The Hotel Yearbook 2023
The Uncertainty New Normal

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Beyond zero – moving our industry along the pathway to net positive hospitality

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Synopsis
Glenn Mandziuk, CEO at the Sustainable Hospitality Alliance, writes that the travel and tourism industry are seeing a rebound in occupancy levels after the pandemic, proving the industry's resilience and ability to adapt to changing situations. However, negative impacts such as damage to the environment and cultural disconnection must also be considered. With a projected 1.8 billion international tourists by 2030 and 2.5 million hotel rooms in development, it is crucial for the industry to prioritize sustainability. Despite this, less than 1% of companies have set science-based targets for carbon reduction and only 28% have a climate strategy in place.

As someone who has devoted my life's work to the travel and tourism industry, it's hugely heartening to see the sector bouncing back after the pandemic and occupancy across the world returning to previous levels. Our industry has once again demonstrated our resilience in an unprecedented crisis and our ability to flex to meet the demands of a rapidly changing situation. We were also able to prove the central role that hotels play within our communities – offering accommodation to frontline workers, becoming temporary medical and quarantine centers, supporting food banks and other local charities, and many other acts of localised hospitality.

However, as gratifying as it is to see the industry thriving once more, we cannot forget the negative aspects that all too often occur as a result. Beaches overfilled with people; damage to the local environment and sites; lack of cultural integration between visitors and the local population; poorer quality of life for the residents; risks of exploitation in the labor supply chain; over-consumption of natural resources; waste and pollution to name a few.

With the number of international tourists expected to reach 1.8 billion a year by 2030 (UNWTO), and a pipeline of 2.5 million hotel rooms in construction or planning (STR), we need to be mindful to ensure that our growth is sustainable. Being part of our local communities is a privilege, not a right. We all operate in one mutual ecosystem, which we must respect, sustain and cultivate.

And yet, currently less that 1% of companies who've set a science-based target for carbon reduction are hotels (STBi), and only 28% of hospitality companies have a climate strategy in place (UNWTO). The latest World Ecomomic Forum Global Risks Report rates failure to mitigate climate change as the most severe risk over the next ten years, demonstrating the urgency with which we all need to be putting dialogue into action.

Additionally, the industry is well-recognised for bringing opportunities to local communities and economies – both through the visitors they attract to an area and the employment opportunities they create for the local population. Prior to the pandemic, 10% of global jobs were in the travel and tourism industry – over 300 million jobs (WTTC). But, the industry is not equally being recognised as being a desirable place to work. Hotels make up less than 2% of the companies in the World's Best Employers list (Forbes) and, in real terms, we're seeing the industry struggle to re-hire to the positions that were lost during the pandemic.

Hospitality is facing, yet again, a range of new challenges and uncertain market conditions which will impact and change the industry in 2023 and beyond.

NET POSITIVE HOSPITALITY – GIVING BACK MORE THAN WE TAKE

That's why it is our belief that every hotel around the world must move towards *Net Positive Hospitality*. Net Positive is a way of doing business that puts back into society, the environment, and the economy. *Zero* impact is no longer enough. We must be starting from the viewpoint of how can we make a *positive* impact across all areas of our business, and work towards becoming a prosperous and responsible hospitality sector that gives back to the destination more than it takes. That way everyone has a chance to prosper – businesses, individuals, local communities, and the environment.

Net Positive Hospitality also recognises how our social and environmental impact is intrinsically interlinked, bringing together people, planet and place – for example, water stewardship not only impacts the quality of water but also the local residents who rely on this resource, and local procurement not only ensures we are providing opportunities for businesses within our local community but reduces our environmental footprint with less transportation required.

The future of the tourism industry depends on protecting the locations, livelihoods and communities in which hotels are based. Therefore, we must all, as responsible business leaders, be asking what can we give back?

Far from being a cause for concern, though, this presents a huge opportunity for us all. "Companies perform better when they are deliberate about their role in society and act in the interests of their employees, customers, communities, and shareholders," according to Black Rock CEO Larry Fink.

We are rapidly entering an era of increased awareness of the world around us – reviewing our impact on people, communities, ecosystems, and destinations. Our customers are increasingly looking for sustainable travel options, with 81% of global travelers stating that sustainable travel is vital (Booking.com). This trend is just as strong in the business travel sector, with 76% of travel buyers having incorporated, or planning to incorporate, sustainability objectives in their travel policies (GBTA).

In an industry that is struggling to recruit, particularly among the younger age range, it's also worth considering that 64% of millennials won't take a job if their employer doesn't have a strong CSR policy, and 83% would be more loyal to a company that helps them to contribute to social and environmental issues (ConeComm).

Additionally, regulation at a local and national levels is only increasing. Over 100 countries now have fees or taxes related to environmental protection (EY), and directives such as the EU's Corporate Sustainability Reporting Directive mean that sustainability reporting will be a matter of standard from 2024 for a portion of the industry.

The failure to convert hotels to become net-zero carbon emitters will be a major impact on the bottom line by incurring carbon penalties and leaving them at high risk of becoming million-dollar stranded assets when they no longer comply with legal regulations (AP).

Meanwhile, the investment community is already advancing in their recognition of the importance of sustainability for future prosperity. Sustainable investment is worth in excess of US$35 trillion (GSI Alliance), with 74% of institutional investors now more likely to divest from companies with poor sustainability performance (EY).

COLLABORATION FOR PEOPLE, PLANET AND PLACE

So how can we make Net Positive Hospitality a reality? We know that we work in a complex industry, which has a spiderweb of stakeholders across the value chain from investors and owners to franchisees, and an equally long and complex supply chain – all of which have an influence on how our brands and properties impact on the world around them. Therefore collaboration is central to ensuring we are giving back to the destination more than we take.

And this will need to go beyond our direct industry stakeholders. Net Positive Hospitality is about working in partnership with your local area, community leaders, authorities, and the public sector, to understand the needs of the people in your community and your local environment, and working together towards shared solutions and opportunities. To use the words of the Sustainable Development Goals: A successful sustainable development agenda requires partnerships between governments, the private sector, and civil society, built upon a shared vision and shared goals that place people and the planet at the centre, at a global, regional, national and local level (SDG17).

HARMONISING STANDARDS

This concept of shared goals is the other crucial element. As an industry that is becoming increasingly rated on its sustainability from all sides, we lack a shared language when it comes to evidencing our impact and progress. We need to ensure that we control our destiny and don't allow others to define the targets for our industry. Therefore we have to work collaboratively to put the frameworks in place, develop agreed standards and streamline reporting and benchmarking in sustainability. This will not only reduce the asks on our teams to allow them to focus on their core sustainability work but will ensure that our guests, clients, partners, and stakeholders are receiving robust and comparable information which reflects the most meaningful issues for our societies, destinations, and the world.

I am immensely proud of the advancement of sustainability across the industry – both within our community of hospitality companies and partners at the Sustainable Hospitality Alliance, and across the wider industry. We all, though, recognise that there is an immense way to go to bring everyone on this journey and achieve our vision. Let's use the learnings of the pandemic to show that we can be rapid in our ability to flex and prioritise sustainability, and ensure that Net Positive Hospitality is placed at the very heart of everything we do.

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Glenn Mandziuk — CEO, Sustainable Hospitality Alliance
Glenn Mandziuk has over 25 years of leadership experience in advancing sustainable practices in tourism, hospitality and economic development, and establishing strategies and programmes that inspire responsible growth. Currently the CEO of the Sustainable Hospitality Alliance, Glenn convenes senior leaders from across the hospitality industry, strategic partners, international bodies and governments to drive the industry towards Net Positive Hospitality. Prior to joining the Alliance, he was President and Chief Executive Officer of Canada's Thompson Okanagan Tourism Region (TOTA). Glenn has 10 years' experience in the hospitality industry in family-owned and operated hotels and resorts and is also a director on the Board of the Global Sustainable Tourism Council and the Responsible Tourism Institute.

Sustainable Hospitality Alliance — sustainablehospitalityalliance.org
The Sustainable Hospitality Alliance brings together the hospitality industry and strategic partners to address key challenges affecting the planet and its people, local destinations and communities. They develop practical free resources and programmes to create a prosperous and responsible hospitality sector that gives back more than it takes. Their members have a reach of over 7 million rooms and include world-leading hotel companies including Marriott International, Hilton, IHG, Hyatt and Radisson Hotel Group as well as regional brands. Their network also includes other parts of the hospitality value chain, including owners, investors and suppliers, to further drive joined up action on sustainability, and accelerate the industry on the path to net positive hospitality.

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