Applying circular economy principles to sustainable tourism development

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Abstract

Tourism is not only an economic activity, as tourist destinations offer so much more than just products and services - it is the whole system of nature, cultures, and history that makes a destination different and competitive. Tourism is a means for local prosperity, and seen through the lenses of the sustainable development, it has to respect both local people and the traveller, cultural heritage and the environment (UNESCO, 2006).

In order to reach the targets of the 2030 Agenda for Sustainable Development, and make a significant shift towards truly sustainable tourism, we should recover value in resources again. Creating a further value from existing products as long as possible and turning them into resources lies at the core of the so-called circular economy. This concept involves innovation throughout the value chain, rather than relying on solutions at the end of the life of the product (COM 2014/398). Such an innovative approach, which incorporates the principles of the circular economy - reuse, reduce, recycle - should be applied to tourism as well. It means “reuse” instead of build new, “reduce” costs at the critical points - environmental and financial, and “recycle” more effectively.

An important component in the future transition of sustainable tourism is awareness rising. Educating not only businesses but also customers is crucial, because that is the weakest point in the value chain. Tourist consumption follows a certain pattern that should be changed by the means of marketing instruments, emphasizing on the values, not on the consumption itself. The backbone of such marketing policy needs to be the true nature of tourism, which is to experience something different.

In that sense the future of the sustainable development needs to include bolder steps for reorienting the whole system, while engaging everyone on the supply chain to think of this change. Linking economics, environment, customer needs, and the social responsibility of businesses to tourism, this paper focuses on circular practices, aiming to put into context simple but rewarding steps for making tourism more sustainable while capitalizing on local history, culture and resources.

Keywords: sustainable tourism, circular economy, adaptive reuse, waste management, local produce, local economies
Introduction:

Tourism is an inherently expansive economy, constantly appropriating and constructing experiences and places (Coleman and Crang, 2002) (Xie, 2015). Setting out the future perspectives on travel and tourism, with 2 billion tourists (UNWTO, 2011) or more than 280 million households traveling internationally by 2030 (Visa Study, 2016) there will be twice as many tourists in the most popular tourist destinations, with rising world population at the same time. That could lead to the worst scenario for a tourism growth – preoccupancy and more concrete in destinations.

With another 2.5 billion global consumers expected to join the middle class by 2030 (Visa Study, 2016) there will be also an increasing demand for the “stylish living” as a trend in travel and tourism. Such a desire for a chic and stylish living is, particularly with the younger generation. Of course, responding to the emerging middle-class needs should not come at the costs of additional use of natural resources. As any other industry, tourism is driven by the market forces demand and supply. To change the supply and make it sustainable at every level, the demand should be made sustainable as well. That means to put more efforts to educate consumers how to travel in a better and more responsible way and to make them part of this significant shift towards sustainable and circular tourism.

The last few years there are new trends in tourism that should not be overlooked. The demand for the proverbial “local authentic travel experience” pervades every sector in hospitality and tourism and is driving large hotel companies to develop new brands and more sophisticated partnerships, new marketing and branding initiatives, and new business models to differentiate themselves and deliver experiences that immerse guests in local communities (Skift, 2013). This could be further exploited and incorporated in the tourism development through appropriate policies, support mechanisms and marketing and branding activities.

Reuse of disused buildings and desolated spaces for more authentic tourist facilities

Linking economics and authenticity to the community is instrumental in developing tourism (Xie, 2015). One of the most compelling benefits of tourism is the range of positive economic effects made possible by utilizing local history and heritage. The transformative impact of tourism on local communities revitalizes also local cultures, whose identity has been weakened by depopulation (Xie, 2015). This is a common issue arisen from the growing process of urbanization worldwide. Small towns’ and villages’ depopulation, along with other negative effects has led to increasing numbers of disused buildings and desolated spaces. Such places and structures could be brought back to life and transformed for the use of tourism.

The process of retrofitting old buildings for new uses, which allows structures to retain their historic integrity while meeting the needs of modern occupants, is called adaptive reuse (Dave and Clark, 2008). It is essentially the recycling of a building (Ijila and Brostrom 2015). Adaptive reuse can play an important role in meeting the growing need of new tourist establishments. Such an approach tends to focus on unique features, as an increasing number of tourists put a significant value in original aspects of places they visit.
Transforming existing buildings and giving them new functions is not a new phenomenon. In the past buildings were also adapted to fit the changing needs of the people. Even though these changes were done for pragmatic reasons, this practice could be seen as a way these buildings remained preserved for the locals with an additional layer of local authenticity upon them. Nowadays, in a world of construction, buildings have the capacity to make a major contribution to a more sustainable future for our planet (Lafarge Holcim Foundation, 2015). Around 50% of all non-renewable resources people consume are used in construction, making it one of the least sustainable industries in the world.

The adaptive reuse policy could act as an integral tool of local regeneration and sustainability. Local governments can protect their environments with the adaptive reuse, as such projects generate much less waste than new construction. Reusing existing buildings saves energy and reduces greenhouse gas emissions by avoiding new construction and diverts demolition waste from landfills. In the European Union, construction and demolition accounts for one-fourth of waste generation (OECD, 1997). The OECD estimates also that buildings in developed countries account for more than forty percent of energy consumption over their lifetime (incorporating raw material production, construction, operation, maintenance and decommissioning) (OECD, 2002). As cited from the US National Trust for historic preservation’s Fact sheet – it takes about 65 years for an energy efficient new building to save the amount of energy lost in demolishing an existing building. Not to mention that the old buildings, especially those constructed before 1920 are more energy efficient than those constructed from 1950 to 1999 (Moe, 2013).

The adaptive reuse does not have to involve a significant piece of architecture to be successful (Ijila and Brostrom 2015). It is important to understand and embrace the potential of the reuse of historic, industrial, even old residential buildings for the tourism industry. A large number of buildings are being demolished before the end of their technical service life. It is inherently integrated with typical Smart Growth planning strategies by reducing the need for new construction and the loss of critical natural lands (Rypkema, 2001).

At the same time, this process could be a tool to revitalize depopulated areas while creating valuable community resources from an unproductive property and serve as a catalyst stimulating further economic and tourism development. In terms of sustainability the importance of the existing building stock as economic, social and cultural capital should not be wasted. This kind of reused buildings put in the public eye “hidden treasures” stimulating the social presence and the word of mouth marketing.

An example of reusing old and historic buildings for tourist facilities is the Spanish Paradores. Founded by Alfonso XIII to promote tourism throughout Spain, Paradores are great as a concept for displaying cultural heritage and creating jobs of areas off the beaten track. This public owned hotel and restaurant chain, consist of 94 establishments, some of which castles, monasteries and convents, palaces, historical venues, and regional constructions. Such a luxury accommodation is made sustainable as well. Paradores have maintained authenticity, sense of place and architectural integrity, while being sensitive to the environment (Giles, 2014).

On the other side of the Atlantic Ocean, Historic Hotels of America is the official program of the National Trust for Historic Preservation for recognizing the finest Historic Hotels. Historic Hotels of America has more than 295 historic hotels that have maintained their authenticity, sense of
place, and architectural integrity. Historic Hotels of America is comprised of mostly independently owned and operated properties, with more than 30 of the world’s finest hospitality brands and chains represented in its collection. Some of the historic hotels are adaptive reuse projects that have involved converting some or all of a historic building to a hotel. Examples include buildings originally built as a historic theatre, a military barracks, U.S. post office, office buildings, private homes, farmhouse, residential buildings, a chocolate factory, a silversmith and a jewelry studio.

An example of how a reused industrial building could transform a fossil-fuel dependent community into a new thriving tourist destination is the Stara Kopalnia coal mine in Walbrzych, Poland. This coal mine was active from 1770 until 1996 and had created a fevered economy throughout the local community. After its closure 11 of its buildings were renovated. 2014 was the opening year of Stara Kopalnia modern center – a place for tourism, culture, arts, learning and education in once industrial Walbrzych. It is now a major attraction in the region for tourists and offers to the local people job opportunities, economic and social benefits.

Reducing logistic and environmental costs in hotels and restaurants while harvesting a trend

Food systems are at the heart of the 2030 Agenda for Sustainable Development (UN, 2015) and in its context local produce is both environmentally and economically beneficial for destinations. Food has a particularly important role in the development of tourism services, since it often comprises 30% or more of tourist expenditure. (Food and the tourism experience, OECD 2012).

As sustainable tourism is as much about sustaining rural culture and identity as it is the physical environment (Bratec, 2016), more attention should be paid to sustainable practices in local food producing. Examined through the lens of sustainable rural development, local produce contributes to preserving the diversity of local varieties. Linking small-scale producers to the tourism industry is a way for enhancing poor regions economic development. Local produce maintains green space and farm land in destinations and helps to strengthen rural-urban linkages.

Having in mind that around 30 percent of food produced is being wasted, according to estimates by the UN’s Food and Agricultural Organisation (FAO, 2011), 20 percent of which along the supply chain, there is ample room for businesses to save money while also helping reduce greenhouse gas emissions associated with farming and transport (Journal of Cleaner Production, 2017). At the same time, customer demand for sustainably sourced food has never been stronger, as trust in food sources is becoming increasingly linked to the notion of sustainable and local sourcing – customers want to know more details about where food is coming from (Green Hotelier, 2013).

Although “local” has a geographic connotation, there is no consensus on a definition in terms of the distance between production and consumption (Martinez S., 2010). The Food Standards Agency found that 40% of respondents referred to local as being within 10 miles (EPRS, 2013). At the same time a large number of consumers refer to local as being produced within a country.
But locality is more than just geographic dimension, as quoted from Marsden (Marsden T., 2000) “it is not the number of times a product is handled or the distance over which it is ultimately transported which is necessarily critical, but the fact that the product reaches the consumer embedded with information.” And food sourcing is an important consideration for customers, who want to know the story behind their food. It enables consumers to connect with the place of production, and the people involved in producing the products (Martinez S., 2010).

The sector of small-scaled producers is growing globally to meet rising consumer demand. Such a trend carries major opportunities for the hospitality industry. US National Restaurant Association’s “What’s Hot in 2016” chef survey found that locally grown produce featured in the top three hot trends of the year. At the same time, hyper-local sourcing (e.g. restaurant gardens, onsite beer brewing and house made items) was on number four of the hot trends (WhatsHot2016). Another annual survey done by Restaurants Canada in 2015 included the category of “local food” in the first four hot trends. In the recent years, food sourcing became very popular also in Europe and represents an increasing percentage in the consumptions trends.

Tourism sector could benefit from engaging local producers and communities, which is adding value and authenticity to destinations, making them more attractive. Local food attracts travellers and it contributes to the tourist experience, indicating marketing potential for hospitality industries, tourism business and regional development. (P. Björk, H.Räisänen, 2016) Food is an increasingly important part of tourism experiences, and food cultures around the world are a rich source of cultural, economic and social diversity. But with more globalised food the authenticity of experiences is threatened (Food and the tourism experience, OECD 2012).

When it comes to finding the balance between hotels’ or restaurants’ brand consistency and local products, the high quality standards promised by a brand could be still maintained while promoting local products. Quality plays a key role in the path to purchase, and hotels and restaurants could require the best quality from local producers by providing them with training and knowledge exchange as a part of their CSR policies. Besides from being “the right thing to do” such activities could lie in the heart of an effective marketing campaign (Green Hotelier, 2013).

To make the sourcing and purchase of local food even easier, some companies have launched online platforms representing the farmers’ markets. They give the opportunity to hotels and restaurants to bulk buy, minimizing the logistic costs. Such platforms are offering to small-scale producers ways and means for collaborative actions at local level, which are essential to meet the demand while continuing to produce in a sustainable way. Tourism further promotes the potential of such linkage via the role of tourists as sources of temporary local demand, which can lead to a growth in production and search for further markets so as to pursue economies of scale (Hall and Gössling, 2016).

Many hotels have already featured local produce in their offers. AccorHotels, which includes the Pullman, Sofitel, Novotel, Mercure, and Ibis chains, intends to “reduce food waste by 30%, in particular by sourcing food locally”. InterContinental Hotels Group’s Responsible Business agenda encourages hotels to use environmentally friendly and locally sourced products and services. In 2015 Hilton, updated its Responsible Sourcing Policy to support a long-term
sustainable supply by addressing known business, environmental and social issues. Hyatt’s 2020 Environmental Sustainability Vision is also emphasizing on supporting local economies.

**Effective recycling and waste management on a more local level**

One of the biggest challenges of the future sustainable development will be the waste management. The measurement and management of waste in tourism is important for minimizing its negative environmental impacts. The rapidly growing numbers of tourists, that will produce more and more solid waste, will inevitably put stress on local communities’ waste management systems. Waste has not only a direct impact on the environment but also an indirect impact, threatening the health of local residents. More than 70% of all waste is biomass, and hotels and restaurant are considered a major source of this biomass waste. Biomass is bulky and relatively expensive to transport, that’s why it tends to be stored locally. It’s crucial to encourage the implementation of waste management systems directly at tourism establishments, making them beneficial for businesses as well as for local communities.

The biggest consideration for the hospitality sector is still the food waste. According to a study, done by Bohdanowicz (2005) around 20% of all waste in hotels and restaurants is food waste. The estimated average cost of avoidable food waste to business is £0.52 per meal (WRAP, 2014). These numbers show the significant economic effect of food waste on businesses. Globally, the food waste has a really huge impact on environmental and economic sustainability. The global volume of food wasted per year is estimated to be 1.3 billion tonnes, and the direct economic consequences to producers of food wastage (excluding fish and seafood) run to the tune of $750 billion annually (FAO, 2013). UN Food and Agriculture Organisation (FAO) estimated also that the carbon footprint of wasted food is equivalent to 3.3 billion tonnes of carbon dioxide per year. That is why food waste has been generating attention internationally. The United States plans to cut its food waste by 50 percent by 2030, and the European Union is planning to do the same by 2020. In order reach this targets, Europe 2020 Strategy calls for finding new ways to minimise waste, change consumption patterns, optimise production processes, management and business methods, and improve logistics.

Finding innovative solutions to tackle these problems will be the way forward to achieve sustainable development. Businesses should be the first to see the opportunities and the financial benefits from reducing waste and reorienting their activities to a better use of what is originally thrown in the bins. Waste recycling, as well as waste prevention, should be further promoted in tourism while transforming waste into useful resources. In the age of technologies, it is easier to find the most appropriate software or application to measure the waste and in this way to better manage it.

A new trend that supports the idea of incorporating waste management systems in the hospitality sector is the Zero Waste platform. By a definition, “Zero Waste means designing and managing products and processes to reduce the volume and toxicity of waste and materials, conserve and recover all resources, and not burn or bury them”. There are more and more Zero waste hotels globally - a sign that environmental credentials are becoming increasingly important to
Implementing a waste management system doesn’t stop at choosing the right software or buying the needed facilities. For any reduction or recycling programme to be a success the staff has to be engaged (Green Hotelier, 2013). Habits do not change quickly. Staff members need to really care about the outcomes and to work coordinated for preventing losses. It is necessary to educate every member of the team about methods of monitoring, storage, and recycling. Being taught how they could improve the sustainability of the destination and the business would raise levels of their commitment. Coordination and networking between workers are important to make them feel included in this process. Employee engagement should be further promoted through educational opportunities, bonuses, and competitions, encouraging them to become involved in a waste management programme.

An example of a digital product developed to track and measure the waste in the hospitality sector is the system created by the UK based company Winnow (Winnow, 2016). This system engages employees to check on a display every waste they put into a recycle bin. The amount of waste in the food waste bins is been measured on a daily basis. There are also data about the kind of food binned and the reason why. This information helps restaurants and hotels to prepare and produce more effectively, and minimize the waste of foods that are repeatedly left uneaten by consumers.

A good example of collaborative actions on a national level is the recently launched Hospitality and Food Service voluntary agreement to cut food and associated packaging waste and increase recycling – initiated by the four UK governments and WRAP. Over 100 companies, which represents 19% of the hospitality and food service sector in the UK, have signed up to this agreement.

Conclusion:

In most of the planning, development, and implementation of tourism marketing strategies, tourism is perceived as an economic activity rather than a living system (Jamrozy, 2007). Tourism is not only trade, but also a means for cultural exchange and local prosperity. And what tourism marketing should do is “collaboration with customers and partners” (Marketing News, 2004).

Future patterns of tourist services should count on consumers’ awareness of sustainable development and the new lifestyles in harmony with nature. But changing behaviours - and in particular motivating more sustainable behaviours - is far from straightforward. Individual behaviours are deeply embedded in social and institutional contexts (Jackson, 2004). A recent OECD policy paper, aiming at tackling environmental problems with the help of behavioural insights shows that simplification and framing of information is the most important tool for consciously activating certain values and attitudes of individuals. This is another approach for policy makers to obtain a deeper understanding of the behavioural mechanisms contributing to
environmentally harmful choices and develop more effective policies to address environmental problems (OECD, 2017).

A report of the World Economic Forum (2009), called “Driving Sustainable Consumption” outlines the importance of the future role of the consumer in sustainable development: “The riddle of prosperity and growth will be inextricably linked to the consumer, how they choose products, how they use them, and ultimately, how they perceive and receive more value with less social and environmental impact. In the future, consumers will be critical partners of companies in pursuing sustainable lifestyles characterized by sustainable consumption of goods and services.”

A concrete example of how sustainable marketing should be different is cited from an explorative study presented at the World Tourism Forum Lucerne 2013: “How to Communicate Sustainable Tourism Products Effectively to Customers” (Lucerne, 2013). The survey suggests firstly making stronger connections to the destination, by giving specific information to reflect destination authenticity and so to foster respect towards it and cultural sensitivity. It should also include elements of local food and culture if possible, as tourists with pro sustainability values desire to experience the “taste and feel” of a place. The sustainable marketing has to raise awareness and educate, giving information to tourists about their impact at the destination, and encourage pro-environmental values and attitudes, it has to be original and creative.

New trends and increasing concerns of society should lead to a different approach to customers, actively engaging them in a two-way communication. These interactions with customers have to bring them to thoughts about the whole impact of their traveling on the environment and local communities. Sustainable tourism marketing aims to create awareness about pro-sustainability products, and to increase their purchasing. Since sustainable tourism products are distinct from standard alternatives, a company needs to market these differently to the common producer oriented model (Jamrozy, 2007). The responsibility for educating customers is part of the future transition of marketing and promotion based on values not on consumption. The outcomes of these future policies will depend also on whether they can provide customers with incentives to make more environmentally sustainable decisions (OECD, 2017).
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