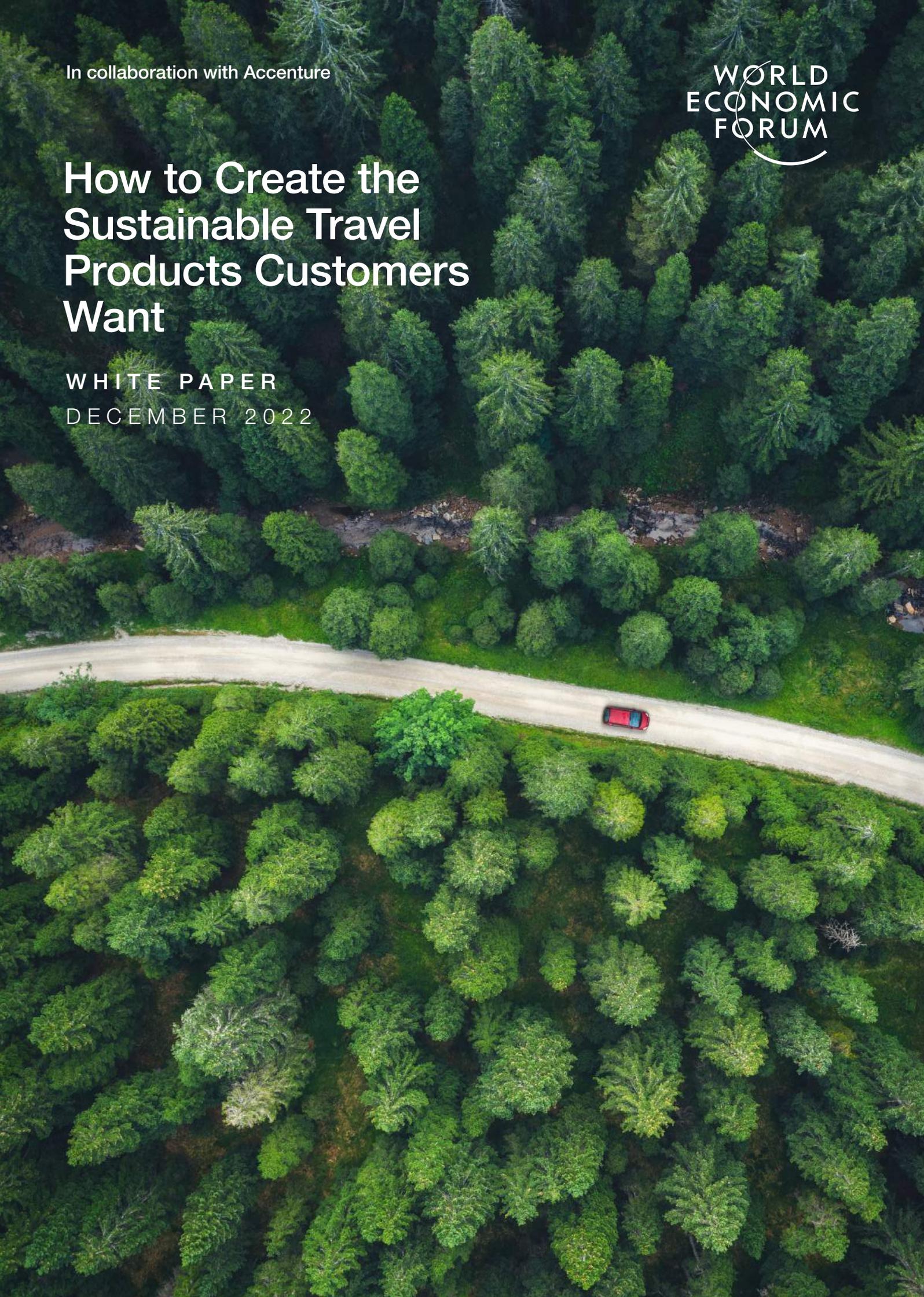


In collaboration with Accenture



How to Create the Sustainable Travel Products Customers Want

WHITE PAPER
DECEMBER 2022



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Foreword



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As the travel and tourism (T&T) industry recovers from the impact of the COVID-19 pandemic, the urgency of the need to combat climate change and other sustainability challenges has increased dramatically. In response, T&T companies are setting new sustainability targets while governments, regulators and customers push for accelerated action.

Moving the T&T industry towards a more sustainable future requires travel companies to step up their eco-conscious and sustainable T&T product offerings to allow customers to understand and adopt these products at an accelerated pace. In this context, we set out to investigate how different companies are defining and incorporating sustainable travel products into their brands and presenting these products to customers.

For this report we asked a few key questions:

- How does the T&T industry currently define sustainability and, in particular, “environmentally sustainable” travel products?
- Which “sustainable travel” options already exist today?
- What are the challenges for customer adoption of these options?

- What can the T&T industry learn from early movers within the industry and from other industries?
- What are the necessary steps the industry can take to help accelerate the adoption of sustainable travel offerings?

In line with the World Economic Forum’s multistakeholder approach, this report was produced with the input of multiple industry participants and experts, with Accenture partnering with the Forum on research and thought leadership. We analysed more than 50 T&T companies, and interviewed five leading industry companies for case studies and insights that are included in this publication. Feedback was also sought from members of the Forum’s Global Future Council on Sustainable Tourism, a community of leaders from government, business and civil society focused on generating principals and solutions for sustainable tourism development.

We hope that our findings will enrich the discussion about what is possible and what works, and inspire action from all industry participants. While the challenge is great, the sustainable transition of the T&T industry is imperative to safeguard the privilege of global travel for generations to come. Let’s accelerate this transition – which is well under way.

Executive summary

Sustainability has risen to the top of the CEO agenda and leaders across industries are stepping up action.¹ In travel, many companies are already in the process of setting ambitious sustainability goals and developing corresponding strategies, including the transition to **net zero**.² However, to achieve these goals and transition to a more sustainable future, travel and tourism (T&T) companies must

successfully develop products that enable more sustainable travel choices. As it currently stands, sustainable travel products are still in their infancy and obtaining the required funding and sponsorship for relevant initiatives and products remains a prime challenge for T&T companies. While the need for these products is becoming clearer, their value and business case are still often challenged.



Purpose of the report

The purpose of this report is to make the case for accelerated investments in sustainable travel products by providing an analysis of the opportunities and challenges of developing sustainability offerings. More specifically, the intention is to:

1. **Provide transparency** on the status of current research on sustainable traveller behaviour (including research from practitioners and academia)
2. **Supply an overview** of the current sustainability product landscape and composition (especially as it relates to decarbonization)
3. **Offer proof points** in the form of real-life examples of sustainability products from the T&T industry and beyond (including examples from other industries as well as success stories from T&T companies)
4. **Highlight roadblocks** that are currently limiting the adoption of sustainable travel products
5. **Provide guidance** to T&T companies on how to overcome current roadblocks to accelerate and benefit from sustainable traveller behaviour

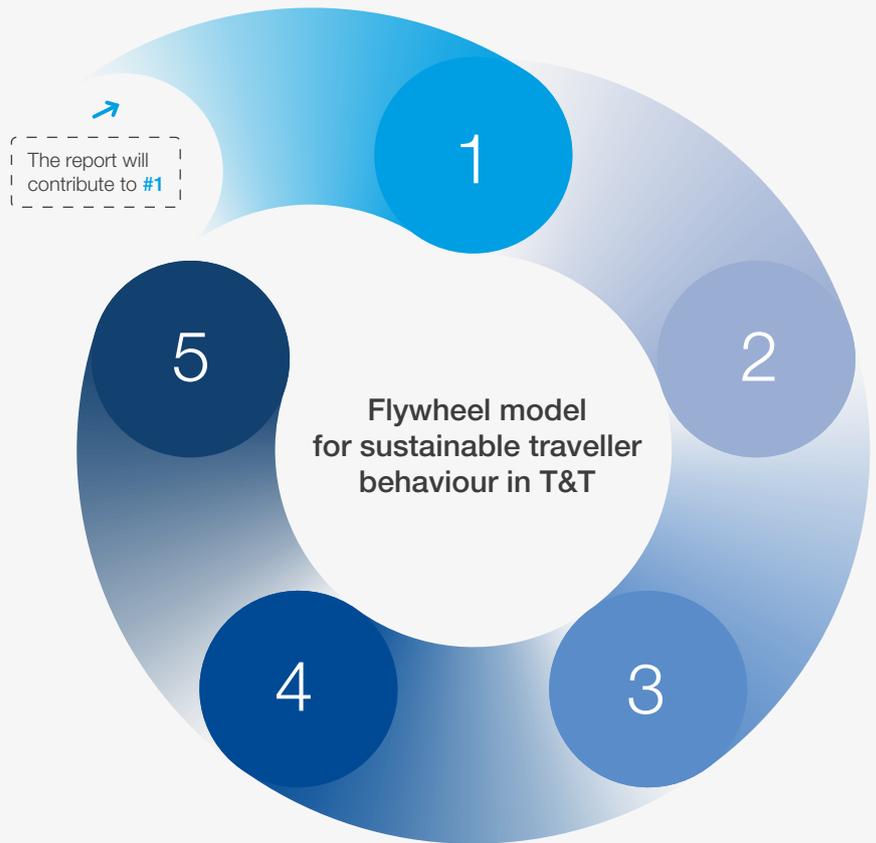
(including recommendations on how to design, develop and offer sustainable travel products)

6. **Present a call to action** to the T&T industry to further develop and offer more sustainable travel products, including a call to action for T&T companies and platform players to share success stories

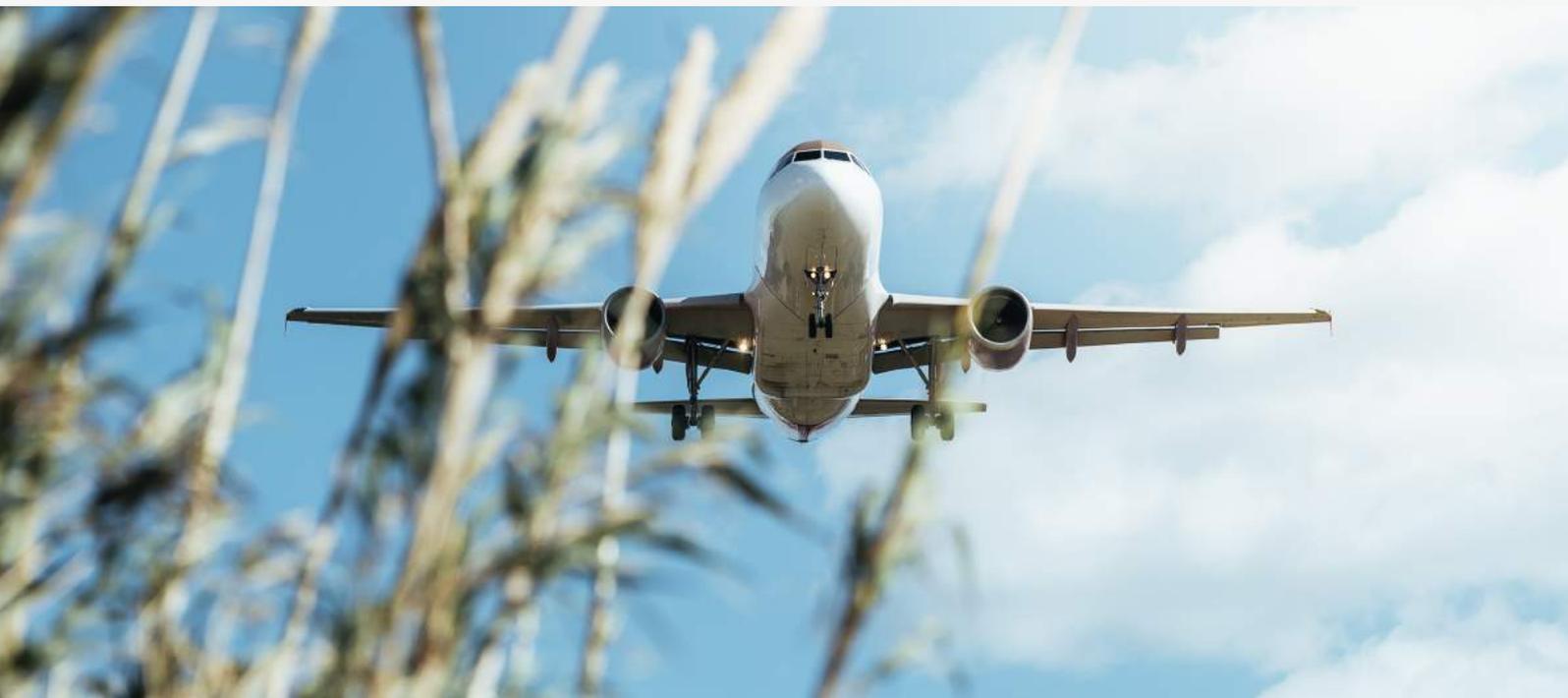
Moreover, the goals outlined are intended to help the T&T industry accelerate a flywheel model for sustainable traveller behaviour, as outlined in Figure 1. Development of any new offerings typically requires a combination of capital, marketing and human resource investment, as well as operational changes. As a result, leadership sponsorship is required, as well as statistics that demonstrate an overall positive impact for businesses. The report will showcase how sustainable offerings, when designed to address current say-do gap roadblocks, should meet customer needs. Meeting these needs will, in turn, be the drivers of higher growth rates, shaping improvements in brand image and helping secure the necessary leadership support. Note that while this report focuses primarily on the environmental aspects, its findings are relevant to a broad range of sustainability products.

Causal chain

- 1** **Signal/motivation:**
Evidence that travellers not only say they prefer sustainable travel products, but also act accordingly
- 2** **Sponsorship:**
Leadership in T&T companies is more likely to approve budgets for sustainability initiatives/ sustainable products
- 3** **Travel products:**
T&T companies are more likely to develop sustainable travel products and offer them to travellers
- 4** **Buying behaviour:**
Travellers are more likely to book/buy sustainable travel products (and may even pay more)
- 5** **Growth rates:**
Higher growth rates of sustainable travel products compared to (non-sustainable) peer products



Source: World Economic Forum and Accenture analysis, 2022



Key insights

- Recent research on sustainable traveller behaviour from both practitioners and academia indicates that consumers are increasingly demanding sustainable products. However, these are typically consumer surveys and therefore show only what travellers say they would do (in terms of attitudes or intentions). When it comes to tangible sustainable travel behaviour, there is clearly a lack of research and empirical data.
- While consumer surveys show that travellers say they demand/prefer sustainable travel products,³ the picture is often different when it comes to their actual behaviour. This “say-do gap” describes the discrepancy between what travellers say, in the form of their attitudes or intentions, and what they eventually do, in terms of actual booking or buying behaviour.⁴ Our assumption is that while there is a say-do gap in travel, one of the main reasons is the lack of compelling sustainable travel products that adequately address the roadblocks that create this gap.
- While still in the early stages of development, within the T&T industry, companies have started to design, create and offer sustainable travel products. These apply to a wide range of product approaches that differ across sub-industries (e.g. aviation, hospitality, car rental and services) and maturity levels (anything from additional information and services to truly new sustainable core products).
- Other industries outside of travel provide examples of successful sustainable products. In retail (e.g. consumer goods, electronics, fashion), for example, sustainable products show significant growth rates and even outperform traditional non-sustainable alternatives.
- There are also some proof points and success stories to be found within the T&T industry itself. Multiple company interviews highlight the accelerated growth rates of more sustainable travel products in the wake of the industry’s post-COVID recovery as travellers increasingly emphasize a wish to make sustainable choices.
- Several strategies can be used to address the say-do gap and build the foundation for a cycle of sustainable product development that may improve traveller adoption. These recommendations touch on increasing product availability, improving the customer experience,

reducing the green premium and providing suitable product value and impact, focusing on customer incentives and recognition, and educating consumers through greater focus on product credibility and awareness.

Call to action

To drive the net-zero transition in the T&T industry, there is a need to increase ambition where possible. More specifically, this report calls on T&T companies, such as airlines, hotels, car rental and ride-sharing companies and others:

1. To develop more pilots and prototypes of sustainable travel products and test them in the market
2. To share success stories about sustainable travel products (no matter how small) as well as effective techniques
3. To ensure alignment across the industry on reporting standards, emissions impact calculations, etc.
4. To work together to introduce comprehensive sustainable travel packages that offer a seamless way for customers to incorporate sustainable products throughout their journeys
5. To align with vendors and supply-chain players on sustainability initiatives and offerings
6. To work with local governments, communities and other organizations to improve awareness and, where necessary, to help enable sustainable offering development
7. To educate and work with employees on the sustainability mission and the range of offerings available for customers

The report also calls on digital travel platforms, such as booking sites, aggregators, global distribution systems and others:

1. To provide more information about sustainable travel products on their platforms
2. To share data and insights on actual booking behaviour to allow for comparisons of sustainable vs. traditional products
3. To provide transparency on the methodology behind emissions calculations, reporting, green badges and certificates

1

Introduction

T&T company investment in sustainable travel products must be seen in the context of the increased urgency for the industry as a whole to develop in a more sustainable and resilient manner.



1.1 The urgency of sustainable T&T development

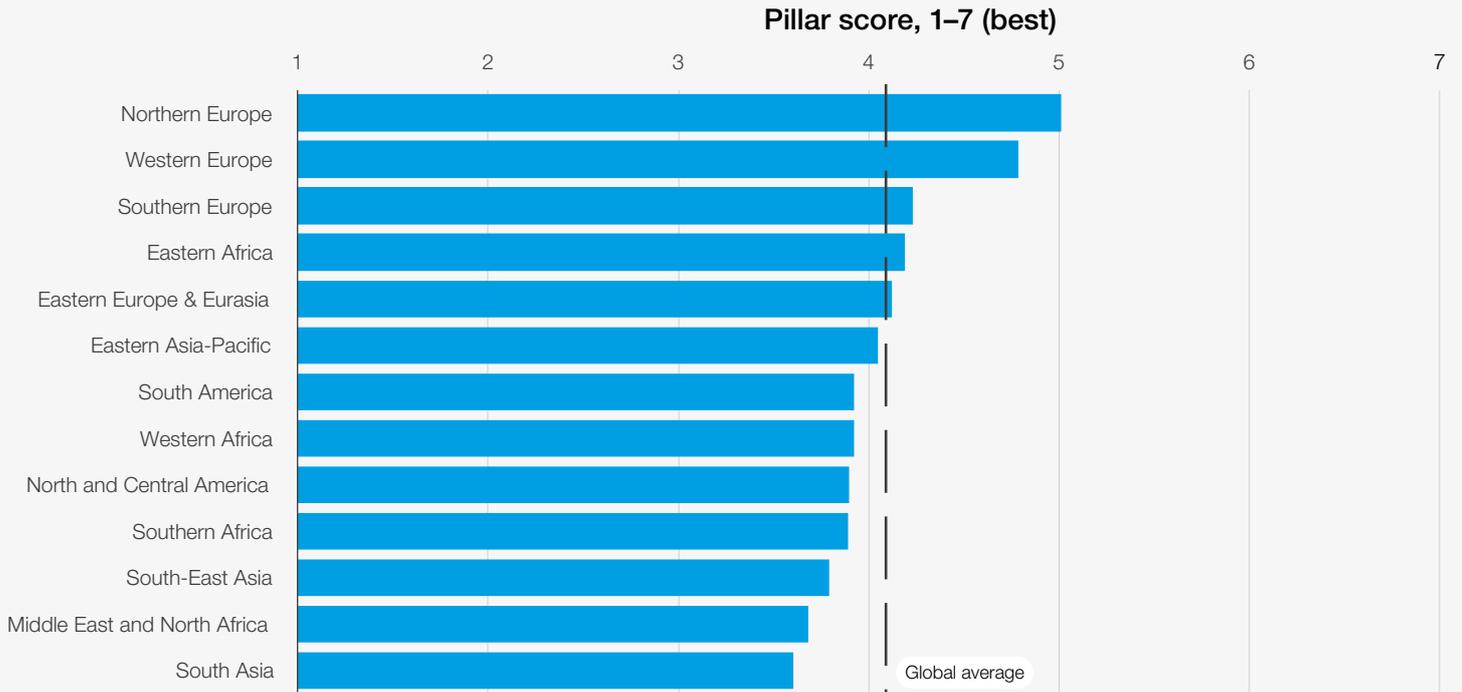
Sustainable development, defined by the United Nations as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”, is one of the world’s greatest challenges and opportunities and will depend on “building an inclusive, sustainable and resilient future for people and the planet”.⁵ Accounting for 11% of global emissions,⁶ a share that is only expected to climb without significant mitigation action, and 10% of global GDP and employment in 2019,⁷ the sustainable development of T&T is a critical component in tackling the world’s growing environmental and socioeconomic challenges.

In particular, this report focuses on the environmental sustainability aspects of T&T due, in part, to the urgency of climate change. According to global expert and leader perceptions collected for the *World Economic Forum’s Global Risks Report 2022*, environmental risks account for half of the top 10 most severe risks facing the world in the next 10 years, with climate action failure, extreme weather and biodiversity loss making up the top three.⁸ Moreover, the latest IPCC report⁹ (April 2022) found that limiting global warming to 1.5°C may be beyond reach without immediate and deep greenhouse gas (GHG) emissions reduction across all sectors, with the failure to do so potentially amplifying the negative impact of climate change on the world’s ecosystems, water and food supply,

infrastructure, socioeconomic development and overall well-being.¹⁰

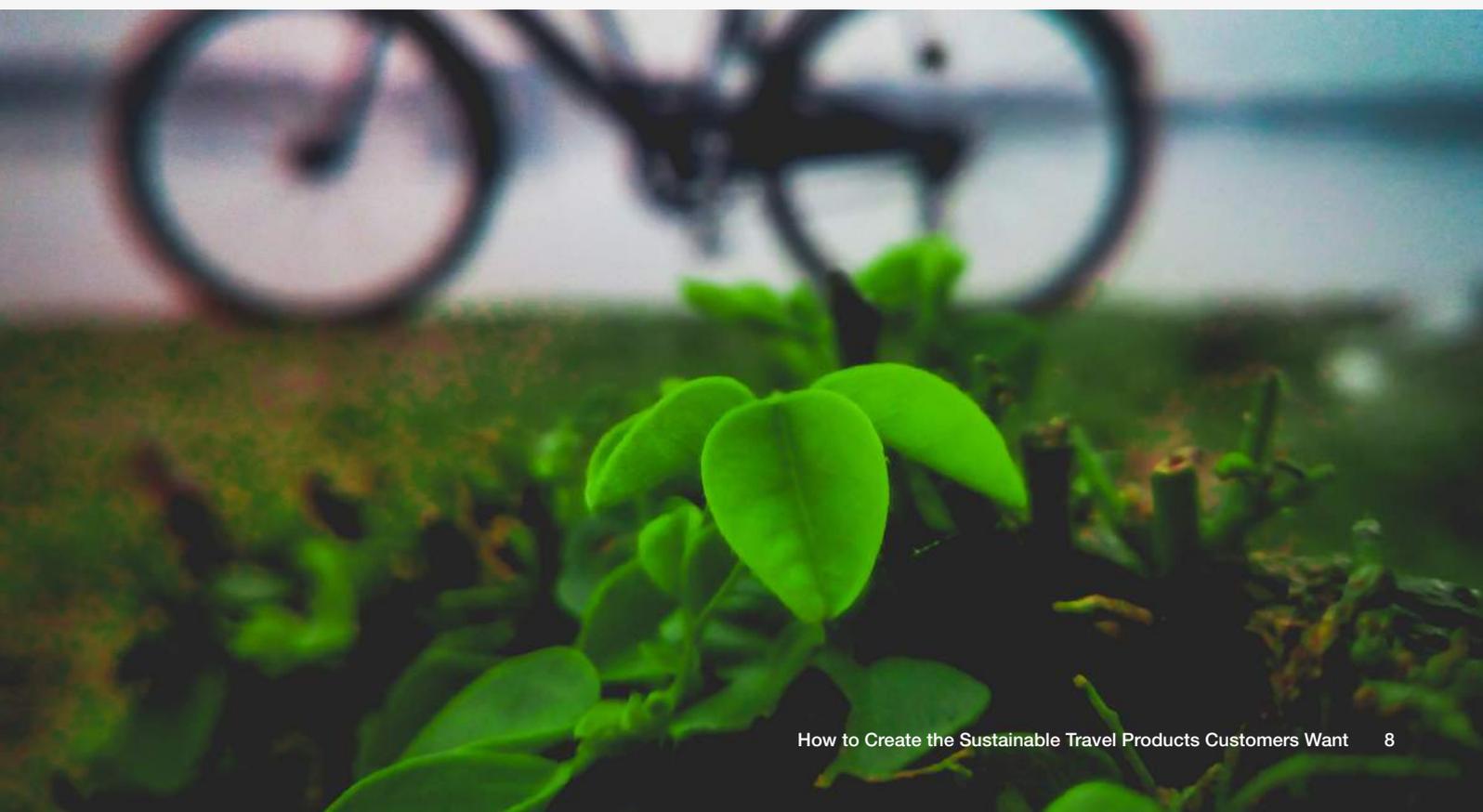
The 2021 results of the *Travel & Tourism Development Index* (TTDI) also provide further insights on the need for greater environmental sustainability in developing T&T destinations. The index covers 117 economies and benchmarks factors and policies that enable the sustainable and resilient development of T&T, including aspects such as Business Environment, International Openness, Transport Infrastructure, Cultural Resources, Natural Resources and Environmental Sustainability. Figure 2 backs up index results showing that economies in Europe tend to have the highest scores for Environmental Sustainability, while economies in Asia, the Americas, sub-Saharan Africa and the Middle East tend to underperform. As a result, it is these latter regions’ tourism development that is often at greatest risk from environmental challenges such as climate change, pollution and loss of biodiversity. This is particularly problematic for countries that depend on nature-based tourism. Out of the 30 top scorers for Natural Resources, in a measure of availability of natural assets, 17 score below average for Environmental Sustainability. In the Americas and Asia-Pacific, where more than half of economies score above average for Natural Resources, less than 40% and 20% of economies, respectively, score above average for Environmental Sustainability.¹¹

FIGURE 2 | Regional Environmental Sustainability pillar performance, 2021



Source: World Economic Forum

Note: Data represents regional economy group means scores for the Environmental Sustainability pillar. The pillar measures the general sustainability of an economy's natural environment, protection of its natural resources and vulnerability to/readiness for climate change. For more information on the pillar and its components, please see the [Technical notes and methodology page of the Travel & Tourism Development Index 2021](#).



On average, high-income economies tend to have better overall Environmental Sustainability, due to typically lower levels of pollution and better nature preservation policies than in lower-income states. However, on average, high-income economies ranked in the index also produce around 50% more per capita GHG emissions than the index average.¹² Therefore, while developed economies may typically be better prepared to protect their environment, they punch above their population weight when it comes to contributing to global emissions and climate change. Meanwhile, developing states are often less prepared to deal with the impact of the climate challenge on their tourism economies.

In this context, the private sector will play a vital role in enabling sustainable T&T development and addressing the related global challenges. Investment in improving environmental, social and governance (ESG) performance will be critical, with sustainable travel products representing an important mechanism for achieving this goal.

Reasons why companies should become more sustainable

As highlighted in Table 1, there are multiple incentives available for the T&T industry to reduce emissions and improve its overall ESG attributes.

TABLE 1 **Reasons for the T&T industry to invest in sustainability**

Category	Reasons to invest in sustainability
Regulatory and policy environment	<ul style="list-style-type: none"> Government and governing bodies forcing environmental standards that businesses must comply with, such as enforcing the Paris Agreement, publishing Sustainable Development Goals (SDGs), the Renewable Fuel Standard (US)¹³ and the Adopted Renewable Energy Directive (EU)¹⁴ Certain jurisdictions considering setting policies¹⁵ and restrictions on the modes of transport allowed by range, region etc. For example, France is considering banning flights that take less than 2.5 hours by train. Additionally, Austria stipulated it would eliminate all domestic flights if an alternative train journey shorter than three hours was available, as part of Austrian Airlines' bailout condition¹⁶ Various government subsidies, tax credits and other incentives are currently in place or under consideration that may be relevant for sustainable products¹⁷
Resilience and risk management	<ul style="list-style-type: none"> As the impact of COVID-19 and current challenges have shown, the T&T industry is exposed to various local and global risks. Improving sustainability enables companies to build resilience in the face of future headwinds Environmental risks such as climate change and pollution endanger natural assets and infrastructure that are vital for many tourism destinations, making them a danger to T&T company operating conditions
Consumer and stakeholder expectations	<ul style="list-style-type: none"> Consumers are being made aware of sustainable options and are beginning to choose these products and services Companies that adapt can better capitalize on growing demands for more sustainable travel options and increase brand affinity among sustainable consumers, gaining a strategic and competitive advantage, and improving their brand image Stakeholders are increasingly focusing on sustainability performance, and businesses have an opportunity to capitalize on this demand. According to the 2019 UNGC and Accenture CEO Study,¹⁸ 62% of customers want companies to take a stand on social, cultural, environmental or political issues, and 88% of investors see sustainability as a driver of competitive advantage
Investment and operational benefits	<ul style="list-style-type: none"> Based on the 2019 UNGC and Accenture CEO Study,¹⁹ 99% of chief executive officers from companies with more than \$1 billion in annual revenue believe that sustainability will be important to the future success of their business The UNGC and Accenture 2021 study²⁰ highlights how investors and the capital markets are encouraging sustainability focus, with 31% of chief executive officers citing them as among the most influential stakeholders to manage future sustainability efforts Inclination to contribute towards green practices is on the rise, thus providing companies with an additional route to diversify their offerings and pave the way for profitability Some sustainable offerings can also help reduce operation costs; for instance, reducing room-cleaning services in hotels improves sustainability and may also lower hotel expenditure Increased focus on workers' rights/inclusive labour policies can lead to a more productive workforce²¹

2

Sustainable travel behaviour and the say-do gap

Travellers want to be sustainable, but there is a discrepancy between intention and action.

2.1 Studies on sustainable traveller behaviour

Recent surveys and reports from practitioners and academia indicate that travellers want to travel and consume more sustainably. This is a behavioural change that is here to stay, increasing the demand for sustainable travel options. Below is a snapshot of these changing behaviours and attitudes.

Traveller priorities

Increasing sustainability to combat climate change ranks as the top environmental and social issue for surveyed travellers in markets such as the UK, Australia and Japan.²² How customers value sustainable travel choices:

- **96%** say it is important that their travel spend **makes a positive impact in the places they visit** (Kind Traveler)²³
- **40%** want to **make more sustainable choices** compared to a year ago (Skyscanner)²⁴
- **4 out of 5** global travellers confirm **sustainable travel is important** (Booking.com)²⁵
- **40%** of those making more sustainable choices over the past 12 months **cite the pandemic as the catalyst to making sustainable changes** (Skyscanner)²⁶
- **78%** aim to **stay at a sustainable property** at least once in the next year (Booking.com)²⁷

Traveller perception

The practices most associated with sustainable or environmentally friendly travel, according to a 2021 Agoda survey,²⁸ are the use of renewable energy and resources and reducing or eliminating single-use plastics. Globally, people are looking for ways to give back to the environment, and this is

prominent in the T&T industry. How travellers view sustainable travel:

- **69%** see sustainable travel as **lessening their environmental impact** (Expedia)
- **65%** see sustainable travel as **supporting the local economy, culture and communities** (Expedia)²⁹

Traveller behaviour

Where travellers choose to stay and their mode of transport for travel is changing as they consider sustainable alternatives. How customers are altering their travel behaviour:

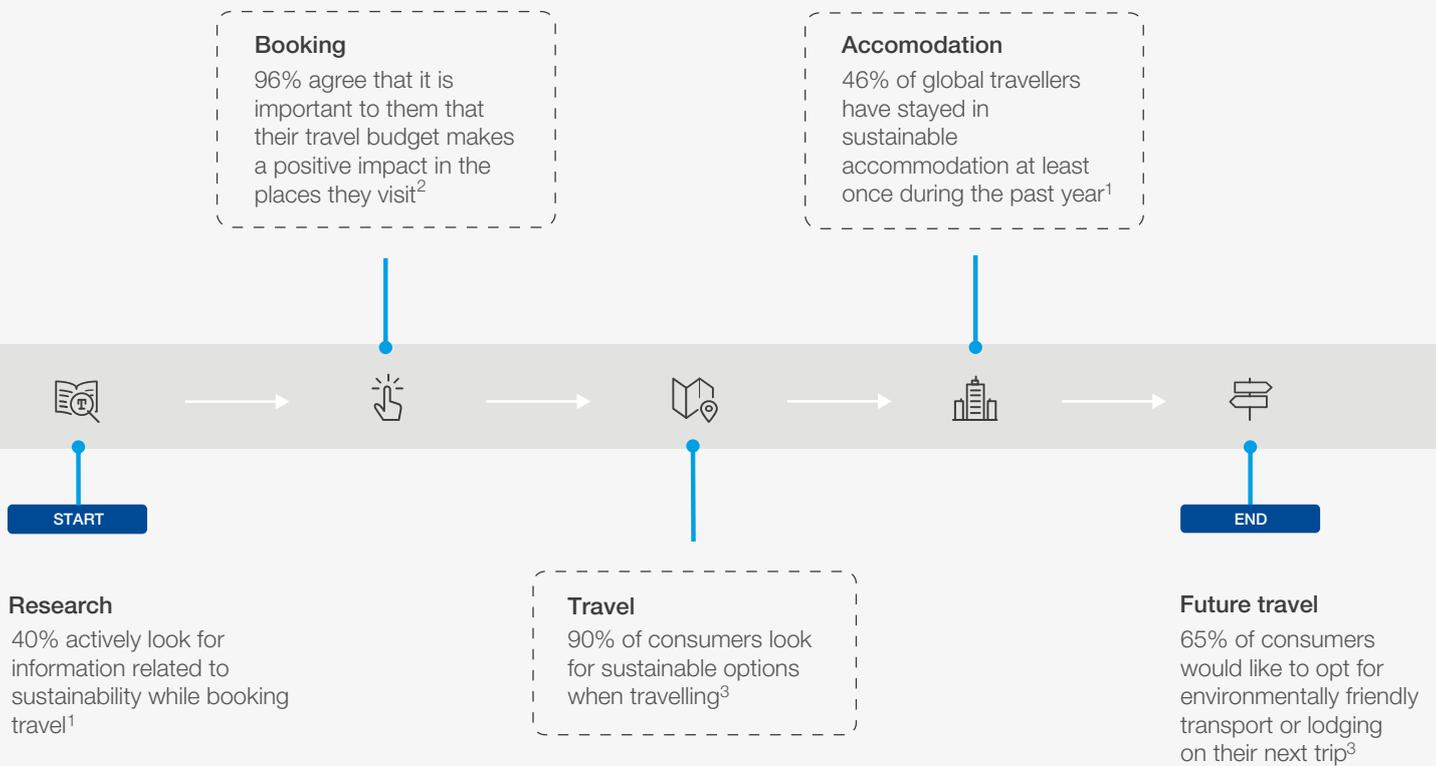
- **75%** want to use **environmentally friendly modes of transportation** for future trips (Booking.com)
- **20%** are **choosing to travel by train instead of car** for longer distances (Booking.com)
- **28%** do not mind **travelling for a longer time** to reduce carbon emissions (Booking.com)
- **40%** actively **look for information related to sustainability while booking** (Booking.com)
- **40%** are **aware of sustainable stay options** and have seen these on an online travel site over the past year (Booking.com)
- **38%** actively **look for information on a property's sustainability efforts** before booking (Booking.com)
- **46%** have **stayed in sustainable accommodation** over the past year at least once (Booking.com)

- **41%** of those who stayed in sustainable accommodation did so **to help reduce their environmental impact** (Booking.com)³⁰

Although the surveys covered here show that travelling sustainably is increasingly important for people, they also highlight that a large share of travellers are still not prioritizing sustainable options. For instance, when asked, the majority of Booking.com's³¹ survey respondents said they would not be willing to pay more for travel activities to ensure they are giving back to local communities, while a Skyscanner 2021 survey³² found that the majority of people prioritize cost above all other factors when booking flights.

The debate about consumers' willingness to pay more for sustainability still has no clear answers, as these contradictory survey results indicate. In general, price is just one of many factors that hinder increasing demand and the actual purchase of sustainability products. According to *The Human Paradox* report from Accenture, consumers are increasingly facing complex choices that are driven by evolving forces ranging from inflation to social movements, with 60% of consumer saying that their priorities keep changing because of everything going on in the world. Unsurprisingly, while nearly 70% of consumers are worried about the impact of climate change on their lives; the report adds that they continue to struggle to make sustainability a top priority over other needs.³³

FIGURE 3 Survey feedback on sustainable behaviour preference across the traveller journey



Source: World Economic Forum and Accenture

Notes: 1. Booking.com, *Sustainable Travel Report*, 2022; 2. Kind Traveler, *10 Global Trends at the Intersection of Travel, Philanthropy and Sustainability*, 10 March 2022; 3. Expedia, *The Rise of Sustainable Travel, the Conscious Traveller and What Your Brand Needs to Know*, 2022.



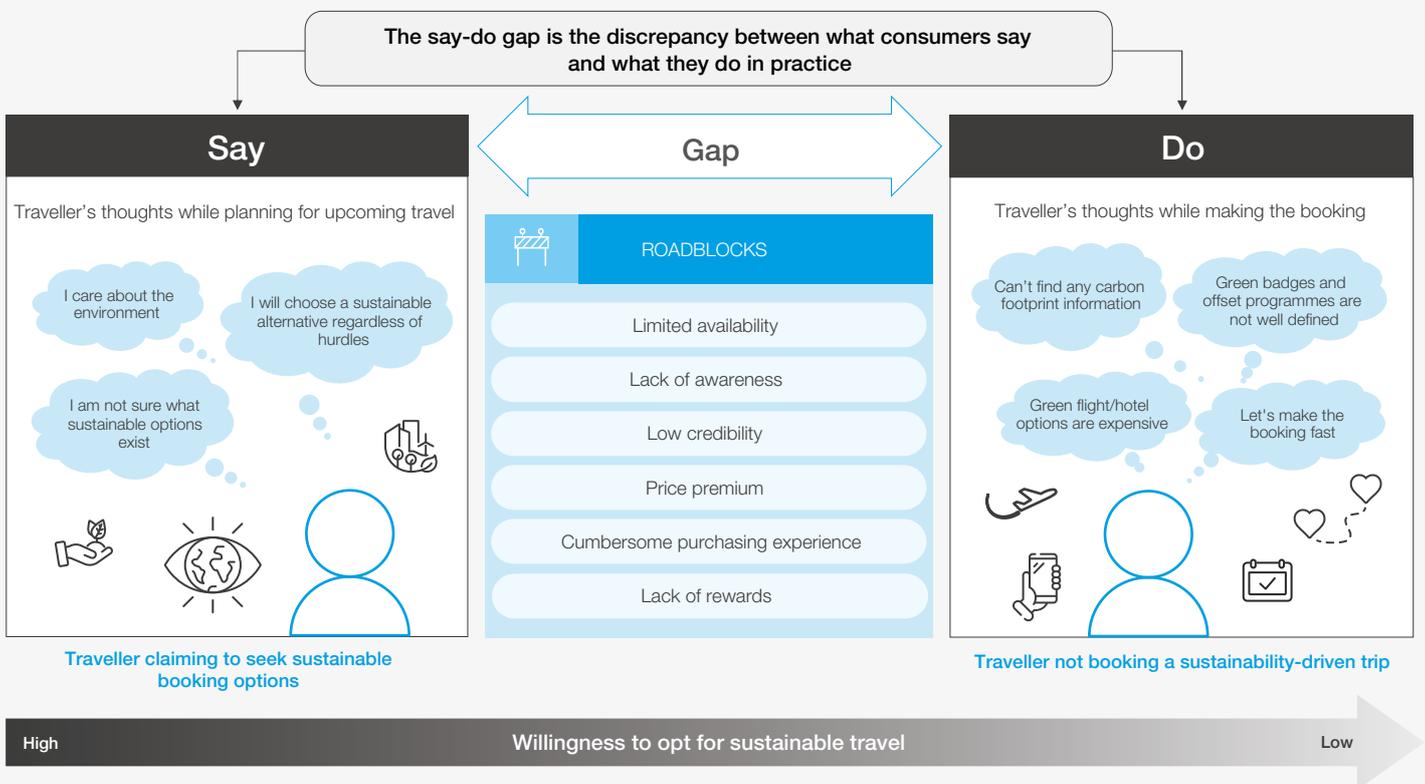
2.2 The sustainability say-do gap

Even though numerous consumer behaviour studies suggest that travellers want to be more sustainable, the uptake of sustainable travel products anecdotally does not signify an accelerated trend just yet. As sustainable offerings are relatively nascent, there is limited data/research on actual purchasing behaviour. This discrepancy, called **the sustainability say-do gap**, was also highlighted during the company interviews conducted for this paper. Recent surveys have identified that travellers want more information on companies' sustainability practices or would like their offerings to be more transparent, intuitive and easy to access. Research on different industries reveals that although

companies are continuously attempting to build products that cater to this need, the maturity level and the nature of these products vary greatly.

Industry and expert interviews conducted for this report and multiple consumer behaviour studies³⁴ have helped identify a range of roadblocks that can help explain the gap between consumers' claims and what they are doing in practice. These roadblocks can be classified or clustered into six main categories: **limited availability, lack of awareness, low credibility, price premium, cumbersome purchasing experience and lack of rewards/acknowledgement.**

FIGURE 4 Illustration of the sustainability say-do gap in travel



Source: World Economic Forum and Accenture analysis, 2022





These roadblocks are industry-agnostic, and this report elaborates on how each is a hindrance to the growth in uptake of sustainable products in the T&T industry.

1. Limited availability: The overall lack of sustainable product alternatives has created an availability roadblock in the T&T industry. The majority of travel products on the market are not necessarily sustainable. Moreover, consumer behaviour is influenced not just by the functionality of a product but also by its aesthetics, quality, comfort and overall appeal. Therefore, sustainable products need to meet consumer expectations in these areas to be a competitive option.

A Booking.com 2022 survey of global travellers found that 32% claimed non-sustainable travel options appealed to them more, 26% said the same about sustainable travel destinations and 27% said sustainable travel did not provide the expected luxury and comfort. This highlights that travellers perceive a lack of comparable sustainable options.³⁵

2. Lack of awareness: Although the concept of sustainability has been catching up post-COVID, consumer awareness of sustainability concepts and related products is often limited. In particular, consumers may lack an understanding of what the current T&T sustainability challenges are, what behaviour they or the industry can modify to address these challenges, and what sustainability products are currently available or how they work.

In the Booking.com survey, 31% of travellers surveyed confirmed that they didn't know sustainable accommodation existed and 29% said they didn't know how to find it. Additionally, 29% of respondents who haven't stayed in sustainable accommodation this year believed there weren't any options in their preferred destination, 10% thought they were available only in remote areas and 8% believed they seem less luxurious.³⁶ This highlights the fact that low levels of awareness about sustainable practices among travellers inhibit them from choosing more sustainable options.

3. Low credibility: Consumers want to be reassured that companies' sustainability claims are credible and verifiable. This has created a need for more transparency in reporting, including enhanced certifications and verified labels for sustainable products.

Seven out of 10 travellers surveyed by Expedia have avoided a travel destination or transport option due to a perceived lack of credibility in relation to an organization's sustainable practice commitments.³⁷ According to Booking.com's survey, 57% of customers claimed they would feel better about staying in a particular accommodation if they knew it had a sustainable certification.³⁸

4. Price premium: While this is not always the case, sustainable travel is generally perceived to be more expensive than its traditional counterpart. As the willingness to pay a premium for more sustainable products varies by customer segment and is ever-evolving, customers often drop out from purchasing the sustainable alternative due to actual or perceived higher prices.

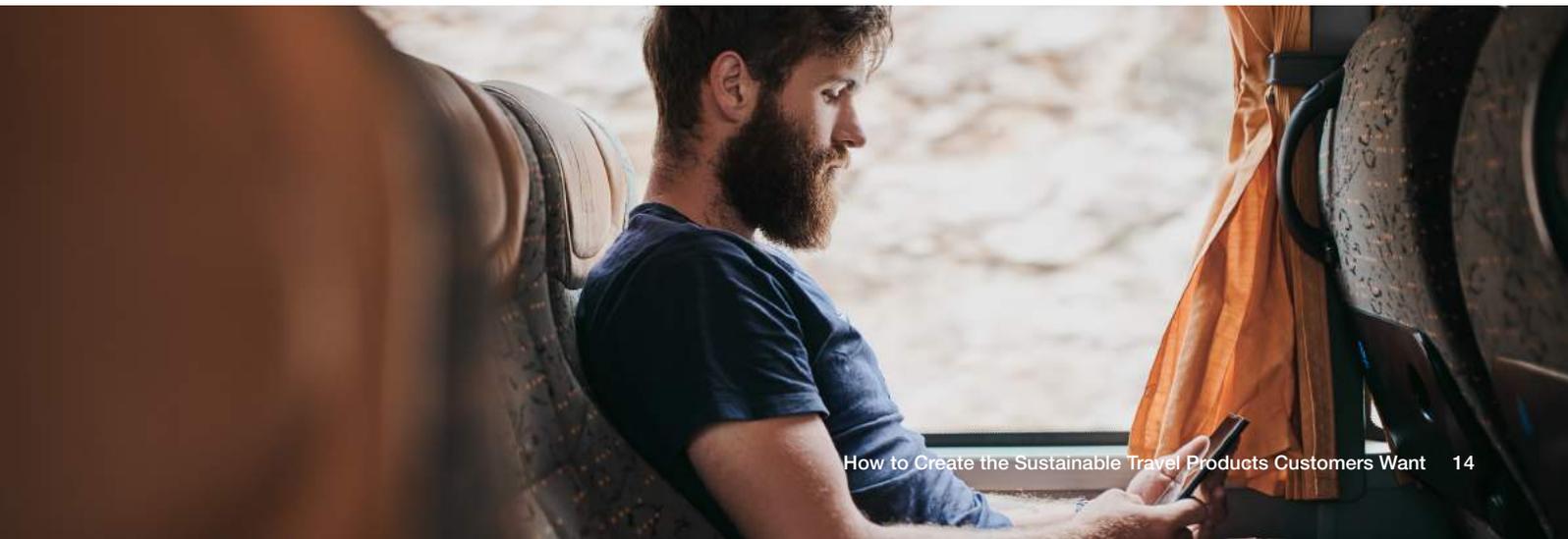
About 74% of consumers surveyed said it costs too much to be more sustainable when travelling, with only half willing to pay more for more sustainable transport, activities and lodging. Moreover, 26% of travellers³⁹ said they wouldn't choose a destination, lodging or transport option that is committed to supporting the local community and culture if it was more expensive. Some 59% of respondents from a Vacationer survey stated cost as their most important factor when booking travel, 34% were willing to pay something extra up to \$50 to lower their carbon footprint from the trip, and 22% were not willing to pay any premium.⁴⁰

5. Cumbersome purchasing experience: Consumers want sustainable products and wish their purchasing process to be hassle-free and intuitive. Having to go out of their way to research the sustainability of a product or to purchase such a product is considered a major roadblock. Moreover, customers want sustainability information and associated labelling to be easily accessible.

When asked about how a seamless experience would affect customers' booking behaviours, 32% of respondents declared that they would like T&T companies to suggest things to do and places to visit while on holiday. Likewise, 34% of global travellers said they would be encouraged to make more sustainable travel choices on online travel agency (OTA) platforms if the platforms offered a sustainable filter option, with 36% wanting such travel platforms to use clear labelling to help them more easily identify when something was sustainable.⁴¹

6. Lack of rewards/acknowledgement: As customers increasingly adapt to green practices, providing ways for them to make their efforts more visible would encourage them to continue on this path. To bridge this roadblock, customers would have to feel rewarded for their efforts, both physically and emotionally. This includes supplying tools to help them publicize their actions on social media, providing some physical recognition and delivering a product that looks different to showcase the customer's sustainable choice (e.g. a green boarding pass or different-coloured seats on a plane). Some 16% of customers surveyed who have stayed at sustainable properties within the past year highlighted how ideal such properties are for sharing stays on social media.⁴²

While certain mature products have paved the way for a breakthrough, some companies with nascent-stage products are still debating on how significant the return on investment (ROI) would be. Focusing on these roadblocks would help companies close the current say-do gap. Additionally, some interdependencies exist across the six roadblocks, allowing companies and the industry at large to address multiple issues within the same initiative. For example, companies that struggle to optimize the right purchasing experience must deal with a lack of customer awareness of and exposure to existing sustainable offerings. As part of the process of refining the purchasing experience, it is important to ensure that customers are presented with all of the sustainable options offered by the company and that they clearly understand the sustainability benefits, as well as any other potential travel experience benefits those offerings can provide.



3

T&T industry sustainable products approach

Sustainable products offer a path towards reducing carbon emissions.

Sustainable travel products currently being offered in the market address environmental and social factors – products that touch on issues such as water safeguarding, waste management, worker and community inclusivity and the protection of natural and cultural heritage. However, for the scope of this report, the focus is on environmentally

sustainable travel products built around decarbonization practices. Decarbonization is one of the most critical sustainability challenges facing the T&T industry. Companies' approaches to carbon emissions can help inform the development of broader sustainability product portfolios.



3.1 Defining sustainable travel products in the carbon emissions space

As T&T companies start or mature their net-zero journey, many create their sustainable products around several decarbonization levers, which are usually aligned with their sustainability strategy. As an example, three different categories across the aviation, hospitality and car rental and ride-sharing

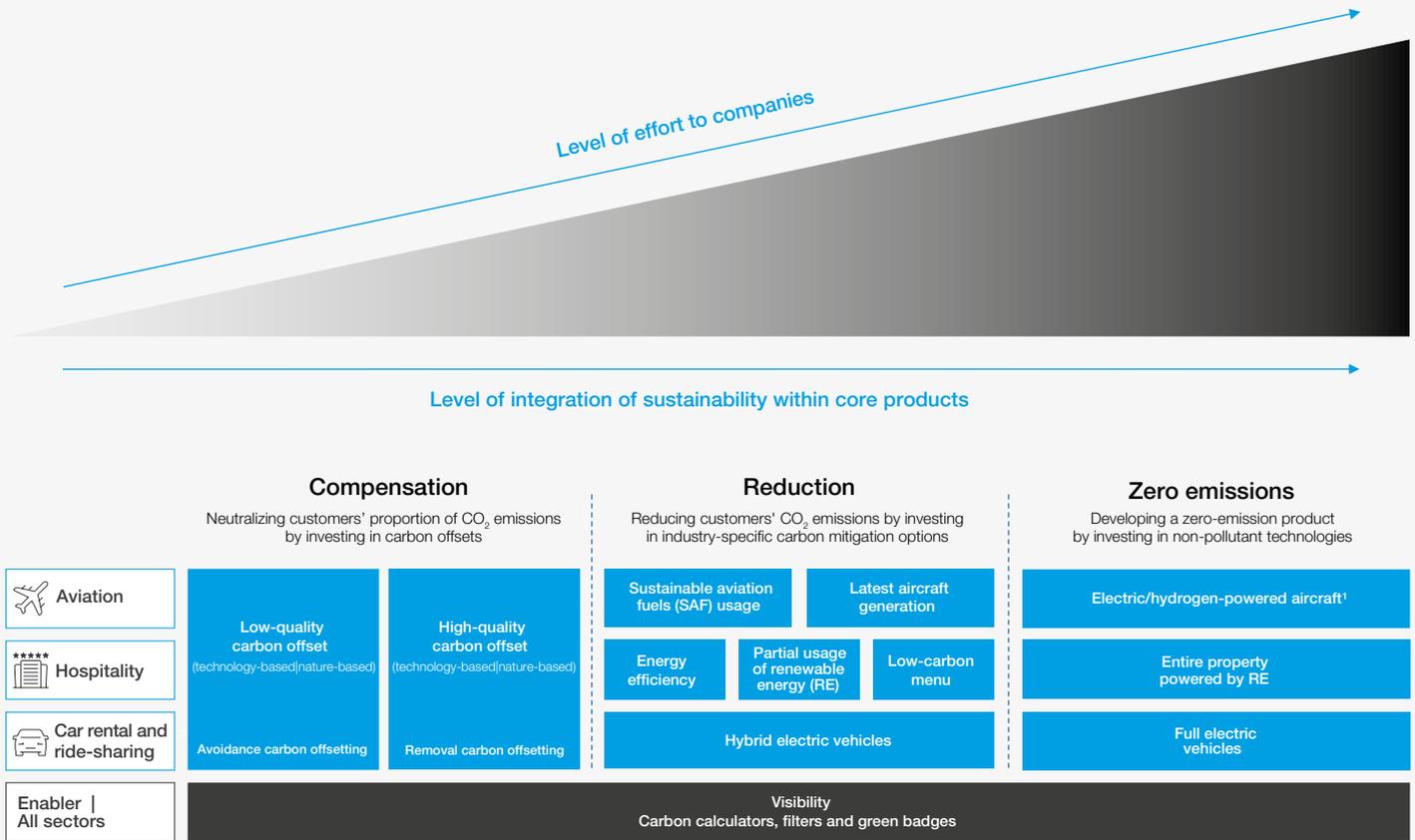
travel segments were analysed in this section, as well as three main product configurations. These three segments were chosen due to their large share of the overall T&T industry and because they are some of the largest and more direct conduits for travel emissions.⁴³

Product categories

Different categories exist in relation to achieving carbon neutrality or net-zero targets. As shown in Figure 5, these can be grouped into three main decarbonization levers spanning a scale of companies' effort and integration levels. Sustainable travel products are built according to these categories, starting with a low effort

level with compensation strategies, and passing through more robust reduction and zero-emissions strategies. After analysing 50-plus T&T companies and interviewing five representatives from the aviation, hospitality and car rental and ride-sharing ecosystem, 12 mainstream sustainability features were found.

FIGURE 5 Sustainable travel product categories



Source: Accenture Travel analysis, 2022

Note: 1. Product is not available in the current market; however, it will be available in the future.



Compensation

First, carbon-offsetting services are a common choice offered to customers by most companies covered in this analysis. These are defined as a method of compensating carbon emissions outside of a company's value chain. They can be divided into low-quality carbon offsets, also called avoidance offsets, and high-quality offsets, usually referred to as carbon-removal offsets.

Avoidance offsets prevent carbon that would have otherwise been released into the atmosphere whereas removal offsets capture and store carbon in geological and ocean reservoirs, land vegetation or products.⁴⁴ These include nature-based practices such as preventing deforestation and forest degradation, as well as projects aimed at protecting grasslands that would otherwise be converted into croplands. There are also tech-based projects that focus on improving household devices (e.g. building cooking appliances that use less heating material such as wood), boosting renewables and energy

efficiency (e.g. bringing renewable energy to remote communities through solar panels) and developing GHG treatments (e.g. methane capture from animal waste for clean gas cooking).

Conversely, **removal offsets** include nature-based projects such as soil sequestration, reforestation and afforestation, as well as technology-based options that encompass direct air capture (DAC) and, more broadly, carbon capture, usage and storage (CCUS). Both removal and avoidance offsets are offered to the final customer through a third-party organization, such as myClimate⁴⁵ or Cool Effect.⁴⁶ In terms of costs, avoidance offsets are often less expensive than removal offsets, especially the tech-based ones. Prices range from \$5 to \$30/tCO₂ for avoidance offsets to \$20 to \$40/tCO₂ for nature-based removal offsets and \$450 to \$900/tCO₂ for tech-based solutions.⁴⁷

Reduction

On the other hand, companies with net-zero strategies adopt reduction alternatives by investing in industry-specific carbon mitigation options. These options can greatly vary by segment.

Aviation

For the aviation industry, **two main options** are available:⁴⁸ the uptake of **sustainable aviation fuels (SAF)** and the acquisition of **latest-generation aircraft**. Currently, the availability of SAF is limited: it represents less than 1% of total aviation fuel demand.⁴⁹ However, it has an average CO₂ reduction potential of 80%,⁵⁰ and several airlines and businesses are rallying to achieve 10% SAF demand and supply by 2030 through coalitions such as Clean Skies for Tomorrow.⁵¹ The latter is triggering the inclusion of SAF uptake services for leisure and corporate travellers through different airlines' websites. Costs vary depending on the SAF pathway used. Biofuels made of waste fats, oils and greases are currently the only ones in commercial use and represent the less expensive option. Today, customers who would like to include a portion of SAF in their flight have to pay on average \$650/tCO₂. If paying for full SAF, Accenture analysis shows that this translates to more than \$200 per trip for a New York to London flight that in an economy cabin on average generates 320 kg of CO₂ emissions. It is important to note that customer payments for SAF are used by the airline towards future purchases of the fuel.

The second option is the introduction of latest-generation aircraft. Airlines regularly upgrade to the latest available aircraft, a process that is cost-effective given the cost-reduction benefits involved. Usually, new aircraft generation brings

a 15–20% reduction in fuel consumption and a reduction in the same range for CO₂ emissions.⁵² Although customers do not typically get to choose what aircraft they fly on, the introduction of carbon calculators providing carbon emissions data for flights can help lead to more sustainable choices. Calculators can show that routes flown by newer planes generate fewer emissions, thereby pushing sustainability-conscious travellers to choose these flights over options serviced by older aircraft.

Hospitality

On the hospitality side, several hotel companies are currently following **three principal reduction practices**.⁵³ The first is to work towards **energy-efficiency practices**,⁵⁴ encompassing, lighting, the provision of hot water, catering services, and heating, ventilation and air-conditioning (HVAC) optimization.⁵⁵ Measures in this regard include the appropriate setting of internal temperatures, retrofitting spaces for better insulation, installing low-energy lighting (LEDs) and occupancy sensors, and other HVAC optimizations.

While hotels can follow specific and more targeted actions, products in this sector are usually defined as green when a third-party organization certifies compliance in relation to the measures described above. Examples of such certifications include those provided by the Global Sustainable Tourism Council (GSTC) and the Leadership in Energy and Environmental Design (LEED) system. However, as highlighted by Marriott International in the case study section of this report, the definition of a sustainable product needs to be complemented with other practices aimed at reducing, for example, waste and by-products from water and plastic

usage and food, given that a significant part of the environmental impact in the hospitality sector comes from these resources. In fact, some criteria highlighted in the certification process encompass safeguarding water resources, minimizing waste, maximizing reuse and other social aspects such as promoting health and well-being and increasing the social and economic benefits for local communities.⁵⁶

Another reduction pillar comes with the increasing use, if only partial, of **renewable energy (RE)**, which is, according to the sector decarbonization approach (SDA), the most relevant in terms of meeting science-based targets. As described by the Sustainable Hospitality Alliance, practices include on-site renewable energy through wind or solar power and ground sources of energy. Also, “near-site” renewable energy can be procured by hotels through power purchase agreements (PPAs), sleeved PPAs, where an intermediary utility company handles the transfer of money and RE on behalf of the buyer⁵⁷ or community solar panels. Hospitality providers can also support utility renewables through the purchase of renewable energy certificates (RECs) in order to help countries upgrade their power grids. Actions taken in this space are also considered in the criteria for green certifications or badges, which are usually displayed on a company’s website along with its carbon and/or water footprint information.⁵⁸ If properties end up being fully powered by RE, they can be classified under the zero-emissions category.

Lastly, practices such as including **low-carbon menus** in catering services are gaining more popularity. Initiatives such as the Cool Food Pledge, where businesses commit to reducing 25% of the GHG emissions associated with the food they serve by 2030 relative to a 2015 baseline, are currently rallying more and more hospitality service companies to join these types of pledges.⁵⁹

Car rental and ride-sharing

Regarding the car rental and ride-sharing segment, the main reduction approach comes with the introduction of **hybrid-electric vehicles (HEV)**, where two types of configurations currently exist. The first is the plug-in hybrid electric vehicle (PHEV), powered by an internal combustion engine (ICE) and energy stored in a battery. These cars can operate on full electric mode for 30–60 km before switching to regular fuel. The share of kilometres that can be electrified translates into an exhaust pipe (tailpipe) CO₂ emissions reduction of 15–55% compared to full ICE cars.⁶⁰ Even though the reduction potential is significant, market shares of new vehicle registrations in different geographies continue to be low. In 2021, PHEVs’ market share in Europe was 9%, followed by 2% in China and 1% in the US.⁶¹

The second type of configuration is the hybrid-electric vehicle (HEV) powered solely by petrol, which provides simultaneous energy through regenerative braking to batteries embedded in the car. These types of cars can be classified into micro, mild and full hybrid vehicles reaching CO₂ emissions reductions of 3%, 15% and up to 30% respectively.⁶²



Zero emissions

Zero-emissions products are defined as those that produce no carbon emissions. In terms of zero-emissions products, different maturity levels exist, depending on the sector.

Aviation

In the aviation industry, two products are currently under development: **electric aircraft** and **hydrogen propulsion aircraft**. Electric aircraft use electric motors to generate energy that is stored in high-density batteries; these can achieve 100% zero emissions if the electricity is generated through renewable sources. However, due to the additional weight that these batteries bring and the further technological development required, such aircraft would be viable only for short-haul ranges (of less than 500 km) from 2040 onwards. A similar scenario applies for hydrogen propulsion aircraft, where hydrogen combustion needs to be produced through renewable energy sources in order to get a 100% zero-emissions aircraft. As research is still at the development stage in this field, it's more likely that this product will become available from 2040 onwards, specifically for regional and narrow-body aircraft.⁶³

Hospitality

In hospitality, a zero-emissions product already exists: **renewable sources of energy** are available, as are circularity practices for water collection and waste recycling. In fact, some hotel chains' properties are already entirely powered by RE.⁶⁴ However, transitioning to these practices requires significant investment and is dependent on the availability of sustainable technologies in different geographical areas.⁶⁵ When the latter difficulty is overcome, such practices can be highlighted on

Visibility

Visibility products such as **carbon calculators**, **filters** and **green badges** can serve as enablers for all of the sustainable product types. These products enable travellers to identify sustainable

hospitality companies' websites, mainly through green badges or information for customers.

Car rental and ride-sharing

In car rental and ride-sharing, a zero-emissions product is commercially available today in the form of **battery-electric vehicles (BEVs)**. BEVs represent the primary technology pathway, translating into the highest global EV share in 2021 for light-duty vehicles, achieving 71% of global sales for all cars compared to 29% for PHEVs.⁶⁶ Although current BEV penetration is low within the broader automotive market, it is expected to grow due to new mandates being proposed by some governments; for example, the requirement for a minimum of 100% BEVs by 2035 in the EU, 20% by 2025 in China and 50% by 2030 in the US.⁶⁷

Currently BEVs, available as light-duty vehicles (LDV) and heavy-duty vehicles (HDV), are powered by a pack of batteries recharged through an electric power source and have a typical driving range of 240–640 km.⁶⁸ These products are made visible to customers through green badges and filters available in car rental and ride-sharing websites and apps.

Companies within the aviation, hospitality and car rental and ride-sharing industries often follow several decarbonization approaches at once when it comes to building an environmentally sustainable travel product. The availability of sustainable travel products depends on how difficult it is to abate emissions. This is driven by the stage of development of decarbonization technologies within their respective industry, as highlighted in the *A Net Zero Roadmap for Travel and Tourism* report.⁶⁹

travel offerings and understand the impact they can make. It is essential to achieve alignment across the industry on the methodologies behind these tools to help overcome say-do gap roadblocks.

Sustainable product configurations presented to customers

Having now laid the groundwork on the different environmentally sustainable approaches that companies undertake, the following three main

sustainable product configurations will be analysed below: ancillary, bundled and embedded products.

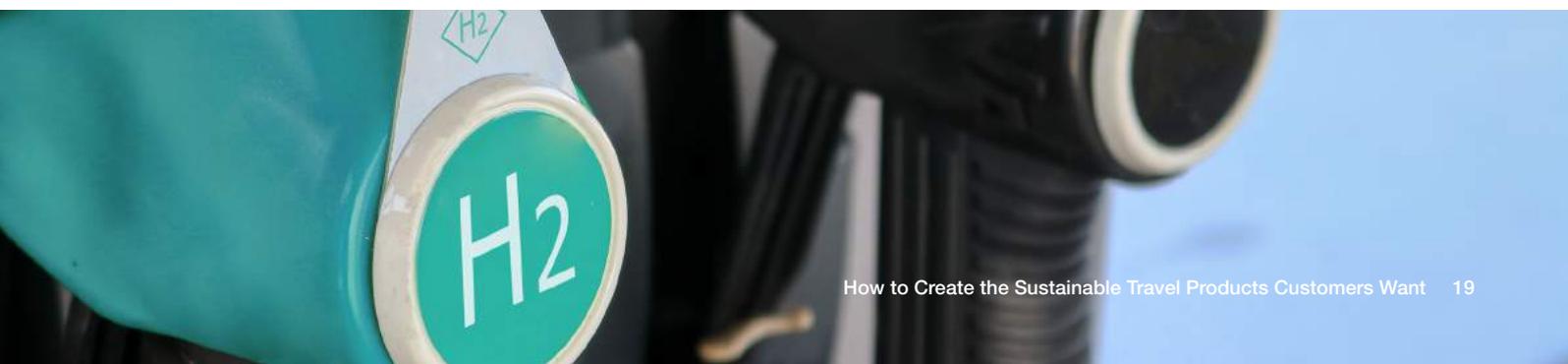
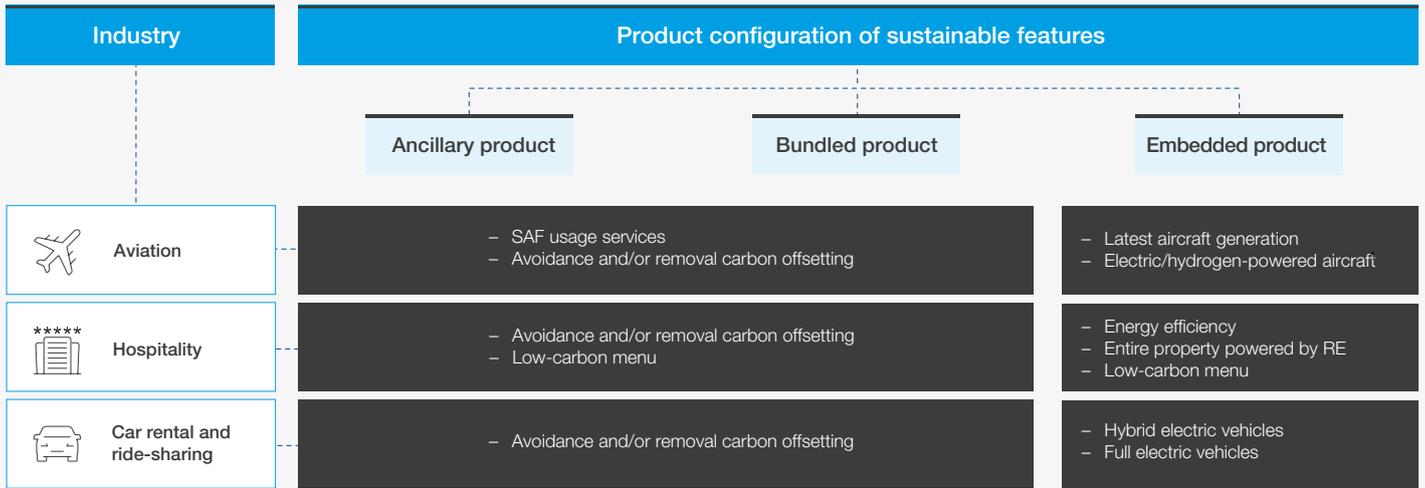


FIGURE 6 | Sustainable travel product configurations



Source: Accenture analysis, 2022

Note: 1. Product is not available in the current market; however, it will be available in the future. Product configurations included in the framework above are the ones offered at the time of booking.



Ancillary products

A sustainable ancillary product represents an add-on to a product or service provided by a company. These are chosen on a more voluntary basis than bundled/embedded products and are often found as part of the booking process. For example, Lufthansa Group includes sustainable features and information at different touchpoints of the customer journey, from the booking experience and in-flight services to the provision of sustainability information after the trip. However, particularly in hospitality, a wider range of ancillary products may be offered throughout the customer experience. These include offerings chosen by customers – for example, selecting low-carbon menu items or electing for reduced room-cleaning services.

For the industry segments within the scope of this paper, typical ancillaries include carbon-offsetting services.

In Lufthansa Group, customer uptake of sustainability ancillaries is reaching nearly double-digit percentages at some airlines. For United Airlines' SAF ancillary products, emissions reductions achieved in just one year are 15 times higher than the combined reductions through carbon offsets over the lifetime of the programme, despite higher carbon-abatement costs. The success of the different ancillary types may also be driven by the market segments to which they are offered. In the case of United Airlines, the success of SAF offerings mentioned above were targeted at corporate clients while carbon offsets were offered to retail customers. Further details on the Lufthansa Group and United Airlines examples are given in the case study section of the report.

Bundled products

A bundled product includes a sustainable feature or ancillary attached to it and sold as a package. This type of configuration typically gives customers less flexibility to opt out and is usually targeted at a specific travel segment and geography. In the case of hotel companies, these bundled products can include carbon compensation options as well as low-carbon menus. Airlines are also starting

to bundle their products by including carbon compensation options and/or a percentage of SAF, creating a greener offering. Also, car-sharing companies such as Uber have a bundled product that includes carbon compensation options, specifically in the Latin American market where the EV penetration is low.

Embedded products

Embedded products include a sustainability feature that is set within a product and sold as a core offering. For airlines, this means using the latest-generation aircraft or the electric and hydrogen-powered aircraft that are currently under development. For hotels, embedded products can include full or partial RE usage as well as energy-efficiency practices. For car rental and ride-sharing companies, sustainable products have the highest penetration in the market through BEVs and HEVs. In fact, as testified by Uber, the availability of EVs has increased four-fold in the past year, with these vehicles carrying more than 13 million people in 2021. Further details on Uber's product categories are described in the case study section below. Particularly for embedded products, the use of visibility tools is key to enabling customer decisions and competitive differentiation. For example, carbon calculators can help customers identify flights

flown on the latest-generation aircraft and green certifications achieved through practices such as RE can help such offerings to stand out in the hospitality space.

Companies' approaches when defining a sustainable travel product are usually based on the availability and cost of decarbonization technologies. Evidence collected so far shows that customers naturally opt for sustainable products when the choice requires little additional effort when searching, booking and paying for them. In that sense, car rental and ride-sharing companies seem to be ahead of hotels and airlines, given that an embedded zero-emissions product is available at a competitive price. However, examples from other industries illustrate additional practices that T&T companies could follow to increase the uptake of sustainable products.



3.2 | Case studies



CASE STUDY 1

Amadeus IT Group

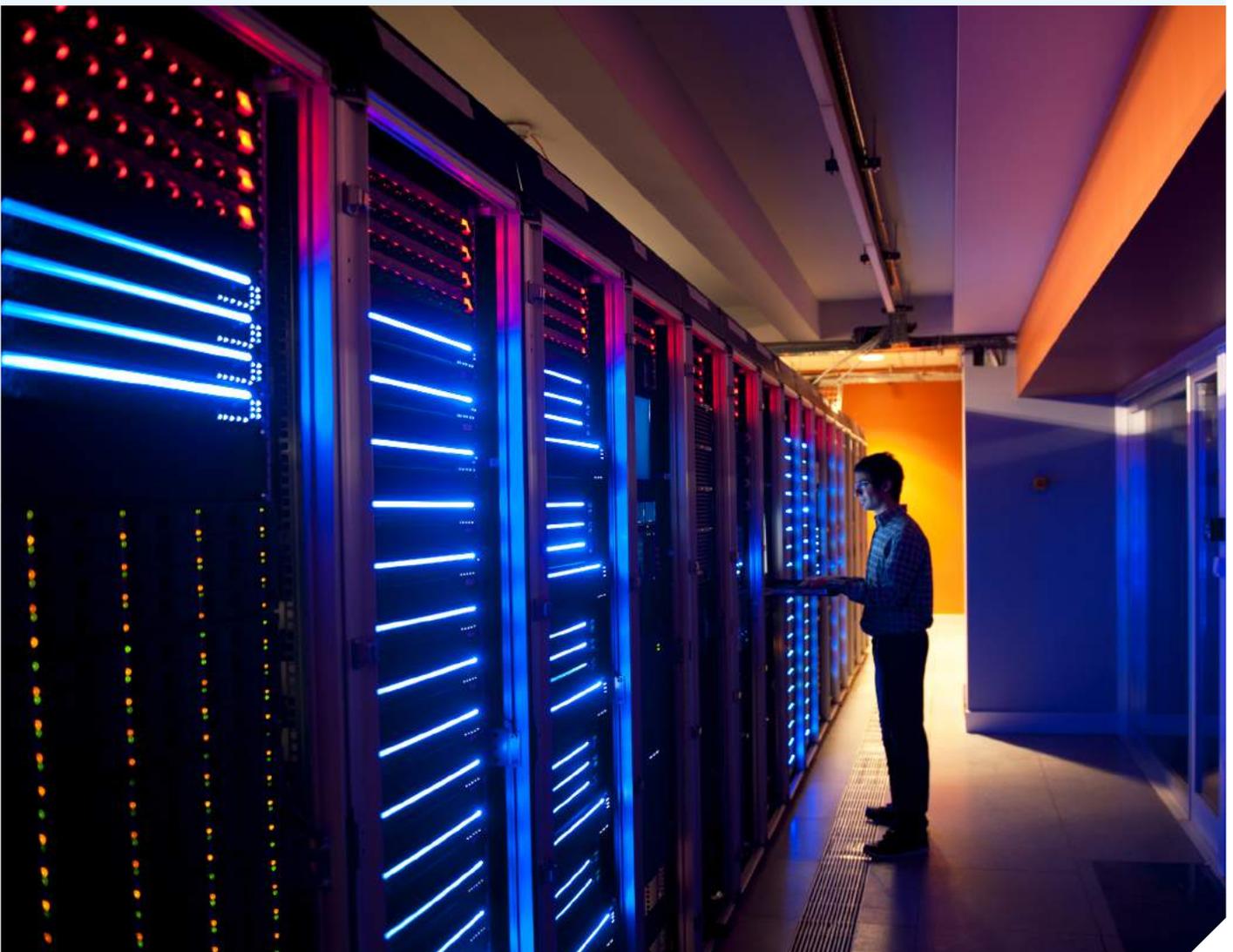
Amadeus⁷⁰ is a travel services company that provides IT solutions to a range of T&T companies including airlines and travel agents. Its solutions connect travellers to the journeys they want through travel agents, search engines, tour operators, airlines, airports, hotels, cars and railways.

In the race to support the industry to decarbonize and achieve its own targets, Amadeus is currently strengthening its sustainability value proposition. With nearly 2 million reservations processed per day in 2019, the company is in a key position to inform and help raise awareness about each traveller's carbon footprint.

In this regard, Amadeus is starting to partner with other companies to offer sustainability features such as carbon calculators that can be integrated into Amadeus' travel distribution platforms. This will help airlines and travel agents provide visibility to their customers about their flight's carbon

emissions, thus allowing them to make more sustainable choices. Also, offering carbon-offsetting options to travel agencies will help to extend the impact of these solutions.

Although some of these products are already on the market, further research and innovation are needed to help the company advance faster towards decarbonization. In 2021 Amadeus invested €787 million in research and development towards technology solutions that help boost operational efficiency for their customers, efficiencies that in many cases are linked to improved environmental efficiency. A lack of standardization and precision in carbon calculation methodologies is currently hindering the credibility and uptake of these features. However, coalitions such as Travalyst, of which Amadeus is a member, aim to address these challenges and help build the critical mass needed to drive alignment for the industry.





CASE STUDY 2

Marriott International

Marriott International⁷¹ defines a sustainable travel product as “an independent third-party-certified hotel”, where the certification must be accredited by an organization such as the Global Sustainable Tourism Council (GSTC). The company’s objective is to receive these third-party certifications for 100% of its properties by 2025. In order to also provide visibility for guests, Marriott International is currently integrating sustainability-related information on its website – such as CO₂ footprint and water footprint information at the individual property level.

Unlike aviation and car rental and services, hospitality’s sustainability impact does not come predominantly from direct CO₂ emissions. In order to address this complexity, Marriott International displays its properties’ different metrics, including LEED certification, water footprint, waste management and complementary sustainable products such as EV charging for cars. Having displayed this information on its English-language website, Marriott International recorded more than 200,000 hits in the first month after release, demonstrating interest

from potential guests. As a next step, Marriott International will incorporate filtering and search criteria based on these sustainability metrics to give guests more direct control when searching for accommodation for their next trip.

Additionally, the company gives customers the option to donate their points accumulated through the Bonvoy rewards programme to different causes. These donations to specific ESG initiatives have increased by ~200%, from 39 million points in 2019 to 120 million points in 2020.

Marriott International also shares its sustainability-related information with third parties – including booking platforms, which can use this data in their own booking flows. However, at this stage the information is used in different ways and sustainability badges and standards can also vary by platform. Marriott International highlighted the risk of confusing travellers and a potential loss of credibility if these inconsistencies cannot be resolved over time.





CASE STUDY 3

Uber Technologies

Uber⁷² currently has two main products in its green portfolio for travellers. For rides, “Uber Green” is the most widely available geographically; a rider is matched with an electric or hybrid vehicle and this product is priced similarly to UberX. This approach is based on the company’s belief that sustainability does not have to come at a higher price for the rider. Similarly, a more premium and expensive version of Uber Green is being offered called “Comfort Electric”, which provides a higher-end vehicle and guarantees it as fully electric. This is now widely available across the US and Canada. An additional product currently being offered specifically in Latin America is “Uber Planet”, which charges customers an extra fee for contributing towards certified offset programmes. Customers who select these products more often are more likely to receive them as a top option when searching for rides.

The second product category in the company’s portfolio is the inclusion of sustainable alternatives to rides, such as public transport journey planning, high-capacity vehicles and the ability to rent shared bikes, scooters, e-mopeds and cars through third-party operators (e.g. CityScoot, Car Next Door).

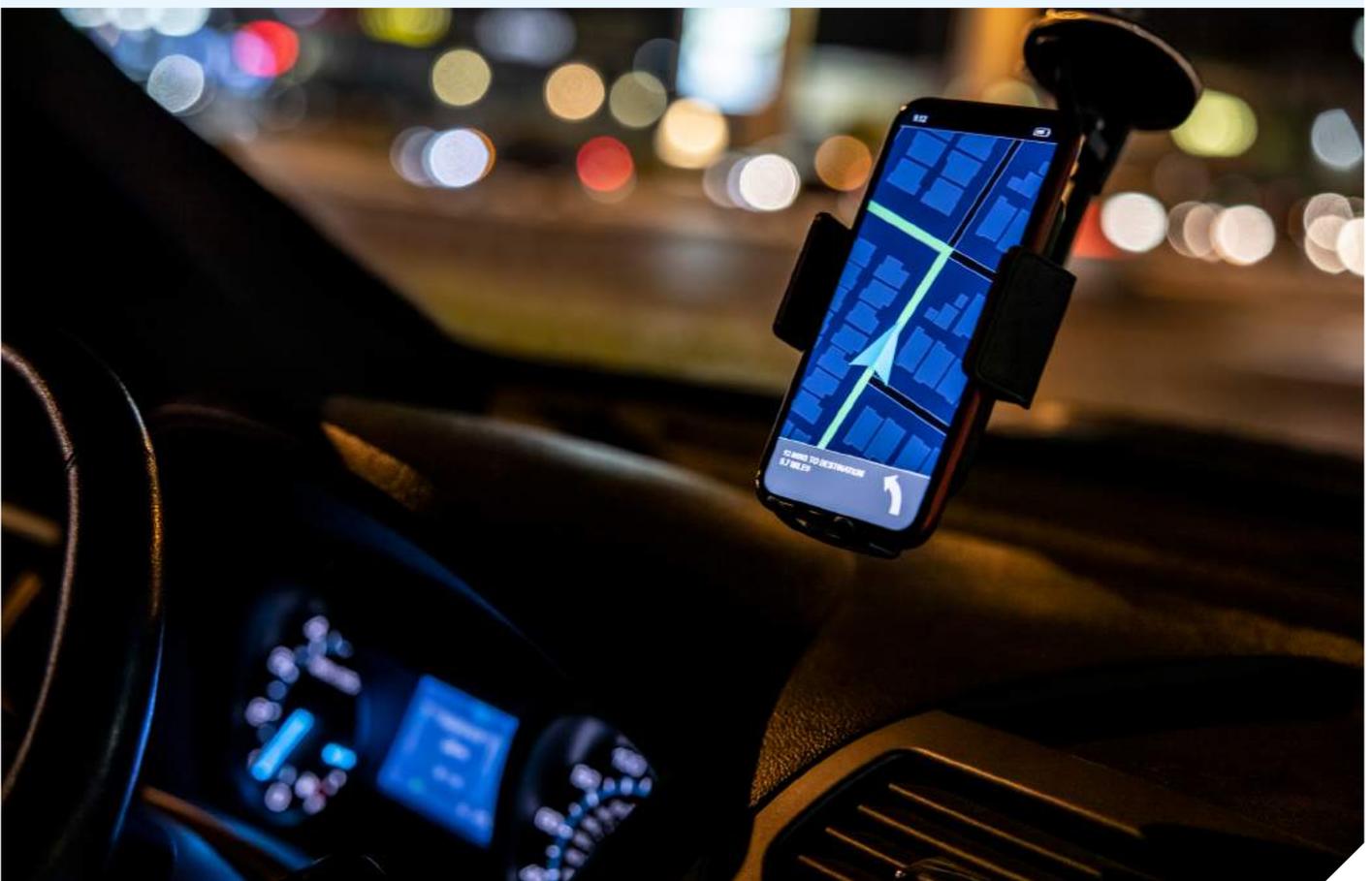
Customers selecting these products receive a thank-you message and are given a badge for green trips in their ride history, to further encourage them to take more green rides.

In order to help overcome the upfront price premium for EVs, Uber also encourages drivers to transition by making the

total cost of owning and driving an EV more affordable. In this context the company offers lower commission rates and an extra payment of \$1 per ride for EV drivers in certain markets. It provides support in the purchase of lower/zero-emissions cars via the company’s partnership with EV manufacturers and other vehicle access schemes. Uber also provides general oversight, seminars and online tools to assist drivers in evaluating the economics of transitioning to electric vehicles. Based on recent survey results, between 60% and 72% of drivers said their earnings had increased since switching to an EV.

The company is recording strong growth with its sustainable products. The number of available electric vehicles grew four-fold over the past year, resulting in more people (more than 13 million in 2021) opting for these rides. Uber has also found that customer and driver satisfaction for green trips is higher than for standard trips.

Despite this promising start, the company faces challenges in accelerating the transition due to limited customer awareness, limited EV charging and long vehicle downtimes due to charging, and the lack of EV availability in certain geographies. Potential opportunities to help accelerate the transition include enhancing the in-app experience to easily navigate to a green option. The company plans to develop more sustainable options and to make them widely available across geographical areas in the future.





CASE STUDY 4

Lufthansa Group

In its journey to net zero, Lufthansa Group,⁷³ which includes multiple carriers such as Lufthansa and Swiss, has started to offer different sustainability products to corporate and leisure customers to help reduce the carbon impact of their journey.

Many travellers claimed they were not aware that a credible sustainable product was available, providing impetus for the company to offer more transparent and easily accessible products. Lufthansa Group engages with its travellers at multiple points throughout their journey, providing the opportunity to purchase its sustainable product and thus reducing or compensating the travellers' carbon footprint from the flight. In the online booking process on the websites of the Lufthansa Group airlines, travellers can choose between three ancillary options for carbon offsets, SAF or a mix of both. During their flight aboard Lufthansa and Swiss selected aircrafts, travellers also have the option to compensate their emissions and to learn more about Lufthansa Group's sustainability activities through its Wi-Fi service. Lastly, once the journey comes to an end, customers who are members of the Miles & More loyalty programme receive a monthly summary of their flights and the offer of a one-click reduction or compensation. Through this process, Lufthansa has learned that the vast majority of customers purchasing sustainable products prefer to do so at the time of booking – with after

the flight being the second most popular time of purchase and during the flight being the least-used purchase opportunity.

In line with the above, ancillary sustainable products purchased at the time of booking have a very promising conversion rate, reaching nearly double-digit percentages at some Lufthansa Group airlines. However, the uptake of sustainable products varies by country. For example, travellers in certain markets seem to have a higher willingness to pay for reduction options such as SAF, with higher uptakes therefore being offered to these markets. A similar trend is observed in the Nordic countries, where a green fare is currently being tested.

Lastly, Lufthansa Group continues to focus on supplying a modern, efficient fleet and has made investments in fleet renewal. In addition to deploying retrofit technologies on the current fleet that can help reduce CO₂ emissions, the group plans to put at least 190 new-generation aircraft into service by 2030.

In the future, the company will continue to further refine its sustainable product offerings and take into account its customers' feedback. One focus area will remain the travellers' desire for some form of acknowledgment when behaving more sustainably.





CASE STUDY 5

United Airlines

United Airlines⁷⁴ has been growing and refining the portfolio of its sustainable products, both embedded and ancillary/bundled, in its drive to achieve net zero by 2050. The airline has placed a significant focus on renewing its fleet to help deploy the most efficient aircraft types currently on the market. The current fleet renewal plan will see more than 500 new aircraft delivered over the next five years, which will lower carbon emissions by 17–20% per seat compared to older models, and a nearly 50% reduction compared to regional aircraft that are being displaced and removed from the fleet. Currently, ancillary products include SAF contributions offered to leisure and corporate travellers. In line with its overall messaging of “100% green” (net-zero emissions without the use of carbon offsets), United recently discontinued the practice of offering offsets to its customers, after doing so for 15 years.

In the quest to better position its sustainable products, United noticed several trends. First, the target customer chosen has an impact on the adoption rates. For example, carbon offset uptakes by retail customers were extremely low, whereas contributions towards SAF by corporate customers were more successful, growing to 15 times more emissions reduced in the span of just one year, despite higher carbon-abatement costs. Along with the product, placement in the booking flow also plays a significant role in customer awareness and thus can help drive conversion rates. United believes that products

offered at the start of the booking process or bundled in the price might be associated with discouraging passengers from booking a flight due to the additional costs. On the other hand, offering them at the end of the booking flow moves the customer away from other profitable ancillaries, hence cutting down revenues and profit for the airline. In addition, an offer after the booking flow is complete, e.g. on the confirmation page, creates challenges relating to customer visibility. Lastly, across all locations, there are many internal challenges in terms of prioritizing internal resources to enhance a zero-profit product.

Another observed trend is that the revenue generated by these products is not consistent throughout the year. Offset contributions during December were 58% higher than in other months of the year. Passengers possibly prefer to make their sustainability contributions all at once rather than making multiple repeated purchases, suggesting a role for subscription models.

Lastly, United has also observed geographic variations in the adoption rate of its products. Certain regions with higher environmental awareness have seen six times higher uptake for the offset programme than other regions. In the future, the company will increasingly focus on how to make these products more meaningful for its customers while maintaining a simple and credible approach.



3.3 A look ahead – evidence from other industries

Consumers' inclination to choose sustainable products and practices has been unswerving across industries, suggesting a long-lasting behavioural change rather than a short-lived trend. To assess the consistency of this behavioural change, the preference for sustainable practices was benchmarked across various industries. Some non-T&T industry examples are highlighted below. These examples provide **evidence of the increased adoption of sustainable products and highlight the potential upside for the T&T industry.**

Unilever's plan to inculcate sustainable efforts within the company and make them available to the consumer (Unilever Sustainable Living Plan) has seen an upward trajectory. In the 10-plus years since the company launched this initiative, Unilever has managed to halve its environmental footprint from the production and use of products. The "sustainable brands" highlighted in this plan grew 69% faster than other brands, while delivering 75% of the company's growth.⁷⁵

Nike has made continual progress in trying to lower carbon emissions in prime impact areas. The brand saw an increase in the use of sustainable materials within apparel from 19% in 2015 to 59% in 2020. The company reported a 70% absolute reduction in GHG emissions in its owned or operated facilities over the same period, with 10 times the amount of finished product waste refurbished, recycled or donated. Revenue grew by 22% and gross profit by 15% over the same period.⁷⁶ Investment in sustainability does not have to come at the price of revenue or profit growth.

Additional non-T&T examples that are relevant to say-do gap roadblocks include:

- Ecoalf prints text on the importance of eco-friendly products on its fashion merchandise. On the road to net zero by 2030, the brand has developed more than 500 recycled fabrics, received green certifications and created a strong brand communication of delivering low/negative-impact sustainable products. On its website, Ecoalf displays information on carbon emissions, water and phosphate saved per product, as well as details of the people who worked on each product, the number of processes from design to scale and their supply-chain traceability. The brand logged 67% growth in 2021 and is targeting revenues of €40 million in 2022 and €60 million in 2023.⁷⁷

↳ **Main roadblocks addressed:**
Lack of awareness, cumbersome purchasing experience, lack of rewards/acknowledgment

- Publicly known and accepted independent third-party certifications can help improve the

credibility of product offerings. Leadership in Energy and Environmental Design (LEED) certification is a green building rating system used worldwide. The system was developed by the US Green Building Council (USGBC). A study by commercial real estate services firm Cushman & Wakefield examined the rent and revenue premium achieved by LEED-certified multifamily and office buildings. LEED-certified multifamily homes achieved a 3.1% higher average rent between 2000 and 2021 than non-certified homes. More significantly, while the incremental construction cost for LEED-certified building tends to be 7.43–9.43% higher, LEED-certified office spaces averaged an 11.1% higher rent than non-LEED-certified offices since 2015.⁷⁸

↳ **Main roadblocks addressed:**
Lack of awareness, low credibility, price premium

- The car industry is making consumers more aware of how electric vehicles (EVs) reduce the cost of ownership, despite often higher upfront prices. For example, Tesla is expected to achieve around 1.4 million global sales of EV vehicles in 2022.⁷⁹ One of the strategies that will help the company achieve this success is its focus on explicitly including the savings and incentives of getting a Tesla car vs. a comparable petrol- or diesel-powered vehicle on its website. This information, displayed at a product level on its website, includes a breakdown of the running costs with incentives on company car taxes and country-specific car duty reductions, as well as fuel cost savings.

↳ **Main roadblocks addressed:**
Lack of awareness, price premium, cumbersome purchasing experience

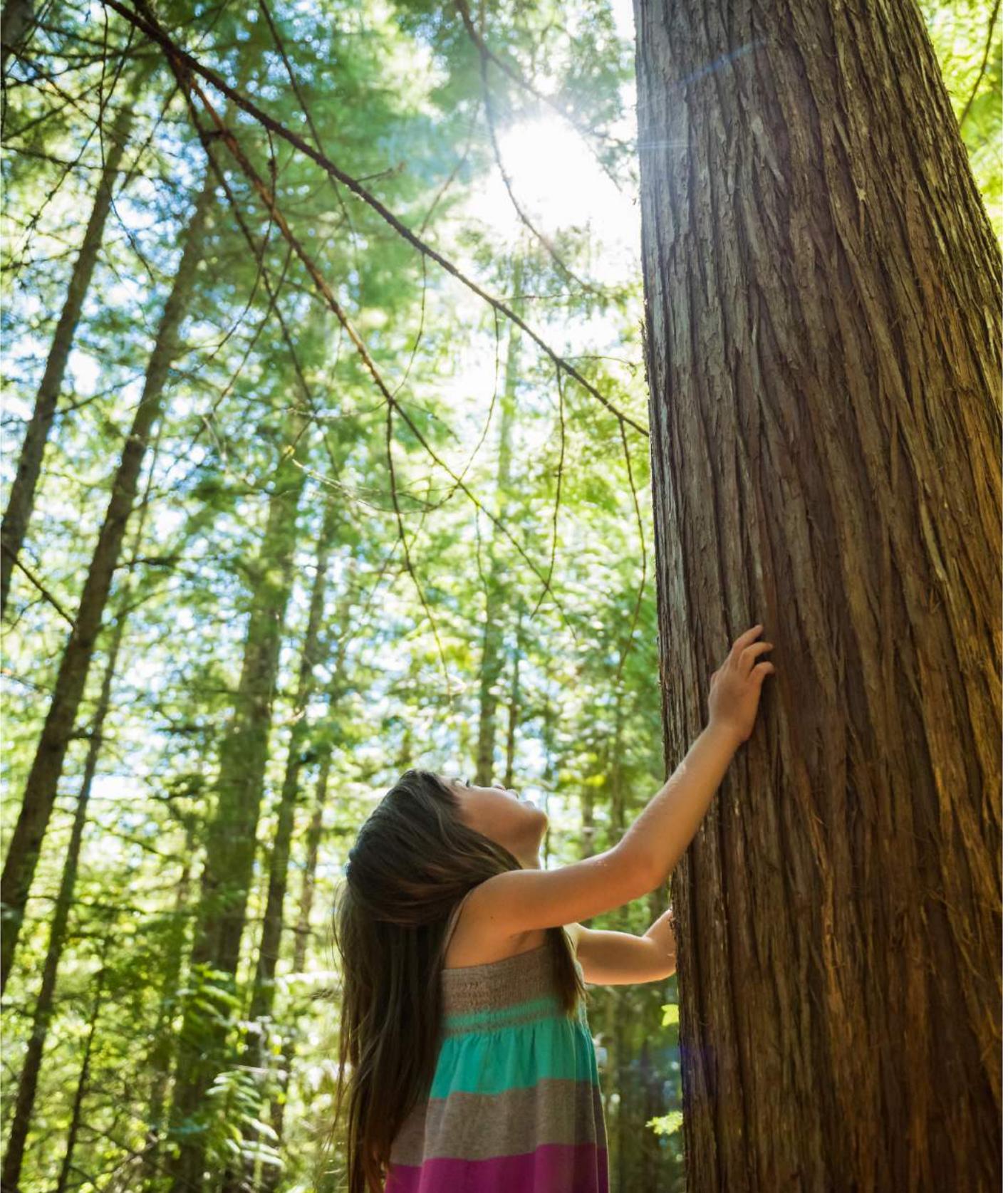
- In the retail space, thanks to the use of particular packaging and messaging, wide distribution across a network of stores and clear labelling for organic and sustainable products, the purchase experience of sustainable produce in grocery stores and through websites tends to be more straightforward for customers. For the UK retailer Waitrose, these elements helped drive increased searches through Google and sales of its organic brand (almost double the number of searches in 2021 and a 13% sales increase compared to 2020 for Waitrose Duchy Organic), fuelled as well by the COVID-19 pandemic and consumers' focus on health as a consequence.⁸⁰

↳ **Main roadblocks addressed:**
Lack of awareness, cumbersome purchasing experience, low credibility

- Fintech company Aspiration rewards customers with 1% cashback on all qualifying purchases through its eco-friendly credit card Zero and offers other sustainability benefits, including 10% cashback for purchases from Conscience Coalition brands.⁸¹ Each time a customer makes a purchase using this credit card, the company plants a tree; there is also an app feature that tracks their carbon neutrality progress.

These efforts are made visible on the physical credit card, which has a “Zero” message printed on it.⁸²

↳ **Main roadblocks addressed:**
Lack of rewards/acknowledgment



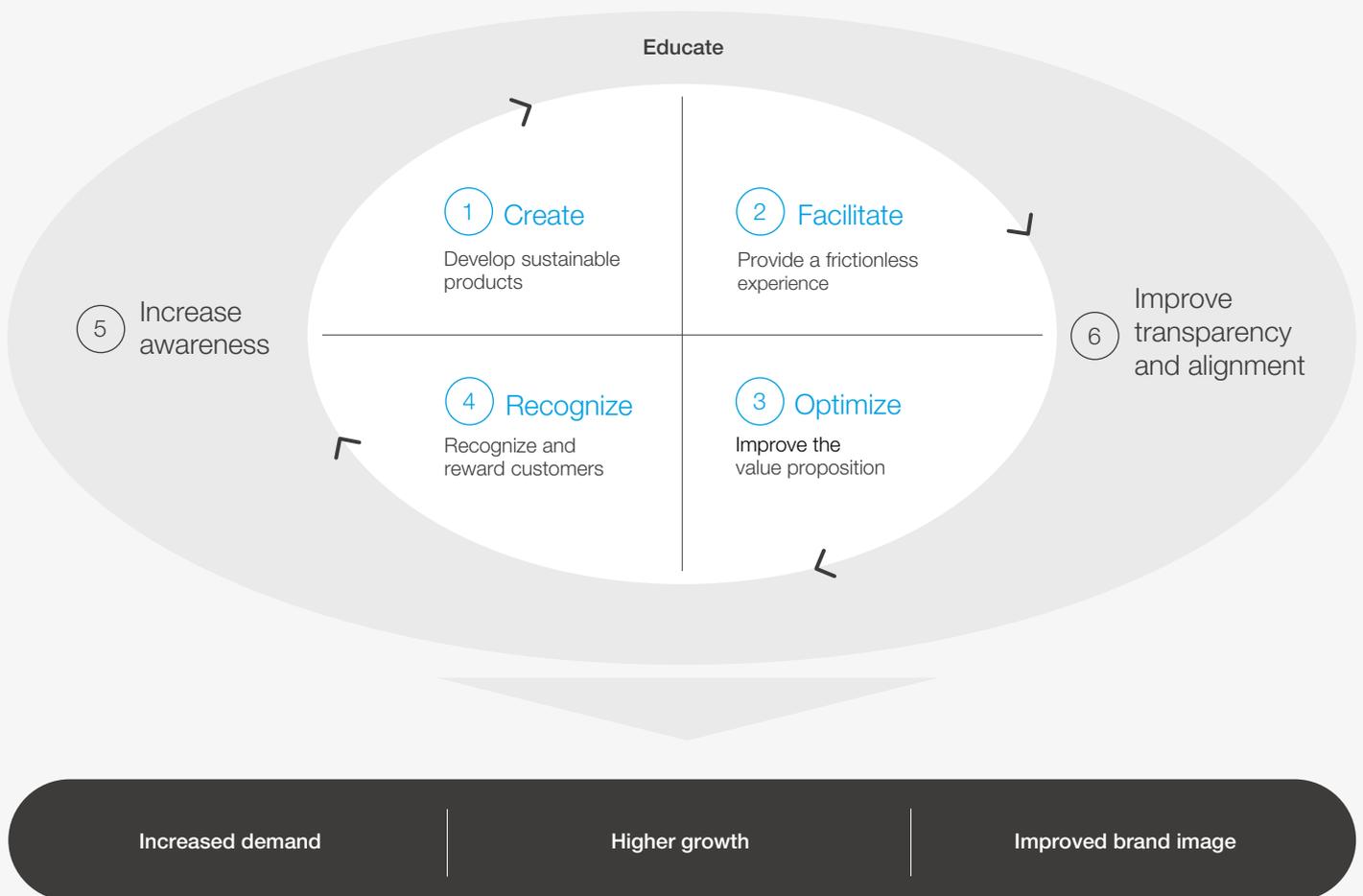
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Recommendations

Several strategies can be used to build the foundation for a cycle of sustainable product development and improve customer adoption.

To sum up, **T&T companies may consider six steps** to help overcome the main say-do gap roadblocks. This cycle is also summarized on Figure 7 below.

FIGURE 7 Sustainable travel product development cycle



Source: World Economic Forum and Accenture analysis, 2022

1. **Develop sustainable products:** Invest in developing new and refining existing sustainable offerings to align with customers' desire to seek out sustainable travel alternatives. Interact with travellers to gain feedback through surveys or ratings about sustainable products and practices, and refine and evolve offerings periodically.

↳ **Main roadblock addressed:**
Limited availability

2. **Provide a frictionless experience:** While booking trips, 54% of respondents from the Booking.com survey declared that they do not actively look for more sustainable transport options, but if the information is easily accessible, they are willing to review it.⁸³ Simplify the booking process by adding filters and options to compare alternatives and select sustainable products to help travellers make informed decisions. Additionally, allow travellers to purchase sustainable products, if applicable, throughout the different phases of the trip customized to the specific product.

↳ **Main roadblocks addressed:**
Cumbersome purchasing experience, lack of awareness

3. **Improve the value proposition:** Surveys and customer feedback have shown that one of the major decision factors for travel booking is cost. As a result, it can help to reduce the price premium charged for a sustainable travel product vs. a traditional peer product. While this strategy may affect company bottom-line performance in the short term, it can help drive increased demand, higher growth and improved brand image that will compensate for this in the long run. Also, improve sustainable product price competitiveness by working with vendors to reduce the higher internal cost associated with such products. Alternatively, offset real or perceived price premiums through different approaches, including but not limited to: highlighting other benefits that sustainable products can deliver to the customer and enhancing the sustainability impact of the product, which can help improve its consumer perception and customers' willingness to convert and pay more.

↳ **Main roadblock addressed:**
Price premium

4. **Recognize and reward customers:** Reward travellers' sustainable choices by providing some form of incentive. This could be a discount, loyalty points, etc. Also, give feedback on how "green" a traveller was when compared to the average traveller, to encourage and increase environmental consciousness during travel. In addition to measurable incentives, many interviewed companies highlighted their customers' desire to showcase their

green choices to their fellow travellers and social networks. Wherever possible, provide travellers with options to display and share their green practices via social platforms or other mechanisms according to the principle "do good and talk about it". This can also have the side effect of increasing consumer awareness and improving brand image.

↳ **Main roadblocks addressed:**
Lack of awareness, price premium, lack of rewards/acknowledgment

Finally, two recommendations focus directly on providing more information and educating travellers when necessary to help overcome the roadblocks relating to limited availability, lack of awareness and low credibility:

5. **Increase awareness:** Multiple surveys have highlighted that travellers are not always aware of sustainable products being offered or they believe those products to be of lower quality/comfort than their non-sustainable counterparts. Similarly, some of the companies interviewed for this report highlighted the fact that their customers are not always aware of the products offered, how to select them and the impact they can have on the overall emissions footprint of their trip.⁸⁴ Educate travellers about sustainable travel products and alternatives to ensure they are aware of the availability and the impact of such choices. In addition, work with local governments and tourism offices to help showcase sustainable offerings and educate travellers.

↳ **Main roadblocks addressed:**
Lack of awareness, limited availability

6. **Improve transparency and alignment:** The T&T industry is currently fragmented when it comes to its approach to emissions calculation, green badges and certificates. Metrics and methodologies included for calculating emissions vary across platforms (e.g. radiative force inclusion for aircraft, allocation across cargo/passengers/cabins) and the underlying criteria for badges are also inconsistent. When offering these features and products, companies should provide more transparency and elaborate on the methodology and factors considered. This will ensure that travellers have a clear understanding of the sustainability benefit of their choices and avoid the potential loss of credibility. More than half (55%) of the respondents from the Booking.com survey wanted to see how their money was going back into the local community.⁸⁵

The level of detail when providing the information is also important. While some travellers prefer a high-level summary of the sustainable product and how it reduces their environmental footprint, others seek to understand the detail to ensure they feel comfortable with the product/offering they

choose. Two out of three travellers surveyed by Expedia⁸⁶ wanted to see more sustainability information from lodging and transport providers and 34% would use providers that declared a commitment to sustainable practices. Providing high-level descriptions only increases the risk of losing potential travellers who are well-versed in sustainability. However, providing descriptions that are too detailed might be overwhelming for others, who might avoid exploring and purchasing the sustainable product as a consequence. Allow the travellers to dive as deep into the details as best fits them. Offer high-level summaries of products and their impact with further hyperlinks throughout the booking flow or QR codes on the transport or hotel property for travellers to explore further.

↳ **Main roadblocks addressed:**
Lack of awareness, low credibility

Life-centric design and smart use of technology will be key enablers as T&T companies continue to develop and refine sustainable travel products. As noted above, some customers will have different preferences in terms of how much sustainability information they would like to receive before making a purchase, while the United Airlines case study highlights that customer and geographic segments may differ in their environmental awareness and preferences, leading to variation in product uptake. Moreover, customers do not live in a vacuum and instead face complex choices driven by different forces shaping their lives. As a result, companies need to support customers to

make sustainability a top priority in their decision-making. As part of this transition, T&T companies and their products need to become more life-centric, which means understanding the different factors affecting customers' lives and delivering products that provide the most relevant solutions for their contexts. This includes going beyond static customer segmentation and moving towards a more holistic view of customers and what motivates them, getting away from one-size-fits-all products and providing options that are adaptable to the shifting forces that affect customers and simplifying offerings to make decisions easier amid complicated lives.⁸⁷

Within this context, investment in technology, data and analytics and related competencies will be critical factors in successfully creating sustainable travel products. These include tools and systems for gaining market insights, optimizing and measuring the environmental impact of operations, facilitating the distribution of sustainable products across different channels and platforms (e.g. company websites, apps, travel aggregators) and creating seamless product experiences. For example, artificial intelligence is already being used to provide insights into past and even future customer behaviour, conduct sentiment analysis, power dynamic pricing, assist customers in travel booking and personalize travel plans and experiences.⁸⁸ Moreover, internet of things (IoT) technology can help with smart management, including, for instance, integrating system such as HVAC to optimize hotel operations and improving energy efficiency.⁸⁹



Conclusion

There is an ever-growing collection of both anecdotal (e.g. surveys) and empirical proof points demonstrating customers' increased desire to seek out sustainable travel options. While many of the sustainable products offered are currently in their relative infancy, the industry is working to

develop and refine these products. Several T&T companies have highlighted the existing roadblocks to be overcome. Some of these cannot be tackled in isolation and will require cross-industry and stakeholder collaboration and alignment as outlined in the call to action below.

5.1 Call to action

T&T companies

1. Develop more pilots and prototypes of sustainable travel products and test them in the market
 - a. Review current sustainable product offerings and adoption rates, and gather customer feedback
 - b. Refine existing products and develop new options based on feedback and recommendations included in this report to help overcome say-do gap
2. Share success stories about sustainable travel products (no matter how small), as well as effective techniques
 - a. Develop key performance indicators (KPIs) to measure the success of sustainable travel products
 - b. Share KPIs used, data on growth rates and uptake levels to help other companies make a positive business case for sustainable products
 - c. Provide feedback to the industry on the product types with the highest adoption rates
3. Ensure alignment across the industry on reporting standards, emissions impact calculations, etc.
 - a. Work with industry organizations, e.g. the International Air Transport Association (IATA), and third-party certifications, e.g. GSTC, to align on measurement, reporting and certification standards
 - b. Adopt and adhere to industry standards
 - c. Communicate standards clearly to customers to ensure transparency and build credibility
4. Work together to introduce comprehensive sustainable travel packages that offer a seamless way for the customer to access sustainability products throughout the journey
 - a. Develop new cross-industry partnerships across different product segments
 - b. Work with partners to identify collaboration opportunities for combined sustainable travel packages (e.g. flight with SAF contribution combined with EV rental car picked up at the airport and a booking at a hotel with EV charging stations relying on renewable energy)
5. Align with vendors and supply-chain players on sustainability initiatives and offerings
 - a. Understand and encourage transparency of sustainability offerings and goals throughout the entire supply chain
 - b. Make sustainability a key criteria for supply-chain partnerships
 - c. Collaborate with supply-chain partners in developing sustainability products
6. Work with local governments, communities and other organizations to improve awareness and, where necessary, to help enable sustainable offering development
 - a. Work with authorities and communities to identify local initiatives and needs to align sustainable offerings
 - b. Provide information to local tourism authorities such as national T&T organizations (NTOs) to help showcase sustainable products
 - c. Communicate where public-sector assistance or removal of roadblocks is required to enable new sustainable product introduction

7. Educate and work with employees on the sustainability mission and range of offerings available for customers

- a. Develop training for employees
- b. Work with employee groups to educate them about sustainability, corporate initiatives and customer offerings to ensure they can comfortably communicate this message to travellers and customers
- c. Listen to feedback received by employees from customers and use it to help refine sustainability products and communication

Digital travel platforms

Digital travel platforms such as OTAs, aggregators, global distribution systems and others have an important role in the T&T ecosystem. OTAs alone are estimated to have captured 40% of the global travel booking market (i.e. airlines, hotels, packaged tours, rail and cruise).⁹⁰ It is therefore essential that they support the industry on its mission to overcome some of the major roadblocks that currently exist.

- 1. Provide more information about sustainable travel products on their platforms
 - a. Work with T&T companies to collect sustainability metrics
 - b. Display sustainability metrics and features provided by T&T companies
 - c. Provide descriptions and explanations of sustainable products/features

2. Share data and insights on actual booking behaviour to allow for comparisons of sustainable vs. traditional products

- a. Allow travellers to search/filter by sustainability products
- b. Track and publish traveller behaviour trends as they relate to search and purchasing

3. Provide transparency on the methodology behind emissions calculations, reporting and green badges or certificates

- a. Gather and verify data from T&T companies on their sustainable products and certifications
- b. Align emissions calculations and reporting methodologies with main industry bodies
- c. Provide insights to T&T companies and travellers on certificate/badge methodologies

The call to action is not exhaustive and represents just some of the initial step industry players will need to take if they are to be involved. The World Economic Forum and Accenture will continue to work with industry players on sustainable travel product adoption and the transition to a sustainable T&T industry.



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Endnotes

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