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Sustainable Transport of Goods: Tackling backstage challenges of the hospitality industry

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Learning goals

After studying this chapter, readers will have the ability to:

- 1 Define sustainable procurement and its link to profit, people and planet;
- 2 Describe the main sustainability challenges faced by transport and purchases;
- 3 Provide examples of how to tackle challenges faced by sustainable transport and purchases;
- 4 Identify good practices in sustainable transport and purchases.

Introduction

The tourism supply chain can be defined as “a network of tourism organizations engaged in different activities ranging from the supply side to the distribution and marketing of the final tourism product; it involves a wide range of participants in both the private and public sectors” (Zhang *et al.*, 2009: 345). Hotels, restaurants, cafes and other hospitality-related companies are at the heart of this network of tourism organizations. Vujošević (2004) and Quah and Zulkifli (2011) show that taking small steps in any area of the supply chain can have large effects within the company and can have a positive impact on the competitive advantage of the company. Management of this supply chain and, within it, transport and logistics management are therefore also named as the areas where efficacy and effectiveness of economic systems can be achieved. The logistic supply chain can be seen as a system of links between partners who are all part of the distribution channel that supplies buyers and consumers with products and materials. Only when the product of choice is delivered to the right place in the right time, with optimized

amounts under adequate conditions, with the participation of carriers that move through air or over road and rails, can it fulfil its task successfully. Wilson (2009) states that, while companies have become increasingly aware of the fact that transport and logistics management are linked to competitive advantage, they still struggle as they are seen as a separate entity within the company's operation.

Within the field of purchases, there are three elements that need to be looked at in detail in order to understand the whole supply chain and its management: purchasing, vendors and transport or logistics. Tourists' transportation is covered in Chapter 3 by Matthias Olthaar; while purchasing locally is discussed by Sarah Seidel and Elena Cavagnaro (Chapter 9) and purchasing internationally by Ko Koens and Harry Reinders (Chapter 10). In this chapter we cover transport dealing with the movement of goods and materials by air, rail, road or sea. Some argue that logistics should also cover non-tangible products such as information and data – that a business must source in order to function properly.

Value creation is a term widely used in academia and in practical contexts. It deals with achieving competitive advantage through efficiency and effectiveness. Yet value itself is defined by the customer and created through product and service improvement. Rather than simply increasing profit for shareholders, the aim of value creation is to add value to customers and suppliers (Shamah, 2013). Included in this concept is the idea of sustainable development through the reduction of waste and the preservation of resources, as Chapter 2 on the Sustainable Hospitality Value Chain has already shown. Companies differ with regards to the level of awareness and especially implementation of sustainable practices along their supply chain. With higher awareness comes the ability to overcome obstacles regarding the implementation of sustainable supply chain management.

Sustainable transport in the hospitality industry, especially in tourism which often involves air transport to get tourists to their destination, is a somewhat difficult topic just because this part of the industry is where most of the CO₂ emissions and greenhouse gasses are produced (see Chapter 3). The focus here, however, shall be on transport within procurement, i.e. the products and materials that are transported to and from businesses in the hospitality sector along the supply chain and where higher levels of sustainability can be achieved.

Numerous businesses in the hospitality sector are now looking at options to reduce the environmental impact, while at the same time cutting costs. The shift to a more sustainable procurement involves moving away from a traditional cost-benefit analysis to the inclusion of environmental criteria. Asking suppliers to follow these criteria before signing a contract can enhance cooperation between partners, with the opportunity of win-win situations. Worldwide, between 6,000 and 7,000 procurement professionals (Palmer, 2013) are in charge of institutional purchasing. It is this purchasing power that offers the opportunity to effectively change supply chains to a more sustainable future. Instead of changing the mindset of millions of people, it is these professionals who could help the industry to

take a large step forward towards a more sustainable future. Sustainable transport planning recognizes that transport decisions affect people in many ways, so a variety of objectives and impacts should be considered in the planning process.

This chapter will start with a description of the major sustainability challenges that transport and logistics face in the area of purchasing in the hospitality industry, followed by three best cases, of which each is set in one of the three dimensions of sustainability (economic, social and environmental issues). Finally, it will conclude with a series of tools that could help address these challenges.

Main sustainability challenges

In 2015, the United Nations Conference on Trade and Development (UNCTAD) secretariat devised a concept of sustainable freight transport with criteria for each of the three dimensions of sustainability – economic, environmental and social (UNCTAD, 2015). Within the economic dimension, (energy) efficiency and productivity, employment and revenue generation, access, connectivity and competitiveness as well as infrastructural development are mentioned, while in the social pillar, equity and fairness, social inclusiveness and value, community involvement, health and safety as well as the quality of the labour conditions were included. Finally, with regards to the environmental pillar, water, air and soil pollution, air emissions and greenhouse gases, climate change impact and resilience, resource depletion and land use should be taken into consideration. In this section we focus on these challenges in the economic, the social and the environmental dimension of sustainability.

Economic challenges

Within a company's overall expenditure, transportation can be a significant part, sometimes amounting to more than half the logistics spend (Rodrigue, 2017). Once these expenses have been established, they are passed on to the customer, increasing the price of the offering. Due to the fact that transportation costs can be such a considerable share of the overall expenses, companies are interested in trimming these costs, and there are a variety of ways to achieve this: using fewer carriers, consolidating shipments and single sourcing (Murray, 2017).

In the same way that the purchasing department attempts to streamline vendors in order to minimize costs and gain higher volumes, a comparable strategy could be adopted with respect to the number of carriers (Murray, 2017). Simply looking for the best carrier for the best price can have the effect that you end up with too many carriers. To avoid this situation, an overall view is required of the transportation system around the company, and by reducing the number of carriers, each one will carry more load and the transport companies will be able to offer better rates. Fewer kilometres with the same amount of goods is linked directly to the environmental dimension through the reduction of emissions (see also Figure 11.1).