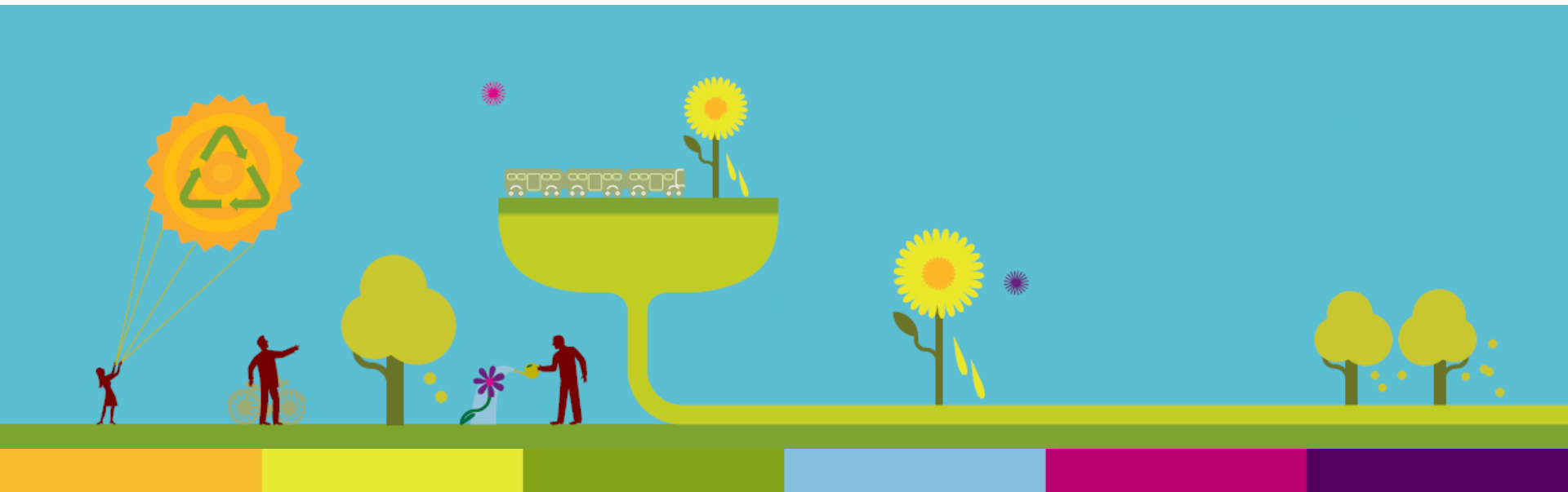
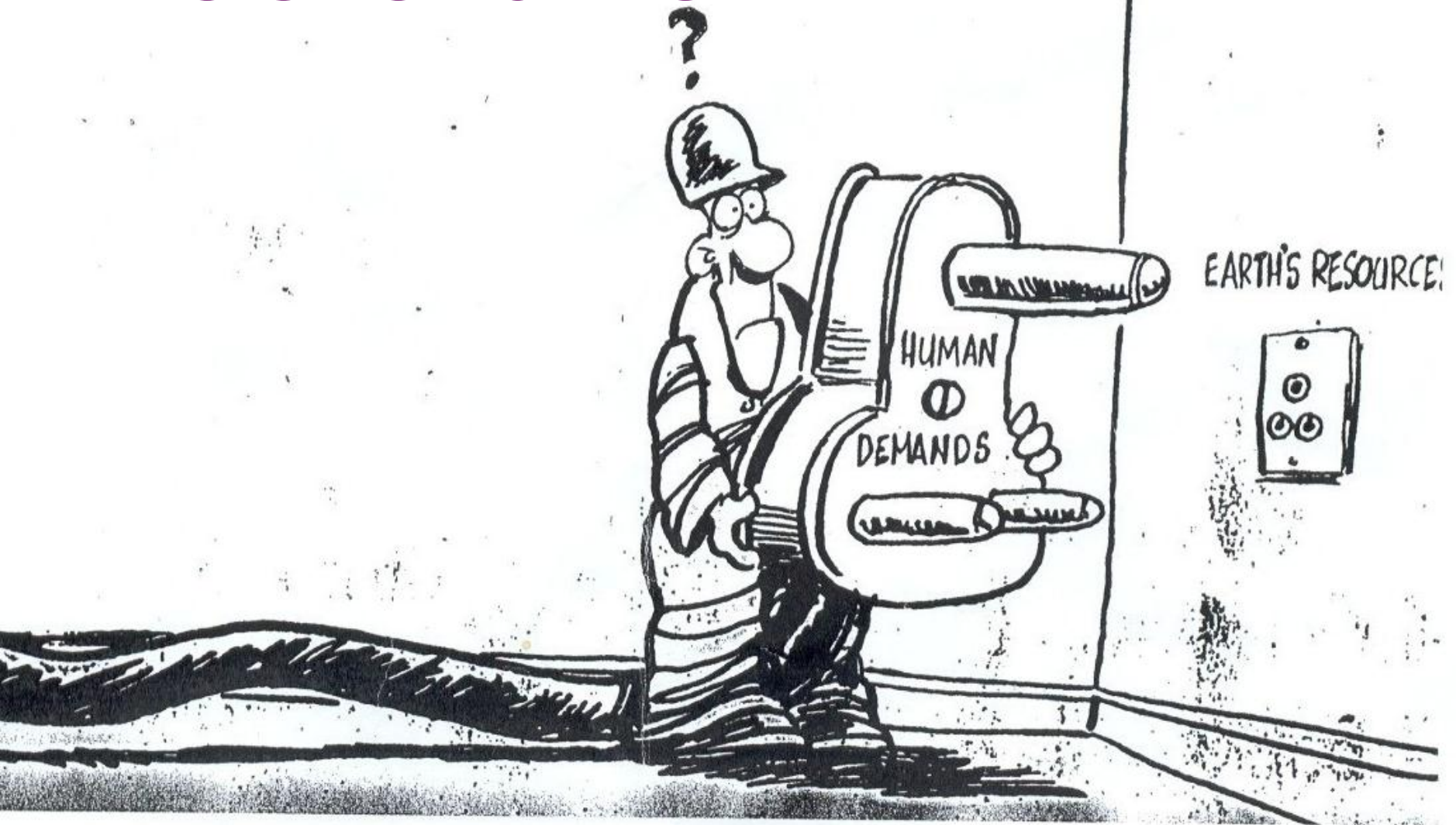


Opportunities for future business models

Stephanie Draper
Forum for the Future



Eco crunch



Challenges for the travel, tourism and hospitality sector

- Political frameworks -> **pressure** for low carbon solutions
- Resource challenges/physical changes could effect destinations
- Changing pricing and lending
- Different consumers and new **consumer needs**. In some cases driven by new platforms, networks and social media
- Growing **transparency** matched with changing societal expectations
- New **technologies** to facilitate greater efficiency and enhance travel experiences
- New entrants with a different approach and **new business models**
- Other sectors and companies leading and demanding different standards down their **supply chain** (business customers specifically)

Three areas to address sustainability challenges in ways that benefit business

TECHNOLOGIES

these strategies explore how to improve or replace technologies in the supply chain, and in the products and services themselves.

improve technologies in current production methods

use closed-loop systems in production and beyond

improve product design as customer needs evolve

create radical new technology



MARKETS



these strategies create the right sort of demand in both new and existing markets.

improve transparency to protect brand value

create and grow new markets at the bottom of the pyramid

grow the size and sophistication of demand in mature markets

sell services, not products

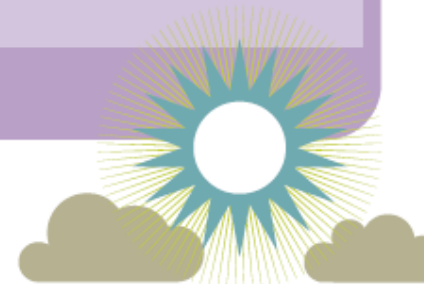
CONTEXTS

these strategies tackle issues beyond the company's boundaries to create a more successful competitive context for the business.

improve inputs, supply chain and infrastructure

seek regulation that rewards responsibility

form strategic alliances to address business-critical issues



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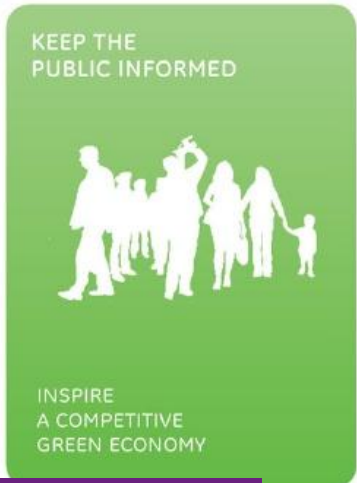
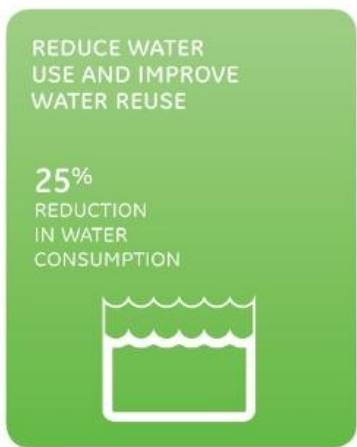
GE's ecomagination™

a new business - bringing together a range of solutions like renewable energy, cleaner, quieter aircraft, water purification and desalination technologies.

R&D – including crowd sourcing new ideas

“Ecomagination is a business initiative to help meet customers’ demand for more energy-efficient products and to drive reliable growth for GE.”

Revenue: \$18bn in 2009



Takeaway: Technology and innovation drives new business.
 How can the travel industry work together to leverage more technological solutions?

P&G Turn to 30: Engaging customers

- temperature of water rather than manufacture of washing powders & liquids
- 30 degrees 'washers' increased from 2% in 2002 to 17% in 2007
- 60,000t CO₂e saved
- A total of 1 million households have turned to 30° resulting in an estimated 41% energy savings.
- 89% of consumers associate message with Ariel



Takeaway: develop products and services that reduce customer impacts and then engage and market on that basis

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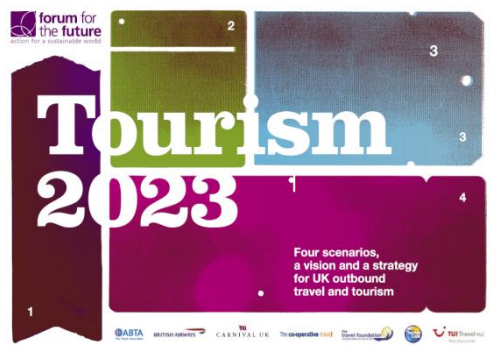
Cross Sector partnerships to change the wider context



Focuses on policy change & creating a level playing field:



Focused on finding solutions:



Takeaway: Collaborative action is required (and is beneficial) to solve big challenges like climate change



In summary: new approaches, new opportunities

There are a number of new business models emerging – some large, some small – presenting new opportunities for companies and industries to do things differently. Broadly these breakdown into three areas of opportunity:

Technology and innovation

- Decoupling resources and profits e.g. Unilever, Spotify
- Low carbon product ranges e.g. **GE**, Siemens
- Product to service shift e.g. Zip car

Creating markets and engaging the consumer

- Engaging the consumer e.g. **Ariel Turn to 30**; TUI Travel Holiday's Forever
- Localised community businesses e.g. staycation; organic veg boxes
- Crowd sourced customer offers e.g. Groupon

Influencing the wider context

- Seeking progressive policy e.g. Climate Leaders Group
- Partnerships for solutions e.g. **Marine Stewardship Council**, Open IDEO

“The Tourism 2023 vision of a sustainable future...”

Our environment is protected not eroded by our operations. We take every opportunity to enhance it

Our employees are given opportunities to develop to their full potential

Our customers are provided with mainstream sustainable products as the norm

Communities we work in and with benefit from our operations

We strive to be sustainable in our infrastructure through innovation

Our business value incorporates social and environmental costs so that we can ensure sustainable profits (financially, but socially and environmentally too)

Shared challenges for the industry

Sustainable destinations. The industry needs to demonstrate and monitor the economic benefit tourism and hospitality delivers to destination communities. This will help protect holiday destinations for the future and increase their value and appeal to customers. This will require working in partnership with governments and communities in tourist destinations.

Low-carbon innovation. We urgently need to seek, find and implement solutions to make tourism a low-carbon, low-impact industry. The industry needs to focus on trialling new technologies and taking them to scale. It should aim to radically reduce carbon and look to increase energy efficiency and the use of renewable energy, and to reduce waste and demands on natural resources.

Driving customer demand. The industry has an opportunity to increase the market for sustainable tourism by promoting its benefits to customers and by developing further insight into what will motivate people to take sustainable holidays.

Getting fit for the future – adapting to the change and capturing new opportunities?

Questions for discussion:

How can we work together to create more sustainable business models for the industry?

- **What:** Which *challenges* are most important for the industry to address and need to be tackled collaboratively?
- **How:** What are the best *routes for change* for the industry – technology, customers or policy? How might this work going forward?

thank you

Stephanie Draper | s.draper@forumforthefuture.org

t: 020 7324 3612

tw: [@SD_Steph_Draper](https://twitter.com/SD_Steph_Draper)

forumforthefuture.org | registered charity no. 1040519

