

# Can Tourism Change its Operating Model? The Necessity & Inevitability

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## Introduction

This paper is designed to stimulate thinking about the future of a global tourism economy when the traditional industrial paradigm is recognized as no longer capable of generating the kind of results needed and desired by its participants.

It is not an academic paper in that it is not accompanied by a host of references to theories or empirical evidence. It contains a set of observations and suppositions that are designed to stimulate and engage debate. It is written in plain language to attract a broad readership. An academically sanctioned version of the paper could be developed if the ideas presented herein warrant.

Its core thesis is that tourism, as a human system, will change for three reasons:

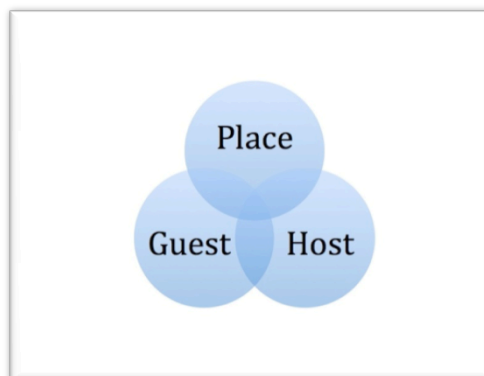
1. the key human actors in the system are shifting their values due their own personal development and in response to an even deeper shift in our understanding of how the world works . We live at a time in history when an entire worldview is being replaced.
2. The industrial operating model that has enabled the growth and diffusion of tourism is now producing diminishing net returns to most participants.
3. External pressures including population increases , climate change, resource scarcity, and geo-political and economic shifts in power between regions and countries, will require the tourism economy to pay for services that hitherto have been free or relatively cheap. Increased costs combined with demand volatility will further undermine the resilience of enterprises whose customers have become accustomed to demand more for less.

## The Nature of the Tourism Economy

While traditionally tourism is referred to as an “industry” the author has consistently maintained that the phenomenon called tourism resembles a complex system or network of relationships. The Tourism System has three core components

1. A PLACE or Setting, where
2. HOSTS invite and care for
3. GUESTS who visit a PLACE and enjoy the services of HOSTS.

**Figure 1: The Basic Elements of The Tourism System**



The Tourism System is essentially a **human** system embedded in a natural system. Tourism requires a complex infrastructure (hardware) to support the movement, housing and entertainment/education of its guests, and protocols (software) that enable visitors to meet and engage with hosts. Tourism is essentially all about relationships between people and can only be understood when the human dimension is recognized.

Consequently the way that the tourism system works at any given time – its operating model - depends entirely on the mindset, worldview, values or culture of the PEOPLE involved – i.e., those who act as GUESTS or HOSTS. These worldviews are the equivalent to the operating system of a computer or the lenses we wear. They contain our fundamental beliefs and assumptions about the way the world works – regardless of whether we are aware of them or not. They filter what we perceive and experience.

If GUESTS and HOSTS change the lens through which they perceive their world, then the tourism model will change.

Three forces will cause individuals to shift their worldview:

1. *When it no longer helps them make sense of the world.* A prevailing worldview is retained providing that it makes useful predictions about the future and binds a community together. When empirical evidence refutes a theory; or when its application doesn't produce the desired end results, the worldview is changed.
2. *When external pressures and changes occurring within the broader environment* (such as resource shortages; power shifts; wars, hazards and or economic failure) require new ways of thinking and coping or when knowledge and technology create new possibilities: and
3. *When internal changes occur within individuals* – i.e., when they shift their values and aspirations; start to question old assumptions and beliefs and re-think their priorities and ways of being and doing.

When a critical mass of individuals collectively changes its worldview, the existing models used by any human system will breakdown and will be replaced with alternatives perceived as better.

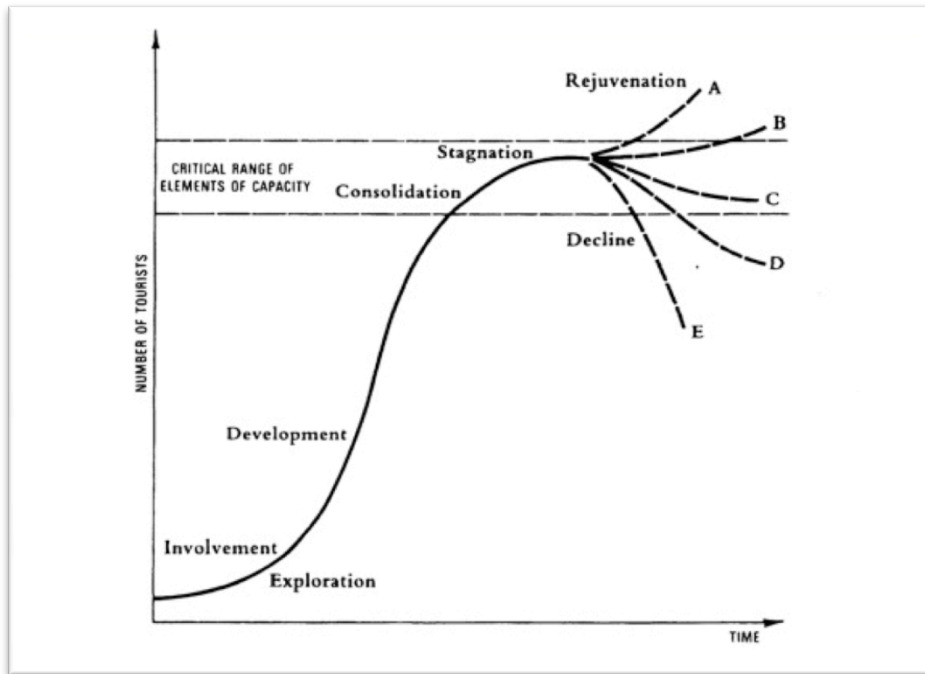
The development cycle of all worldviews (a.k.a. paradigms) and all human systems follow a similar pattern. There is the emergence of a new idea that is either ridiculed or ignored by the majority and especially by those with most power invested in the old paradigm. As this new idea gains acceptance, it starts to threaten those who most benefit from the dominant worldview who then attempt to marginalize or exterminate it. Under positive circumstances, the new idea takes hold and expands rapidly and replaces the old worldview. Over time it too becomes the dominant way of seeing and believing and the assumptions on which this view or idea were based are taken as given and enjoy less and less examination. But no system – be it exclusively human or biological – can grow or remain stable forever. The three forces described above start to erode confidence in the prevailing worldview, causing its influence to weaken and allowing radical, new ideas to emerge that suggest an alternative way of thinking, being and doing.

Examples from the past of such shifts in the broader society include attitudes to slavery, the rise and fall of the communist ideology in the USSR; and the emergence of science as a way of understanding how the world works that replaced theology during the Age of Enlightenment. Current examples are the widespread questioning of the relevance of GDP as an indicator of well-being; or of continuous growth as a relevant measure of success.

The pattern underlying the rise, fall and replacement of worldviews is common throughout any system on the planet - be it animate and inanimate. It applies to the rise and fall of species, economies and even tourism destinations. Butler's Destination Cycle, for example, which is taught in all tourism management classes, was designed to illustrate the emergence, rise,

consolidation and stagnation stages of a destination. While it has been applied to places as diverse as Niagara Falls in Canada or Venice in Italy, it has not yet been applied to the global system of mass tourism

**Figure 2: Butler's Destination Cycle**

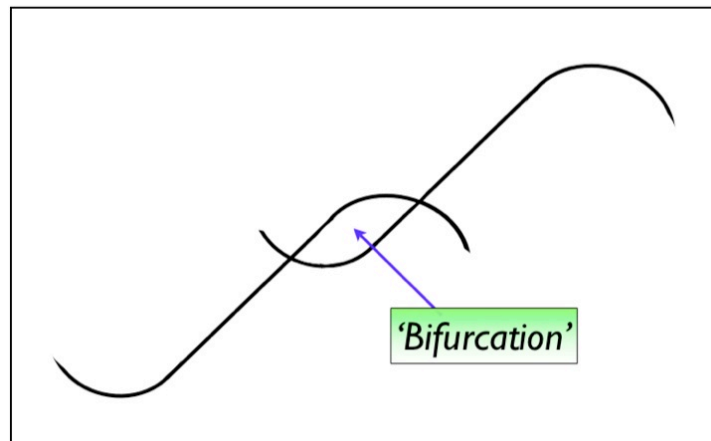


It is my assertion that this micro model could be applied to the macro pattern of mass tourism at one level and the current prevailing worldview at a higher level.

While Butler's diagram does indicate what might be called an "inflection point" when an existing system either continues to decline (paths e. d. or c.) or improve (paths a. and b.), the diagram implies a linear movement whereby the system changes itself presumably through reform or re-visioning.

But in nature as well as in human history, most significant change rarely occurs this way. Instead, change occurs in quantum jumps from one state to another – suddenly and seemingly unpredictably. It is only with hindsight that one can see the forces and factors at work which both enabled and necessitated some form of qualitative shift. Examples of phase change include the freezing of liquid H<sub>2</sub>O from water to ice; the emergence of a butterfly from a caterpillar; the mutation of a species (e.g., the moment when apes stood on their hind legs and left the jungle for the savannah); and the replacement of science by theology as the dominant "operating system" underpinning western thought.

Thus Figure 3 is likely a more accurate reflection of how change occurs in both natural systems and human ones. As an older way of operating starts to decline, radically different ideas are already being considered and adopted by renegades within a system who, as described above, are able to gain attention during the fall of the dominant system but who consider themselves outside it (or on the fringe) when they start looking at alternative approaches. Transformational change is not planned for by the old system but emerges from the ashes or ruins associated with its passing. In between there are periods of chronic uncertainty, instability and confusion that scientists call the bifurcation point.

**Figure 3: Phase Change Involves a Bifurcation**

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A host of current writers and observers believe we are currently living through a momentous Bifurcation - some would call it an evolutionary leap - and the transition isn't likely to be smooth.

*We have reached a watershed in our societal evolution. The science of systems tell us that when complex open systems, such as living organisms, and also ecologies and societies of organisms, approach a condition of critical instability, they face a moment of truth: they either transform, or break down. Humankind is approaching that moment of truth: a global bifurcation. Ervin Laslow*

So what is the relevance to the global tourism industry?

It is my assertion that the mass global tourism industry, which is based on a worldview best described as rational, scientific materialism, is in radical decline (despite appearances to the contrary) and needs to be replaced by an alternative.

This is a personal assertion based on two beliefs:

1. the mechanistic, industrial model, which has grown tourism to its current level, contains within it the seeds of its own destruction and will be unable to generate net benefits to guests or hosts in the future.
2. an alternative, ecological model, is emerging and should be encouraged and shaped if the travel sector is to survive and thrive over the next decade. Guests and Hosts together can create a better future.

No one knows precisely or for certain what an alternative model might look like. Indeed, the survival of global tourism is not guaranteed if the transition period descends into total economic collapse and social anarchy - but let's be positive, for now. What we do know though, is that our imagination of the future will benefit from knowing what we wish to move away from and why.

### **THE OLD INDUSTRIAL MODEL**

So let's start by looking at how the Old Industrial Model is applied to the three elements of Place, Host and Guest.

#### **Place**

The old industrial model regards places and hosts as "products" - objects that are packaged (manufactured/assembled) from sub products (accommodation, transport, activities, events,

services) that, in turn, are created from resources that can be mined, farmed, manufactured, or assembled. Their production follows best practice developed in the manufacturing sector with such methods as standardisation, homogenization, economies of scale, and uniformity etc. applied to reduce the cost of production. Overlaid on what is inevitably a fairly uniform, yet consistent product, are marketing attempts to differentiate these products by stamping on them (i.e. branding) unique brand logos and taglines designed to communicate a unique proposition.

This model began in the 1960s with the arrival of the jumbo jet and other forms of mass transportation, and the emergence of the “packaged tour”. It is currently being applied with enthusiasm in the rapidly developing economies of the Middle East, Russia, India and China where huge domestic markets are demanding the rapid development of tourism infra-and super-structures.

### **Hosts**

In the industrial model, hosts are the producers who assemble, operate, package and price various travel “products.” Hosts assemble products through complex value chains and distribute them via a plethora of distribution channels involving multiple intermediaries. Instead of delivering the product to the consumer, however, the latter must be persuaded to travel to the point of consumption. This represents huge risk to the consumer and risk and vulnerability to the producer. Since the product is, in reality, an experience consumed at a unique point in time and space, it cannot be warehoused or resold. Since hosts experience and perceive the customer as scarce, they must focus their efforts on promotion and persuasion and warding off competition from suppliers of similar products.

### **Guests**

In the industrialised model, the market comprises “consumers” identified as segments. They are to be targeted, then persuaded to purchase a product at the best price the host can achieve in order to capture market share or share of wallet.

Both parties (guest and host) endeavour to win at the cost of the other. Guests now have access to instant and ubiquitous information and tools for comparison in their search for “the best deal.” Hosts have sophisticated revenue and yield management tools but are vulnerable to sudden and unexpected drops in market demand caused by factors out of their control such as currency fluctuations, natural hazards, terrorism, epidemics etc.

In such situations the most commonly used tactic for maintaining share and cash flow is price discounting accompanied by rigorous cost cutting. The latter takes the form of more automation, personnel layoffs (doing more with less), standardisation, and the application of innovative promotional concepts such as couponing. The end result of which is a drop in service quality and increased customer dissatisfaction expressed as a resistance to pay more and commitment to paying less i.e. getting a cheap deal.

In short, in an industrial model, where neither guest or host views the other as an equal partner but as an object to be manipulated or an adversary to be beaten, the effect is the same over time – the downward pressure on price, yield and satisfaction.

The only way a producer can maintain income levels when net unit revenues keep falling is to increase gross sales volumes – either by handling more visitors or through mergers and acquisitions. This encourages the concentration of productive capacity in the hands of fewer producers (market consolidation) but without the potential for increased unit revenues. The end result for a destination is then a growth in visitor volumes that generates higher costs in terms of the infrastructure and services needed to support the transportation and housing of non-residents. The result: a diminishing rate of return and, potentially, (if all costs were properly accounted for) a negative rate of return. Furthermore, higher volumes of traffic often mean more congestion such that service quality deteriorates further and a destination can stagnate and appear as unattractive to the consumer.

Thus it can be seen that the Industrial model applied to tourism results in diminishing net returns for hosts and the host destination and less satisfaction and real choice for the guest. In

addition, the necessary focus on volume and scale leads to consolidation and integration i.e., wealth is concentrated in fewer hands. The big get bigger but, unlike banks, they have little chance of becoming “too big to fail” and even huge firms like Thomas Cook are revealed as vulnerable.

Perhaps it is now obvious that the old industrial model carries within it its own seeds of self destruction. But to understand why the industrial model is in decline, we need to revisit the reason why all human systems change. At the beginning of this essay, we identified three forces that caused worldviews to shift and all are now at work creating a demand for a different model for tourism:

1. **Tourism no longer produces the results for hosts, guest or destinations that it was designed to deliver.** Guests are exhausted by the act of travel and more and more fail to return home uplifted, refreshed and rejuvenated. Increasingly they must view or experience their chosen destination along with hundreds and thousands of others whose coactive presence degrades both the experience and the place. Each year hosts have to do more with less in order to satisfy growing numbers of guests who also expect more for less. Destinations often find that they are left having to pay for the costs of tourism (land, labour, ecosystem and other support services) with many of the benefits leaving the country.

There is virtually no corner of the planet left to be “discovered” and there are very few places where the dominant paradigm of western materialism (a.k.a as cash economies or consumerism) has not infiltrated and infected. Destinations are awash in a sea of sameness. At the same time, the worst thing that can happen to a place of particular uniqueness and specialness is to be named as “a world heritage site!” Each year, the icons of tourism become victims of their own success. In short, the old model simply doesn’t work for the majority of participants any more.

2. **Tourism has no immunity from the ills of the bigger systems, be they economic, social or environmental, in which it is well and truly embedded.** A growing number of external events – rising fuel costs, climate change and carbon costs, political instability due to rising population; resource scarcity, financial and economic fluctuations combined with instant and ubiquitous connectivity are proving that there are limits to growth and that all economies and systems are interconnected and inter-dependent. No business – not even a multinational – can act independently and unilaterally. We are all one and tourism is not an isolated sector that can run according to its own rules.

At every level, regional, national and global we are slowly recognizing that our demand for resources outstrips supply (at the current rate of consumption we need 1.5 planets to be sustainable) and as far as the disposal of our waste is concerned, there simply is no “away.” In short we have to pay for service we have either had for free or have procured at artificially low prices e.g., fresh water, carbon waste management, landscape management, cultural preservation, and other ecosystem services, etc. Given its inherently diminishing margins, the tourism industry will be extremely hard hit when it is charged the true replacement or maintenance cost associated with the use of such services and resources.

3. **The most potent force for change is the change occurring within individuals** – the people who buy, sell, invest in and serve the travel community be they hosts, guests, employees, investors or residents in a destination. For tourism is ultimately all about people meeting people in places. If the values and priorities of those people change then the form of travel will change also.

While all three forces are seriously at play at present and causing the tourism system to respond and adapt, I will focus on the third reason why radical change in the way tourism is conducted is both inevitable and desirable. The academic and business literature is replete with articles and



opinions concerning causes identified in points 1 and 2 above, but few have addressed the human dimension.

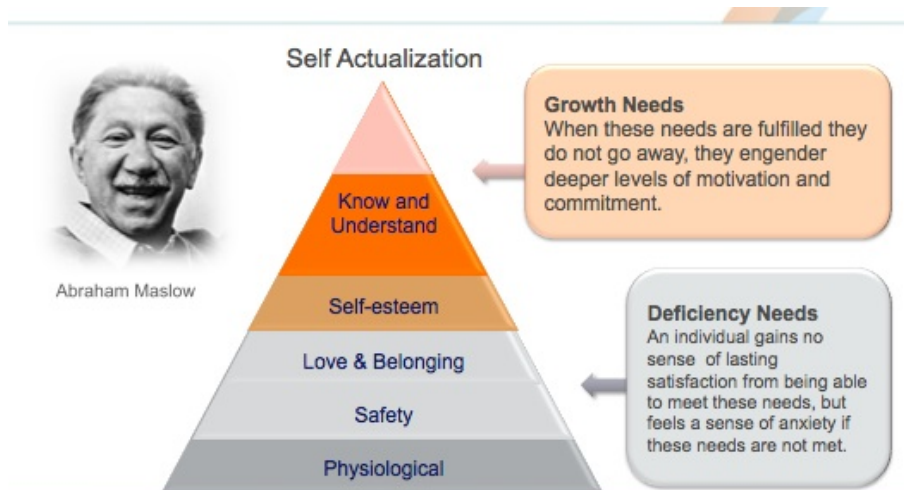
### What Happens When People's Values Shift?

Once we understand how people's values are shifting and how that affects their behaviour as guests and hosts, we can begin to surmise the form of the new model that could replace the old industrial model.

It is not an exaggeration to say that economies, societies and even civilisations can rise and fall based on what people value. In the European Middle Ages, security of a position in the after life was valued so highly that it supported the domination of the Church (a theocracy), tolerance for oppression (the Inquisition) and the motivation for regional and "just" wars (the Crusades). Theocracies crumbled when a critical mass of people began to value their position and security in this life more than one that might occur after death. During the "Age of Enlightenment" and the subsequent Agricultural and Industrial Revolutions, Europeans shifted their focus away from their subjective inner worlds, the health of their souls and the output of religious reflection, prayer and contemplation to their outer world, the objective output of their physical senses, and to their material wealth and status. These were the roots of what is now a global worldview (rational materialism) that underpinned the formation of the United States of America; the rise of science; and western democracy.

The psychologist Abraham Maslow is well known for identifying how needs and associated values affect the way human beings behave. As illustrated in Figure 4, humans' most basic need and urge is to survive – to secure the sufficient food, water and then safety to be able to sustain and reproduce life. Next is a need to belong and to be loved by others and to feel part of a group. Once that has been achieved, the individual is able to develop his own identity and sense of self worth and is better able to control his life and chart his or her own course. These three needs, core to all members of humanity, Maslow described as "deficiency needs". He went on to identify a higher order of needs called "growth needs" that enable a human to develop greater capacity for acquiring wisdom, insight, meaning, and purpose and that motivate them to greater levels of service.

**Figure 4: Maslow's Hierarchy of Needs**



Before we consider how this hierarchy of values applies to patterns of tourism behaviour, it pays to look at the way in which a contemporary thought leader on the topic of leadership and values, Richard Barrett, has mapped these needs to stages in the development of a person's consciousness.

**Figure 5: Maslow's Hierarchy Mapped to Seven Stages of Consciousness**

Both Barrett and Maslow suggest that the individuals and the collections of individuals we call society each journey up the various stages of this ladder with varying degrees of success towards a state of self-actualization – when our full potential as human beings is expressed.

Barrett suggests that some form of transformative shift occurs when an individual moves from focussing on meeting their “deficiency needs” to their “growth needs” largely because, while satisfying the deficiency needs may lead to temporary improvements in comfort, their satisfaction never delivers ongoing peace and contentment. These needs act like a bottomless pit requiring more and more.

We see evidence of this model at work in the tourism domain with individuals behaving differently according to their dominant values and needs. First time travellers to overseas markets often seek safety and security by travelling in groups with a guide; their initial concern is with comfort as well as security - can they find places that serve the food that they are accustomed to? How can they avoid being lost and not being understood? Once these basic needs are met and they grow in confidence, then being part of a group (family, peers, or affinity group) assumes more importance and the motivation for travel becomes more diverse. More recently travel has been associated with status and a person can enhance their sense of self-esteem by bragging about what they saw or did; by being the first to discover a place; or by being able to afford to stay in hotels or purchase experiences that are perceived as rare, exotic, unique or luxurious. In short, until recently, the majority of travel behaviours witnessed in outbound travel reflected travellers’ attempts to meet their deficiency needs and the travel industry has responded to this market demand by delivering an infrastructure, amenities and services (packages and guides) that enabled their customers to feel safe, and be well housed, accommodated, transported and entertained.

Over the past 10-15 years or so, a growing number of consumers in western markets in particular have shown signs of shifting their values and moving through the transformation phase of Barrett’s model. Early signs were seen when Ray and Anderson identified a group of consumers called *Cultural Creatives* who very clearly had had their deficiency needs met and had begun to embark on journeys of personal growth and development that caused them to travel both inward (witness the growth in popularity of personal growth programs, transpersonal psychology; self help books etc) and outward (witness the growth in independent travel and the desire of this group to literally take “the road less travelled”).

A growing awareness of the need to protect the natural environment from humanity’s excesses was expressed in the green, organic movement and a market called *LOHAS (Lifestyles of Health*



*and Sustainability*) was identified in the mid 80's. Until the global financial crisis, which stalled the growth of western economies in 2007, the acquisition of material wealth and status were considered the primary measures of success in western society. The recession acted as a punctuation point and accelerated the big shift in values that is currently taking place.

Following the recession, a host of research (for example, by RSCG, The Futures Company & Yankelovich; Ogilvy & Mather, Young & Rubicam, etc. ) revealed the impact of risk and uncertainty on consumer values, behaviour and spending. Key characteristics that emerged independently from multiple studies have been best summarized by Marian Salzman in a blog published in October 2010, titled *10 Trends in Mindful Consumption*.

*The era of mindless consumption is over. Consumers now want a simple, sustainable, self-sufficient life.*

*Conspicuous consumption. Shop till you drop. All-you-can-eat buffets and supersized meals. The post World War II era has been marked by a voracious appetite for more. In affluent countries, people bought too much, ate too much, used up too much, and owed too much. Yet, for many, it still wasn't enough. There was something missing – lots of things really. Among them, a sense of control and self-sufficiency, personal responsibility, and feelings of community and authenticity. Replacing the constant accumulation of "stuff" with these more substantive intangibles lies at the current shift towards mindfulness – a movement in which heedless excess is exchanged for a more conscious and considered approach to living.*

Marian Salzman identifies 10 trends supporting this shift to more mindful, conscious consumption that is well worth reading in its entirety but which I summarise as follows:

1. **Getting Serious About Right Sizing.** Consumers want to feel good about themselves and their choices and they are making do with "just enough"
2. **Purposeful Pleasure Usurps Instant Gratification** – impulse shopping is giving way to considered choices and a form of consumption that emphasizes relationships with producers; hand-made, locally created goods, services and experiences.
3. **A Return to Substance** – people hunger for community, to get involved in causes larger than themselves; to find meaning and purpose; to feel "real"
4. **Growing Up and Accepting Personal Responsibility:** the days of looking to government or big business to fix things for us are over. Consumers don't trust these institutions and many believe they must build their own competencies and take back responsibility for their own lives.
5. **Rewarding Goodness at Retail** – a small but growing number of consumers (BBMG suggest 30%) are making decisions based on the values and behaviour of the company they buy from.
6. **Brand Partners Offer a Helping Hand** – savvy retailers like Home Depot and Timberlake are helping mindful consumers by providing more information about the products they buy and providing advice as to how to behave more responsibly.
7. **Reconnecting with Nature** – it started with Farmer's markets and has developed into a rapid increase in home grown food production; neighbourhood food gardens
8. **Taking Charge** – consumers are starting to save again, reduce debt and limit credit cards spending
9. **Keeping it Simple** – 66% of consumers surveyed by RSCG believe they would be better off if they lived more simply. The 25 product descriptors that are most appealing today

are durable, useful, practical, trustworthy and simple.

- 10. Paying Closer Attention to Provenance** – half of the consumers surveyed said it is more important to feel good about the companies with which they do business and 57% prefer to buy from companies that share their own values.

The following quote from Ogilvy & Mather's research report, *Eyes Wide Open, Wallets Half Shut*, summarized the shift most eloquently:

*It is an undeniable fact: the recession has created not only a universal sense of anxiety and fear, but a greater level of consciousness across all ages and genders. We can't go back. We have heightened our perception; we are awake, aware and alert – whether we like it or not.*

The advertising agency, BBMG from New York, was the first to coin the term “*Conscious Consumer*” in its 2009 report of the same name. It effectively expresses Ogilvy & Mather's description of a customer who is “awake, aware and alert”. BBMG suggested that some 10% of the American population who they labelled as “Enlightened” and a further 20% called “Aspirational” would now make purchase decisions based on values not price and the following chart summarizes the characteristics of a Conscious Consumer.



Since many consumers also own and run businesses (after all, buyers, sellers, employees, suppliers and investors are all human), it is not surprising that the same shift in values is impacting the way businesses are being operated. What started as the need for companies to demonstrate a degree of “corporate social responsibility” (CSR) has morphed into a serious re-examination of the way capitalism is practiced and a group calling themselves *Conscious Capitalists* has formed. If they were a fringe group of small, medium-sized businesses, their actions would draw little attention. But as they represent the top performing companies in a wide range of sectors, their behaviour could show how an alternative to the old industrial model might manifest. Counted within this group are such successful companies as Starbucks, Google, Patagonia, LL Bean, Amazon, Whole Foods, Southwest Airlines and Kimpton hotels. Their leaders remain committed capitalists but recognize the need to challenge some of the assumptions on which capitalism is based. While the practice of “conscious capitalism” is clearly evolving, its protagonists have identified that conscious capitalists focus on:

1. *Setting a higher or meaningful purpose than simply the pursuit of profit.* They argue and have demonstrated that profitability is an outcome of having a sense of common purpose that relates to the common good.

2. *Generating net benefit for all stakeholders* (customers, employees, suppliers, and the community in which the business operates) in addition to that of the shareholder) and attracting stakeholders that are in alignment with the core purpose and values of the company.
3. *Practicing a form of “conscious leadership”* which places value, service and the creation of long-term benefit for all stakeholders.
4. *Development of a “conscious culture”* that does more than simply satisfy stakeholder needs but provides an opportunity for them to achieve higher levels of potential as human beings (i.e., move more quickly up Maslow’s ladder towards “self-actualisation.”)

As documented in the book titled *Firms of Endearment* by Raj Sisodia, David Wolfe and Jag Shineth the fact that their financial performance of these conscious capitalists exceeded that of the Standard and Poor index over a ten year period suggests that this new approach to capitalism might prove infectious!

*These companies pay their employees very well, provide great value to customers, and have thriving, profitable suppliers. They are also wonderful for investors, returning 1025% over the past 10 years, compared to only 122% for the S&P 500 and 316% for the companies profiled in the bestselling book Good to Great -- companies selected purely on the basis of their ability to deliver superior returns to investors.*

### **Trends or Worldview Shifts?**

The emerging characteristics of the post recessionary “conscious consumer” and the innovative practices shown by “Conscious capitalists” are not mere trends or superficial changes in consumer preferences but reflective of a much deeper, more radical shift in worldview and the full impact of such a shift is only now becoming apparent.

Driven by breakthroughs in scientific understanding (notably in the fields of quantum science, cellular biology, neuroscience, cosmology, genetics) combined with a recognition of the threats facing human civilisation (from climate change, resource scarcity, water shortages, population growth, degradation of life supporting ecosystems) every sector of human endeavour is now questioning the assumptions on which the old industrial model and its paradigm described as rational materialism is based. In short, we are caught up in the death of an old way of seeing and being to the birth of a new, and the transition is brilliantly summarized by Dee Hock, the founder of VISA.:

*We are at that point of time when a four-hundred-year-old age is rattling in its deathbed and another is struggling to be born – with a shifting of culture, science, society and institutions enormously greater and swifter than the world has ever experienced....* **Dee Hock, Founder of VISA and author of *The Birth of a Chaordic Organization***

While a lengthy paper could be written to describe all the ways in which the new paradigm contradicts the old, we will focus here on the key assumptions that are being questioned and overturned.

#### **1. What Matters is Matter, Or Does it?**

*Old Paradigm* It’s a material world; only matter matters; unless you can measure a phenomenon using your five senses, it’s neither real nor worth paying attention to; it’s essentially a dead universe made up of stuff (atoms, chemicals, proteins etc) that, in some cases, has evolved to generate living “things.” Economic sectors and enterprises are things that can be run like machines with their replaceable component parts fixed, kick-started and manipulated. They can be made more efficient by streamlining productive processes; using technology to replace human labours, standardization, and cost cutting. In the old paradigm, leadership is about direction and control and is exercised from the top of an organization by those with titles that state that they are mandated to “take charge”

*New Paradigm* It's a living universe constantly in a state of flux and development and less than 4% is matter, with the remaining 96% forming an invisible energy field that shapes matter. Planet Earth, individual human bodies, or any human economic and social activity are complex adaptive systems. It is impossible to impact any system without having an effect on the bigger system of which it is a part or the smaller systems that comprise it. Such systems can be made more effective by a focus on the quality of human relationships; generating common purpose; igniting a passion for service excellence and giving all stakeholders more rather than less control to adapt to any situation. In the new paradigm, leadership is about visioning, inspiration, enablement and empowerment. In the new paradigm, leadership is shared and emerges from within an organisation and exercised by individuals who identify an opportunity to be seized or problem to be fixed.

## 2. **Separate or Connected?**

*Old Paradigm* – It's a dead universe of objects that work like a clockwork machine based on complex and fixed mathematical formula. Everything we experience is either a "subject" or an object" and, if possible, exists to be manipulated or controlled. Planet Earth is "nothing but" a huge warehouse of resources that can be exploited to create wealth and well-being for humans – the dominant species. Maintaining and growing the economy is of supreme importance and depends on annual growth.

*New Paradigm* – every thing and thought is connected to everything and every other thing or thought. The core substance of the universe is not matter but energy; as a consequence every action affects all else. There is no separation. Nothing (genes, neurons and their connections or even the future) is hard wired and pre-determined. The very act of observing what appears to be a separate object results in changes to that which is observed. Reality is highly fluid and subjective and can be shaped.

## 3. **Collaboration over Competition.**

*Old Paradigm* – it's a harsh world in which only the fit survive and competition is the underlying principle for all relations.; in other words the operating system is based on a zero-sum, I win, you lose game.

*New Paradigm* – Darwin's notion of survival of the fittest may apply to juvenile ecosystems but mature ecosystems show collaboration to be the dominant *modus operandi* and one more likely to lead to ecological stability and resilience. Survival is most likely among species that have learned to "fit" and co-exist with the environment and other life forms.

## 4. **More is Better**

*Old Paradigm* – more of anything judged as positive is better. The economy and material prosperity are what count and can be counted by the GDP. Economic growth is vital for the stability of societies and takes precedence over all other human activity. More wealth and status is better than less.

*New Paradigm* – health, happiness and well-being cannot be achieved exclusively through the acquisition of material goods. The economy is a subsidiary of the environment. There are limits (even if only of time) to the amount of waste nature can absorb or resources it can offer. Nature develops and evolves to higher states of complexity and beauty. Diversity and interdependence result in more stability and capacity for adaptability. Customers increasingly seek quality over quantity; experiences over "stuff". They want to learn and grow as a result of their travels and if they demand more it is more information and content to help them better understand a different perspective. Instead of owning, or having exclusive ownership rights, they are also more willing to share.

All we have been able to do in this paper is simply flag some of the momentous changes that are taking place in the basic assumptions, values and beliefs that are being questioned, discarded and

slowly replaced at this time in human history. These fundamental shifts in worldview are – and not coincidentally - occurring at a time when individuals and the societies of which they are a part move into and through the “transformation” phase in Maslow’s hierarchy of needs. Inner value shifts are combining with a powerful array of external change forces to stimulate and accelerate the emergence of a new paradigm. Thus the tourism system can expect to be significantly affected by such changes.

It remains to revisit the three elements of a tourism system and simply speculate what form they might take when travellers seek to have their growth as well as their deficiency needs met and when they view the world through a new paradigm versus the old industrial lens.

The purpose of this speculation is to attract others into visioning how these shifts in what customers value can be harnessed to create a healthier, more profitable, more stable, socially just and environmentally sustainable tourism sector.

While it’s premature to speculate on the precise nature of the emerging alternative, we believe and hope that travel will finally realise its full potential as a force for good in the world. Its participants will have woken up and will act consciously and with care for each other and the Places on which they rely to attract travel.

### **AN ALTERNATIVE ECOLOGICAL, HOLISTIC MODEL**

So it remains to start imagining how the application of a more holistic, ecological alternative might be expressed in terms of the three core elements of the Tourism System

#### **PLACE**

The change in paradigm will be first expressed in a shift in focus away from a product that can be commoditized to a place that can be valued, celebrated, expressed, and experienced.

The uniqueness and beauty of each place is recognized and valued as inherently scarce and precious because each place is the outcome of 13.5 billion years of evolution, the present geography of the setting, the history and culture of its people and the connections and relationships of its residents. **By identifying, nurturing and celebrating what makes each place unique, and therefore, scarce (literally one of a kind), its real and perceived value increases.**

If a place were a company, we’d understand that it has a distinct culture – “the agreed way things are done around here” that reflects the core values and sense of purpose shared by the people who comprise the company. This is equivalent to the Personality of a Place and emerges from its unique geography, history and sociology. It is not an artificial artefact or clever construct that can be branded onto the Place but an invisible, organic, living Presence best described as its spirit, essence or soul that distinguishes it from all other places.

While it is true that all visitors need to be housed, transported, fed and entertained, **it will only be by conceiving and delivering those services in a way that respects and reflects the unique setting that will add value to the visitor’s experience.** Without this antidote to the sea of sameness, destinations will not be able to resist the disease of uniformity and mediocrity that plagues the current model.

Instead of viewing space as “nothing but” real estate to be carved up and enhanced with amenities and infrastructure, everyone calling that place ‘home’ (i.e. “the locals” ) can also be called upon to express what it means to them and be involved in extending the invitation to guests to experience the place for themselves.

The practice of standardisation and homogenization will be viewed as harmful – mass produced, industrially designed, imported artefacts will be seen as simply “out of place” and ultimately costly as it will only dilute the value placed on “the Place” All members of a community can potentially be engaged in telling stories, explaining its past, interpreting its present and dreaming its future etc.

Greater attention will be focused on the details and ensuring the distinct essence of a place is experienced through all the senses, throughout the day and at all points along a visitor's journey of discovery and celebration. By revealing more details and paying attention to the small, the local, the handmade and quirky, the guest can be encouraged to slow down and engage more. Greater engagement leads to more meaning, more purpose and more curiosity which, in turn leads to more engagement, more relationships and more appreciation. More appreciation leads to more value and more value leads to more yield.

If there is one economic domain that will benefit most from slowing down its customers to savour more and consumer less, it has to be travel and hospitality

### **HOST**

In the new model, the role and purpose of the HOST assumes significantly more meaning and power. Instead of acting as a lone producer whose task is to extract as much value from the customer as possible while keeping local competitors at bay, the Host assumes a broader range of responsibilities that include:

- Safeguarding, protecting, rejuvenating and interpreting the elements of a place that make it unique and attractive and that sustain its perceived value. In other words the Host becomes Chief Steward, Protector, Interpreter and Protagonist for the unique qualities of the Place.
- Distilling and expressing the values, purpose and essence of the individual business such that it attracts guests, employees, suppliers and investors whose values align with that of the host and the host community. In other words, the Host becomes a beacon that attracts attention and business by authentically and creatively showing they care equally about all their stakeholders (guests, employees, suppliers, host community and host environment).
- Creating "wholesome" experiences and settings that transform, rejuvenate, re-energise and inspire guests physically, mentally, emotionally and spiritually. In other words, tomorrow's Hosts will understand that providing hospitality means to make healthy and to be healthy is to be whole. As guests leave feeling better, more alive and energised, their enthusiasm infects others.
- Creating collaborative communities of suppliers in a Place that together can evoke and express its unique personality while giving the guest a unique experience that causes them to act as enthusiastic ambassadors.

Over time, pursuit of these four responsibilities will result in higher rates of return to all stakeholders and greater resilience and adaptability for the enterprise.

### **GUEST**

In the new model, the guest is not seen as an object, segment or persona to be exploited or processed but respected as a co-creator of value who is treated as an individual needing support and inspiration and held as responsible – willing to pay the true cost of the service they are being provided.

Each encounter is designed to build trust and dialogue. As hosts are really clear about what they value and stand for, the guest can more easily determine whether the host's establishment or service is right for them. If the values of the two parties match, then the services offered will generate higher value to both parties.

While Conscious Hosts will naturally attract conscious guests, they will also have the opportunity and the responsibility to show all kinds of traveller how to travel more responsibly. Through example and experiences they will encourage the following kinds of behaviours:

1. Make careful considered choices about the frequency, length and location of trip
2. Increase length of stay in a destination and explore by foot



3. Select suppliers based on their values and actions that show they run “places that care” for the environment, the employees, the host community as well as for the guest and investor.
4. Make best use of transport modes that use alternative energy
5. Buy food, souvenirs that are sourced and made by local residents, preferably using skills at risk of disappearing, and the services of local guides
6. Demonstrate Humble curiosity – conscious traveller will take the time to learn more about the community, the people and issues before, during and after their trips
7. Learn and respect local customs and traditions.
8. Offset the carbon cost associated with the trip through real reductions in carbon

### **How Is the Transition Made from the Old to New Paradigm?**

The mature outbound markets that originate in Europe and North America are the first to show signs of bifurcation. While the market for cheap package travel remains strong, demand for what I am describing as Conscious Travel is growing quite rapidly as Conscious Consumers apply their values to their travel purchases. In more youthful outbound markets such as China, India, Eastern Europe and some Latin American countries, the conscious travel market will be a minority for a while but will also grow as travellers become both more demanding and more aware over time.

The shift from one model to another will likely be accelerated over the next decade as external conditions such as the need to pay for carbon and other ecosystem services combines with rising energy costs, increasing demand volatility and congestion render the old paradigm less and less attractive and sustainable.

Those providers that first recognise the inevitable shift and learn the rules of the new game will be the ones that build truly sustainable enterprises for the next decade.

Thus the most important actor in the emerging tourism system will be the Conscious Host – the owner-operator who is awake and aware of the need for change and is not afraid to embrace the new reality. These will be the future leaders of the new travel community. And that is why we are developing the Conscious Travel E-learning Program to help develop the capacity for leadership within the entrepreneurial community that makes up 99% of the tourism sector.

Our intent is to make it easier for “SME” providers to access the knowledge, information and tools they perceive as relevant to their development. As such, we will be pleased to work in partnership with others.

The concept has been based on a belief that within a sector as labour intensive as tourism, all the intelligence, drive and imagination exists within any destination community to adapt and thrive. It is the task of leaders to challenge, inspire, draw out, support and reward the innovations that will come from customers, employees, suppliers and the host community. Most tourism entrepreneurs have brought their skills as restaurateurs, hoteliers, activity providers, attraction and event managers to the sector but have not necessarily had the opportunity to develop leadership skills that are appropriate for our times. Unlike the employees of Fortune 500 companies, few travel providers have had the time, money or opportunity to develop the managerial and leadership capacities of their personnel or access emerging thinking.

What differentiates Conscious Travel is our initial focus on the inner world of those who would affect change. If the tourism community is to have the capacity to thrive in turbulent times, it requires leaders who can make accurate sense of their world, adapt to changing conditions and demonstrate resilience. We reject the notion that concepts such “mindset”, “values”, “culture” and “character” are soft. On the contrary, they profoundly determine the extent of a company's success.

Our vision is for Conscious Travel to become a global learning community in which participants recognise their interdependence and help themselves and each other. We're looking to attract business owners, such as the ones Seth Godin describes below, who want to grow themselves

and enable their employees and the host community to grow in a qualitative sense.

*Heretics are the new leaders. The ones who challenge the status quo, who get out in front of their tribes and who create movements.* Seth Godin

Therefore the Conscious Travel e-learning program is not for everyone. We wish to attract heretics and change agents, the curious and those willing to stretch themselves so that they can better serve their communities. Success will have been achieved if participants in the program:

- Are better able to make sense of the changes affecting their business, their community and the tourism sector and are more confident in their capacity to respond and thrive; and
- Are able to create the conditions whereby their own teams can collaborate with others to delight the Conscious Travellers they attract; provide tangible net benefits to the host community such that its residents wish to actively participate in welcoming visitors; can attract responsible suppliers and investors; and generate above average profits.

### **Next Steps**

The Conscious Travel movement and business proposition are a work in progress.

New Zealand has been identified as a destination where we are likely to find a sufficient number of would be leaders desiring to accelerate adoption of the new model. New Zealand attracts visitors from a large number of source markets and has a reputation for innovation and leadership in tourism that has emerged from the grassroots.

During the first quarter of 2012, we will be touring New Zealand to discuss the Conscious Travel Concept, refine operators' needs, and compile stories of Conscious Hosts in the making.

As Conscious Travel is first and foremost a movement, all thinking will occur in the public domain and contributions are sought from any and all persons who share the opinion that tourism can and must change.

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