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Destination Competitiveness:  
Convergence or Divergence?

NOTES FOR A SPEECH BY JEAN-MARC EUSTACHE  
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Good day, ladies and gentlemen,

I am delighted to accept this invitation to speak to you today on the topic of sustainable tourism.

I congratulate the Quebec Ministry of Tourism and the Transat Chair in Tourism at UQÀM for organizing this symposium, which will foster discussions on this most important issue.

It is important for future generations and for all those who, like you and me, care about developing and bringing life to a vision that encompasses both the short and long terms.

In our day and age, as you know, the state of the world, and that of its economy, are cause for concern.

We are all living in uncertainty, at the very least, if not outright fear.

We are facing an unprecedented financial and economic crisis, irreversible climate changes, and conflicts that are undermining development in many regions of the world. The sources of stress are plentiful.

Nor is it particularly reassuring to see that efforts to jumpstart the system, costing trillions of dollars, are so far not producing very convincing results.

Obviously, my goal in speaking to you today is not to discourage you even more. Undeniably, however, when we see this distressing state of affairs, we tend to try to take our bearings.

Never in history has it been more obvious — and no one can doubt it any longer — that we are all living on *one, indivisible planet*, where the beating of a butterfly's wings on one side of the world can cause a hurricane to blow on the other. *We are all part of a globalized, highly integrated system, where there is no such thing as "somebody else's problems." They are all everybody's problems.*

Tourism is one of the biggest industries in the world. For a majority of countries, it represents hundreds of thousands, if not millions of jobs, and is a major source of exports. For others, it is an essential economic engine — often the primary one, and sometimes the only one.

And *for all countries*, it represents *hope*, because its growth is ensured by demographics, the elevation of living standards, and a virtual absence of entry barriers.

In these dark days, tourism is part of the solution.

Tourism holds the potential to build a better future. That potential needs to be unleashed, and put to work.

This is why it is of paramount importance that tourism be respectful of the principles of sustainable development.

In keeping with the concept, I want to talk to you a bit about the environment. I will also be covering an issue that is just as fundamental: tourism that *respects people, their communities, and their heritage*.

But above all, we must not ignore another aspect, which is underlying yet fundamental to sustainable tourism, and which is sometimes overshadowed... I am referring to the issue of *development*. Because at the root of this idea is the premise that *tourism is, above all, an engine of economic and social development*.

Our mission, when it comes to sustainable tourism, is to contain and counter the *problems* that tourism *can* provoke. *It also involves maximizing its beneficial effects*. And chief among these beneficial effects is economic activity. And one of the main signs of economic activity is job creation. Tourism creates more than 200 million jobs around the world.

To me, sustainable tourism is indeed based on three pillars:

- The environment — that is, the duty that is incumbent on all of us to minimize the consequences of our actions and to maximize efforts to protect biodiversity;
- Communities — in other words, respect for people, their cultures and their heritage;
- And finally, growth and development — which means contributing together to the economic emancipation of all.

During my 30-year career, my perspective on the field of tourism has been, above all, that of an entrepreneur. A businessman.

When it started, Transat was an SME. Our environmental footprint, in 1979, could be summed up as about one green garbage bag per week. And our main destination was France — where I don't believe the few thousand customers we had then represented any undue impact.

But the past three decades have been decades of *growth*.

Growth in our industry, first of all — the international tourism industry. After we emerged from the recession of the early 1980s, it began a powerful upswing that has been practically uninterrupted since then —except for a brief spell after September 2001, which was over quickly. In the early '80s, the number of international tourists was about 300 million. Today, there are close to a billion. And if the forecasts of the UN World Tourism Organization hold, and if the current crisis does not evolve into the grim nightmare that some people are predicting, 10 years from now there will be 1.6 billion.

Transat profited from that growth. From the small core company at our inception, we rapidly grew in size. Today, we have some 6,500 employees in eight countries, and 2.5 million customers who can choose from some 60 destination countries. We are one of the largest vertically integrated tour operators in the world, and when it comes to sustainable tourism, that leadership position brings with it some specific responsibilities.

To me, sustainable tourism is another way of saying that the future of this industry belongs to those who are part of it. So we are duty-bound to shape that future.

### Competition between destinations

The emergence and growth of new outbound markets, along with favourable demographic conditions in traditional source markets, are guaranteeing an ever-growing stream of tourists.

At the same time, we are witnessing a huge expansion in the number of destinations with a structured tourism offering, and more intense competition among them.

Twenty years ago, 80 percent of the world's tourists came from a handful of countries, and concentrated on a handful of destinations. Today, the picture is a lot more complicated.

For example, the world's contingent of Asian travellers is currently growing at more than double the rate of their European counterparts (6.9 percent a year versus 3.3 percent from 2000 to 2007). In 2002, Russian citizens spent US\$11 billion abroad. In 2007, they spent double that: \$22 billion.

The sources of tourists, regardless of the destination, are increasingly diverse. In Canada, for instance, we now welcome a quarter of a million travellers from Mexico every year, and their numbers are up sharply.

For destination countries, this means a huge number of potential customers, but they come from markets that are far away, fragmented, and extremely diverse in terms of their languages, travel habits, expectations and the travel experiences they are looking for. This makes marketing a far more complicated process, which must be aimed at many more markets that travel companies don't know very well, or don't know at all.

But all of these potential clients are being courted by more and more countries and regions. There is unbridled competition between destinations. And travellers themselves are seeking experiences that are increasingly diverse — increasingly intense, even.

The vast majority of destinations, at the end of the day, are seeing higher tourist traffic, but their success rates are varying radically. This demonstrates the extent to which the market is becoming complicated and posing new challenges for destinations and travel companies.

For example, let's look at the period from 2002 to 2007, during which international tourism increased by *28 percent* overall (from 703 million people to 903 million).

The breakdown of that increase is very unequal: that "average" of 28 percent translates into something completely different depending on which destination you look at.

The number of foreign visitors grew by 33 percent in Thailand and Tunisia, 36 percent in South Africa, 49 percent in China, 72 percent in Morocco, 100 percent in Peru, and 116 percent in Egypt (during the same period from 2002 to 2007).

In France, the world's number-one tourist destination, the increase was 6.4 percent. Canada, meanwhile, is even closer to the other end of the scale, having posted *an 11 percent decrease* during the same period (from 20.1 million to 17.9 million).

Though we were once among the top 10 destinations in the world, Canada is now one of the only tourism markets that is declining year over year. In reality, we have a relatively solid customer base internationally. Our current problem is due especially to our dependence on the United States.

One might say, therefore, that tourism is the golden goose. And that sustainable tourism is the process to making sure that we don't kill it.

Of course tourism has impacts. But they are unequally distributed. Some countries, areas and communities are more exposed than others. Either because the mass of tourists has become critical, and is being improperly dealt with, or because destinations have not grasped the many benefits of protecting sites, natural surroundings or communities.

It is quite obvious that there are hot spots that require more focused attention. Impacts on certain ecosystems, in coastal zones for instance, come to mind.

It is just as obvious that environmental impacts do not always stem essentially from tourism. Sometimes we are a contributing factor, and that must not be used as a facile excuse for inaction. Here I am thinking, for example, of mangrove forests, which are threatened in part by tourism development, but also in large part by shrimp farming operations.<sup>1</sup>

What might not always be readily understood by a shrimp farmer, but should be plainly obvious to us, is that the very future of our industry is dependent upon the protection of ecosystems.

In fact, we may be the only industry whose very *existence*, not just its public profile, depends on conservation efforts.

Every tourism destination around the world must become aware of the fact that its future can thrive or deteriorate based on the decisions that it makes *today* with respect to the management of tourism development, in the widest possible sense of the term.

The winning destinations of the future will be those that successfully:

- combine preservation and presentation of their authenticity and heritage without falling into the trap of artificiality;
- convince local populations to accept tourists' presence, and combine that with professional hospitality services;

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<sup>1</sup> According to the WWF, in Mexico alone, 26 percent of mangrove forests disappeared between 2005 and 2007.

- develop infrastructures that respect the environment and landscapes; and
- professionalize the protection of natural sites.

Destinations that succeed in selling themselves through proper marketing will also be leaders.

In short, the key is to combine economic, environmental and social benefits.

### **The role of tour operators**

The way things will evolve depends on multiple factors and stakeholders. The various levels of government, regulatory bodies, developers, local populations, tour operators, hotel chains, tourists, and NGOs, which contribute vital technical expertise, make up the many variables in this complex equation.

Not all these players have the same interests, and they don't always share the same vision.

Let's take the mangrove forests as an example once again. The average Canadian, charmed by an exotic locale, will see, above all, an ecosystem that needs to be protected. But a Mexican developer, to whom the mangrove is trivial, might see it as a potential golf course.

If that same Mexican visits the shores of the St. Lawrence River, he will probably see a pastoral landscape. The Canadian, who was prepared to work himself into a state over the mangrove, may see a potential site for a methane terminal.

Who's right and who's wrong? It depends. And reconciling these differences is no mean feat.

If we let natural inertia take its course, things tend to start out pretty badly, and after a number of years we end up with destinations that, precisely, have been stripped of their attractiveness. The tourists have all gone elsewhere. Choice is one of their greatest capabilities.

To be brutally honest: if we wait for travellers to march in the streets clamouring for us to manage destinations properly, we'll probably wait a long time. That level of awareness, in North America at least, is only just beginning to manifest itself. It's still a fringe phenomenon.

The tourism industry's contribution, therefore, is fundamental. That's where leadership in sustainable tourism is going to come from.

We have to understand the issues, encourage dialogue, push for adoption of forward-thinking practices and bring about changes in behaviours. It's a long process. It takes time and patience. It also takes vision, courage and selflessness, because there will be resistance and incomprehension — and no recognition to be hoped for over the short term.

But it's the only way to succeed.

Allow me to briefly outline three areas for action where the large tourism companies like us can make a difference: co-operation at destination, awareness, and product.

### **Co-operation at destination**

Co-operation with destination communities can take many forms. Among the remarkable examples that have been brought to my attention is the project put forward in Side, Turkey, by TOI, the Tour Operators' Initiative, which is taking great strides when it comes to sustainable tourism. With the help of the World Wildlife Fund, which contributed the required technical expertise, some outstanding environmental improvements have been achieved. Side is an extremely popular seaside resort that had developed severe problems with waste and sewage handling — enough to seriously jeopardize its attractiveness as a destination.

TOI and WWF patiently and skilfully brought hotel managers in the region, local authorities and government representatives to the table, and succeeded in instilling a sense of urgency. Yes, it still took several years, but the problems have been solved. Ten illegal landfills, some of which were located very close to the beachfront, were closed and replaced by a standards-compliant site that is located inland and has a life expectancy of 35 years. Selective sorting and recycling onsite has been introduced, along with compacting and composting. A sewage treatment plant has also been built.

Another example. Our organization, Transat, has committed to supporting World Wildlife Fund Canada's development of a pilot project to implement an environmental management system in Cuba. As in the case of the TOI project in Side, where it took years to achieve results, we are in this for the long haul. In the initial stages, we are providing financial support, but our role goes beyond that. Our co-operation with WWF is allowing us to better understand the issues at stake and to report on them to our partners, decision-makers and travellers — not to mention our own employees.

Eventually, our participation will drive communication and awareness efforts, which in turn will bring about changes in traveller behaviours. A project like this one has a twofold benefit. The Cuban stakeholders will gain expertise and will come out ahead when it comes to managing their resources; while increasingly responsible behaviours by travellers should benefit both the environment and the local community.

We are currently supporting eight projects of a similar nature, in four countries. All have an environmental or heritage component, and all are being managed or supported jointly with the respective destination communities.

Co-operation can take many other forms and address other issues besides the environment. I am thinking, for example, of the fight against the sexual exploitation of children, a cause that the tourism industry has rallied around, and which obviously implies multiple dialogue initiatives and collaborations.

## Awareness: Influencing travellers and industry players

Tour operators can obviously have a significant leveraging effect. They are in a position to influence millions of travellers by promoting certain types of behaviour. They are also well placed to influence their suppliers, and in turn incite them to adopt better practices.

In the food industry, you have what is known as the “cold chain.” From the processing stage to consumers’ tables, foodstuffs are kept cold, regardless of the logistical challenges involved — transportation, for example. All participants involved — and there are many of them, including the consumer — contribute to sustaining the cold chain. *All links in the chain* are aware of their individual roles, and they know that they are essential. If the chain is broken by any one of them, the others’ efforts will be rendered useless.

When it comes to sustainable tourism, we have to do the same thing. By creating what I would call the *responsibility chain*. We need to act responsibly, and encourage our suppliers and partners to do the same. We must also do our part making travellers more aware, and co-operate with destinations. That is how I see the role of tour operators, among other stakeholders.

In our industry, hotels are a priority in this area. At Transat, we have started to follow the lead of other major international tour operators, who have been taking steps in this direction for several years. In a nutshell, our actions involve recognizing the work of hotel chains that make efforts, and inciting others to take similar actions. To do so, we first have to find out what is going on in the field, and conduct the necessary research and consulting. Eventually, we can look at imposing contractual constraints, for example on the environmental side of things, but the preferred route to take is joint action and encouragement.

At any rate, our brief experience at Transat shows that the ground is extremely fertile. The majority of our suppliers already show a high level of awareness not only of environment issues but also social issues, such as labour conditions, local purchasing, and so on.

## Product

In tourism, the term “product” has multiple meanings. It can refer to a destination in and of itself, the quality of hotel infrastructure in a given location, a specific activity or a specific travel package.

No matter which of these definitions one considers, the tour operator is *an organization that makes choices and seizes opportunities on the fly*.

By definition, we are in a position to *encourage* some things and *discourage* others, by working together with our partners. We can’t change the game overnight, because we are in a business, but we do have a certain stature and influence.

One of the things we can do, for example, is to work to bring relief to zones that are under pressure. We can do this by proposing alternatives or developing new destinations. We can also do this by lengthening the tourist season.



Indeed, one of the great issues of tourism, in very many locations, is seasonality. Tourism, to be sure, creates a lot of jobs, but they are often precarious and not necessarily well paid. If we could succeed in spreading out the tourist season more efficiently, we would help to “solidify” the industry, and probably improve its professionalism. Everyone would come out a winner.

So Transat, for several years now, has been actively contributing to developing the winter tourism season in Canada, for example, and with a reasonable measure of success.

### **The role of governments**

Governments at all levels also have an important role to play.

The tourism industry is fragmented and highly diversified. It is anything but monolithic. Hotels on the one hand, airlines on the other, tour operators, travel agencies — all these players are traditionally in competition with each other and are only just beginning to work together, here and there.

There cannot be sustainable tourism without governments getting in the game, for several reasons.

First of all, because they have a role in orchestrating and supporting efforts, and setting a general direction for the industry.

Second, because generally speaking, sustainable development, including that of tourism, gives rise to myriad issues over which governments, not the private sector, have authority. Whether we are talking about the environment, labour conditions, security, hygiene, land planning, protection of built heritage, and so on, there must be laws, regulations, a framework.

And not just any framework, but one that, while bringing in the necessary safeguards as well as encouraging best practices and discouraging others, *paves the way for development*.

Third, the issue of access and transportation infrastructures must not be underestimated. Many governments have yet to grasp the full importance of ensuring that they are competitive in these areas. Tourists hold the cards: if a destination is difficult to access — for example because it is too expensive or not well served — they will look elsewhere.

Canada, for example, is currently experiencing a decline as a tourist destination, and it is also one of the world’s least competitive companies in terms of airport infrastructures. I see a link between the two, but it would seem that the government does not.

Last but not least is the issue of promotion. You can’t have sustainable tourism without tourists. As I said earlier, the game is changing, and competition among destinations is intense. We cannot expect local industry, which is made up of small and medium-sized businesses, to shoulder the burden of promoting a destination internationally.

Governments around the world must therefore be part of the equation when it comes to the product, through visionary public policy decisions, and marketing that product, through investments.

## Conclusion: The “4 Ps” of tourism

Tourism is an industry unlike any other. Like all industries, ours has its raw materials. But they are not found by mining the earth or harvesting forests. Our raw materials are barely tangible, and because of that they are too often taken for granted. And there's the rub.

They are fragile, in one sense, but they are remarkably resistant to the onslaughts that we subject them to.

I call these raw materials the “4 Ps”...

- First of all, *people*. Travelling is above all about curiosity. Cultural diversity is an inexhaustible source of riches and wonders. No other industry depends to such an extent on human interaction—I would even say humanism — and on the idea of “difference.” For the traveller, this raises the question of respect. For the destination, it raises that of the welcome and the experience that tourists are looking for. For the industry, it raises, among others, that of fairness.
- Second, *panoramas*. There is a reason why tourists take so many pictures... Travellers want to be dazzled by landscapes and natural wonders, and discover villages and towns that are proud to assert their singular character.
- The third raw material is *purity*. Clean water, clean air, natural surroundings kept intact and protected, biodiversity and clean cities are all essential to the flourishing of the travel industry.
- Finally, there is the *past*. If we are so curious about the diversity all around us, it is because we all have an innate sense that, though we share this planet, we have distinct roots, histories and heritage that deserve to be respect, and deserve to be showcased.

The winning destinations of tomorrow will be those that consumers choose. Travellers will be increasingly aware of the concept of sustainable tourism and the impact that they can have, or not have, because of their behaviours. That will be so because we will have raised their awareness, and because we will have taken measures to ensure that tourism continues to play its role, which at the end of the day is for everyone around the world to know each other better and to understand each other better, with respect for the riches, both tangible and intangible, that have been entrusted to our care.

These are challenges that we all share.

Thank you.