No. 7: Ethical consumerism and tourism

In essence: To what extent do tourists really want more ethical tourism products, and are they happy to pay more for them? This is a key question influencing the pace at which the tourism industry adopts more responsible and pro-poor practice. But it is a question on which there is conflicting data from market research. It seems ethical concerns are increasing, though active concern remains a minority interest.

In the last ten years, consumer demand in the UK has led to notable increase in the supply of ethical products in the marketplace. Products ranging from ethical finance to fairtrade coffee, tea and chocolate are becoming more common within the big supermarkets.

Ethical tourism is frequently perceived as meaning small-scale developments, with many examples of community based tourism products or eco-tourism. However, there are also a growing number of ethical tourism products that fall within the realms of mass tourism – with companies such as TUI, First Choice and British Airways Holidays and many others adopting some sustainable development policies within their corporate structure.

The hypotheses is that: "the growth in consumer awareness of ethical issues is beginning to provide companies which adopt a sound ethical practice with a competitive advantage and as a marketing tool this will become more prevalent in the future."

Is this the case in the tourism industry? The following provides results from a number of studies on ethical consumerism. The first is on ethical consumption in general, and the others relate to the purchase of travel products:

1. Key Note - Green and Ethical Consumer Market Assessment 2002

Key Note, a UK based market research company, compared its market assessment reports "The Green and Ethical Consumer" published in 2000 and 2002 and found that there has been a substantial rise in demand for green and ethically-produced goods in general. This rise is fuelled in part by the growth in consumer expenditure as a result of the continuing strength of the UK's economy. One of the key elements in ethical consumption is that it has essentially been consumer-led, rather than supplier-led.

The Ethical Purchasing Index (EPI) shows that spending on green and ethical products rose by 18.1% during 2000, contrasting with growth of 3% in the mainstream economy. Spending on ethical purchasing now outstrips growth of 'non-ethical' counterparts by more than six times. Green market leaders include ethical food markets (in particular, Fairtrade) which grew by 24% between 1999 and 2000, and the green energy market, which grew by 74.3% over the same period.

Green and ethical criteria are beginning to play a greater role in purchasing patterns. Only one in five consumers would buy any product with no reference to ethical or green issues. However an activist attitude to buying green goods remains a minority interest - fewer than one in five consumers have boycotted producers in the past 12 months. Price still remains the overriding factor in purchasing, particularly in relation to purchasing of non-food goods and financial services.

Key consumer markets, such as the cosmetic and holiday industries, continue to demonstrate the difficulty of maintaining ethical criteria where wide chains of distribution and supply are present. The holiday industry also shows signs of being behind customer demand for ethically-produced goods. While survey data indicates that most tourists would be prepared to pay more for an ethical holiday, many in the industry feel that ethical tourism was not an issue that they needed to address. The tourism industry offers no comprehensive system to identify and purchase ethically-approved holidays.

Source: Keynote (2002) The Green and Ethical Consumer, Keynote (www.keynote.co.uk)

2. Tearfund: Report W*orlds Apart* 2002

Tearfund, a UK based Christian NGO, found in their survey of 2000 British holiday makers in 2001 that one out of 10 holidays taken by British people were to the developing world – a total of 4.3 million holidays. Some of the favourite new destinations are also among the poorest countries on the globe, e.g. India, Kenya, Nepal, Peru and Mexico. With a few notable exceptions, tourism has been one of the slowest industries to adopt corporate social responsibility practices. Tearfund research in 2001 revealed that, of 65 tour companies, only half had responsible tourism policies – and many of these were so brief as to be virtually meaningless.

In a different Tearfund survey conducted in December 2001, more than half (52%) of respondents would be *more* likely to book a holiday with a tour company that had a written code guaranteeing good working conditions, protection of the environment and support for local charities in tourist destinations. This represents a 7% increase to a similar Tearfund survey undertaken two years earlier in 1999.

Nearly two out of three people (65%) surveyed said they wanted to know from travel agents and tour operators how to behave more responsibly when on holiday – by understanding local customs and politics, preserving the environment, supporting the economy and meeting local people.

59% of those questioned said that they would be willing to pay more for their holiday if the money went to the preservation of the local environments, good wages and working conditions for workers, or to a local charity. The average amount people would be prepared to pay was 5%, or £25 on top of a holiday costing £500.

Source: Tearfund (2002) Worlds Apart: A call to Responsible Tourism. Tearfund, London. Available at: Worlds Apart Report.

3. ABTA/ MORI Package Holidays 2002

In 2002 MORI was commissioned by the Association of British Travel Agents (ABTA) to undertake its biennial survey of UK consumer's attitudes of package holidays and their buying behaviour. Below are key extracts from this survey:

What is important when choosing a holiday company?	
87%	The holiday should not damage the environment.
76%	The holiday should benefit the people of the destination they are travelling to (for example through jobs and business opportunities).
75%	The provision of social and environmental information in tour operator's brochure
65%	The reputation of the holiday company on environmental issues

For which things would you be willing to pay more money, if they were guaranteed as part of your holiday?	
49%	If workers in the destination are guaranteed good wages and working conditions.
47%	If money goes towards preservation of the local environment and reversing some negative environmental effects of tourism
36%	If hotels serve food produced locally.
22%	If money goes to support a local charity.

How much extra would you be willing to pay for the aforementioned guarantees?	
An extra 5 %	39%
An extra 2%	23%
An extra 1%	13%

How much extra would you be willing to pay, on top of the price of an air ticket, to cover environmental costs?	
An extra 10 %	20%
An extra 5%	30%
An extra 1%	21%

And 59% would be interested in finding out more about local issues (environmental and social) in their chosen resort, before they book a holiday.

Source: MORI (2002) Package Holidays, MORI, September 2002.

3. Mintel - "Ethical Tourism" 2001

Mintel, an international market research company, surveyed a nationally representative sample of UK customers (n=2008) in 2001 and found that the majority of holidaymakers are apathetic towards ethical issues, being more concerned with standards of accommodation and the weather. Some 40% of holidaymakers stated that when on holiday they just want to relax and not be bothered with ethical issues. However, this is not to say that there are not key groups of consumers concerned with the ethical issues and holidaymaking.

For holiday-makers, the main priorities were fairly self-indulgent factors: i.e. high standard of accommodation (64%), nice weather (60%), convenient transport (35%), un-crowded beaches (34%), reasonable priced drinks (30%), and good representatives (29%).

28% of holidaymakers had an understanding that tourism can have negative impacts on local cultures. 37% of holidaymakers tried to learn about the local culture before they travelled. 11% of consumers were concerned that the economic impacts of tourism for the destination's economy were not as great as expected; while half believed that the money they spent in their home country on tourism products would benefit the destination economy in any way.

27% of holidaymakers cited that "not being part of a crowd and 'getting off the beaten track'" was an important factor for enjoying a holiday. Just under 40% of holidaymakers in the survey cited that experiencing 'local cultures' is an important enjoyment factor for their holiday.

Only 7% had ever sought a holiday with an ethical code of practice. Some 4% had changed their plans due to responsible tourism issues.

The following results are some indications about British tourism buying behaviour:

What are the key ingredients for a successful holiday?		**What is known and done about ethical tourism?**	
%	**Issue**	%	**Issue**
64%	high standard of accommodation and facilities	27%	have seen things on holiday which have disturbed them, such as poverty or beach erosion,
60%	nice weather guaranteed.	25%	thought a holiday was more enjoyable if they booked with a good ethical practice
53%	Sight-seeing opportunities	25%	are concerned about the local environment.
40%	Visiting a country they have never been before	17%	Received information on responsible tourism
37%	experiencing a different culture	11%	were concerned about whether their money benefited the local economy
37%	learning about the local culture before travelling	11%	hadn't heard of responsible tourism
36%	experiencing the local cuisine	7%	had ever sought a holiday with an ethical code of practice
35%	convenient transport	4%	had changed their plans due to responsible tourism issues.
34%	Un-crowded beaches		
30%	reasonably priced drinks		
29%	good reps and a well organised trip		
27%	entertainment for kids		
27%	liked to feel independent		
27%	good nightlife		

Mintel identified four cluster groups and some 20% of consumers fell into a category of 'researchers' who showed a certain degree of understanding of some of the ethical issues discussed, and a further 11% of respondents fell into a category of 'ethically aware' consumers, who were aware of the issues and changed their buying habits accordingly. Of AB (socio-economic group) consumers who represent an affluent and well-travelled consumer of great importance to the industry, some 34% came under the 'researcher' cluster and a further 19% joined the 'ethically aware' category.

4 cluster groups were identified by Mintel:

Cluster	% of total	Characteristics
Apathetic	48%	The apathetic do not have strong opinions on ethical issues when going on holiday, as they have low response rates for statements concerning ethical issues. Nearly half stated that they do not want to be bothered by ethical issues when on holidays. None of them stated that tourism helps the local environment, further illustrating their apathy towards local issues when going on holiday. The 'apathetic' were either very young (15-20 years of age), or old (over 65), and less affluent (socio-economic groups C2, D, E).
Unconcerned	22%	This group is generally unconcerned about ethical issues, with half of the group stating that they just want to relax on holiday and do not want to be bothered with ethical issues. Every single person in this group feels that tourism helps the local economy, suggesting that they do not feel ethical issues are important and that they are in fact benefiting the place where they stay on holiday and not causing any harm. This group was predominantly male, aged 25-44, and in socio-economic group C1.
Researchers	20%	These are the most likely to try to learn about local culture before travelling and also they are the most likely to have received information when booking their tickets. They also feel that tourism helps the local economy, but over half are concerned about the impact their holiday has on the local environment, with 15% stating that they have sought a holiday with an ethical code. They tended to be from a wide variety of age groups (20–64), but predominantly from pre-family and empty-nester life-stages; more affluent from socio-economic groups A, B, and C1.
Ethically aware	11%	This is the smallest of the groups and they are the most concerned with ethical issues when going on holiday. A majority (64%) are concerned about the impact their holiday has on the local environment and they are the most likely to have sought a holiday with an ethical code of practice. They tend to feel that tourism can ruin the local culture and they are the most likely to have experienced or seen things on holiday that has disturbed them. They were predominantly young (25-44 y.o.a.), affluent, and from socio-economic groups A, B, C1.

According to Mintel, the growth in ethical considerations by tourists and suppliers will continue to increase slowly but surely into the long term. Tourists are becoming more aware, having been educated through their own experiences, as well as by NGOs and suppliers. Suppliers and other stakeholders are also taking long-term considerations into account, realising that the natural environment is not a finite resource. Future changes in stakeholder behaviour will continue to be both supply- and demand-driven.

Source: Mintel (2001) Ethical Tourism 2001, Mintel. www.mintel.com

5. Responsible Travel (www.responsibletravel.com) 'Had Enough' survey results

Responsible Travel, a UK based marketing portal for responsible travel businesses commissioned a telephone survey carried out by Taylor Nelson Sofres to discover the attitudes of UK holiday makers towards 'mass' market operators. The survey was carried out among 1002 British adults between 30th January and 1st February 2004.

Do you agree with the following statements?	Agree	Disagree	Don't know
Mass market tour operators don't offer the most interesting holidays	52%	28%	20%
I don't like the way mass tourism damages the environment and culture of the local resort	67%	19%	13%
I've had enough of crowded beaches on resort type holidays	60%	23%	16%
Too many holidays just offer chips and Sky football in the sun	57%	27%	17%
I'm fed up with beer bellies and Union Jack t-shirts on holiday	63%	25%	13%
I just want to have fun on holiday; I don't really care about the locals and their environment	15%	80%	5%
Big tour companies just pump out superficial holidays and it is time they changed	60%	25%	15%
I think tour operators should have a responsibility for preserving the local environment and culture and benefiting local people	88%	6%	6%
I would be more likely to book a holiday with a company if they had a written policy to guarantee good working conditions for staff, protect the environment and support local charity destinations	80%	14%	7%

I think my holiday would be more enjoyable if:			
a) I could discover new and interesting places by using a tour guide from the local community	87%	9%	4%
b) I could eat fresh locally produced food and discover local recipes	86%	9%	5%
c) I could learn a little of the local language and meet local people	89%	8%	3%
d) I was given advice on local cultures and customs	88%	9%	3%
e) My hotel had adequate waste and sewerage treatment facilities	89%	3%	8%
f) I could take short visits to local wildlife conservation and social projects	70%	24%	6%

Source: www.responsibletravel.com/Copy/Copy101763.htm

But: Words or Action?

For tour operators trying to survive in a highly competitive industry ethical issues have so far not been high on the agenda and they are frequently seen as a luxury and cost, rather than long term investment. Weeden (2002) argues that the majority of tour operators she surveyed did not believe that consumer demand has changed and that consumers were more interested in ethical issues (2002:149). The tour operators she surveyed were very critical about research stating that consumers are willing to pay extra for ethical tourism products. Weeden argues that although customers might show an attitude change, this does not necessarily mean that they will actually pay higher prices. Altruistic ideas about ethical issues are often not translated into action when making buying decisions. Weeden even suggest that the specialist holiday market is moving to increased price sensitivity. Her survey found that far from a move away from price-based competitive strategies, these remain highly important.

Conclusion:

Evidence indicates that ethical consumerism is growing as measured by surveys. Debate will continue as to what degree this actually transfers into practise.

References and Further Information:

Francis J & Goodwin H (2003) Ethical and Responsible Tourism: consumer trends. *UK Journal of Vacation Marketing* 9 (3) pp 271-284

Weeden, C. (2002) 'Ethical tourism: an opportunity for competitive advantage?' *UK Journal of Vacation Marketing*, 8 (2)

Responsible Travel – www.responsibletravel.com

These briefs were produced by the Pro Poor Tourism Pilots (Southern Africa) Programme, as a way to share practical international examples of pro poor actions with programme partners and others. PPT Pilots is a 3 year programme funded by DFID's Business Linkages Challenge Fund, facilitating adoption of pro poor practices by tourism companies in Southern Africa.

There are eight briefs so far in the Business Implementation of Pro-Poor Tourism Series. They cover a diverse range of topics from branding to supply chains and tourism-agriculture linkages. Several rely on material extracted from websites of companies and other organisations, which is provided in good faith but cannot be taken as verification of pro poor impact. The briefs were written by Dorothea Meyer, Caroline Ashley and Clive Poultney (first versions produced May 2004, revised versions uploaded December 2004).

Further programme information and the full set of briefs are on www.pptpilot.org.za. Further background on PPT internationally is on www.propoortourism.org.uk.