and reduced absenteeism were even greater than the energy and water savings that they had been anticipating. Moreover, several of the operators interviewed indicated that they planned to continue with or might participate in future certification programs even though they did not believe that the programs would significantly increase business or reduced costs. Instead, they believed that the discipline of the programs would help them “do the right thing”, which was important to them as responsible citizens.

On the other hand, some of the respondents were skeptical about the utility of certification programs. For example, the consensus of the focus group seemed to be that full-blown certification is too complicated for most businesses and consumers at the present time. Preliminary actions need to be taken first, including instituting voluntary codes of conduct, best practice guidelines, and bench-marking. Only once these steps have been taken should the movement be made to formal certification. In other words, they felt that certification should be the culmination of a consumer and industry education program that should start with simpler steps.

This general conclusion is reinforced by many of the specific comments in the individual interviews. For example, the owners of a leading ecolodge were initially actively involved in helping to develop one of the premier certification programs. But they lost interest as it became clear that standards were relevant primarily for city hotels and had gone “beyond the point of realistic” in requiring such things as a separate water meter for each building (e.g., cabin) in order to get maximum credits. Several others noted that it is relatively straightforward to evaluate the application of green technologies, but that it gets incredibly complicated to evaluate the sustainability of individual companies in the broader areas of socio-cultural, community, and nature preservation.

Several of the respondents expressed additional skepticism because they felt that current certification standards are “too mechanical”. Instead they sought certification systems that were better at identifying whether the enterprises “core values” were consistent with sustainability criteria instead of whether specific numerical targets were met. Others expressed concern that certification systems, especially process based systems, are vulnerable to “greenwashing” by firms that can afford to pay, but are not really committed to the underlying principles of sustainability. Criticism was also levied against companies that take superficial cost-saving actions (like encouraging guests to reuse towels) but then continue other inappropriate practices (like using Styrofoam cups) – although it should be noted that well-designed certification programs should catch these types of inconsistencies.

There was some divergence of opinion whether it would make more sense to focus marketing on those segments of the industry that are already convinced of the importance of sustainability (and maybe certification) or whether to set easier standards in order to

encourage wider participation. Most respondents felt that it would be more effective to concentrate on the innovators and early adopters who are already oriented toward sustainability and to get them to embrace formal certification programs. An alternative view favored creating awareness and participation through less formal codes of conduct and guidelines that would appeal and be adopted by a broader segment of the industry, thereby more quickly beginning to influence the mass market rather than focusing on smaller niche market segments.

Finally, there was consensus that SMEs are currently disadvantaged under most certification systems and that special provisions need to be made to ensure at least a “level playing field” for smaller enterprises, especially community-based ecotourism facilities. An interesting example cited by one of the marketing experts concerned a company that was developing an in-flight airline magazine. They concluded that the Green Globe certification program that they were considering was too expensive and complicated for small businesses. As a result, they developed their own rating scheme to use in the publication, which they felt was better suited to smaller accommodations and destinations. In short, given the costs of certification and lack of knowledge or funding to implement the required performance improvements, the general belief was that smaller businesses need an integrated package of funding, technical assistance and marketing support if they are to take advantage of the potential benefits of certification programs.

In addition to the general comments, different segments in the travel distribution chain indicated that they seek somewhat different things from certification programs. The following sections discuss some of the specific needs identified by industry segment.

Accommodations and destination attractions

None of the lodge operators interviewed had yet experienced direct consumer demand for supplying a certified product. As a result, they indicated that the primary need is for building demand for certified products. They felt that the best near-term prospects were in trying to create demand through various intermediaries (e.g., tour organizers, tour operators, travel agents) rather than trying to build consumer demand directly. The U.S. hotel and resort operators did often use certified products and advertised that fact. Some felt that using these certified products enhanced their reputations and helped with customer and broader external relations. Their suggestions for promoting certification programs are included in the following section on possible incentives that could be provided by other stakeholders.

Another issue frequently mentioned by lodge operators is the need to differentiate requirements based on local circumstances. In the words of one, “one size cannot fit all”. For example, he noted that water conservation did not make sense for his facility, which is located in an area with 12 feet of rain per year and ample space for a low-cost drain field for wastewater disposal. At the same time, he is planning a satellite facility on a small island in a sensitive marine zone where all fuel and water will have to be brought in and wastewater will have to be thoroughly treated. In this facility, energy and water conservation and wastewater recycling will all be of paramount importance. None of the

existing certification programs appear to give appropriate recognition to these types of differences in underlying environmental conditions from site to site. As a result, several respondents identified the need for more location-specific evaluation criteria before certification programs would be relevant to their facilities.

Local ground operators and guides

Several respondents observed that the most effective educators and spokespersons for sustainability practices are the local guides, especially indigenous ones. These are the people in direct contact with the travelers and have the authenticity of being from different backgrounds. Their local knowledge and perspective give them the ability to get travelers to think about things differently and see things from their vantage point. One example given was the dramatic impact one native guide in the Amazon had with a tour group when he explained why they should not take photographs or tip a local who had caught a caiman in the river and was holding it up for pictures. He then used that as a teaching moment to give a broader lecture on the economic forces, including tourism, which were adversely impacting local wildlife. Reportedly, that presentation stimulated discussion among the group for the rest of the trip about what they should and should not be doing, including how they could get more actively involved in local conservation initiatives.

This suggests that one of the primary opportunities for building the consumer awareness that will underpin the ultimate demand for certification programs is to support local guide education programs. Specifically, programs should be designed to help the guides explain local environmental and social conditions and show how various criteria used in certification programs are relevant to issues of concern to them. These broader training initiatives could be combined with more traditional guide training and licensing programs that cover such qualifications such as language, CPR, Wilderness First Responder and other technical ratings.

The existence of certification criteria that emphasize use of local guides and ground operators can have a positive influence on demand for their services. One example given was by the promoter of community-based enterprises in the area of a mega-resort in the Caribbean. He had been trying for over a year to get the large hotels in the area to patronize the services of local guides for day trips, but to no avail. It was not until the hotels sought Green Globe certification and realized that they would be evaluated in terms of their use of local operators that he was able to get in the door and secure day-trip concessions from the hotels. This is clearly a case where certification at one level in the industry created demand for local SME service providers.

Outbound operators

Outbound tour operators are often cited as being the point in the distribution chain with the greatest potential leverage to promote sustainable practices. It has been suggested that certification could help outbound operators by reducing the amount of due diligence that they have to perform in qualifying local suppliers. Our interviews indicated that this is

unlikely to be a significant factor. The tour operators interviewed for this study all indicated that they would perform the same level of checking on the qualifications of local suppliers whether or not they were certified. One outbound tour operator did suggest, however, that she would be more inclined to include certified suppliers in any “short-list” when considering potential new suppliers. She indicated that her primary concern in selecting suppliers is consistency. Anyone that shows the discipline to get certified would pass a prime facie test of seriousness and would be more likely to be considered as a future supplier. As a result, she would be more inclined to consider certified suppliers rather than ones that are not certified in deciding who to evaluate further. Thus, over time, certification could become useful to outbound operators by allowing them to identify reliable suppliers more efficiently, thereby increasing demand for certified suppliers.

At the same time, several industry people expressed caution about the feasibility of certifying tour operators (in contrast to their suppliers). This was because tour operators typically have to use many suppliers and it is not always possible for them to require those suppliers to be certified or otherwise meet specific quality standards. If the suppliers are not already certified, the tour operator generally has relatively limited leverage to require a vendor to go through a third party or their own certification process. As a result, tour operators will often be using a mix of many suppliers with differing degrees of commitment to sustainability principles. Determining whether the weighted mix of suppliers meets a specific certification standard is difficult at any point in time, much less over time as suppliers are added and dropped.

As a side comment, several tour operators raised the issue of global warming and the importance of “carbon offsets”¹. The primary environmental impact for many travelers, especially long-haul, short-stay travel, is the contribution to climate change from travel to the destination. A number of programs (such as 500ppm, MyClimate, and the Chicago Climate Exchange) have been developed in recent years to facilitate carbon offsets. Transportation companies and tour operators are logical candidates for offering voluntary opportunities to their clients to offset the climate change impacts of their travel. This is not only an important initiative in itself, but could serve to increase consumer awareness of the environmental impacts of their travel decisions, and ultimately to increase demand for certification programs, especially if they included requirements for carbon offsets.

Travel Agents

Even though use of travel agents is declining significantly because of the Internet and direct sales by airlines and hotels, almost half of U.S. international travelers still consult travel agents for information. Accordingly, they represent a tremendous multiplier if they can be convinced to give consideration to certification issues. Given the current lack of consumer demand, however, the respondents felt that marketing efforts aimed at the general travel agent market are unlikely to be successful.

¹ Carbon offsets are provided when the additional emissions of green house gases from a particular activity are neutralized by reducing emissions from another source, such as planting trees or re-powering old inefficient power plants.

On the other hand, several respondents noted that some travel agents specialize in market segments (such as elder travel, education groups, service vacations and the like) that are more attuned to sustainability issues. Travel agents working with these kinds of affinity groups should be an attractive target as they could potentially increase their sales by offering certified destinations and operators to their clients. Some of the most specialized agents, such as Manaca, which focuses exclusively on eco-travelers, have developed their own rating schemes as a source of competitive advantage. Most travel agents, however, are unlikely to find that it pays to develop their own rating schemes and some of these would be candidates to utilize existing certification programs. In addition, it was pointed out that travel agencies promoting certification might successfully target the corporate travel departments of companies that are trying hard to improve their sustainability ratings.

Travel Media (Print and Electronic)

The individuals interviewed for this study did not include members of the travel press, since they were interviewed elsewhere, so there was no direct feedback from this segment of the industry. Nonetheless, it seems likely that writers of guidebooks and travel articles should be interested in promoting sustainability and should be good candidates for explaining and promoting certification programs. Some of the publications may want to perform their own due diligence and provide their readers with proprietary rankings as part of the incentive to purchase their products. Others, however, might be quite happy to feature existing certification programs once they have the requisite market coverage. Other publications may be devoted almost exclusively to sustainability rankings. For example, the Saunders Hotel group recently launched an initiative to produce a Green Hotel Directory designed to cover all the major destinations in the United States. It is an interesting example of a private company seeing an opportunity to respond to the growing demand for reliable information on sustainable hotels. It is also interesting that they started by identifying hotels in each of the key U.S. domestic destinations in order to be as useful as possible to consumers (i.e., they adopted a market-driven approach) rather than focusing on rating hotels regardless of location.

There was a divergence of opinion on the desirability of trying to get more traditional quality rating providers (e.g., Mobil, AAA, Michelin) to include sustainability ratings in their offerings. Several examples were given of potential conflicts between the requirements for receiving high quality ratings (e.g., individual shampoo bottles versus bulk dispensers, incandescent versus compact fluorescent lights) and environmental ratings. Indeed, one of the tour operators cited the extent to which high-end clients were sometimes irritated by small water and energy saving initiatives when they were paying top dollar for luxury. Everyone agreed that the typical consumer is first interested in the traditional quality considerations and would only choose eco-friendly facilities when all other considerations were roughly equal, and even then, would seldom pay a premium for them. Thus, while it would seem desirable to find ways to incorporate the sustainability criteria and certification schemes into established quality rating programs whenever possible this simply may not be feasible because of perceived conflicts in objectives.

Many of the respondents emphasized the importance of finding Internet-based vehicles for promoting certification programs. Consumer use of the Web for researching destinations and suppliers is growing exponentially. If ways can be found to encourage the established travel portals (e.g., Travelocity, Expedia) to include information on sustainability and certification, the potential to both educate and influence consumers would be enormous. Until consumer demand increases significantly, however, the respondents doubted that they'd be interested. Instead, they thought that the best bets would probably be specialized, conservation-oriented portals, such as NRDC's Biogems or SustainableBusiness.com, which have an environmental or sustainability focus, but do not yet include sustainable travel information. Unfortunately, none of the respondents had specific suggestions as to ways that certification programs could help serve the needs of these Internet-based information service providers. This is an area, however, where several of the respondents felt that innovative ideas could have a great impact. It is, therefore, an area warranting further study.

WHAT INCENTIVES COULD BE PROVIDED (GOVERNMENTS, NGOS, TRADE ASSOCIATIONS)

The respondents suggested a variety of incentives that could be used to promote certification programs by outside stakeholders, including government agencies, NGOs, trade associations and others. The primary types of incentives cover marketing and education, training, financing, and regulatory inducements.

Marketing and Consumer Education

One of the issues raised in the interviews was that marketing has not traditionally been an integral part of certification programs from the outset. Instead, many of the programs appear to have initially been driven by consumer or other advocacy groups that have focused on the substantive challenge of developing appropriate guidelines rather than on ensuring demand for certification programs among potential users². As a result, several respondents commented on the need for governments and NGOs to support the marketing activities of various certification programs. Given the extraordinary importance of building demand for certification programs, one person suggested that any outside financial support to certification programs should be earmarked exclusively for marketing activities and that donors should not allow their funds to be used for overhead or other program development expenses. While this is an extreme position, it highlights the point that government agencies and NGOs should presumably give greater emphasis to financially supporting marketing campaigns for certification programs. This support could be in the form of direct subsidies for marketing activities or in the form of in-kind services such as content development, printing, or free advertising space in their publications.

² A possible exception might be the start-up, U.S.-based Sustainable Travel International, which is emphasizing building traffic to its Website as a first step in creating demand for its proposed certification program, which is currently under development.

There appear to be some attractive opportunities for innovative marketing concepts by NGOs and other promotional bodies. For example, the Mesoamerican Ecotourism Alliance has devoted substantial effort to developing site-specific social and environmental impact measures (at a cost of up to \$50,000 per site). They are providing information on the resulting impacts to their tour operators and independent travelers as a way of showing what the specific impacts are and what concrete steps are being taken to ameliorate them. This is the type of feedback that is likely to greatly increase consumer (and tour operator) awareness and interest. Ideally, this type of cause and effect information could be included in more traditional certification programs and should be emphasized in any marketing programs. Governments and NGOs could help gather and disseminate this type of information, either directly or indirectly through tour operators, travel agents, travel media and other industry participants.

Another recurring theme among the industry respondents (as well as the earlier tourism marketing experts) was that market acceptance of certification programs depends on credibility. While some of that can come from sponsorship by national governments, international organizations, or prominent NGOs, the greatest credibility with consumers will probably come from association with respected brands. Frequently mentioned were companies such as Patagonia, REI or Body Shop, which have established a reputation for corporate responsibility in the consumer's mind. Affiliation programs with these types of companies could be especially effective. This is an area where trade associations and other well-connected intermediaries might facilitate such relationships, based on personal contacts with corporate leaders.

Similarly there are opportunities for "co-branding" products. An interesting example cited by one respondent is the success of Intel Corporation in building a market image of quality. As a result, most manufacturers of desktop and laptop computers want to show the "Intel Inside" logo on their products. This helps them convey a quality message and also promotes the sales of Intel chips. Once various certification (or accreditation) programs achieve this quality image, they could increase their marketing coverage by encouraging tour operators and others to advertise the fact that they use vendors certified under that brand. Industry associations and well-connected individuals could help the certification programs with the necessary introductions to explore co-branding opportunities.

Several respondents also emphasized the importance of developing marketing messages that resonate with travelers. As noted in the consumer demand section, the consensus was that travelers are typically less interested in "inside-the fence" green technologies than in preserving broader cultural and natural resources outside the hotel grounds. Despite this, the primary focus in most certification programs is on green technologies and practices. If the marketing messages are to be effective, therefore, they need to address these other issues of greater relevance to the traveler. An extreme example was given by an NGO, which runs a project to assist porters in South Asia and Africa. They have emphasized to potential travelers that the willingness of local operators to follow their guidelines may literally mean the life or death of individual porters. This is a

message with real emotional impact and they believe has generated considerable consumer awareness. Governments, trade associations, and NGOs could fund in-depth market research into consumer priorities and help develop marketing messages that would show how certification programs address these priority concerns.

The respondents suggested that one of the leverage points for disseminating this type of marketing message is while travelers are en route. For example, airline magazines and visitor care cards can offer low-key educational information while passengers are looking for something to fill the time. This is an area where industry associations or advocacy groups might be able to provide media materials or financial support to place sustainability messages and certification-oriented articles in these media. Longer term, guide books and travel magazines were also identified as media that should be targeted for coverage of certification issues.

Concern was expressed that SMEs need additional support in connecting to markets. This is a broader issue that covers all their marketing needs not just in marketing their certification activities. Nonetheless, it was felt that many small, locally-owned enterprises do not understand why guests might potentially be interested in certification. They do not know how to effectively communicate to guests the various steps that they might be taking to get certified and why this should be of interest to guests. This is partly a marketing problem, but also reflects the need for training programs. As a result, many respondents noted the need for comprehensive packages of support that provide financial, technical, and marketing assistance. Governments and, to some degree, NGOs should fund this type of assistance on a grant basis or partial reimbursement basis to SMEs.

Training

As noted earlier, guides are often key to connecting to consumers. One example of a promising guide-training program is the one run by the U.S. National Park Service for archeological and nature guides in Belize. This program has been a major help in raising the professional qualifications of the guides and has created a career progression for them as well as significantly enhancing the travel experience. It would only be a small step to formalize and incorporate this type of program into a formal certification program – which might also create opportunities for co-branding. Governments and NGOs are probably best positioned to support guide training programs through grants or reimbursable programs.

Also frequently noted was the need for management training for small entrepreneurs and community organizations. Many of the smaller operators do not speak the languages of their target guests, do not fully understand their expectations, and do not have the business management skills to grow their enterprises. Governments and NGOs could support comprehensive training programs and industry associations could facilitate professional exchanges and learning from others in the industry. For SMEs, these programs should probably be provided on a grant basis or with only minimal reimbursement in order to get as wide participation as possible.

Financing

The primary financing need identified by the respondents was for marketing in general and for technical assistance for SMEs. In the marketing area, as noted earlier, the underlying requirement is to build demand through general consumer education. This type of marketing is largely an educational “public good” in that all members of the certification industry (as well as society at large) will benefit, so it would not pay for individual certification programs or their sponsors to make the broader educational investments. This is an area where governments or NGOs with a public focus should help defray costs.

Also as noted above, funding on grant or highly favorable terms would be appropriate for technical assistance to SMEs. It was noted that many of these enterprises are disadvantaged by lack of knowledge of what their customers expect and lack of business management skills. There are sound equity arguments for helping improve the competitiveness of these firms, whether in the context of certification programs or not.

Finally, although not raised by the respondents, it seems likely that many smaller enterprises will not have access to the financial resources necessary to invest in the green technologies and broader nature conservation and community development initiatives necessary to get high rankings under various certification programs. This is an area that may warrant separate study to determine whether lack of investment capital is proving to be a barrier to achieving certification, especially by SMEs in poorer countries. If this turns out to be the case, it may present opportunities for channeling small business financing programs towards investments necessary to meet sustainability criteria and to qualify for certification.

Regulatory Compliance and Preferential Purchasing

Domestically, advocates have suggested that certification can be a vehicle to reduce regulatory compliance burdens or to provide preferential treatment in selling to governments or qualifying for concessions. For example, EPA has been promoting its Performance Track, which is a sort of certification, partly on the grounds that qualifying companies will be relieved of some reporting and inspection requirements. This can be an important incentive for certification if the compliance burden being removed is significant. Other examples include using various certifications (such as energy efficiency, green purchasing) as pre-requisites or evaluation criteria in competing for national park concessions. How relevant these types of incentives might be for the five target countries was outside the scope of this study, but is an issue that should be explored further.

A different example was given of the Ministry of Environment in Israel, which has an enforcement mission and is anxious to improve its image and relations with local small businesses. One way it was doing this was to offer to have its inspectors also help in certifying and promoting a set of sustainability criteria for the tourism industry. They see certification as an opportunity to play a positive role on behalf of industry and to create constructive working relationship with the regulated community. Since this certification

program is still be refined, it will take some time to determine whether the projected benefits will materialize for either the government or industry side. It does, however, seem like a worthwhile experiment to see if mandatory inspection services could be combined with voluntary certification programs without compromising either.

CONCLUSION AND RECOMMENDATIONS

The interviews and focus group with industry participants yielded interesting insights and anecdotes. The respondents came up with some concrete marketing recommendations, but in most cases they were not as definitive in recommending solutions as in identifying problems. As a result, some of the recommendations are those of the author. They are based on observations and conclusions developed in the course of the interviews, but were not necessarily specifically articulated by the participants.

Overall Strategy

Given the limited U.S. consumer demand for sustainable travel certification programs and the limited participation by travel firms in the programs, a comprehensive marketing strategy will be required to gain significant market penetration. A rough balance should be maintained between creating demand for and supply of certified enterprises. This suggests that marketing programs should aim at encouraging more industry participants to get certified as well as at building consumer and industry demand for certification programs. Most respondents recommended focusing on building demand and supply through niche travel markets (e.g., ecotourism, alumni travel, service vacations) that are already oriented to sustainability concerns. Some suggested, however, that it might be more effective to start with less formal systems (e.g., codes of conduct, best practices, industry awards) that would appeal to a broader segment of the travel industry. Our recommendation is that industry and local certification programs focus their marketing on the most promising niche markets for their countries or regions. Large international governmental and non-profit organizations should, on the other hand, devote at least some of their marketing effort to building mass market demand by educating the general consumer about responsible travel and related certification programs.

Recommendations for Increasing Consumer Demand

All-too-often, marketing of sustainable travel certification systems seems to have been an afterthought to program development. This is one of the reasons for the lack of overall consumer demand. Accordingly, in order to build the foundation of consumer demand necessary to support certification programs over time, funding for marketing initiatives should be a key part of all certification programs. Any entity promoting a certification program, therefore, should allocate substantial funds for market research, marketing plan development and marketing activities necessary to support that particular program. In addition, international governmental and non-governmental organizations with global reach should consider funding broader educational programs to encourage the responsible travel awareness that builds across-the-board consumer demand for certification programs in the future.

Given the current lack of awareness and interest in certification on the part of the general public, most of the respondents recommended concentrating marketing activities on niches in the travel industry that would be most receptive to sustainability concerns. For example, several respondents identified the organizers of specialized tours (e.g., alumni associations, church groups, environmental organizations, service vacations) as serving members with a strong conservation sustainability ethic and likely to support certification program goals. Travel organizers, travel agents and tour operators serving these affinity groups can serve as aggregators of individual travelers who would respond to the message of certification programs. By bundling individual travelers into like-minded groups, these intermediaries can create sufficient demand to incentivize local accommodations, destination managers and ground operators to get certified. They might also be able to gain a competitive advantage in marketing to these groups by offering certified products. Accordingly, one of the recommendations is for promoters of certification programs to identify and market to appropriate affinity groups and the tour operators and travel agents that they work through.

The eco- and socially-conscious travelers in these affinity groups are likely to be especially demanding of evidence of performance and concerned about potential “greenwashing”. One of the ways suggested to gain credibility with them would be to affiliate or co-market with companies, such as Whole Foods or Tom’s of Maine, that have established credibility with consumers. A frequent recommendation of the respondents was for promoters of certification programs to actively seek out partnerships and co-marketing opportunities with highly respected companies in order to increase consumer recognition and acceptance of their specific certification “brand”.

While the recommended strategy is to focus most of the marketing effort on responsive niche markets, some of the respondents felt that it is important to start penetrating the mass market as well. Several strategies might prove effective in reaching this broader market. For example, the mass market probably places even higher priority than the niche markets on traditional price and quality aspects (e.g., destination attractions, room and food quality, service, safety). Especially for the mass market, therefore, it is important to emphasize that certification is not an end-in-itself, but should be framed as a means to an end – in this case an enjoyable vacation. Marketing to these consumers, therefore, should emphasize why certification results in a more reliable and high quality product, such as clean beaches, unpolluted destinations, more wildlife, vibrant local culture, and the like.

One of the related issues discussed with industry participants was the pros and cons of trying to get sustainability ratings incorporated into more traditional “star” quality ratings (e.g., Mobile, AAA, Michelin). Most of the respondents felt that it would be desirable to do so if possible, because consumers often do look to these ratings when selecting destinations. But there was doubt that many quality rating programs would be interested in adding sustainability ratings in the absence of strong existing consumer interest. It was also pointed out that for some consumers there is a perceived conflict between conservation and luxury consumption. For example, one high-end operator cited the

example of not being willing to put compact fluorescent light bulbs in guest rooms because the light is “unflattering”. Thus, despite the potential benefits, it probably does not make sense to push inclusion of sustainability criteria into existing quality rating schemes as a near term priority.

One of the sharpest conclusions of this study is that industry participants believe that consumers are less interested in “inside-the-fence” green technologies than they are in broader nature and cultural conservation issues. This suggests that, in order to be effectively promoted, sustainable travel certification programs should give less emphasis to green technologies and more to the steps being taken to protect natural and cultural resources “outside the fence”. These broader impacts are harder to measure than whether various green technologies are being adopted by a hotel or lodge, but they are more important to the typical traveler. Accordingly, donors should consider funding research into how to better measure these impacts and to assist certification programs in incorporating them into their evaluation criteria and marketing messages.

Another issue that was highlighted by the respondents is the critical role that local guides can play in raising consumer awareness about threats to the local environment and society. Most eco-conscious travelers rate the quality of local guides as one of the most important, if not the most important, determinant of their satisfaction with their vacation. One of the priorities in marketing certification programs, therefore, should be in training guides on how best to explain the challenges to sustainability in their area and how to explain how any certification programs they are associated with are addressing these challenges.

To reinforce this point, the manager of a regional ecotourism alliance in Central America made an interesting observation. His group is developing social and environmental indicators for protected areas that they were working with. The goal is to show how these conditions are changing over time and to relate these changes (positive and negative) to actions of the travelers. These results are then being fed back to the tour operators and others involved in that travel. In this way, there is a dynamic feedback that tour operators can use to improve their activities and educate their clients. It would seem that this type of dynamic feedback would be more compelling to travelers. This is a concept that should be considered for inclusion in other certification and responsible travel programs and a candidate for funding from donors in order to increase consumer interest in certification schemes.

Recommendations for Increasing the Supply of Certified Enterprises

At the same time that initiatives are underway to increase consumer demand, more industry participants must also be encouraged to get certified. Without a critical mass of certified suppliers, consumers will lose interest in certification programs. At present, there is a definite lack of certified suppliers for U.S. consumers to consider in most destinations.

A majority of the industry participants interviewed recommended that recruitment efforts focus on niche players who are already sympathetic to the sustainability message. Similar to the strategy for increasing consumer demand, they suggested concentrating on tour organizers, tour operators, and travel agents that specialize in market segments that would be most inclined to favor certified suppliers if they were available. These types of affinity groups include alumni associations, churches, environmental organizations, sponsors of service vacations, and similar entities. To the extent that their members would be more inclined to patronize certified suppliers, operators can advertise the fact that they use these suppliers. By doing so, the tour operators can both improve their competitive position and aggregate sufficient demand to make it worth the time and expense of their suppliers (accommodations, destination attractions, local guides) to get certified. Thus, the primary recommendation for increasing the supply of certified vendors is to focus back up the supply chain to find those intermediaries who can bring pressure to bear on the end-suppliers to become certified.

A cautionary note was offered that it is likely to be considerably more difficult to certify tour operators than the end-suppliers, because the tour operators typically rely on a number of these suppliers. The end-suppliers are likely to vary considerably in terms of their sustainability performance, so tour operator rankings will be more arbitrary (e.g., based on the worst performing supplier, the average, the best?). Accordingly, several respondents recommended concentrating on getting a critical mass of end-suppliers certified before attempting to certify tour operators and other intermediaries.

In attempting to get end-suppliers to become certified, it will be important to clearly articulate the true benefits from participation. As emphasized above, except for selected market niches, there is unlikely to be significant U.S. consumer or industry demand for certified travel products. As a result, the benefit of primary interest to most suppliers – increased sales and pricing power – is unlikely to be significant. Instead the program has to be sold on the basis of potential secondary benefits, of which there are several.

The secondary benefit that generally gets the most attention is the opportunity for cost savings, primarily from more efficient use of electricity, fuel, water, and waste disposal costs. Our respondents tended to question the significance of these savings in practice. This is partly because many of the cost-effective measures with quick pay-back are already being widely promoted by conservation groups independently of certification programs. It is also because the better certification programs, which provide significant amounts of technical assistance to help identify potential cost-saving efficiencies, tend to be labor intensive and expensive. They are not likely to be affordable for the target audience of SMEs. In order to generate cost savings for the target firms, therefore, it will be important to provide technical assistance on a subsidized basis to help them identify the specific investments in energy, water, and waste management practices that will generate a positive rate of return on investment.

At the same time, several respondents indicated that they had realized unanticipated benefits from sustainability initiatives. For example, one lodge owner found that the certification process in itself provided a useful communication vehicle for getting staff

buy-in. Another high-end operator, which has LEED certified buildings but not sustainable travel certifications, found that employee morale was higher and that the company benefited in recruitment and retention from its commitment to sustainability. As a result, it would be useful for NGOs and others to systematically document these kinds of benefits so that they can be included in the sales pitch to potential participants.

Improved staff morale and better community relations are also likely to be significant contributing factors to customer satisfaction, which is the key to repeat business and positive word-of-mouth advertising. To the extent that participation in certification programs can help achieve these goals, it should be included in the marketing message. The key at this point is to better document and quantify these effects if possible. This might be an area where governments and advocacy organizations could sponsor some applied academic research to be used in marketing certification programs to the industry.

Several respondents emphasized the long-term importance of getting all industry participants to protect the natural and cultural resources in tourist areas in order to maintain destination appeal. This requires a longer-term vision than some short-term profit maximizers are likely to have. But the respondents felt that good industry codes of conduct and certification programs could help weed out the poor performers who threaten the long-term sustainability of the destinations. This is a marketing message that can and should be used with the more responsible members of the tourism distribution chain.

Finally, the skeptics' questions about certification program costs and structure should be addressed and countered to the degree possible in developing marketing strategies to the industry. One of the concerns raised is the cost of certification, especially for smaller firms. To the extent that costs cannot be reduced through simplification and streamlining procedures, subsidies should be provided by governments and NGOs sponsoring the programs to keep them affordable for smaller participants. Another concern expressed is the one-size-fits-all approach of most programs, which is not responsive to market positioning and site-specific circumstances. This raises fundamental issues of certification program design, but efforts should be made to emphasize whatever flexibility does exist in the various programs when marketing to the industry.

Recommendations for Assisting SMEs

The same structural problems of high costs, complexity, and lack of flexibility to reflect local conditions apply with special force to smaller enterprises. The SMEs can't afford expensive programs, need simpler designs, and require latitude to adjust to management and physical limitations. The respondents were unanimous in their view that SMEs need comprehensive support if they are not to be disadvantaged by certification programs. Accordingly, governments, NGOs, industry associations and other potential donors should be prepared to provide integrated packages of financial, technical and marketing assistance to SMEs. The primary focus of this assistance should be to enable disadvantaged small enterprises to improve the overall quality of their offerings. A side benefit of this assistance would be to position them for higher sustainable travel certification rankings, but this should not be the primary objective of the assistance.

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Mark Willuhn, Director, Mesoamerican Ecotourism Alliance

APPENDIX A: FOCUS GROUP QUESTIONNAIRE

1. How familiar are you with various sustainable tourism certification programs? Which ones?
2. What benefits have these programs had to date? What is their future potential?
3. What can be done to build consumer demand for sustainable tourism certification programs? Near term, longer term?
4. What are the reasons that businesses at various levels in the supply chain might or might not participate in current and future sustainable tourism certification programs?
5. What incentives could governments, NGOs, trade associations and others provide to facilitate the use of sustainable tourism certification programs?
6. What special incentives should be considered to assist small and medium size enterprises (SMEs) in taking better advantage of sustainable tourism certification programs?

APPENDIX B: FOCUS GROUP SUMMARY

SUSTAINABLE RESOURCES 2004 October 1, 2004

Participants

- Chris Adams – Jasons Travel
- Marcus Endicott – Green Travel
- Gary Groll – Sustainability Consultant
- Peter Krahenbuhl – Sustainable Travel International
- Mandip Singh Soin – Ibex Expeditions
- Mark Willuhn – Mesoamerican Ecotourism Alliance

Facilitators

- Abi Rome
- Ed Sanders

Question 1: How familiar are you with various certification programs? Which ones?

- Marcus, familiar with certification issues in general, but no direct involvement with any specific programs.
- Mandip, Green Globe, HVS Ecotel
- Gary, worked with green-building codes, but not tourism
- Peter, researched all in course of STI; did not pursue any certification programs with The World Outdoors (outbound adventure tour operator)
- Mark, Green Globe and Blue Flag
- Chris, Green Leaf, Green Globe, NZ “ten key practices “towards 20:20”

Question 2: What benefits have these programs had to date? What is their future potential?

- “greenwashing primarily”, especially “if you have money for process certifications”
- certification for infrastructure type issues is more meaningful where the criteria are clear (e.g., Ecotel)
- the broader issues (e.g., socio-cultural, nature preservation) are “incredibly complicated”
- One noted that he was uncomfortable with arbitrary rating systems. What is key is that “I’m doing the right things”, but also recognized that industry needs to be regulated.
- Difficult to evaluate the broader impacts (e.g., case of teaching basket-weaving in Bahia).
- Mark’s previous example where the local ground operators had not been able to get the time of day from big hoteliers in DR until Green Globe rating requested data on their use of local guides. Then got substantial support.
- Aveda haircare products – were concerned with green technology driven by CERES.

Question 3: What can be done to build consumer demand for sustainable tourism certification programs? Near term? Longer term?

- Possible relevance of the traditional product adaptation cycle framework (e.g., innovators, early adapters, etc.).
- Then need to evaluate who are the innovators, what they are interested in, where they are going.
- In general, marketing has not been an integral part of the certification programs (although STI is focusing on education programs as their starting point in order to build demand for their program)
- Target event organizers, green initiatives
- PATA, ASTA and other travel agent organizations are good targets. Only the specialized travel agents are good prospects. Otherwise TAs are a “waste of time”
- Dual marketing and co-branding is a promising strategy – energy star and green-building certifications. “Intel Inside” example.
- Carbon offsets are important and are something that travelers can readily understand, so may be an entry point
- Focus on alliances outside the industry, with entities that have a stake in the outcome.
- Jasons in New Zealand. Shifted to Internet focus, but ended up sending out more hard copy as a result.
- How do you get the word out?
- Airline magazines, visitor care cards, etc. “more entertainment than education” but still a good way to get the word out.
- Example of Prince Philip’s decision to shun anyone wearing furs is a good example of impact of celebrity.

Question 4: What are the reasons that businesses at various levels in the supply chain might or might not participate in current and future sustainable tourism certification programs?

- Overall branding more important than certification per se. “New Zealand 100% Pure” somewhat obviated need for certification.
- “People don’t buy certification”, so have to create an awareness of value, example of visiting media program.
- Fair trade example. Have to get a critical mass of the big players involved.
- Message: “Certification did not make this place, but it will keep it beautiful”
- Brand has to represent the values of the traveler’
- Day trip opportunities/challenges
- Service vacations is a great opportunity
- “It’s all about making it real and personal”
- Work through alliances and “patron operators”
- Chris strongly favors the “big tent” approach, which suggests setting low standards initially to get participation (note: is this in contrast with starting small with the innovators, early adapters?)
- Otherwise, putting the cart before the horse
- Need critical mass of participants.

- Simple statement of intent may be sufficient (example of the world climbing community guidelines) getting consumers sensitized.
- CERES best practices survey is a way of benchmarking hotels' practices, and thus an easier first step towards certification
- Airlines and transport is a good leverage point

Question 5: What incentives could governments, NGOs, trade associations and others provide to facilitate the use of sustainable certification programs?

- Carbon credits, tax credits
- Green taxes
- Better marketing
- State and local tax breaks
- Concessions and favorable access to public attractions
- Business alliances
- Regulatory relief
- Tourism boards (Costa Rica model)

Question 6: What special incentives should be considered to assist small and medium size enterprises (SMEs) in taking better advantage of sustainable tourism certification programs?

- Need for simple, low cost packages (e.g., \$99)
- Treat as membership programs and push down the supply chain
- Aggregate demand for small operators
- Fund 100% of the marketing costs of certification programs (instead of subsidizing overhead costs)

APPENDIX 3: INDUSTRY QUESTIONNAIRE

QUESTIONNAIRE #2 For Use with Travel Industry Suppliers and Operators

Person Interviewed _____

1. Do you currently participate in any certification programs that promote sustainable tourism? If so, which ones? If no, drop to question 5.

2. How significant have the benefits been to you in terms of: **(Please rank high, medium, or low)**
 - Increased sales or pricing power _____,
 - Improved relations with shareholders, communities, workers, etc. _____,
 - Improved internal operations and efficiencies _____,
 - Other _____.

3. How significant have the costs of participating been in terms of: **(high, medium, low)**
 - Direct payments to certifying agencies and auditors _____,
 - Management and staff time to collect data and answer questions _____,
 - Investment and operating costs to meet certification criteria _____,
 - Other _____.

4. Do you intend to keep participating in the current certification programs? Why or why not?

5. Have you considered, but decided not to participate in any particular certification programs in the past? Which ones and why?

6. Are you considering joining other certification programs? Which ones and why?

7. Are certain segments of your clientele more interested than others in sustainability issues and certification programs? Which ones?
8. How important do the various types of sustainability issues seem to be to your clientele? **(high, medium, low)**
 - Using green technologies _____,
 - Protecting the natural environment _____,
 - Preserving local history and culture _____,
 - Generating local economic benefits _____,
 - Other? _____.
9. Which segments of the distribution chain are likely to be most interested and effective in promoting certification programs to consumers? **(For example: lodges, tour operators, travel agents, travel media, guidebook operators, government and industry promotion agencies)**
10. What are the primary reasons for the lack of consumer interest in sustainability certification programs? What marketing strategies could be used to increase consumer interest in those programs?
11. What are the primary reasons for the lack of industry participation in sustainability certification programs? What marketing strategies could be used to increase industry participation in these programs?
12. What incentives could governments, trade associations, and international organizations offer to make participation in certification programs more attractive to you?