BCG

Steering Consumers to Greener Travel and Tourism Choices

APRIL 2023

Destination: net zero. That's a goal for companies across consumer categories, including travel and tourism—which is responsible for some 10% of global emissions, a greater share than many other categories. Without intervention, travel and tourism emissions will grow by 5% annually, to 8.4 gigatons of CO_2 emissions in 2030.

Those numbers signal an urgent need to reduce the industry's carbon footprint, and travel and tourism companies are under pressure to achieve results. They have set their own sustainability goals and communicated them publicly; meanwhile, they face increased regulatory demands from governments to reach particular emissions-reduction targets, not to mention rising costs on many fronts.

To date, travel and tourism companies have focused on internal changes—tackling, for instance, the significant role that travel-related transportation and fuel play in generating emissions.

But those efforts alone won't be enough to fulfill emissions reduction pledges. To achieve net zero, travel and tourism companies need to establish an additional route to sustainability: persuading consumers to make more sustainable travel choices.

That's a daunting task. Relative to other categories, the number of macrochoices (a green class of service, for example) and microchoices (choosing local products) that travel and tourism consumers face is vast, and these choices often come with unique nuances.
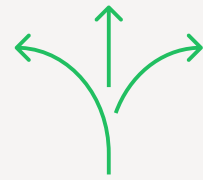
Travel and tourism companies face some unique challenges

Relative to other consumer categories…
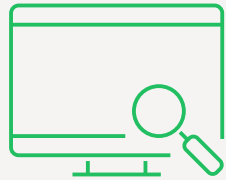
Customers perform more research before purchasing

The average travel and tourism (T&T) customer spends 11–14 hours planning their trip, giving them more time to consider the sustainability of their options compared to other goods

Customers face "microdecisions" along their journey

Customers have multiple booking **options and options throughout the customer journey,** whereas in other consumer sectors there is typically one standalone purchase

Environmental impact is more visible

On a trip, T&T customers can **see their impact** (e.g., smokestacks, new linens daily) whereas impact in other consumer sectors is more "behind the curtain"

T&T companies cater to wider demand pools

T&T companies must **serve multiple demand pools with a single asset,** whereas specialized consumer brands have an opportunity to cater to sustainability-inclined demand pools
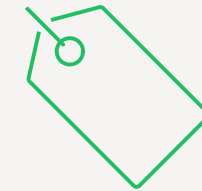
Customers perceive a higher "green premium"

On average, consumers **believe that the premium for sustainable leisure travel is ~20%,** but sustainable buyers perceive an ~10% discount

This presents travel and tourism companies with a complicated web of considerations—but also a wide variety of opportunities. It's all about understanding consumers and how they make choices, and then creating and communicating sustainable alternatives.

How Consumers Are Making Choices About Travel And Tourism

A consumer-focused approach promises to make a significant dent in the industry's emissions. More than 40% of those emissions are driven by consumer choices, and 80% of consumers we surveyed say that they are concerned about the environment and that they considered aspects of sustainability when they last traveled. (See the sidebar, "Methodology," for details on our survey of consumer perceptions of sustainability related to travel and tourism as well as other categories.)

Even so, just 10% of consumers prioritize sustainability as a top driver of choice when making purchasing decisions about their travel and tourism. More specifically, these consumers chose certain options on their most recent journeys because those options were sustainable. Travel and tourism companies need to address not just this small percentage of sustainability-boosting consumers but the majority of consumers, who are not yet prioritizing sustainability.

Looking through that lens, we see three broad travel and tourism consumer segments. These are not discrete groups but averaged characterizations that capture the varied consumer behaviors that travel and tourism companies must address:

· Those who are **motivated** by sustainability considerations. They have a clear understanding of their role and consistently prioritize sustainability as a top purchase driver.
· Those who can be **influenced** by sustainability considerations. They may not be directly motivated to make sustainable choices, but they prioritize attributes associated with sustainability.
· Those who are **not yet inspired** by sustainability. They prioritize other drivers of choice over sustainability and other attributes that are associated with sustainability.

To meet their sustainability commitments, companies must act quickly to drive adoption of sustainable choices across all three consumer segments.

Three T&T consumer segments and how they prioritize sustainability

10%	25%	65%

Motivated

These consumers have a **clear understanding of their role** in sustainability and act on it to "save the planet"

Influenced

These consumers may not be directly motivated to make sustainable choices, but they **prioritize drivers closely associated with sustainability** (e.g., safety, health, and hygiene)

Not yet inspired

Other consumers are potentially **held back by barriers** (e.g., education, convenience, cost) or negative associations

Three Steps To Change Consumer Choices In The Future

A three-step approach can foster greater uptake of sustainable travel products and services:

1. **Understand the drivers of choice.** Identify the wide variety of needs that drive consumer hoices across the three segments.
2. **Innovate to create sustainable offerings.** Shape products and services that will meet consumers' needs and encourage sustainable choices.
3. **Promote sustainable choices.** Message consumers in relevant ways that help them adopt sustainable choices.

Step 1: Understand the Drivers of Choice

Nudging consumers toward sustainable choices in travel and tourism presents challenges. Like consumers in other industries, few leisure travel consumers prioritize sustainability when making purchase decisions. Some make choices on the basis of characteristics that are positively correlated with sustainability, like safety and health. But the majority of consumers make choices based on characteristics that are negatively correlated, such as value for money.

The drivers of consumer choice, by segment

Motivated

01 Sustainability
02 Socializing
03 Safety
04 Health
05 Hygiene

Influenced

01 Safety
02 Hygiene
03 Health
04 Connecting with others
05 Quality

Not yet inspired

01 Relaxation
02 Comfort
03 Connecting with others
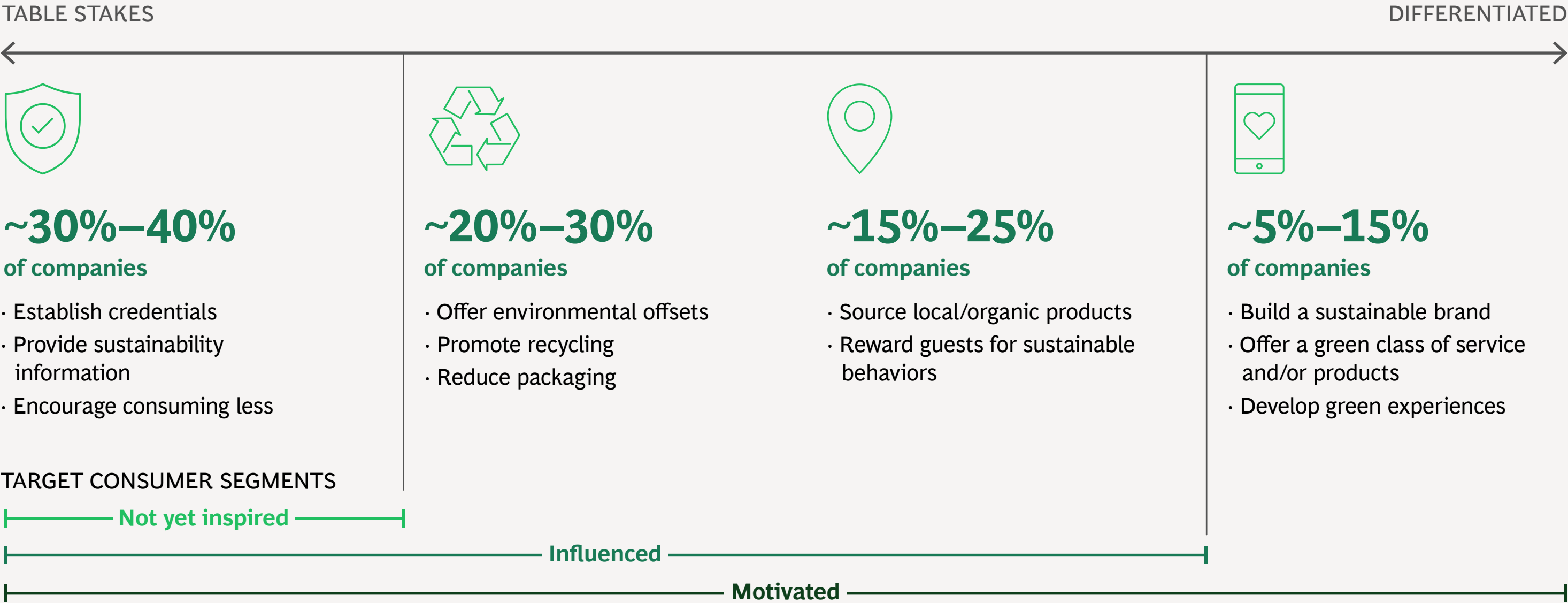**04** Trust in brand
05 Value for money

Further, many of our survey respondents say they are confused about the role they can play or that they're disillusioned by what they perceive to be the motivations of companies pledging to become more sustainable. Consumers are alert to "greenwashing," so companies must ensure that the claims they make and the offerings they provide are authentic and grounded in fact.

Step 2: Create Sustainable Offerings

Travel and tourism companies can push sustainable choices through offerings that are based on an understanding of what consumers really want.

How travel and tourism companies can drive sustainable consumer choices

TABLE STAKES   DIFFERENTIATED

←——→

~30%–40%
of companies

· Establish credentials
· Provide sustainability information
· Encourage consuming less

~20%–30%
of companies

· Offer environmental offsets
· Promote recycling
· Reduce packaging

~15%–25%
of companies

· Source local/organic products
· Reward guests for sustainable behaviors

~5%–15%
of companies

· Build a sustainable brand
· Offer a green class of service and/or products
· Develop green experiences

TARGET CONSUMER SEGMENTS

|————— **Not yet inspired** —————|

|————————————————————— **Influenced** —————————————————————|

|————————————————————————————— **Motivated** —————————————————————————————|

"Table stakes" offerings—for example, encouraging consumers to minimize their consumption without sacrificing the experience and amenities they have come to expect—are a starting point for travel and tourism companies. Some 30% of companies are using such levers to drive sustainability across all consumer groups. And moves made to increase sustainability could benefit consumers in other ways. Hotel guests, for instance, might find that having their rooms cleaned less frequently not only saves resources but also minimizes disruption.

Offerings that are more differentiated will appeal to those who are motivated or influenced by sustainability. For example:

· Travel and tourism companies can promote recycling by ensuring that recycling and compost bins are widely available and clearly marked.
· They can reduce packaging by offering reusable tableware and refillable toiletry containers in place of disposable, single-use options.
· Another approach is to provide a "green experience." Consumers at resorts or on cruises, for example, could have the option of participating in activities that positively contribute to the environment, such as planting trees or cleaning up a beach.

The levers that travel and tourism companies can apply—from the simpler, table-stakes options through the more sophisticated, differentiated moves—can be utilized at different points along the consumer journey. Here are some examples of what travel and tourism companies can offer to consumers at relevant times.

Travel and tourism companies can encourage green choices with sustainable offerings at different points along the consumer journey...
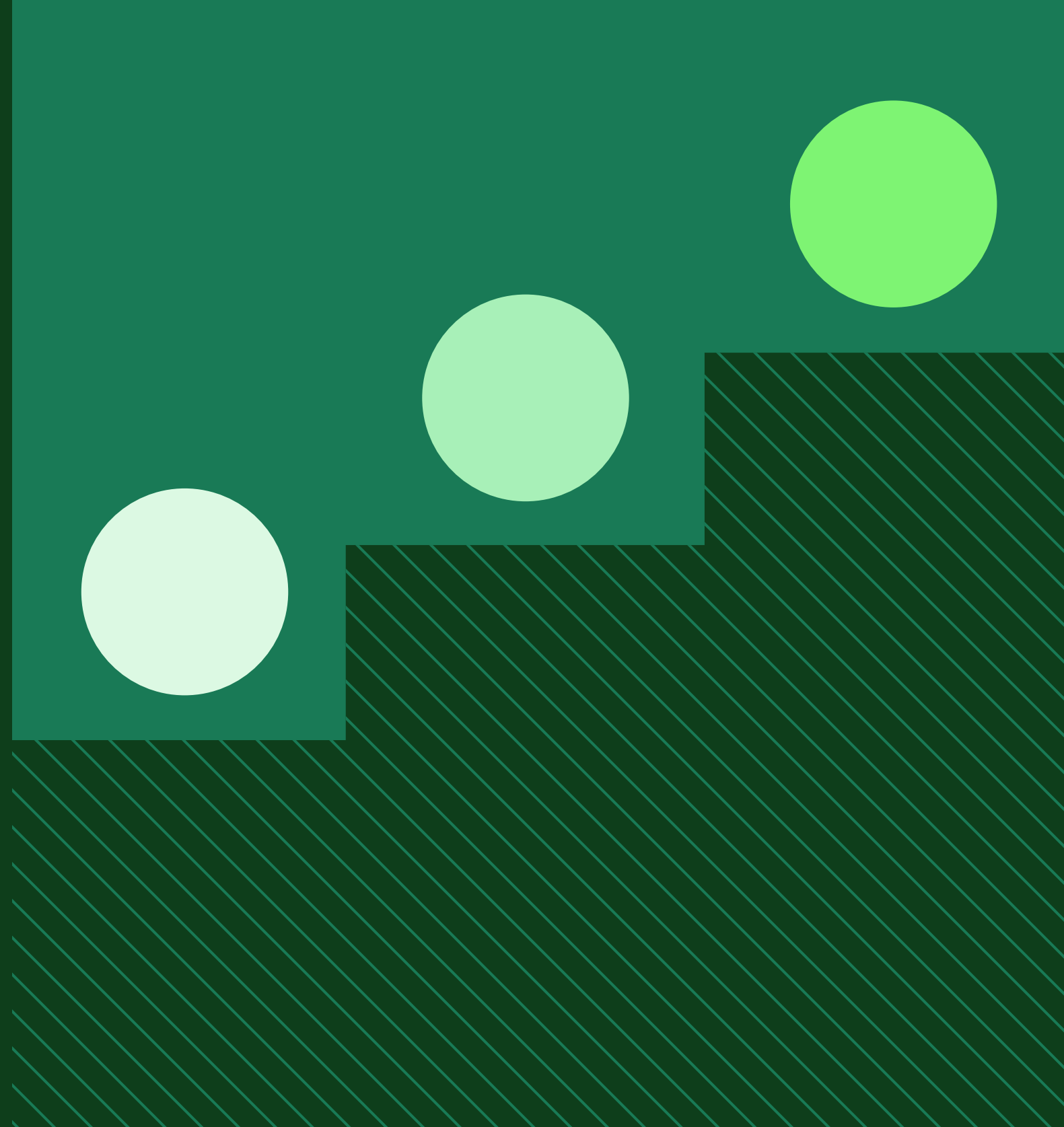
Discovery and booking

01 Offer option to **purchase carbon offsets** during checkout

02 **Show estimated emissions** of each itinerary option

03 Highlight itineraries that visit **green destinations**

04 Ensure that sustainability measures (LEED certification, for example) are **highlighted by online travel agencies** and sustainable travel websites

05 Create a **green class of service** that (for example) uses less plastic and includes offsets

06 Promote **partnerships and issue press releases** about sustainable offerings
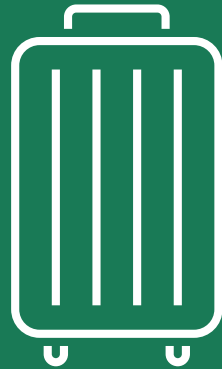
Pretravel planning

01 Offer upgrade packages for **sustainably sourced food and beverage**

02 Highlight **green tourism options** and ecofriendly businesses at the destination

03 Encourage customers to download an app for a **digital key or ticket**

04 Show estimated **carbon emissions for pretravel transport options** such as taxi or public transit

05 Encourage customers to **pack light** and avoid packing single-use plastic toiletries

During the trip

01 **Reduce single-use plastics** by offering reusable plates and utensils and refillable toiletries, for example

02 Showcase **benefits of recycling** trash

03 Sell and use items made from **recycled or upcycled materials**

04 Serve **local, organic food**

05 Develop digital content that **educates customers on sustainability initiatives**
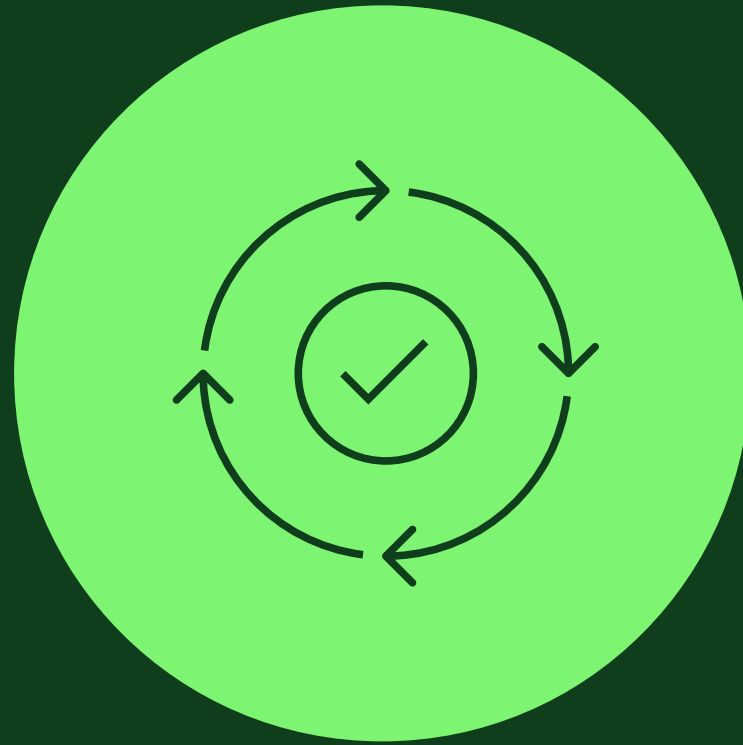
Post-travel/loyalty

01 Incentivize customers to use loyalty or cobranded credit card points to **buy offsets or donate to sustainable causes**

02 Allow loyalty members to **swap energy-intensive benefits for green options** (e.g., plant trees instead of free laundry)

03 Send **post-trip summary** of sustainability metrics

04 Offer rewards for **completing sustainable actions**

05 Allow customers to **rate their trip's sustainability**

06 Encourage guests to **post to social media** about the sustainability of their trip

Step 3: Promote Sustainable Consumer Choices

Widespread adoption of sustainability offerings will require effective messaging to target consumers. Travel and tourism companies will need to:

· Make claims relevant.
· Broaden the dialogue.
· Break the tradeoffs.

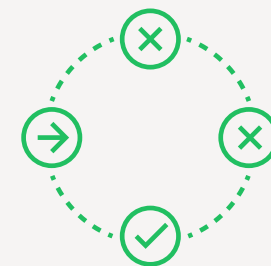# Three messaging tactics to drive adoption of sustainability initiatives
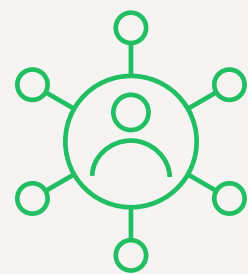
Make claims relevant…
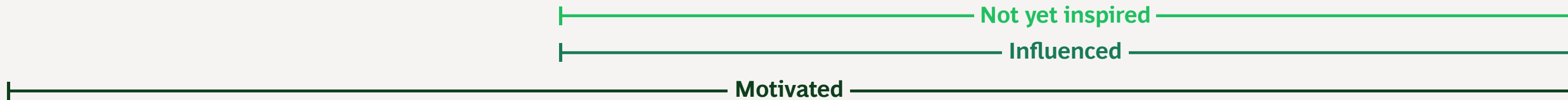…by tailoring fact-based sustainability claims to consumer preferences
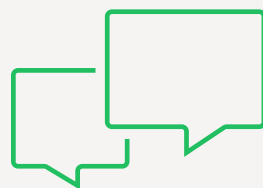
Broaden the dialogue…
…by emphasizing attributes that consumers prioritize and associate with sustainability

Break the tradeoffs…
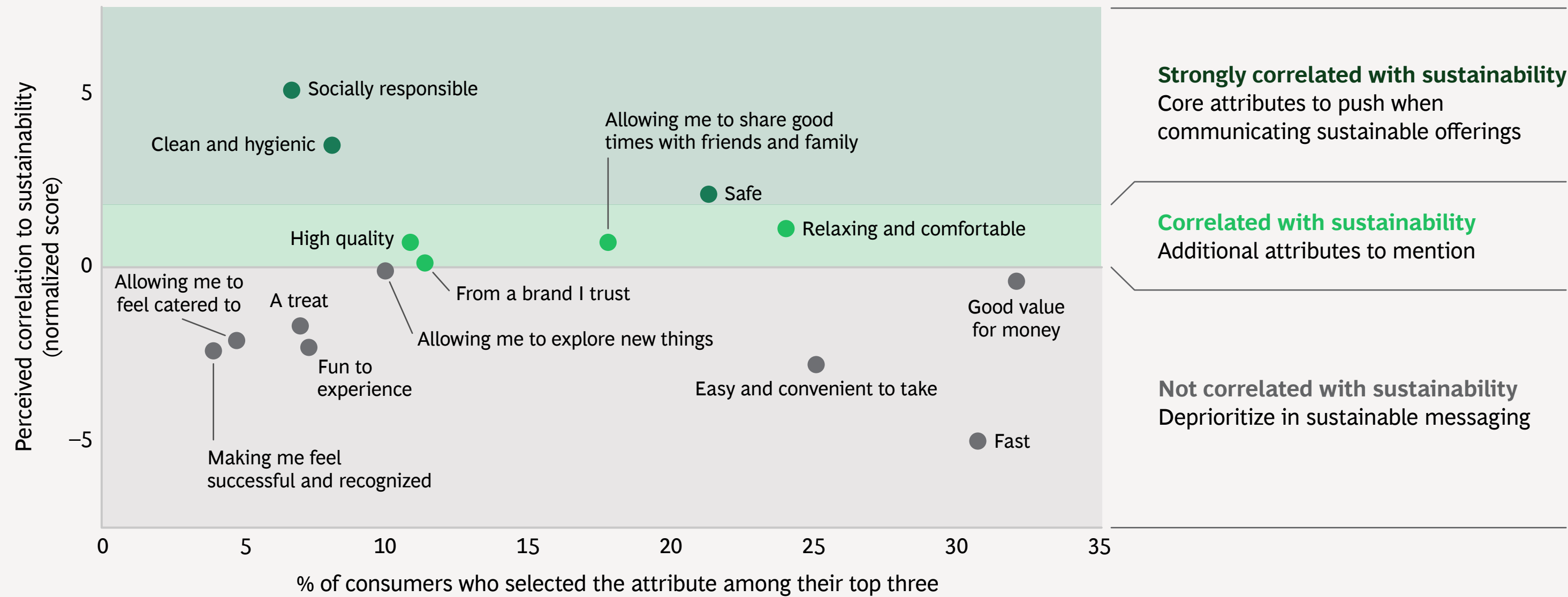…that consumers face when making travel and tourism decisions

TARGET CONSUMER SEGMENTS

Not yet inspired

Influenced

Motivated

Make claims relevant. The sustainability-related claims consumer groups value can differ based on the market and demographics involved; companies should tailor their sustainability claims accordingly, thereby maximizing effectiveness. For example, some 50% of consumers respond to claims about fuel and emissions, but only about 20% of airlines' sustainability tweets target that theme.

Companies' claims can span a variety of topics, including fuel and emissions, nature, packaging, and food. The relevance of those claims to a particular group of consumers will vary. Sometimes by country: consumers in higher-income countries respond to claims about efficient routing to save fuel, for example, whereas those in lower-income countries value claims about recyclable packaging.

The channel through which claims reach consumers matters too. Online reviews and messages from friends and family carry the greatest weight.

Broaden the dialogue. Although consumers don't fall strictly into one of the three general categories, few consumers value sustainability as a top driver of choice. Many more, though, make decisions on the basis of attributes that are related to sustainability, such as cleanliness.

Companies can broaden the dialogue and promote sustainable choices by highlighting attributes that consumers perceive as correlated to sustainability

Strongly correlated with sustainability
Core attributes to push when communicating sustainable offerings

Correlated with sustainability
Additional attributes to mention

Not correlated with sustainability
Deprioritize in sustainable messaging

Y-axis: Perceived correlation to sustainability (normalized score)

X-axis: % of consumers who selected the attribute among their top three

Data points:
- Socially responsible
- Clean and hygienic
- Allowing me to share good times with friends and family
- Safe
- High quality
- Relaxing and comfortable
- From a brand I trust
- Allowing me to feel catered to
- A treat
- Allowing me to explore new things
- Good value for money
- Fun to experience
- Making me feel successful and recognized
- Easy and convenient to take
- Fast

Companies can use insights about these associated attributes to attract a broader set of consumers, boosting their reach by three to seven times. For example, 10% of consumers choose sustainability as a top-three driver of choice; for these folks, messaging can efficiently highlight the impact of green choices on sustainability metrics.

A larger group—approximately 34%, corresponding to our motivated and inspired consumer segments—designate top-three drivers that are strongly correlated with sustainability: they seek products that are safe, clean and hygienic, and socially responsible. Messages that will resonate with them could emphasize, for example, how locally sourced options are good for the local economy. This will encourage uptake of sustainable choices even when sustainability itself is not a key driver.

Likewise, a still larger group, comprising about 70% of consumers, can be reached by emphasizing attributes they value that are somewhat correlated with sustainability. For example, some consumers in this group favor high-quality products, while others prioritize relaxation. Messaging (where appropriate) can emphasize the comfort or premium nature of products that happen to be sustainable, and innovation can help build more sustainable options that meet these consumers' core needs.

Break the tradeoffs. When choosing whether or not to purchase sustainable offerings, consumers face significant barriers—some of them real and some perceived.

Consider pricing. Sometimes, it's a real barrier. A sustainable option can be more expensive than a conventional one. And sometimes a pricing barrier is merely something that consumers perceive. For example, buyers of conventional travel and tourism products and services believe that sustainable alternatives cost 20% more. People who choose sustainable travel and tourism options, meanwhile, believe that their choices yield a 10% savings.

Topping the list of barriers consumers cite are convenience; norms, habits, and aversion to change; and awareness. Travel and tourism companies can help consumers get over these barriers by identifying sticking points and deploying tactics and levers that drive sustainable choices.

Companies can break the tradeoffs by identifying the barriers to adoption of sustainable travel offerings…

% of customers who ranked each barrier among the top five reasons they don't make sustainable purchases in leisure travel
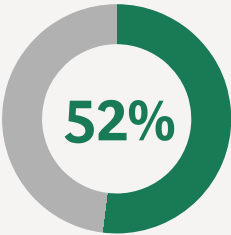
52% **Convenience**
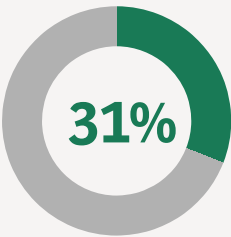Difficulty in using or purchasing the product
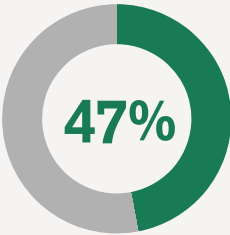
47% **Norms, habits, and aversion to change**
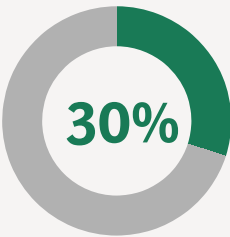Need to conform to social norms, reluctance to change
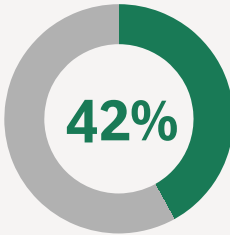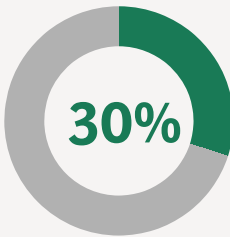
42% **Awareness**
Knowledge about the offering's existence
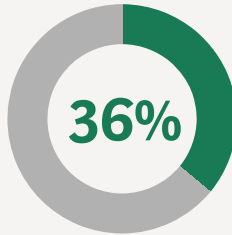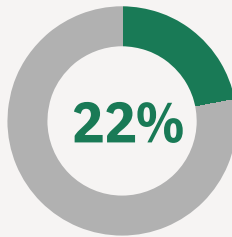
36% **Product quality**
Apprehensions related to product

31% **Pricing**
Price-related barriers

30% **Trust**
Including suspicions of greenwashing

30% **Availability**
Access to the product

22% **Lack of concern**
Sustainability not top of mind in general

…and helping consumers overcome those barriers

TOP BARRIERS	POTENTIAL STRATEGIES TO ADDRESS	SAMPLE ACTIONS
Convenience	**Streamline** the process of finding and booking sustainable trips	· Offer environmental offsets · Offer a green class of service · Develop green experiences
Norms, habits, and aversion to change	**Incorporate** microdecisions that promote sustainability without altering the core trip experience	· Reduce packaging · Source local, organic products · Promote recycling
Awareness	**Educate** customers on the environmental impact of their travel and highlight offerings to mitigate their footprint	· Establish credentials · Provide sustainability information · Encourage less consumption
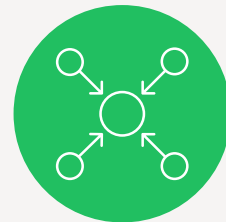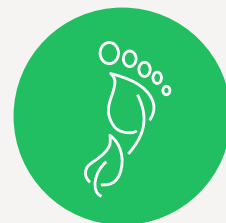
For the travel and tourism industry, large-scale adoption of sustainability is necessary. Acting quickly and making consumers—all consumers—part of the solution is imperative.

Saving the planet is a primary motivator, of course. In addition, there's proof of the business value for companies that pursue sustainability. Top environmental performers gain a 3-percentage-point advantage in total shareholder return, for instance, and 68% of employees say they are more willing to accept jobs from organizations they consider to be environmentally sustainable.

For travel and tourism companies that aim to take green mainstream by motivating large percentages of consumers, success will be measured in benefits to their profits as well as to the planet.

Sidebar: Methodology

Our global consumer research on climate and sustainability provides a comprehensive view of consumer-centric sustainability. From June to July 2022, we surveyed approximately 19,000 consumers in eight countries: US, Japan, Germany, France, Italy, China, India, and Brazil.[1]

We assessed 14 product and service categories:
· Consumer packaged goods, specifically beverages, snacks, skin care, and home care
· Retail, specifically grocery retail and dining
· Leisure travel
· Apparel
· Streaming media services
· Electronic devices
· Building materials
· Luxury products
· Electric utilities
· Cars

[1]Data between publications may vary slightly because of rounding and weighting factors applied to derive a market-representative sample of each country.

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