



Phocuswright's
Green Travel Innovation Now (Yes, Now!)

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Introduction

In the five decades since the first Earth Day highlighted the need for environmental protection, world tourism has exploded. Global air passengers in 2019 peaked [at 4.56 billion](#), up from 310 million in 1970. Before the COVID-19 pandemic ground travel to a halt, many destinations were feeling the impact of overtourism and are doing so again as post-pandemic tourism comes back in force. Perhaps more pertinently, recent research [indicates](#) that transport accounts for approximately one fifth of all global carbon dioxide emissions.

As global tourism echoes the need to “build back better,” the industry is at a crossroads: The market can either take action to become more sustainable via innovation – or be forced to do so via crises and regulation.

Climate change is no longer a future hypothetical; it is happening now. The world’s governments, historically slow to respond to the climate crisis, are more and more compelled to take action, and travelers are increasingly focused on sustainability. While some travel players seem content to introduce a small initiative and consider the environmental action box checked, this approach is no longer sufficient. The industry’s future dictates that travel companies and stakeholders must meet the sustainability challenge with pragmatic, creative and innovative answers. This article provides an overview of recent developments in travel sustainability and highlights opportunities to deploy technology-driven solutions.

Beyond Greenwashing

For decades, the travel industry has pondered and promoted environmental initiatives. While generally well intentioned, many of these efforts had minimal impact – or were discontinued altogether amid limited traveler interest and high cost. But there is now growing pressure to move beyond greenwashing and enact real change.

Firstly, travel companies can expect increasing regulatory challenges. Changes already afoot:

- In December 2022, France gained European Union (EU) approval to [ban some short-haul flights](#) when a rail alternative is available.
- Various destinations are adding [new entry fees](#) for visitors to offset the impact of tourism. Among them are Thailand, the region of Valencia in Spain, and popular cities Barcelona and Venice.
- Amsterdam’s Schiphol airport in June 2022 announced plans to [cut flight volume](#) by 12% to reduce noise and air pollution.
- Governments are beginning to act on greenwashing. The U.K. in 2021 began [reviewing green claims](#) made by a variety of industries, including travel and tourism, with potential large fines for those found to make false statements about sustainability.
- In January 2023, the EU [announced](#) draft legislation that would compel companies to provide proof of sustainability claims.

These targeted initiatives are only the tip of the iceberg as governments move to protect their communities and meet their own climate commitments. Governments are also providing support by funding sustainable travel projects. In 2020, the EU launched the [European Green Deal](#), which includes funding for sustainable tourism projects (e.g., low-carbon transportation and eco-friendly lodging). In the U.S., the [Bipartisan Infrastructure Law](#) includes funding for sustainable transportation, including rail, electric vehicles, airports and multimodal transportation options.

Travelers – particularly younger travelers – increasingly consider environmental impact when making travel plans. Gen Z is eager to experience the world through travel – and Gen Z travelers are equally [concerned](#) about the impact climate chaos could have on their future. According to Booking.com’s [2022 sustainability survey](#) of 30,000 travelers across 32 countries/territories, 81% of travelers indicate sustainable travel is important to them, and 71% planned to travel more sustainably over the next 12 months.

Many travel companies recognize that travelers have a growing interest in more sustainable travel, but have serious concerns over travelers’ willingness to pay more for carbon neutrality or environmentally-friendly options. Phocuswright’s [Sustainability in European Travel 2021](#) suggests roughly 30-40% of European travelers are willing to pay more for air travel powered by sustainable fuel, and roughly 25-35% are willing to pay for carbon offsets when flying. However, for travelers aged 18-34, this share jumps significantly. For example, in the U.K., 55% of travelers age 18-34 are likely to pay to offset their carbon footprint when flying. This represents a growing share of consumers that are eager to act on sustainable travel.

However, travel companies must not rely on traveler sentiment alone to guide their sustainability investments. If data and algorithms can be employed so profitably to keep users glued to social media, travel companies can and must harness innovative, technology-driven processes to make environmentally-positive travel decisions both highly desirable and indivisible from the industry’s future success. Examples of such initiatives are included toward the end of this article.

Signs of Progress

While the tourism industry is generally not subject to binding agreements on sustainability, many travel companies have made public commitments to take action. The tourism industry has launched several initiatives committing to decarbonization. [The Glasgow Declaration](#), launched at the UN Climate Change Conference in Glasgow (COP26) in November 2021, aligned tourism with the Paris Agreement, with over 700 business and government signatories committing to halve emissions by 2030 and reach net-zero emissions before 2050. [The Toulouse Declaration](#), signed in February 2022 by the EU member states and 10 other European nations, supports the efforts of EU aviation to reach net zero by 2050.

Individual companies also are spearheading efforts to shift to renewable energy sources. Intrepid Travel, which in 2020 [declared a climate emergency](#), is [pushing travel companies](#) to

follow its lead in committing to specific targets for reducing carbon emissions through the [Science Based Targets initiative \(SBTi\)](#).

While the first step is formally committing to reduce emissions, travel companies must then establish an action plan for how they will meet specific targets. To do so, it is essential to accurately measure emissions, understand how specific actions will impact emissions, track progress and – importantly – provide fully transparent reporting. Intrepid Travel, for example, measures, tracks, reports and offsets its carbon footprint, and the company publishes [these metrics](#).

While carbon offsets are a valuable stopgap measure, the tourism industry must ultimately invest in reducing carbon emissions to reach the goal of net zero emissions by 2050. Sustainability, however, reaches far beyond climate action. The United Nations has identified [17 goals for sustainable development](#), including sustainable economic growth, resilient infrastructure, sustainable cities and conservation of land and sea resources and wildlife. The [Global Sustainable Tourism Council \(GSTC\) criteria](#) is based on these goals and provide a global standard for sustainable travel and tourism as well as a basis for certifying accreditation bodies.

As such, sustainability practices should be fully transparent, certified and prominently displayed for travelers during the shopping process. Travel companies can increase their impact by working with vendors to foster sustainability throughout their supply chains. Royal Caribbean, for example, created a [sustainability certification program](#) (Green and Fair) based on Global Sustainable Tourism Council (GSTC) criteria. Shore excursion providers can become certified by meeting the criteria, and Royal Caribbean provided incentives including, for example, a longer contract for certified partners. Additionally, the company collaborated with [World Wildlife Fund \(WWF\)](#) to influence its supply chain to become more sustainable. By the end of 2020, Royal Caribbean had reached 2,000 sustainable shore excursions.

Significant Challenges Remain

While some within the travel industry have been working toward sustainability goals for a decade or more, others are just getting started. There are substantial challenges on the path to sustainability, including the need to balance short-term economic benefits with long-term social and environmental goals, overcoming reliance on mass tourism and lack of awareness/education. Specific challenges include:

- Identifying carbon offset partners and projects that truly make an impact. Choose, which provides carbon offset programs to the travel industry, estimates that only about [three of every 10 programs](#) are worth pursuing. Travel companies must do their due diligence to identify programs that have measurable impact.
- Beyond the current high cost of sustainable aviation fuel, there is an additional challenge of also transporting the fuel sustainably. Air Canada, for example, currently does not have access to sustainable aviation fuel (SAF) in Canada and would have to [transport it from California](#) via truck, potentially erasing the benefits.

- Consumers are hungry for electric vehicles, but to make them a viable rental option, charging station volume would [need to expand](#) and grid integrity must be ensured. In the U.S., the needs could go far beyond the 500,000 public charging stations allotted for in the Bipartisan Infrastructure Law. Some electrical grids may need updates and upgrades to support charging demand; in the U.S., the challenge could come at [the local/residential level](#).
- Sustainability options that are available now, such as carbon offsets, are not sufficient. [More impactful technologies](#), including carbon capture, hydrogen/electric aircraft and widespread adoption of SAF, will require both time and significant investment to realize.

Despite these challenges, there are opportunities to create impactful products and services now. The sustainable future will crown new winners and losers, and established travel companies and would-be startups alike should actively pursue innovation in this area.

A Snapshot of Sustainable Travel Initiatives

Sustainable travel encompasses a range of objectives, and a complete overview of supporting technologies and initiatives beyond the scope of this article. The discussion below highlights a handful of sustainability efforts within travel and tourism that illustrate progress and current approaches.

Carbon Offsets: Carbon offsets provide a way to compensate for one's carbon footprint by investing in projects that lower the amount of carbon dioxide in the atmosphere. While offsets may be a positive short-term action, not all are created equal, and skeptics question the true impact of carbon offsets. It can be difficult to estimate carbon credits and several [research studies](#) of existing [carbon offset projects](#) illustrate that the impact is often much less than advertised.

Organizations such as [The Gold Standard Green-e](#) and [Quality Assurance Standard](#) (relied on by [IATA](#)) audit and certify carbon offset projects. Still, some travel companies, including airlines JetBlue and easyJet, have [opted to stop](#) carbon offsetting in favor of putting resources into SAF.

Sustainable Aviation Fuel (SAF): Sustainable aviation fuel is produced from renewable resources (e.g., biomass, waste, carbon capture) and designed to be a low-carbon energy source. While the fuel is currently more expensive than traditional jet fuel, the price is likely to stabilize over time and travel companies are making moves in this area.

In June 2022, [AMEX GBT, Shell and Accenture](#) announced the launch of a blockchain-based, book-and-claim system to aggregate business travel demand for SAF in order to stimulate supply. United Airlines and other companies including Boeing and Air Canada in February 2023 launched the \$100 million [Sustainable Flight Fund](#) to invest in SAF, including Blue Blade Energy (ethanol), Dimensional Energy (carbon dioxide and water) and Fulcrum Bioenergy (landfill waste).

Sustainable Transportation: Several travel companies are leveraging electric and autonomous vehicles. [Autoura](#) has developed a [digital experience platform](#) powered by AI and autonomous vehicles, aiming to transport tourists to a series of destinations via automated vehicle, with limited [Robotaxi rollouts](#) underway in 2023. In 2023, GoCars Tours announced plans for semi-autonomous [vehicle tours](#) in Las Vegas, where self-driving electric vehicles will drive themselves to and from partner hotels, where travelers will take over driving, guided by a “mobile tour guide.” On the EV front, electric car sharing service and platform Envoy provides electric vehicles as an amenity to apartments, hotels and workplaces. [In January 2022 the company announced](#) an additional \$111 million in funding.

Sustainable Hospitality: Established lodging brands are reporting efforts to reduce water use, carbon emissions and waste, and shift to renewable energy. Marriott, for example, [has published](#) specific goals to achieve by 2025. Sustainable lodging startups are also emerging. For example, [Soul Community Planet](#) is a green-focused hospitality brand founded in 2018 that has raised [\\$250 million in funding](#). The company targets eco-conscious travelers with sustainable efforts including pursuing EarthCheck certification, eco-friendly design, solar power, water efficiency and sustainable materials.

Shopping and Booking: Empowering travelers to understand their environmental and local impact and make sustainable travel choices is crucial. While travelers increasingly express interest in sustainability, they often lack the requisite information to put their values into action. As sustainable travel certification grows more standardized, travel websites are adding tools to make sustainable travel shopping easier. Google has incorporated [search tools](#) to help travelers shop for sustainable hotels, estimate their flight emissions and find rail options to substitute for select flights or car trips. Other travel companies, including Booking.com, Expedia, Tripadvisor and Kayak also offer tools that identify sustainable travel options and/or carbon offsets.

Other companies focus specifically on sustainable travel shopping. [Alight.travel](#) enables travelers to book sustainable hotels and offers a carbon footprint calculating engine that estimates each trip’s carbon emissions and allows travelers to choose a carbon offset option at checkout. Accommodation platforms [Ecobnb](#) and [Biostays](#) exclusively feature sustainable lodging options, with Biostays donating to Rainforest Trust with each booking.

There remains substantial opportunity to improve shopping/booking capabilities, but there must be sustainable travel providers to book, making widespread certification a prerequisite to significant shopping/booking innovation.

The Future Calls

As the COVID-19 pandemic illustrated, unexpected disruptions to travel can pose an existential threat to industry stakeholders. In the absence of urgent action, climate disruption is likely to wreak havoc on global travel in the coming decades; disruptions caused by rising temperatures and extreme weather events have already begun. While it is difficult to attribute any specific

weather event to rising temperatures, weather globally is becoming [more extreme](#) due to atmospheric changes, according to the [UN Intergovernmental Panel on Climate Change](#). Furthermore, as international travel rebounds, popular destinations are once again being strained by overtourism. Addressing this issue will require more [creative marketing and people management](#) strategies.

The examples above touch on just a handful of sustainability issues, but achieving sustainability within the travel industry is a multifaceted concern – impacting everything from cities and transportation to energy and natural resources. To preserve tourism for future generations, the industry must step up in developing novel ways to protect destinations, leverage data, embrace sustainable energy sources and influence traveler behavior.

Beyond the desire to make cleaner choices, sustainability is also good for business. A [meta-analysis published](#) by the NYU Stern Center for Sustainable Business showed that ESG (Environmental, Social and Governance) on balance has a positive impact on financial performance, particularly over the long term. According to the report, “sustainability initiatives at corporations appear to drive better financial performance due to mediating factors such as improved risk management and more innovation.” Whether motivated by the love of travel or profit, the tourism industry must accelerate sustainability action and innovation.

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