

# CREATING DESTINATIONS THAT FLOURISH

Why Change?

Anna Pollock, Conscious.Travel

## Creating Destination Communities that Flourish

the promise of a Regenerative Tourism

Part 1

Why re-think the way we do tourism and shift our goal from growth to flourishing

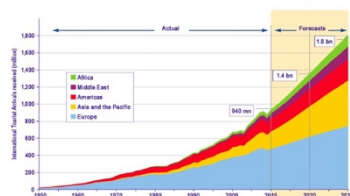
Anna Pollock, Conscious.Travel  
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This three-part presentation examines a huge and difficult question – does tourism need to change its fundamental operating model to survive and thrive in the future? I believe it does. More specifically, I believe we need an alternative goal to volume growth and propose that the concept of flourishing is not only much richer but more relevant at a time when tourism needs to increase its productivity, resilience and adaptability.



In 20 minutes, I have to take a global view and talk about tourism in general terms. Every destination is at its own stage in its development of tourism – some are crowded and need to manage demand; others have both the capacity and the desire to accommodate more guests. Despite these differences, flourishing is an approach and a goal that can and should be applied and adapted to local conditions. That's where the real work of change begins.

### International Tourism: A Global Success Story

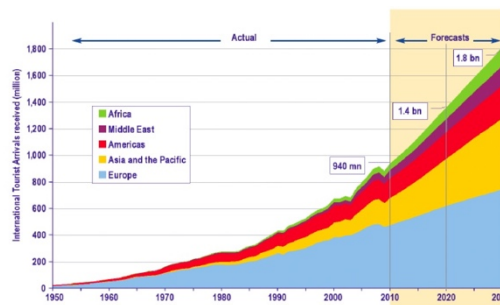


Since the 1950s, global tourism has grown steadily from a few million international trips to over 1.3 billion in 2017. This graph what everyone agrees is a true success story that has occurred over the past 70 years.

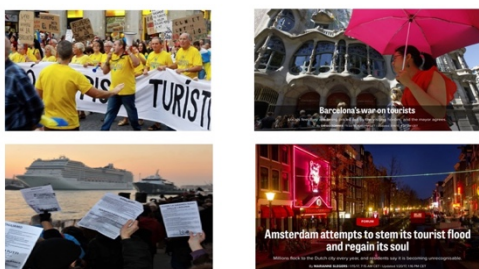
Since 2010, after the global financial crisis, international trips have grown in number at an average rate of 3.0 to 4.0 % per year.

The forecasts presented in the shaded part of this graph are based on sustaining the same rate of growth through to the year 2030.

But reality is proving a little different – in 2017, International arrivals jumped up by 7% and early results for 2018 suggests a similar pace. Consider this - if that accelerated growth rate were to be constant, then tourism traffic could double to 2.6 billion arrivals by the year 2027. Such a growth rate begs a number of questions including: is it possible? is it desirable? and, if such growth does occur, will we be ready for it?

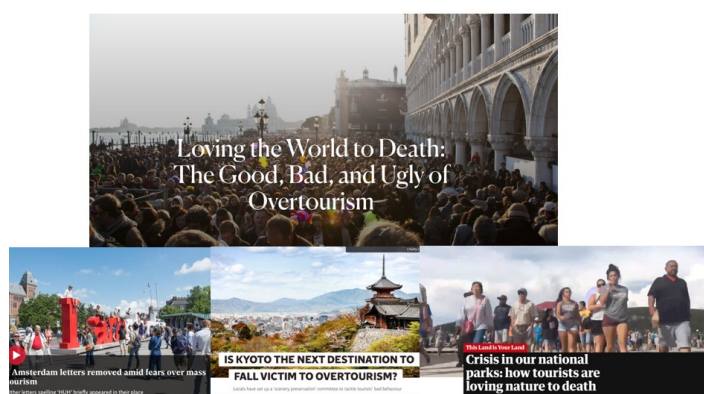


## Success has its price

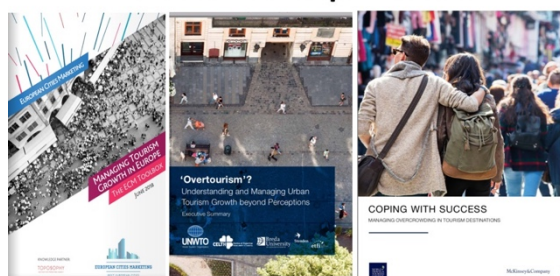


In 2016, it became clear that success has its price. From destinations as different as Amsterdam and Iceland, Dubrovnik, New Zealand, Barcelona, and Yellowstone, we saw negative reaction to overcrowding and congestion being expressed by residents and visitors alike.

This situation attracted the attention of the mainstream press and almost overnight a pejorative term “overtourism” was being used to describe what traditionally we have called success. Questions are being raised as to whether a place could be too successful and how destinations could and should cope with the rising tide of visitor numbers.



## Overtourism Reports 2017



Since then a number of studies and reports have been produced that focus on managing growth. Even though both the UNWTO and the World Travel and Tourism Council (WTTC) have each suggested that some form of rethink is necessary, neither has questioned the issue of volume growth or asked whether it is time to redefine what we mean by success.

**Why Change?** Let me now highlight five reasons why change is both necessary and inevitable

### 1. A Host of external forces require us to adapt



**And never has tourism been so vulnerable**

foresee with effects that are challenging to anticipate.

First, the world is changing and filling up. The American military coined a new acronym in the 1990s to describe a VUCA world that is volatile, uncertain, complex and ambiguous such that detailed planning and forecasting have become impossible. Tourism is subject to benign and negative external forces originating on at least four fronts that could help or hinder the development of our industry. They are all interconnected in ways that are very difficult to

## Extreme Weather



## Political Unrest

The biggest change driver stems from biospheric distress as the natural world adjusts human activity. For example, extreme weather events, rising sea levels, biodiversity loss, famines etc will each impact destinations and potentially interrupt the movement of people

Structural and cyclical changes in a thoroughly globalized economy will also impact demand.

Rising geopolitical tensions associated with the changing climate could also impede people's movement. Finally, technology is changing faster than our capacity to predict cope with.

## Automation

Millions of UK workers at risk of being replaced by robots, study says

Workers in wholesale and retail sectors at highest risk from breakthroughs in robotics and artificial intelligence, PwC report finds



Automation may cause mammoth job losses and change the very nature of hospitality

In addition to the external change drivers, our expanding rates of growth are revealing some internal or systemic flaws in its operating model that require us to acknowledge and deal with what I'm calling some "home truths."

## Face some Home Truths

1. Tourism is a **derivative, secondary** economy + demand is seasonal

We cannot turn on demand We cannot turn it off We can only try to re-distribute  
We're surfers

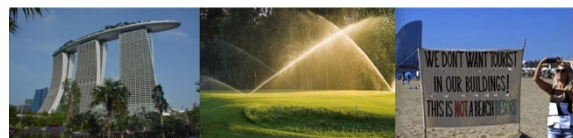


First, because tourism is what is known as a derivative or secondary economy, that depends on the success of the mainstream economy to produce customers with sufficient disposable income and time to travel. Destinations might have some ability to direct demand but have little capacity to turn demand on or, when things are booming, to turn it off. In reality it's as if we are surfing a wave of demand that, in some places, is starting to feel like a tsunami.

Second, Tourism is an extractive industry dependent on finite resources including land, water, food, and clean air to absorb emissions. We produce material waste, plastic garbage and sewage; deploy materials to construct and support the infrastructure and rely on another resource, that is often been overlooked or under estimated, and that is the patience and welcoming attitude of host residents in a destination.

## Face some Home Truths

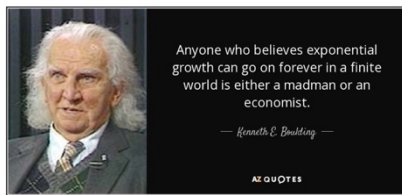
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LAND AIR WATER SCENERY PUBLIC SPACES PUBLIC FINANCES TOLERANCE

## Face some Home Truths

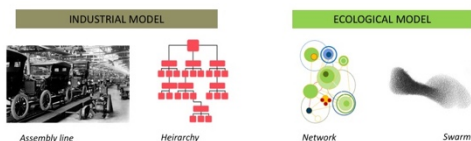
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It was a well respected British economist Sir Kenneth Boulding who, way back in the 1940s asserted, “Anyone who thinks you can grow exponentially on a finite planet is either a madman or an economist”.

## Face some Home Truths

1. Tourism is a **derivative, secondary** economy + demand is seasonal
2. Tourism is an **extractive** economy dependent on finite resources
3. Our operating model is designed for **machines that could be controlled by one vertically integrated industry** when we’re really a **network**



Thirdly we are applying an inappropriate operating model that was designed for machines that could be controlled as one vertically integrated industry with power concentrated at the top. Instead tourism is a complex **network** of literally millions of independent suppliers and **no one body is in charge** or has the power to lead the industry in a new direction. Instead we

resemble a swarm with each participant selling experiences and services not things. Despite this, our guests experience the destination as a whole which they take home as a memory.

## Let’s Look at Our Operating Model..

Just to give you and ideas of how the industrial model shaped tourism – just look how the language changed



## Face some Home Truths

1. Tourism is a **derivative, secondary** economy + demand is seasonal
2. Tourism is an **extractive** economy dependent on finite resources
3. Our operating model is designed for **machines that could be controlled by one vertically integrated industry**
4. We don’t sell things, we sell an **experience** for a specific unit of **time** in a specific **point in space**



These experiences are not delivered to customers but have to travel to the point of consumption. Unlike a thing an experience can only be sold and “consumed” at a specific place for a unique, unrepeatable, irreplaceable point in time.

Unlike produces of material goods, tourism providers cannot stockpile experiences and bring them out for

sale when the market is better. Hence one of the most common strategies to cope with this situation is the price discount – a pattern repeated when demand ebbs or there is too much supply.



So let's look at our fifth "home truth" which aggravates the discounting pattern. Unlike other sectors

### Face some Home Truths

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4. We don't sell things, we sell an **experience** for a specific unit of **time** in a specific **point in space**
5. Tourism & Hospitality have virtually **no barriers to entry**, compete on price

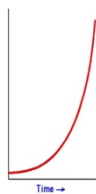
**Result: We're underperforming, vulnerable and out of control**

that require large injections of capital or complex skill sets to get started, there are few barriers to entry in tourism and hospitality so price cutting is often the first and last tactic deployed to cope with ebbs and flows in demand. The end result, over periods of time, is the provision of cheap travel and steadily diminishing returns for everyone. This is why travel today represents a far smaller percentage of disposable income than it did 30

or more years ago and why so many companies rely on volume growth to compensate for their thinning margins

It's the interaction and interplay of these five "home truths" that has led me to conclude that, while the old operating model is undoubtedly responsible for tourism's rapid extensive and pervasive success, it is also contributing to its relatively poor performance and extreme vulnerability.

### Every destination seeks to grow the # of visitors



#### WHY?

More visitors =  
More spending =  
More businesses =  
More turnover, more jobs =  
More = taxes =  
More Gross Domestic Product =  
More well-being

**What's wrong with that?**

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I don't think it an exaggeration to say that almost every destination—be it a country, region or a city - has in its tourism plans the stated a goal of attracting more visitors and more spending each year compare to the year previously. Very little, however, is either mentioned or known of the costs associated with those visits. The rationale is well known and simple to understand but also very

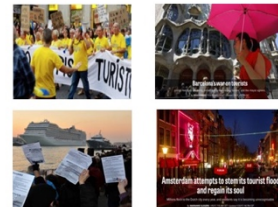
shaky.

An increase in visitors is understood to boost the gross domestic product (the GDP) used as the primary indicator of economic performance. The way our prevailing economic system operates requires the economy to grow each year or face collapse. Furthermore, tourism is a labour-intensive business, requiring large numbers of low skilled workers, so politicians increasingly see tourism as a quick and alternative attractive way of increasing employment. So, what's wrong with that?

Unfortunately, quite a lot

### Six problems with the GDP argument

1. GDP & well-being don't stay correlated for long
2. No accounting for costs
3. Trickle down = trickle up
4. Success hurts
5. We don't know how to turn demand off
6. Nothing Grows Forever



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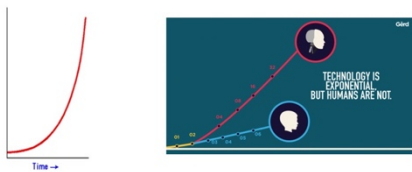
First, GDP is a measure of all economic activity – in other words the total of all transactions regardless of their positive impact on the well-being of society or its citizens. For example, the economic transactions associated with cleaning up pollution, policing streets, rising real estate values, dealing with crime are included in the total figure for GDP. It's possible that as overtourism worsens, GDP could go up but the happiness of the residents would deteriorate fast.

The second problem stems from the fact that existing impact indicators do not allocate costs in a way that enables or encourages the creators and beneficiaries of the associated income to pay for them. Instead these external costs – known as externalities - are often left to the receiving destination pay for and worse still any negative impacts become visible when it's too late to prevent.

Thirdly, the income from tourism does not trickle-down or through the economy of the host destination to the extent needed to recoup all the externalities. Much of the visitor's spending benefits owners of enterprises such as hotels, airlines and tour operators resident in places where the tourists originate.

This is why success can often hurt – especially when the volume of incoming visitor exceeds the capacity of the host population or the local infrastructure to support or fund.

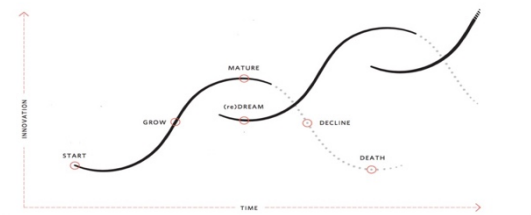
Is this reality? Can something grow forever?



The last problem with the argument that the GDP must grow forever is the most potent because it defies “the natural order” of things. Nothing in the natural-material world, living or non-living, can grow forever except a bunch of numbers on a balance sheet.

### Life's Pattern of Development & Change!

All life follows the pattern of a Sigmoid curve with birth or appearance leading to maturation, peak performance prior to decline and death. This pattern applies to cells, living bodies, ecosystems, ideas, political regimes, products, tourism destinations and even operating models, and worldviews.



So do we correct these inefficiencies and challenges by becoming more “sustainable”? The answer is yes and no. Yes, sustainable practices that reduce the material-physical impact of an activity are essential. And yes we can make more of an effort to contribute positive social impacts in our local communities.

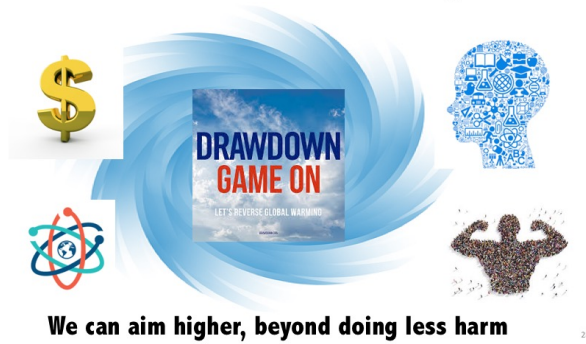
But unless we can adopt such practices with an intensity that reduce our footprint to zero and or do so at a rate that keeps pace with the growth and expansion of tourism the end result will simply be a slowing down of our course towards overtourism as a whole.

Sustainable practices enable us to do less harm and buy us time but they can also prevent us coming to terms with the fact that “business as usual” is not sustainable – we have to change the way we do tourism at a deeper level. There are two more powerful, **positive** reasons for change that are pulling us forward. They are far more motivational than the seemingly negative push factors

### 3. ‘Being Sustainable’ is not enough



#### 4. We have what it takes to make the change needed



We can aim higher, beyond doing less harm

First we have all the financial resources, the knowledge, the technology and the human desire to change. The problem with today's wealth is that we have it in abundance – it's just not evenly distributed.

#### 5. We can create so much more NET BENEFIT for more people



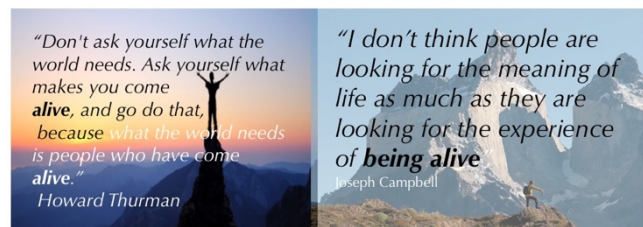
There is nothing inspirational or motivating about setting sustainability as a goal – it has no power to lift our hearts, to galvanise us into creative action, overcome obstacles and never stop trying.

Tourism can do and be so much more than an engine that creates jobs of less and less appeal and destroys the beauty

and sacredness of places by turning them all into a form of substitutable commodities or items on a bucket list to be done or consumed. I don't believe we exist simply to survive then die. I believe all life is designed to thrive/ to flourish/ to be all it can be/ to live life to the full.

#### MARKETERS – What do your customers really want??

It's the job of marketers to satisfy needs – surely the most basic need of people is to feel more fully alive and thanks to all the research undertaken in the field of positive psychology we now have a much deeper understand of what that means and the conditions which help people feel more fully alive.



## What do we wish for our children, for each other?

Well-being, Wellth  
Health  
Vitality  
Resilience  
Creativity  
Aliveness  
Peak performance  
Joy



**To FLOURISH**

**To PROSPER**

Perhaps the easiest way to imagine what we're all aiming for is to think what we wish for our children or our loved ones. We certainly don't lie awake at night wishing they were sustainable! Are the attributes on this slide what you really seek for your children and yourselves

The concept of flourishing is derived from positive psychology and ecology and is growing increasing scrutiny and application.

It is based on 50 years of discovery in science that confirms the wisdom of our ancient ancestors and indigenous counterparts – we humans are here to thrive, develop and evolve in the same way that all life is designed to thrive, develop and evolve.

## GROWING INTEREST IN FLOURISHING / THRIVING



## SUMMARY OF THE CHALLENGE AHEAD

A VUCA world on the edge of "Phase Change" demands:

**Increased Productivity** – improve yields and net benefits

**Resilience** – community coherence and surplus

**Adaptability** – creativity, agility, innovative capacity

A flourishing destination exhibits all three characteristics

IN a VUCA world of extreme uncertainty and turbulence there are three imperatives which a focus on flourishing is designed to address. The need for increased productivity or in my terms net yield. We have to find ways of stemming the decline of returns to all stakeholders in real terms that our current model produces. Destinations will need to become resilient – able to withstand a greater variety of

unpredictable interruptions to demand or changes in demand. Surplus need to be available within businesses and institutions and there will need to be a history of collaboration within tourism and integration with other sectors to generate the coherence needed. Finally, we are all aware that in a period of change it is those places which are most creative and innovative that survive and thrive.



So what will it take to make these changes. The prevailing wisdom says that we can continue as usual as all more, better technology and better management will solve our problems. I am not convinced there is evidence to support this act of faith in a dying system



It's going to take a lot more daring and caring than we're used to plus and heavy doses of imagination and will. I do believe it is doable and that's why I am still working towards this.

So please join me in Part 2 and in the meantime here are some questions for you to consider in your own time.



## YOUR GLOCAL SITUATION

**How well do you understand the nature of your visitor economy?**

- its mix of visitors, attractiveness, access, problems/issues, strengths/weaknesses

**Do you feel ready to succeed in a VUCA world?**

- how well are you protecting/managing your environmental impact?
- who is benefitting from tourism; who is being left out or under-served?
- is there room for growth?
- what opportunities and obstacles do you see ahead?
- what visible and invisible costs have been identified and who is paying for them?
- how could tourism increase the net benefit it contributes to community well-being?

**Do you consider that the members of the visitor economy work well together, towards a common aim?**

**How integrated is tourism with other economic, social and cultural activities and aspirations for the community?**

**What makes your destination unique?**

**Do you want to make a contribution to shaping a healthy visitor economy in your place?**

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