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How eco-travelers are fueling hotel industry's sustainability drive

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This story is part of <u>The Path to Zero</u>, a series of special reports on how business can lead the fight against climate change. This quarter's stories go in-depth on sustainability in supply chains.

The luxurious and laid-back Bucuti & Tara Beach Resort in Aruba has been singled out by TripAdvisor as the most romantic hotel in the Caribbean for six years running. But you might never guess that the adults-only retreat, with 104 elegant, modern rooms, is also one of the most sustainable hotels in the world.

That's because more than 20 years ago, Bucuti & Tara Beach Resort owner Ewald Biemans found himself in an uncomfortable situation: A German guest at the Aruba hotel became upset when staff served him beer in a single-use plastic cup instead of a reusable container.

The reaction stuck with Biemans, a 75-year-old environmentalist who decided to ban single-use plastics and styrofoam shortly after. Since opening Bucuti & Tara in 1987, Biemans has been relentlessly focused on making it as environmentally friendly as possible—to the point where it remains the only hotel in the Caribbean boasting a <u>carbon-neutral certification</u>.

Bucuti & Tara is one of a growing number of hotels focused on natural resources, as travelers and investors increasingly seek more information about how hotels approach sustainability and how their trips impact the environment.

From small boutiques to large chains, hotels all over the world are setting goals to not only cut down on water, electricity, and waste but also seek out suppliers that follow the same guidelines.

Yet a lack of clear standards when it comes to defining sustainability in supply chains can leave travelers confused about how these efforts compare to those of competitors,

how these standards are regulated, and their overall impact on the environment. To solve this, hotels are increasingly seeking third-party certifications to audit their operations in addition to setting their own goals.

"Our data is showing that [customers are] voting with not just their wallets, but with their wallets and their value sets," said Kristin Campbell, Hilton Worldwide's general counsel and chief ESG officer.

Travelers' interest in the environment has been growing steadily for years, but hotel executives say the pandemic was an inflection point inspiring people to reflect on their own role in climate change.

According to a recent <u>Booking.com survey</u> of more than 29,000 travelers spanning 30 countries, 83% said sustainability is important, while 61% reported that the pandemic has inspired them to travel more sustainably. In 2021, 81% of travelers surveyed said they intended to stay in a "sustainable accommodation" at least once in the coming year, compared with 74% in 2020 and only 62% in 2016. And 76% said they would seek out places to stay with a third-party sustainability certification from a reputable source.

"The pandemic created time and space where people weren't traveling to think about travel in a different way," Denise Naguib, Marriott International's vice president of sustainability and supplier diversity, said in an interview. Naguib notes corporate clients also want to keep the momentum going after seeing their travel-related carbon emissions drop during the pandemic.

As major companies set more aggressive targets around metrics like carbon emissions, water, and waste, they are also working to ensure their suppliers understand those goals as well, Naguib added.

A world of certifications

Hotels largely call the shots when it comes to their supply chains, but they're increasingly turning to third-party certifications to standardize and add global prestige to their efforts.

These voluntary certifications, which may apply specifically to hospitality companies or span several industries, can have varying degrees of strictness. They largely tend to focus on operational areas like reducing water and energy consumption, but also address broader goals like sustainable sourcing and impact on the local community.

The most rigorous and well-respected sustainability certifications in tourism are in line with standards managed by the <u>Global Sustainable Tourism Council (GSTC)</u>, a U.S.-based nonprofit launched under its current name in 2010. One of the most well-known certifications is <u>Green Globe</u>, which requires hotels' purchasing policies to favor environmentally friendly products.

Denmark-based <u>Green Key</u>, which has its label on more than 3,200 hospitality businesses mainly based in Europe, built extensive purchasing guidelines into its latest criteria. These include ensuring at least 75% of daily cleaning products have an ecolabel, along with shower amenities like soap and shampoo. At least half of food and beverage products must be organic, fair trade, carry an ecolabel, or be locally sourced.

Another important certification is the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED), which played a key role in Bucuti & Tara's path to becoming carbon neutral in 2018. While the hotel said it has been working for all of its 33 years to offer a responsible travel experience, retrofitting its building to meet LEED standards played a pivotal role. It also holds a host of other certifications, including Green Globe Platinum, ISO 14001 for environmental management, ISO 9001 for quality standards, and Travelife Gold.

A certification is like a road map for how to be sustainable, Biemans said, with each focusing on its own area. Green Globe is very community oriented, for example, while LEED focuses on buildings and requires the hotel to comply with rules for using products like green cleaning supplies, he said. All of these can help a hotel show it is serious about sustainability.

"The certifications we are talking about are actually certifications that prove you put your money where your mouth is," Biemans said.

For years, eco-lodges and nature hotels have pioneered practices like using locally grown food, avoiding plastic bottles via on-site water sources, and educating consumers about the local environment. Often, travelers actively seek out these experiences. For example, Maui Eco Retreat in Hawaii encourages visitors to drink water from its well, support local farmers' markets, and learn about composting—all while requiring a fivenight minimum stay to help guests connect with the surrounding landscapes.

But larger hotels are still working to strike a balance between pleasing customers and also guiding them toward more sustainable choices. For example, Marriott bans certain types of seafood in its kitchen because of issues like overfishing but would still honor a guest's request to have their sheets changed every day.

"We get some mixed messages from our guests," Hilton's Campbell said. For example, travelers haven't been complaining much about the chain's decision to use paper-based straws after banning plastic ones in 2018, but more times than not still leave towels on the floor despite the signs indicating they can save water by hanging them up.

Increasingly, many hotels are seeing value in adding these certifications, which provide more credibility and transparency to their sustainability efforts. Marriott International has a goal for its more than 7,000 hotels to achieve third-party certifications covering operations or buildings by 2025. So far, 36% have sustainability certifications.

Carlos Martin-Rios, associate professor at the <u>Ecole Hôtelière de Lausanne</u> in Switzerland, thinks that both hotels and consumers are taking a pragmatic view of certifications.

Hotels want to show customers they care about the environment, and travelers want to see that the hotels have done *something* about it—even if they don't know exactly what that might be. He predicts it will take some time for these ecolabels to consolidate, in part because some hotels could use some of the less-rigorous ones as a shortcut.

"Many hotels want to jump into sustainability without doing all the homework," said Martin-Rios.

As travelers start looking for more information about hotels' environmental record, these certifications are becoming more noticeable on booking platforms.

Netherlands-based Booking.com shows which hotels have more than 30 certifications meeting criteria from GSTC, the U.K.-based Green Tourism, and the EU Ecolabel. It has also prompted hundreds of thousands of properties to share sustainability information. This builds on efforts from niche sites like EcoHotels.com, which started operating in 2020 to give eco-conscious travelers an alternative to the big online booking sites. The website shows only hotels certified based on GSTC's framework.

Certifications are not just for marketing purposes, with research showing an impact on operations too. A study from German tourism behemoth <u>TUI Group</u>, whose companies include more than 400 hotels, 1,000 travel agencies, five airlines, and 15 cruise liners, said that its hotels with sustainability certifications outperformed non-certified ones. In a study of 300 hotels, those certified recorded 10% lower carbon dioxide emissions, 24% lower waste volume, and 19% less fresh water usage for each guest on a nightly basis.

And yet, travelers are still often confused about what the term "eco" means in the hotel space because of a lack of strictly enforced standards around the world.

"It's a massive problem, globally," said GSTC CEO Randy Durband, noting there is a lot of confusion among travelers about sustainability labels and what constitutes an ecohotel.

Holding hotels accountable

Hotels are still largely taking the initiative to set and report on their own climate goals, and in turn decide how it addresses suppliers in that journey.

"I don't think anyone's holding hotels accountable, if you will, for what we're doing in the supply chain, Marriott's Naguib said, speaking of sustainability initiatives. "We have recognized that this is an important element for our business, and we want to be part of the solution."

Marriott has a 2025 goal to locally source 50% of its produce, and to also use "responsible" sourcing for 95% of the products it buys in 10 areas like animal products, bottled water, cleaning supplies, seafood, and coffee. Picking commodities that have an ecolabel, such as paper products certified by the Forest Stewardship Council, helps to inform this process.

Hilton, which is working on 2030 goals using science-based targets, relies on a management system it created in 2009 called LightStay to track environmental and social goals. Campbell said the hotel chain has calculated that it reduced carbon emissions about 56% and saw a 47% decrease in water and energy usage and a 73% drop in landfill waste since using it. The hotel also recently partnered with sustainability ratings company EcoVadis to perform sustainability risk assessments and gap analyses for its supply chain.

Aruba's Bucuti & Tara has also done a meticulous job of tracking data. As the first hotel to win the Global UN Climate Action Award in the "Climate Neutral Now" category, the hotel chain is 90% paperless and buys purchases in bulk that it sends to an offsite warehouse to cut down on deliveries. It tries to source items locally wherever possible.

Hotels could eventually feel a bigger push from regulators looking more broadly at how companies plan to operate in light of climate change. The U.S. Securities and Exchange Commission (SEC), for example, recently created a climate and ESG task force and is under pressure from groups like the Sierra Club to tighten up disclosure rules about the impact companies have on the environment.

But for many smaller hotels focused on sustainability, supplier relationships still largely come down to trust. Liutauras Vaitkevicius, asset manager for London's Zetter Hotel Group, which touts its "pioneering eco-credentials," said the company focuses on serving seasonal menus from trusted local vendors. But it can't be there to see how fishermen caught every fish coming into the restaurant.

"We're committed, but we can't 100% promise that each and every item on the menu is going to be sustainable," he said.