

# Sustainability meets Profitability

Tour Operator Views and Visions

# Brief History



- April 2004 - TCUK signs the FTO's Statement of Commitment.
- November 2004 – The policy was approved and adopted by the Thomas Cook main board on behalf of the group which includes tour operating, retail and airline.
- RBF - Cross Functional and Chaired by Ian Ailles - a member of the Exec Team.
- Result – A Responsible Business Policy which frames TCUK's approach:
  - **Develop a more ethical and sustainable approach** to the way Thomas Cook UK & Ireland conducts its business, via involvement in the local communities in all the countries in which it operates, including the UK, through providing jobs, training and education and by supporting local economies and community development where possible.
  - **Improve the commitment** amongst Thomas Cook staff, customers and other major stakeholders by raising awareness of sustainable tourism and providing training and education opportunities, where appropriate.
  - **Review and improve** its own internal performance and identify negative impacts so that relevant actions can be taken to conserve the environment, where possible.
    - <http://www.thomascook.com/corporate/press.asp?page=businesspolicy>



# Forces for 'Sustainability'



- Internal
  - Commitment to our Responsible Business Policy
  - Ensure good customer service / experience
  - Staff
  - Enlightened self interest
  - Save money
- External
  - Competitors are doing it
  - Customers (Trade / Direct) demand it?
  - Avoid adverse publicity (NGOs) / Ensure good publicity
  - *Government Regulation for plc's.*



# Forces for Profitability



- Downward Pressure on Revenue
  - Supplier direct, Online intermediaries
  - Strong competitive pressures throughout value chain
- Upward Pressure on Costs
  - Fuel supplements
  - Security charges
- World Events
  - Lost revenue due to tsunamis, hurricanes, or (domestic / international) terrorism
  - Extra cost from 'Duty Office' activity.



# Sustainability vs. Profitability



- What is 'Sustainability'?
  - Flights
  - Mass market vs. Specialist
  - Dependence of local economies
- 'Demand creates its own supply' – is there demand?



# Conclusion



- There is no simple answer.
- Eternal conflict between Sustainability and Profitability will continue in Travel, as elsewhere.
- There is some long term convergence between the two and will be driven by customers and commerciality.

