Hotel & Tourism Features

- About 60% of revenues are generated from rental accommodation. Provision of additional services, including food and beverages, account for between 20%-30% of revenues, with the rest relating to transport and tours, entertainment and conferencing.
- Demand is driven by leisure travel (which can be dampened in times of decreased economic performance or after events such as 9/11 or the Iraq conflict) and the strength of corporate earnings, which determines the level of business travel.
- Hotel companies diversify their product in terms of budget range (budget, mid-scale and luxury) and services offered. Brand recognition and association with varying qualities of service are important factors in the success of global hotel chains.
- The industry employs a large proportion of young people, with a high ratio of women, for many of whom it provides an entry point into the working world. The sector faces exceptional peaks of work to which it responds by maintaining a large pool of temporary labour. Consequently, turnover is high, usually between 30%-50%, making recruitment and retention ongoing challenges.
- Employment expenses make up the largest part of the cost base for this industry.

Hotel & Tourism Trends

- There is a significant degree of variance in asset management between hotel companies. A common trend is for branded hotels outside Europe to be managed or franchised, due to higher levels of risk and legal obstacles related to owning assets overseas. Recently, several hotel companies have been selling off their assets in ‘sell and manage-back’ schemes. These types of “softer” ownership structures are likely to make CSR-related risks more difficult to manage.
- More innovative use of information technology in the sector is yielding cost savings by cutting out intermediaries. Hotel and tourism services are increasingly being offered and purchased via the internet, while services at hotels in Europe are becoming ever-more automated.
- Consumer trends are changing rapidly. Low-cost airlines and internet-based booking systems are attracting holiday-makers who prefer to organise holidays independently rather than to seek package deals. Traditional tourism companies are therefore re-evaluating their products and are moving away from vertically integrated service models.
The over 300,000 hotels around the world use large amounts of energy. If poorly managed, hotels can consume considerably more energy per occupant than households. Implementing energy efficiency measures is therefore important, not only because energy is scarce in many tourism destinations, but also because of the significant atmospheric emissions generated as a result of energy consumption that contribute to climate change.

Uncontrolled tourism threatens many natural areas by putting pressure on ecosystems and leading to impacts such as soil erosion, increased pollution, discharges into the sea and biodiversity loss. Most tourism facilities generate large volumes of solid waste, which can result in a company being denied future licenses to operate. GHG emissions are often caused by hotels, and can be attributed to air conditioning, heating, and water heating.

Companies can take steps to mitigate air conditioning and heating. Hotel and tourism companies can invest in upgrading and improving existing buildings, using new energy efficient technology, and working with suppliers to take steps to reduce energy use, such as increasing the energy efficiency of ventilation and air conditioning.

The Global Reporting Initiative (GRI) is an international environmental organization, which offers a framework that can help companies to identify and report on their environmental performance and impacts. GRI provides a framework that can help companies to identify and report on their environmental performance and impacts. The framework provides a way for companies to set goals and track their progress in reducing their environmental footprint, while also identifying areas for improvement. In addition, GRI's framework can help companies to improve their environmental performance by providing a clear and transparent way to report their progress.

The over 300,000 hotels around the world consume large amounts of water, and often put pressure on local water resources. To reduce this environmental impact, they can adopt a range of water efficiency and conservation measures. This is particularly important for hotels operating in arid regions or areas with limited water resources. hotels can use water-saving technologies such as low-flow faucets and showerheads, and implement water-saving policies such as turning off the water while cleaning equipment, and using laundry and dishwashing machines that are designed to conserve water.


Local community investment

The hotel and tourism sector is highly dependent on the public’s perception of global health and security risks. Security scares can reduce demand for hotel and tourism services. The sector, however, can play a preventative role. Given the multiple crises that have damaged demand for travel and tourism in recent years, including terrorism, the spread of epidemics, such as Severe Acute Respiratory Syndrome (SARS) and natural disasters such as earthquakes or tsunamis, hotel and tourism companies must be involved not only in crisis prevention, but also in crisis management.

Companies can take steps to mitigate these risks. For example, they can implement policies and procedures that promote safety and security, such as regular emergency drills and procedures for evacuating guests in case of an emergency. They can also work with local authorities to ensure that security measures are in place and that they are being effectively implemented. In addition, companies can use their influence to promote positive social and environmental issues, such as community development and conservation efforts.

Some hotel and tourism companies operate in countries where corruption is rife and where human rights violations linked to the sector are common, such as sex tourism, child prostitution and kidnapping (e.g. Burma, Colombia). While multinational companies are unlikely to directly and deliberately promote any of these activities, ignorance and lack of action to mitigate them can contribute to the prevalence of such social problems.

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Environmental degradation

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Social & Environmental Issues

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The International Labour Organisation estimates the cost of replacement per employee to be between US$3,000 and US$10,000. Failure to guarantee good working conditions and to put in place effective recruitment and retention strategies may undermine the sector’s ability to access and retain labour in the long term, with an impact on costs. Investing in staff and retaining them can also contribute to delivering higher quality service, a potentially valuable asset to differenciate in this sector.

Investing locally can help to safeguard companies’ reputations and their brand equity. This may enable hotel groups to more easily acquire licenses to operate and facilitate the process of establishing new sites and being granted future licenses to operate. Over the long term, unsustainable tourism operations may degrade the very environment and assets that they seek to profit from.

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1 The World Wide Fund for Nature (WWF) reports that ecosystems around the Mediterranean are threatened with over 500 plant species in the region in jeopardy of extinction at least in part due to intense pressure from such development.

2 According to UNEP, tourists from developed countries create up to 2 kg of solid waste per person per day; from “A Manual for Water and Waste Management: What the Tourism Industry Can Do to Improve Its Performance.”
More and more hotel and tour operators are joining together to combat sex tourism and promote the rights of children around the world. The hotel chain Accor for example has been working with ECPAT (End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes) to heighten awareness in their hotels located in zones at risk for child prostitution and child pornography.

Besides distributing over 500,000 brochures in 325 travel agencies in 2003, Accor is currently launching a new awareness-raising initiative against sexual exploitation of children at the Novotel Bangna in Bangkok, Thailand. The hotel will be running a video spot in all of its rooms through its internal television circuit. The video spot, which explains that there are laws to prosecute child sex offenders in their home country as well as in the country where an offence took place, was originally developed by ECPAT France and screened on long-haul Air France flights in an effort to curb international child sex tourism. Similar efforts have been made by other airlines but this new Accor endeavour marks the first time that a video spot will be used inside a hotel. It is expected that other Accor hotels in Bangkok will follow the example of Novotel Bangna.

The Bangkok-based pressure group ECPAT said some three million children are sexually exploited worldwide.

Furthermore, on May 17th 2005 the French government and 17 tourism professionals - including hotel group Accor, Air France, Club Med, lastminute.com and Thomas Cook - signed a charter that promotes tourism which respects the rights of children. The charter binds the companies and the French government to back economic and social development projects needed for the emergence of a respectful tourism in the countries in which the companies work.

The signatories also pledged to step up public awareness campaigns aimed at travellers.

These initiatives are vital steps towards eliminating child prostitution and pornography worldwide. The efforts companies have made in trying to prevent sex tourism reflect the importance of these issues to the hotel & tourism sector as they relate to brand value and reputation.


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Sources: AFP, ECPAT, Accor