



Dear Colleague

Climate Change and Municipal Destination Marketing Organizations

By the time the Olympics start in Vancouver and Whistler in February 2010, three years will have passed since *The Icarus Foundation* was conceived and it will be two years since our discussion paper *The Challenge of Climate Change: Implications for the Tourism Industry* was published. Back in 2007, concern about the threat of climate change was the main topic of news, the global economy was in full swing, and there was little sign of the rocky economic ride ahead.

In the following three years, there has been no shortage of crises competing for attention – in 2008, the food crisis grabbed headlines before a U.S. housing crisis evolved into a full scale financial meltdown in 2009 that led to what has been described as the worst global recession since the 1930s.

DMO executives have had much to be concerned about – notably holding on to budgets, managing decreased revenues, and dealing with a 6% drop in international tourism demand.

Given that carbon emissions continue to rise; given that scientists are describing a worsening situation with negative effects likely to impact earlier than expected; and given preparations in Copenhagen in 2009 for a global treaty to replace the Kyoto Protocol, The Icarus Foundation surveyed the DMOs of Canadian municipalities to determine how they were responding to the issue of climate change. Twelve DMOs responded to the questionnaire in the summer of 2009.

It's in this context, that I write to thank you for your participation, share the results; and hopefully stimulate debate and action in response to this key threat to our collective and individual prosperity.

The survey results are attached. They show that while climate change is considered important, municipal-based DMOs have not yet taken significant action to mitigate impacts or educate their members. Most consider themselves to be primarily marketing and sales organizations and lack the knowledge, guidance and financial support considered necessary to develop a plan of action. While some have "green committees", none has yet measured and published its own carbon footprint, none has a fully fledged environmental policy or a sustainable tourism strategy and only two DMOs have procured offsets against the travel undertaken by DMO staff. On this basis, Canadian tourism destinations would be hard pressed to justify their claims to be particularly environmentally friendly.

As lack of education as to what could be done and why appeared to be the biggest barrier to action, we asked Anna Pollock, one of the original founders of The Icarus Foundation to express her thoughts about why climate change was relevant to DMOs and to outline the kinds of activities that should be considered over the next decade. We appreciate the time Anna has donated to reviewing research completed by Dr. Rachel Dodds as the genesis for this report.

Climate Change and Community-Based DMOs: What's to be Done and Why? **Anna Pollock, DestiCorp UK Ltd.**

Context

A federated hierarchy of Destination Marketing Organizations (DMOs) operating at the national, provincial/territorial, sub-regional and city/community level has evolved over fifty years in response to the geographical and political realities associated with the supply of tourism services. DMOs, as their generic name implies, work to make a place attractive to visitors, to persuade prospects to visit and to ensure the visitor gets the information and support they need at the destination to enjoy their trip. I contend that the serenity and stability of this landscape is about to be disturbed by a number of change forces of which climate change is one.

A changing climate could affect what is primarily a marketing activity in the following ways:

1. Affect or change the appeal of your destination through:

- Changing landscapes (e.g. pine beetle devastation) that have formed part of the destination's image and appeal;
- Changing ecosystems and the habitats that support wildlife positioned as attractive to visitors;
- Limiting some seasonal activities (e.g. reducing the season for winter sports); and
- Aggravating natural hazards (fire and flooding)

2. Increasing your operators' costs and the price competitiveness of a destination as a result of local policies, regulations and interventions designed to internalize the cost of carbon (taxes, cap-and-trade schemes, compulsory offsetting etc); and

3. Harm the destination brand if the destination's environmental credentials are not considered adequate.

Simon Anholt, an expert in place branding, argues that *"basic levels of environmental awareness and protection are increasingly seen by consumers as the "cost of entry" into the marketplace, and there is no longer anything special about countries that offer "green" vacations and talk loudly about their commitment to protecting the environment"*.

While these are three good reasons for DMO executives to: a.) Familiarize themselves with the issue and its impacts, b.) Show how they might lead the industry by example; and c.) Educate industry members on the steps they need to take to mitigate the risk and adapt, I believe the bigger context of change necessitates a longer-term, more strategic response.

Climate change is one key aspect of a bigger issue – the dependency of tourism on a declining supply of natural resources (energy, space, pristine landscapes, fresh water, wildlife, food and the capacity of an atmosphere to absorb greenhouse gases without harmful effects). Without an adequate supply of such resources, human economies are simply not sustainable.

The advantage of focusing on preventing climate change over grappling with vague concepts such as sustainability stems from the fact that:

- a. The cause of climate change (i.e. human production of greenhouse gases) can be measured and monitored;
- b. The worst effects of climate change can be prevented;
- c. It demonstrates that tourism is a sub system nested within a number of higher order systems (economy and society) and that both marketing and managing tourism require a degree of systems or ecological literacy;
- d. It illustrates that there are limits imposed by natural systems on the growth of human activity; and
- e. Mitigation requires that all organizations, agencies, businesses and individuals change their behavior.

In short, the threat of a rapidly changing climate illustrates that “we’re all in the same boat” and must now work collaboratively to deal with global issues. In 2008, KPMG published a report, *Climate Changes Your Business* identifying that climate change constitutes a significant risk for which the travel and tourism sector is ill-prepared.

At the same time, the challenge with the issue called “climate change” is that it is a pervasive, long-term, global threat affecting all aspects of human endeavor. Unless a threat is immediate, and its impacts are felt directly in terms of human life, prosperity or security, human beings are not well equipped to deal with it. If a problem affects everyone then who should assume responsibility for dealing with it first? The threat is more likely to gain attention when it manifests itself in:

- a. Higher operating costs due to having to pay for carbon, reduce carbon emissions or adapt to negative consequences (e.g. flood defense systems; fire retardation; snow making)
- b. Reduced demand as travelers change behavior
- c. Reputational damage as destinations are evaluated on their environmental/sustainable credentials...

There is modest but growing evidence that all three “manifestations” are occurring more frequently and will escalate with increasing rapidity and potency over time. But climate change cannot be viewed in isolation. It is one of several, converging change forces that are poised to disrupt the stability and serenity of tourism’s ‘business-as-usual’ landscape described in the beginning of this essay. Failure by DMOs to see the full impact of change on their communities could reduce their relevance in light of the following:

1. **The responsibility of marketing places is no longer the domain and prerogative of DMOs.** Other community-based organizations that enjoy more resources and political “clout” now recognize that places are competing globally for talent, investment and attention (i.e. for human and financial capital). While tourism may play a role in this endeavour, it is less and less likely to be the lead player. Agencies responsible for inward investment, for attracting global events and film production are often perceived as more relevant and effective. Modern technologies (social networking, connectivity and digitized content production and sharing) enable virtually any individual or enterprise to achieve the reach once enjoyed exclusively by the DMO. Control of a destination brand is slipping from central agencies into the public domain and expressed as the sum total of conversations generated by people (visitors, media, NGOs, residents) actually *experiencing the place*. As the truth will inevitably come out, it becomes increasingly important that these experiences reflect what people expect and consider to be of importance -- being “clean, cool and caring” is currently in. DMOs should not be perceived as dragging their feet on the topic of environmental responsibility if they also want to be seen as relevant by their peers and funding sources.
2. **Leaders in the global business community are changing their values and priorities fast.** The concept of Corporate Social Responsibility (CSR) is changing from reluctant compliance to a race to see who can save the planet fastest and make the most money while doing so. Initiatives such as the Carbon Disclosure Project require large corporations to measure and disclose their carbon footprint and now prove their success in shrinking that footprint. The focus on foot printing has helped companies discover the complexity and impact of their entire value chain and slowly begin to take responsibility for shrinking that too. Companies like Marks & Spencers invested in a major sustainability initiative called “[Plan A: Because There is No Plan B](#)” and achieved huge gains in brand equity as well as savings that rendered the program “cost neutral”. Wal-Mart just introduced a highly comprehensive far-reaching [Sustainability Index](#) to encourage all 100,000 members of its supply chain to reduce their footprint. The program is not compulsory – it doesn’t have to be. Proctor and Gamble discovered that the big environmental cost of its detergents did not occur in the manufacturing process but in its use. They took responsibility for that too and embarked on a major marketing and R & D campaign to encourage and enable cold water washing (see sustainability

report [here](#)). If DMOs were to assume a similar stance, they would take responsibility for the carbon emissions generated by every in-bound visitor instead of treating this issue like a hot potato and suggesting that responsibility for counting, let alone, reducing them lies at the source country where the visitor originated.

3. **Addressing the primary causes of climate change by reducing energy costs associated with fossil fuels improves business profitability.** But this is a two edged sword for the travel sector. Large companies have discovered that reducing business travel can achieve solid cost savings and reduce emissions simultaneously. By some estimates, up to 20% of global business travel could be substituted by video conferencing, tele-presencing and other electronic collaborative working tools by 2020. A survey of UK based companies showed that around 89% expected to fly less over the next decade. The impact of this change in business travel is significant for a number of reasons – it will reduce demand for the most profitable aspects of the travel business that often subsidized leisure travel; it will eat into the more lucrative incentive market, and will apply greater rigor to the choice of venues for meetings and events. My point being that DMOs and their suppliers will be affected by other business responses. This is no time to sit on the sidelines.
4. **There's huge opportunity for leadership in this space,** but as nature abhors a vacuum, others are rushing to fill it. In the UK, a consortium of major tour operators has just published a very thoughtful piece on the future of tourism (see *Tourism 2023* at www.fourmforthefuture.org), which focuses on ways of reducing the environmental impact of travel.

These outbound tour operators are taking some responsibility for their clients' behavior - which is great. But they are showing the leadership, depth of thinking and strategizing that really should be undertaken by the destination that is mandated to look after the host community's economic, social and environmental interests. As the tour operator proceed down this responsible path, their perception of destinations will shift as they become more aware and discerning. Destinations that don't keep up in "the race to the top" will suffer over the long-term. The time to act is now. Leaders don't follow best practice – they set it.

The opportunity is no longer in proclaiming that your destination is sustainable or green but in taking actions that demonstrably reduce tourism's impact.

It is only a matter of time before all products and places are rated and reviewed according to their levels of environmental stewardship and assessed by independent third partners or even by customers – a stewardship review on Trip Advisor, for example. Any claims you make will be carefully scrutinized and exposed if over-stated. Greenwashing is to be avoided.

5. Do not assume that because Canada relies heavily on a "natural" product – vast, pristine landscapes, forests, lakes, rivers and wildlife – that it is perceived as acting in a responsible or green way. Consumers that are particularly interested in green issues are well aware that Canada is a major carbon emitter thanks to its energy and resource extraction sectors, its location in northern latitudes and heavy reliance on automobiles within cities and air travel between them. Canada recently fell to eight positions within the G8 community for environmental performance according to the WWF – see [here](#).

What Action Can and Should DMO's Take

I think that Canadian destinations still have an opportunity to show leadership in the tourism sector but it will take vision, political will, an investment of time and some money, and action across many fronts.

The Icarus Foundation was formed as a placeholder for industry. We had hoped that progressive individuals and associations within Canada would respond more quickly to the climate change issue and see the need to think deeply and act boldly to ensure that tourism could adapt and

prosper to what will soon become, by necessity, a low carbon economy. In three years, not a single cent has been donated to The Icarus Foundation by industry – any funds raised have been earned through hard won contracts.

While we perceived climate change as symptomatic of a bigger ecological crisis (loss of biodiversity, growing resource scarcity, deforestation, pollution and over population), we also believed that the sustainable movement was not working. The term sustainability meant different things to different people. There was a widespread belief that if individual businesses went green, the overall industry could continue to grow at unsustainable rates.

We focused on climate change because back in 2007 levels of awareness were low and because the problem and the solutions are tangible and measurable. There were a number of actions that businesses and industry associations could take to demonstrate that they were trying to address the issue. At the very least, we expected that DMOs would at least measure their own carbon footprint, and then try to measure that of the tourism economy in their area prior to identifying action steps that could reduce it. While that hasn't happened yet, there are some strong indications that various members of the Canadian tourism sector are active in this space. We salute and support Whistler's creation of the Whistler Centre for Sustainability; British Columbia's creation of the Partnership for Sustainable Tourism; TIAC's publication of the Sustainability Toolkit and two forums on Responsible Travel and Tourism, sponsored by Baxter. But overall, it is clear that DMOs remain ambiguous and hesitant – a position we believe will damage destination appeal and credibility unless rectified soon.

In retrospect, I now believe that our focus on climate change was too narrow. Some destinations in Canada believe they actually stand to benefit from an increase in average temperature. It appears from our survey that only those destinations that are experiencing negative impacts now (i.e. Nunavut, NWT and Yukon) rate climate change as a serious issue. The financial meltdown and recession have also diverted attention "back to the basics" of sustaining visitor numbers, supplier's profits, employee's jobs and tax revenues. Unfortunately a widespread belief that the current malaise reflects just another one of those business cycles, which will soon return to normal, is also undermining a sense of urgency.

One of the few positive outcomes of this recession has been the recognition by some that our market economy contained within it some serious flaws. Experts with excellent capitalist credentials from Sir Nicholas Stern, through George Soros, John Lipsky and Alan Greenspan all identified the signs of "market failure." Conscientious policy buffs, pundits and decision-makers are now expressing quite openly the need to re-think our economy; are recognizing that human society has over-stepped its environmental limits; and are pointing to the need to enter into a new relationship with the fragile, living ecosystem that sustains life on this planet. In my opinion, the most lucid and articulate discussion of the bigger picture is a report prepared by the Institute for Sustainable Development in the UK called *Prosperity without Growth* – obtainable [here](#).

The marketing of tourism destinations in Canada cannot be immune from the impact of these changes in both perspective and practice. The current recession actually marks a profoundly deep tipping point in human perception and development that is affecting every aspect of human society. Never has it been more important for tourism leaders to grasp the complex, profound and inter-linked change forces shaping their future. Never has that task required more effort and commitment in terms of time, thinking, questioning and collaboration.

In this context, there are 5 things that DMOs can do in 2010 to show they are in tune with the times:

1. **Become part of the solution and not remain part of the problem.** That means participating actively – even leading - the work involved in re-thinking our economy and the role of tourism in it. It means assuming responsibility for your own education about environmental limits and the many other inter-linked change forces that are turning your world upside down. There is no need to commission consulting studies for an overview of the situation – in addition to the free overview prepared by Icarus, the web is replete with quality information. The privately founded **Copenhagen Climate Council**

probably has the best-organized source of information [here](#).

One way of contributing to the solution and attracting your future work force is to engage your future leaders – the young men and women currently gaining knowledge in the universities and colleagues who want to work in this sector. They will be inheriting our legacy. They have passion, curiosity and are skilled in the new ways of a networked world. Step One might be to sponsor a college to participate, fund a university research project or attend one of the Foundations events.

2. **Calculate your organization's ecological and carbon footprint; publish the data; pledge a quantifiable reduction target; develop strategies; and take action to drive it down.** This is the first step in developing the ecological literacy needed to thrive in a low carbon economy. You will have no credibility persuading your members to do the same unless you lead by doing. Then show your members how they can do the same and share their stories – not just the success stories but the struggle. No one said this was going to be easy. At the very least and even if you remain a climate change skeptic, you'll save your organization money and improve your resilience – the cost of carbon and energy will climb rapidly over the next decade as the impacts of climate change worsen and easily recoverable oil becomes more scarce. Change is highly unlikely to continue to be gradual, either. The Icarus Foundation has a new page on its web site summarizing the essentials of carbon and ecological foot printing and lists agencies that can assist you and the Foundation has a team of talented individuals who can assist in helping you calculate your carbon or conducting stakeholder assessments for developing strategies to mitigate or adapt.
3. **Look, think and act outside the tourism box.** As marketing and sales organizations, it makes sense to protect and improve your product. Start a serious and long-term conversation with the agencies, NGOs, pioneering green businesses and individuals in your community already actively involved in various sustainability initiatives; ask what steps the tourism community can take to be truly supportive; lobby for more public transit; ensure all new tourism facilities conform to the highest green building standards; work with ground transportation operators to convert all vehicles to run on renewable and clean energy sources.
4. **Share and contribute** – demonstrating environmental responsibility is one area in which no individual community in Canada can gain competitive advantage; nor can tourism continue to exploit Canada's green and clean image without demonstrating that it is actively stewarding and improving the environment. We've moved beyond putting little notices about towels in hotel washrooms. Collect and publish stories that would interest the media and the market about incremental achievements made on the ground by your members. The Icarus Foundation has assembled a network of people with knowledge and skills to help and is willing to act as a clearing house. We could create a wiki or a community site in which the personnel passionate and knowledgeable about this subject in your organizations (members of your own green teams) could share ideas, tips, and experience that you could use in your discussions with other sectors and with media. But we need more people willing to work and or to sponsor these activities.
5. **Develop a Vision** – traditionally this action would precede the others. I've placed it fifth in the list because tourism is not an industry with a tightly controlled chain of command and a leader at the top who can express a vision for the masses to follow. Tourism is a complex system – a diverse community of individuals.

What's needed is for a critical mass of individuals in that community to shape a compelling vision for a prosperous, responsible tourism community that lives in harmony with the natural world; and for that critical mass to align around a common purpose and commit to action. If the first four steps are taken, then I trust that a vision for a new form of responsible tourism will emerge as individuals take responsibility and

as greater connections and information sharing occur.

As stated earlier, nature abhors a vacuum and there's a vision vacuum at present. Canada's tourism community, outside of a select few, has not yet demonstrated convincingly by its actions that it really cares enough to change its behavior, invest its resources of people and money, and set a goal. When it does, it might have the right to describe itself as responsible. When it can show it has contributed to the reductions in carbon emissions commensurate with the global requirement, it might have helped tourism become slightly more sustainable. But until then, it's all just hot air.

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