

# The circular economy and transformational tourism

27th Nordic Symposium for Tourism and Hospitality Research  
Alta, September 2018

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# How should we define the Circular Economy?

On the basis of a review of relevant literatures, Kirchherr et al. (2017) define the circular economy this way:

"A circular economy describes

- an **economic system**
- based on business models which replace the end-of-life concept with *reducing, alternatively reusing, recycling and recovering* materials
- in *production/distribution and consumption*
- thus operating at the *micro-level* (products, companies, consumers), *meso-level* (eco-industrial parks, supply chains), and *macro-level* (city, region, nation and beyond)
- with the aim to accomplish *sustainable development*, which implies creating *environmental quality, economic prosperity and social equity* to the benefit of current and future generations."

Sustainability is the goal – circularity is the way !!

# The Circular Economy and tourism

A ***transition system perspective*** is required to understand the open-ended social dynamics at multiple societal levels through which a new Circular Economy regime (maybe) emerges. A systemic re-configuration of the prevailing linear “regime” is provoked by political, economic and cultural changes at overall “landscape” level (e.g. the Paris agreement) as well as by innovations in “niches” (e.g. tourism).

The tourism sector today follows a linear take-make-dispose economic model:

- big CO<sup>2</sup> footprint due to the traveling element;
- vast use of energy, water and other natural resources;
- negative impact of mass/over-tourism on natural habitats, local cultures and communities;
- etc.

Nonetheless, tourism indeed has ***potentials for encouraging transitioning*** to a circular more sustainable economy – at production as well as consumption side.

# How can tourism businesses contribute to a transitioning to the CE?

## Production-orientated opportunities

### Reducing use of resources and saving costs

Tourism businesses can reduce their use of natural resources and save costs by implementing circular principles (reduce, reuse, recycle, recover) in their operations and supply chains. For examples:

- Energy saving/efficient **buildings**
- Water and energy-saving **laundry technologies** (e.g. laundry service company *Berendsen*: reusing water, saving energy and linen)
- **Extending the life** of furniture, carpets, and other fixtures through repairing and remanufacturing
- Reducing **food waste** through new practices, i.e. produce-on-demand, smaller buffet plates, staff awareness etc.
- Interesting business cases: The large hotel *Crown Plaza*, Copenhagen, and the small hotel, *Green Solution House*, Bornholm/Denmark, have both implemented a range of such initiatives, e.g. ground-water based heating/cooling system, solar panels on buildings, water cleaning/saving systems, refurbishment of furniture, “smart” rooms (controlling of heating), reduction and use of food waste (cf. Manniche et al., 2017).

*Relevant business models:* Waste management, Eco-design, Cradle to Cradle, Produce on demand

# How can tourism businesses contribute to a transitioning to the CE?

## Production-orientated opportunities

### New products and revenue sources

Tourism businesses may have opportunities of creating new products and revenues from “waste”:

- Sale/redistribution of food waste (*Too Good To Go* (<https://toogoodtogo.dk/>): Restaurants, caterers, supermarkets etc. advertise left-over food that customers can find and purchase via an app and then collect
- Sale/redistribution of used furniture, mattresses, building materials and other “bi-products” (remanufacturing and up-cycling)
- Rental of electrical cars (e.g. the Austrian ski destination Werfenweng, <https://www.werfenweng.eu/EN/SAMO>)

*Relevant business models:* Waste as a resource, Leasing, Sharing Economy

# How can tourism businesses contribute to a transitioning to the CE?

## Consumption-orientated opportunities

Compared to other sectors, tourism has certain specificities which makes this sector key to encouraging transition towards more sustainable consumption, i.e. "*Transformative Tourism*" (UNWTO, 2016) or "*Transforming Travel*" (Smith, 2018).

### **The Sharing Economy and Collaborative Consumption in tourism**

Tourists carry very little with them, immerse in new surroundings and socio-technical setups, and use the properties of other people, e.g. a room and a bed to sleep in. Hence, some of the primary barriers to a more circular economy, i.e. the distribution of a large number of individualised household goods are by definition already overcome in tourism. In other words, some of the business models that the circular economy promotes – replacing ownership by access, sharing amenities between users – are already in place within the tourism and hospitality sector.

But it could be organized and exploited in much more strategic ways as a core element of the services and experiences provided for guests ("come-as-you-are-and-use-what-we-have"). Hosts could collect used artefacts such as raincoats, sun hats, cycling equipment, toys, books etc. from locals and the use and evaluation of these goods by guests could be important part of the marketing and storytelling about a venue.

# How can tourism businesses contribute to a transitioning to the CE?

## Consumption-orientated opportunities

### **The Experience Economy of tourism**

- Tourism can be defined as attendance-based experience provision. This means that business models and value-creation rely on memorable, meaningful experiences that are co-created by host and guest and on “staging” of and storytelling about such (Pine and Gilmore, 1999).
- Tourism relies on an interpersonal *host/guest relationship*, which gives opportunities for personalized interaction and influencing the way guests think and behave before, during and after their stay.
- Circular ideas and principles can be important narrative tools for the inclusion and engagement of guests in experiences with a positive social and environmental impact (e.g. collaborative forms of consumption)

### **“Transformative Living Labs”**

Hotels, restaurants, conference venues, and entire destinations could re-organize themselves as *Transformative Living Labs* where guests experience, play with, gain information and knowledge about and radically re-think the organization of their daily life, their use of resources, social relationships etc.

Guests’ use of energy, electricity, water etc. during the stay could be reflected in the *pricing*, i.e. guests are rewarded for responsible behaviour. They could even be encouraged to produce their own electricity via exercise bikes in rooms.



# Conclusions

From an overall transition system perspective, **tourism forms only a small part/niche**, relying on other sectors, legislation, technologies, infrastructures etc. The tourism industry (or individual tourism businesses) may contribute to but cannot alone realize a truly Circular Economy. Concerted policy and entrepreneurial actions at multiple levels are required.

Yet, **tourism is key** for encouraging a transition to a circular economy:

The Circular Economy is a **new approach to sustainability** which seems to have big potentials for helping tourism businesses as an **instrumental guide for innovation** of more sustainable production practices through reduction of the use (and costs) of energy, water, food, furniture, building materials and other natural resources.

Moreover, from a storytelling and experience creation point of view, the concept of circularity can serve as a **strong narrative tool** for the engagement of tourists in developing more sustainable consumption practices ('Transformational Tourism').

Already relying on collaborative consumption and co-creative, experience-based business models, **tourism seems to encapsulate and animate important parts of the CE concept.**



Thank you for your attention!

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