

## GREENING HOTELS – BUILDING GREEN VALUES INTO HOTEL SERVICES

*Review*

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### **Abstract**

**Purpose** – The objective of this paper is to enhance knowledge about greening hotel services and the possibilities it provides for successful hotel management as well as for enrichment of hotel guest experiences.

**Design/Methodology/Approach** – The paper is based on a summarized review of previous theoretical contributions and an investigative study of three business cases which relies on qualitative methodology. The case studies draw on interviews, archival materials and photographs. A case study approach was adopted to illustrate the differences in the approach used for greening hotel services. Three green hotels that mutually vary in size, categorization, segmentation and targeted market, were analyzed.

**Findings** – The analysis of cases-hotels identifies and describes different and numerous activities of green marketing management. A proactive and trustworthy implementation of those activities enables green hotels to achieve increasing benefits no matter their size, classification and target audience.

**Originality of the research** – The study can help us to understand how environmentally conscious hotel management establishes a suitable setting for greening hotels services. These can serve as a valuable source of information in academic circles and be especially useful to marketing managers in hotels that aim to be green.

**Keywords** green hotels, environmental management, green services

### **INTRODUCTION**

Green hotel management provides several benefits: long-term cost reduction, ecological sustainability and the satisfaction of needs of a presently growing segment of customers seeking green services. Along with quality brand management and trustworthy marketing communication, green management contributes to the growth of brand value, the acquisition of a positive image, differentiation from competitors, attraction and loyalty of customers, enriching in that way the hotel's service offerings. It is inevitable for strategically positioning to consider emotional and functional elements of hotel brands, to gather and motivate participation of all employees around green initiatives, and to start partnerships with the local community.

Green marketing attempts in the 1990s present that green enterprise can't give short-term results and fast profit (Peattie and Crane 2005), which indicates that hotels must invest in sustainable technology, continuously building credibility and brand value. Numerous surveys carried out in the developing and developed worlds show a high

level of environmental concern among the majority of population (Hartmann and Apaolaza-Ibañez 2006, 674). Marketing professionals have the challenge to transform this awareness into action. Although individuals can express their concerns for ecological problems, these problems may not have a big impact on their day-to-day lives and won't motivate them to purchase eco-friendly products. Han, Hsu and Sheu (2010) advise marketing professionals in hotels to find new ways of researching environmental concerns, which can have a positive and long-term impact on consumers' attitudes towards the purchase of green hotel services.

The objective of this paper is to identify, explain and document elements of green hotel brand management. The aim is to offer a frame for understanding interactions between green hotels, their guests and surroundings in order to identify prospects for generating added value in creating attractive accommodation offers. The research question to be answered is: What are the current attempts in greening hotel services which are relevant for successful hotel management and are enriching customers' experiences?

Former findings about green marketing management and its benefits are presented, summarized and analyzed. Specificities and challenges that must be overcome for successful green hotel management are explained in a critical way, based on case analysis.

The first part of this paper gives a theoretical framework based on relevant academic and expert references. This is followed by investigative research conducted by analyzing three chosen examples – cases of international business practices. Information has been collected in direct written contact with individuals responsible for marketing activities and/or hotel owners and from secondary sources. The conclusion states comprehensively what are the opportunities and justifications for the application of green marketing in order to add value to hotel services.

## **1. THEORETICAL FRAMEWORK – LITERATURE REVIEW**

Although green marketing has been researched for more than two decades in theory and has been applied for numerous years in business practice, there are many open questions, followed by the impression that it is far from having reached its zenith (Hartmann and Apaolaza-Ibañez 2006, 677). After the euphoria of green marketing in the beginning of the 1990s, companies have determined, and research has confirmed, that customer concerns for the environment aren't directly reflected in their purchasing behaviour. Stagnation of academic research and practical use of green marketing was the logical consequence. At the end of the 2000s, technological progress, stricter regulations and growing ecological problems led to a slow comeback of green marketing (Ottmann 2006, 2007, Stafford 2003, as cited in Lee 2008, 5).

The number of researched topics related to green marketing was consistent with minor oscillations from 1993 to 2000, and started to fall rapidly after 2000, according to analysis of 112 articles in relevant databases (Chamorro, Rubio and Miranda 2009). The most attention was drawn towards segmentation and green customers' behaviour as well as communication (more than 25% of articles).

### **1.1. State and perspective of green marketing management**

Green marketing starts with the customer, his needs and wants, it has long-run perspective, is innovative and involves full use of all the company's resources (Peattie and Crane 2005, 365). Companies can implement it independently or join a voluntary ecological program. Latter requires implementation of certain norms and leads to internationally recognized certification (Darnall 2008).

Green brands are addressing customers who perceive ecological problems as important. Successful green brands are usually either based on alternative technologies or ecologically conscious business practices (Grant 2008). Customers don't expect green brands to be perfect but authentic (Connolly 2009). However, they often prejudice considering them inferior to conventional brands (Ottman 1998, as cited in Pickett-Baker and Ozaki 2008, 282). Factors that influence the market value of green brands still haven't been investigated in detail.

Newer findings (Chen 2009) emphasize the key role of green image, green satisfaction and green trust. A successful green brand must be consistent, competent, honest and responsible. Brand management is a helpful tool to form and shape attitudes as well as to transform rational purchasing reasons into emotional preferences (Travis 2000, as cited in Pickett-Baker and Ozaki 2008, 282).

Consumers like companies that care about the environment and they are generally ready to pay more for their products - however, the market share of this products is still quite small (D'Astous and Mathieu 2008). Subsequent to some former findings, Laroche, Bergeron and Barbaro-Forleo (2001) explored characteristics of consumers who are ready to pay more for green brands. They came to the realization that those consumers think companies don't act responsibly towards many existing ecological problems. Although ecological problems worry them, most consumers are not willing to carry out the extra cost (D'Souza, Taghian, Lamb and Peretiatkos 2006, 147). Profits from green product sales are lower than anticipated; respectively chances that consumers will pay a premium price for green brands are lower than one would expect (Rex and Baumann 2006).

Forte and Lamont (1998) emphasize that consumers make more and more decisions based on the company's role in the society. Green positioning implies interactive communication and differentiation through ecological features. Research (Hartmann, Apaolaza-Ibañez and Forcado-Sainz 2005) shows that functional positioning leads to cognitive perceptions of the brand as ecologically safe, while emotional positioning influences the interconnection between the consumer and the brand.

Green brands should aim to communicate one key benefit to consumers: Purchasing green brands is in the environment's best interest. Additional benefits can make the interconnection between consumers and brands even more intensive. These are for example health advantages, saving opportunities (e.g. lower heating bills) or returns on investment, especially important to B2B markets (Hartmann and Apaolaza-Ibañez 2006).

Research (Caswell and Mojduszka 1996, as cited in D'Souza et al. 2006, 149) affirms the importance of labels for green brand management, but also shows that customers are confused by all the different symbols and tags. Green customers are known to be skeptical; they are looking for facts and reliable information (Grant 2008, 25). Companies must avoid simply complying with the minimal regulations and turn to proactive trustworthy ecological activism. At the start of the 21st century that kind of transformation is still in the beginning stages (Rosen 2001, as cited in Orsato 2006).

Guenster (2005) detected that leaders in environmental protection can raise prices of their products over time. Based on a two year observation of 243 companies, Russo and Fouts (1997) found a positive correlation between their ecological and economical performances (as cited in First 2007, 77). Green marketing allows access to new markets, raises productivity and acquires a competitive advantage. It is especially useful in markets where differentiation is difficult or mature markets where a strong competition is present (Manaktola and Jauhari 2007). Sustainable business practice generally indicates the forefront of technological innovation. Companies that clearly communicate their sustainable practices also position themselves as leaders in innovation (Connolly 2009, 16).

The economical justification of green business is still rather doubtful. A major question is whether there is a sufficient number of consumers interested in green products who form the top 10-20% of those who typically buy 80-90% of the company's products (Wossen-Kassaye 2001, 444). Critics of green marketing state that it encourages buying instead of changing lifestyles and habits, i.e. the focus is on purchasing ecologically acceptable products versus decreasing consumption in general (Marušić 2003). It is inevitable for the credibility of green marketing to send messages about non-purchase behavior, such as product use, sharing, maintenance, disposal and take-back (Peattie and Crane 2005, 368). However, this is contrary to the company's need to increase sales and profit.

## **1.2. Challenges of green business in services sector**

Services are intangible, delivery is inseparable from usage, they are non-storable and heterogeneous. These key characteristics make their analysis from an ecological perspective more complicated, creating the illusion that they don't harm the environment. Companies are often focused on the so called 3R business model (recycle, reuse, reduce). In the case of services the model refers to the changes and reengineering of processes which are necessary for a minimal burden on the environment (Grove, Fisk, Pickett and Kangun 1996, 57).

Research conducted in 2009 (Bieak-Kreidler and Joseph-Mathews) tried to determine whether principles of classic atmospherics can be modified for environments where green services are offered. Earlier research already established the connection between physical environment and the perceived service quality, image, purchasing intention and brand. Green customers devote great attention to the looks of the location where services are provided. For example, customers will appreciate the company's efforts to regulate heating, if the company informs them about it adequately. An ecologically compliant interior is beneficial in two ways - it decreases maintenance costs and

increases market value of brands. Visible elements such as recycling bins, donations to the local community, brochures and stickers, enable customers to identify efforts; and those efforts are important for differentiation as well as the development of a unique, preferable image in the customer's awareness (Bieak-Kreidler and Joseph-Mathews 2009).

Although customers worry about ecological problems, they are oftentimes not ready to change their lifestyles. This makes them averse to ecologically responsible decisions - they are not ready to sacrifice comfort, accept lower quality or pay a higher price for services with a green touch (Manaktola and Jauhari 2007, 368). Green services brand management can help to overcome this unwillingness. The transition from an "effortless" lifestyle to a responsible one can be facilitated by adding environmentally sound services into the product or purchasing process.

Employees who are in direct contact with customers are of utmost importance. Research from 2007 (Manaktola & Jauhari) suggests that introducing the ISO standard, along with motivating employees, has a positive impact on attracting and satisfying green customers. Customers are searching for tangible elements that prove the company's actual ecological orientation. Communication materials, internationally recognized certificates and visible elements like solar panels, recycled paper, and water saving faucets in restrooms have an important role as well. Although customers won't necessarily notice certain ecological efforts, nor be willing to pay more for green brands, benefits will be evident in reduced operating expenses.

Research for the hospitality industry (Manaktola and Jauhari, 2007) shows that, despite a positive attitude towards the company's ecological commitment, the majority of customers will not be ready to pay a higher price for its services. Those who are willing to spend more money, believe that a reasonable price increase does not exceed 4-6%. At the same time, customers (71% of them) expect a financial or material reward for using green services (Wossen-Kassaye 2001). It is important to involve customers in environmental protection in order to connect them with brands. Involvement enables them to influence and actively contribute in achieving ecological goals. In other words, it is important to establish emotional connections between companies, customers and the environment.

Regulations (at state and/or corporate level) are challenges as they are not fully adapted yet. For example, a 5-star categorization requires hotels to change towels on a daily basis or to renovate the interior every couple of years. Such requirements are additional, often times unnecessary, burdens on the environment (Heney, 2009).

It is necessary to take three limitations into consideration when managing green services (Grove, et al.1996, 64): Services are mutually quite different, so each company has to find its own green way; it is important to evaluate potential benefits of green activities to avoid counterproductive decisions (e.g. cleaning with harmful chemicals in order to reuse an item might be worse for the environment than proper disposal); customers should always come first and shouldn't be deprived due to company's savings.

### 1.3. Uniqueness of green hotel services

Green hotels are environmentally-friendly properties whose managers are eager to institute programs that save water, save energy and reduce solid waste, while saving money and protecting the Earth (Green Hotel Association 2008). Kasim (2004, as cited in Baloglu and Millar 2008) adds socioeconomic factors into the definition, stating that green hotels operate responsibly towards employees, the local community and the environment. Another definition was presented at the EuroCHRIE conference in Dubai 2008: Green hotels are ecologically conscientious subjects that promote and practice energy efficiency, conservation and recycling, while providing their guests healthy, sustainable and clean services.

Baloglu and Millar (2008) indicate that the most important attributes sought by eco-conscious customers are as follows: energy-saving light bulbs, water-saving toilets, reusable towels, linen changes on demand only, waste separation, light sensors and key-cards. The following elements are not appreciated: showers with slower water stream, refillable glass or ceramic shampoo and soap bottles. Respondents under the age of 60 show a stronger willingness to participate in environmental programs. Studies (Chan and Ko 2006; Manaktola and Jauhari 2007) also reveal that customers prefer accommodation with more environmental initiatives when having to decide between two equal hotels. According to findings of Lee, Hsu, Han and Kim (2010) customers rely on affective elements of service quality when judging the green hotel's image rather than the cost-benefit relation.

The hotel industry started to globally recognize benefits resulting from the implementation of proactive environmental efforts. This is why, for example, ecotourism represents a significant portion of gross domestic product and economic activity in Costa Rica, Ecuador and Kenya (Darnall 2008). The focus on environmental issues gives hotels chances for differentiation and determination of premium prices for their services (Brown 1996, Rivera 2002, as cited in Darnall 2008), in addition to opening new markets. Respectively, the hotelier's motivation to invest in and implement green initiatives shows to be useful and justified for businesses (Jackson 2010).

Tourism significantly depends on the environment, which makes green marketing in the hotel industry particularly interesting. Destinations are commonly associated with elements of nature, such as Irish landscapes, Swiss and Austrian mountains, and Croatian sea. Tourism is, including hotels, under pressure to fulfill certain standards. The pressure is based on the following factors (Roarty 1997, Foster et al. 2000, as cited in Manaktola and Jauhari 2007, 367): consumer demand, legislation, ethics, and satisfaction, need to maintain living space, aesthetics, green investor's initiatives, and the influence of environmental organizations. Communication with tourists can become a challenge as they have to be adequately informed about environmental efforts.

According to Darnall (2008) there are two kinds of green services brand management: unilateral commitment, and participation in voluntary environmental programs. The first one includes self-initiated efforts, i.e. hotels set their own ecological goals, communicate their activities independently online, through advertising and direct

marketing. The advantage is in keeping internal control over the program and messages that go out to the public. The primary disadvantage is the lack of internationally recognized verification by independent sources. The second arrangement consists of formalized programs and agreements which hotels join voluntarily in order to obtain an official verification or certification. Those programs require more efforts than the verifications prescribed by law (Table 1). A widely known program is called Best Green Hotel. Hotels must match 29 ecological criteria to be ranked based on the degree of meeting said criteria. The database (ranking) can be searched by potential customers. Among other programs are ISO 26000, ISO 14001, ECOTEL and hybrid programs like Green Globe 21 which are a combination of independent monitoring and verification by third parties (Darnall 2008).

Table 1: Comparison of different green hotel management approaches

Characteristics	Unilateral commitment	Voluntary environmental programs		
		<i>Independent</i>	<i>Certified</i>	<i>Hybrid</i>
<b>Goals</b>	Determined internally	Determined externally	Determined internally and externally	Determined internally and externally
<b>Universality</b>	Depends on hotel	Low	High	Medium
<b>Brand promotion</b>	Independent (internet, brochures, direct marketing)	Independent and external through the program	Independent and external through the program	Independent and external through the program
<b>Control</b>	Internal	Internal and external	Internal and external	Internal and external
<b>Cost</b>	Depends on hotel	Low	High	Medium
<b>External legitimacy</b>	Low	Medium	High	Medium to high

Source: Retrieved from Darnall 2008, 465.

The Best Green Hotels database features over 2500 hotels ranked on a scale from 1 to 6. The ISO 26000 provides guidance on social responsibility. The ISO 14001 serves as a confirmation that a hotel is managed in a sustainable way. The ECOTEL program is one of the most exclusive ones with very high requirements (1000 hotels in six years attempted to meet the criteria but only 35 succeeded). Green Globe 21 is present in 42 countries and features about 150 hotels. There are many more similar programs such as

Green Key, Green Globe, and Earth Check. Business practice shows that hotels which meet green requirements can, in addition to building brand value, increase their prices for accommodation per night for 30 dollars (Darnall, 2008). One of the best known green standards is LEED (Leadership in Energy and Environmental Design). Although initially intended for commercial establishments, it is increasingly being used in tourism. Findings from 2008 (Butler 2008, 239) show that LEED increases construction costs for about 1-2%. The investment pays off within 24 months due to savings in energy use, carbon emissions, water consumption and solid waste expenses.

Environment-related labelling of tourist services started in Sweden 1985. It took another 17 years until organisations began to actually implement and provide quality labels and meet Nature's Best requirements (Jansson 2009). Nature's Best is the first national ecotourism label in Europe. Carriers must meet six criteria: respect the destination's limitations and reduce negative impact on the environment, help develop the local economy, carry out economically viable activities only, contribute to the protection of natural and cultural heritage, promote education and respect for nature, and fulfil high standards of quality and safety. The EU Ecolabel was launched in 1992 to help identify environmental excellence in products and services.

Business practice affirms the feasibility of an ecological approach. A choice example is the evaluation of Sheraton Chicago showing annual savings of 8 million liters of water and several million joules of energy due to abandoning daily towel changes (Wossen-Kassaye 2001). More recent research (Butler 2008) reveals that energy savings for green buildings range from 25-30% annually. Additional savings can be found in areas of water consumption, maintenance, employee productivity and health benefits. It was determined that employees are more productive when they are exposed to more natural light, better ventilation, less toxic materials and more green at work. Challenges lay in finding business partners, investors and employees who understand green ideas, systems, products and processes. Requirements hotels must meet for star ratings create limitations in green services. Butler (2008) suggests the introduction of certain demands for green building and ecologically sustainable services as well as connected products and processes. Many countries offer incentives and benefits for projects that consider environmental sustainability. Surveys show that nearly 75% of hotel guests are willing to participate in green programs, while 16% choose hotels based on eco-minded practices (as cited in Butler 2008, 241).

Based on the presented review of the existing research findings, several relevant theoretical conclusions can be made. As recognized, green attempts can increase hotel services and brand value directly and indirectly. Green labels, certificates, programs and events for guests are a typical example of direct activities. Indirect attempts such as saving light bulbs, weekly linen changes and green activities that increase employee health and productivity have a key role in the hospitality sector. Physical elements and well-explained money saving endeavours help to clearly communicate the hotel's green practices in an otherwise intangible services sector.



## **2. METHODOLOGY**

The paper is based on investigative research - three business cases, green hotels that mutually vary in size, categorization, segmentation and targeted market, were analyzed. This approach is aligned with statements presented by Woodside, Ko and Han (2012) who emphasize the convenience of case study for understanding management practices and argue the benefits of this approach in relation to positivist research. It is also aligned with findings presented by Snow and Thomas (1994) about contributions of field methods to theory development - description of several green activities is used to answer the “what” research question. A combination of criteria was used to select cases in order to investigate the differences in greening services even further; selected cases provide useful information for the research question and opportunities for learning. A descriptive framework was applied - data was gathered from secondary sources and in direct written contact with individuals responsible for marketing activities and/or hotel owners of the French and Australian hotel. Since American hotel wasn't available for cooperation, data was collected from secondary sources (mainly an extensive collection of documents provided on the hotel's website). An inductive approach was used by combining data collected in direct communication with content analysis.

## **3. FINDINGS**

Selected cases show that the implementation of environmental elements to services and hotel brand management has inevitable benefits. American hotel has significant financial resources, a strong management and brand, while French one is a small family-run hotel in the mountains which resolutely insists on protecting the environment. Australian hotel is a city hotel where environmental programs are efficiently taking place in the background. Despite the mutual differences, all three hotels have the following in common - they manage to communicate their environmental philosophy to customers and their local community; they are using the green approach to add value to their services; and the green image has a positive impact on their tourist destination.

### **3.1. Case 1 – American green hotel**

The chosen American green hotel belongs to a Canadian hotel corporation established in the 19<sup>th</sup> century. It began to implement ecological standards in 1990 by introducing the specific green partnership program. The main goal was to reduce negative impact on the environment, but also to meet needs and expectations of environmentally concerned guests. Green partnership is based on energy and water savings, proper disposal of waste, and collaboration with the local community. The program is a concrete example how hotels can gather employees and guests together around an idea that makes everyone involved feel better, while protecting the environment at the same time. The initiative was launched based on an internal inquiry which showed that every hotel guest produced at least one kilogram of waste per night and used 825 liters of water per day. Beverage containers and paper made 65% of the total waste.

Fifty hotels and resorts in 15 countries are currently taking part in the program of green partnership. One of them is the luxury wellness hotel which is considered to be one of the greenest hotels in the U.S.

The hotel is involved in international programs for environmental protection and sustainable development; it has long-term partnerships with local businesses, and currently owns various green labels and awards. Four times a year the hotel organizes a project called Neighborhood Cleanup. In 2008 it participated in cleaning the Californian coast. Items that are not in use anymore are donated to the local community. The hotel actively participates in partnerships to preserve and improve hiking trails. It also supports educational programs of the local elementary school, by taking 4th graders on 12 trips per year to educate them about environmental issues and to encourage outdoor learning.

Furthermore, a modern waste disposal system guarantees maximal recycling; the hotel turns kitchen oil into bio fuel, and collects old batteries and light bulbs. All promotional material, letterhead and business cards are printed on recycled paper. Employees are encouraged to communicate with guests and each other electronically. Compact fluorescent lamps offer the same amount of light as conventional lamps by using 80% less energy. Natural cosmetic and toiletries are used for wellness purposes. Showers, faucets and toilets are environmentally efficient as well. Environmentally friendly products are used for cleaning. Guests are kindly asked to reuse towels, have options to recycle in rooms, check-out without paperwork and park hybrid cars for free.

The hotel's property is free of pesticides and herbicides. Leakages in the irrigation system are identified early during detailed yearly inspections. Garden plants have adapted to the local environment and don't need extra water. The golf course is involved in the Greening Our Greens program - a goal is to get the Audubon International certificate which stands for minimal burden on the environment. Organic food from local producers with Fair Trade labels is ordered for the kitchen whenever possible. Guests are informed about the origin of their meal's ingredients, especially when they are eating organic. Winemaker's Dinners, Shop with the Chef Excursions and Farm Trips are a couple other examples of activities that encourage guests to interact and participate in environmental programs.

Hotel also organizes green weddings, conferences and business meetings as part of the Eco-Meet project. The goal is to make those events eco-friendly. Eco-Meet is based on environmental elements of accommodation, food, services and activities like group trips into the nature. Companies who decide to have green conferences or meetings receive special certificates that verify their environmental efforts.

The hotel corporation develops and implements environmental projects through their Eco-Innovation program, launched in 2005, with the "think globally, act locally" principle. The American hotel launched several programs for community development that give much needed value to eco-related messages in marketing communication. Partnerships and participations in eco-projects outside the hotel add authenticity to the program as a whole.

Employees participate in the Do Not Drive to Work Day each month in order to reduce environmental impacts of vehicles. A program of effective purchasing was introduced which decreases the number of deliveries. Partnerships with local rental companies were established to secure eco cars for guests. There are also Luxury Green Packages that include an electric rent-a-car, two 50-minute spa treatments, a dinner prepared with local, organic products and a trip into nature. The hotel started using direct marketing in 2007 to promote several of its own and its partner's green services.

The green partnership program is implemented at the corporate level, but each hotel also has its own Green Team which consists of volunteers from all departments. An internal survey conducted prior to the implementation showed that 92% of employees support the ecological direction and 89% would be proud to participate in green activities. Every team member has the task to observe the implementation of the program as well as devise innovative projects for each individual community. Employees are responsible for making the program more popular among guests. Every hotel has an information board on environmental projects in the lobby. There is also a green partnership guide handed out to employees and guests. This handbook has received numerous awards from a variety of environmental organizations.

The Department of Marketing and Corporate Communications is responsible for communicating ecological efforts to the public (employees, guests and partners). Great importance is given to brand management in order to associate hotel with ecological principles, thus reinforcing the image of the hotel and the destination. Efforts are made in education and internal communication with employees since they are in direct contact with guests. There are also special handbooks and trainings designed for all employees. Brochures are available in several languages to reduce language barriers for business in international markets. The internal newspaper and intranet contribute to the quality of information flow between certain levels of management and employees.

The brochure, entitled Making a Difference Together, can be found in every room. It sums up the most important ecological guidelines and gives guests instructions on how to contribute to environmental protection during their stay. There is also the hotel magazine which contains an advertorial about the hotel's environmental efforts. Advertisements promote various charity organizations like Foundation Prince Albert II of Monaco, WWF and the Alliance of World Heritage.

The hotel's success and insistence on the green path shows that its green positioning builds loyalty and attracts new guests. Awards and certificates, involvement in local and international projects, as well as a high quality service generate positive PR, credibility and a leading status in the industry. This directly increases brand equity. Noteworthy activities that support the hotel's green designation are: brochures with photographs of nature and inspirational articles creating emotional connections; an updated and informative website; green teams, who serve as quality control and source for new ideas; and a special marketing department that is concerned about environmental issues on a corporate level. The hotel brand logo is fully aligned with the corporate logo. Received certificates and awards can be found in all promotional materials.

### **3.2. Case 2 – French green hotel**

Hotel belongs to a family run accommodation complex that consists of a hotel with ten rooms, a mountain lodge and a campground. It is located on one of the hiking trails that leads to the French part of the Pyrenees. After purchasing the complex in the late 90s of the 20<sup>th</sup> century, the owners and only managers, decided to turn it into a green hotel. Their objective was that hikers are seeking accommodation that reflects their ecological values. The project is the result of expressing the owners' personal values and their attempts to carry out the need of environmental protection through the hotel. This vision can be summed up as follows: Ecology is more than just an idealistic philosophy for nature lovers; working together we can create a more sustainable world.

The hotel fulfils its green vision by reducing needs for electricity using energy saving lamps, low consumption appliances, high performance insulations, and a rational heating/cooling system. Energy is mostly generated from clean sources on site (solar cells and burning fireplaces) or bought from Enercoop, a French supplier that manufactures and sells energy derived from renewable sources. In order to minimize water consumption, low flow shower heads and faucets have been installed in bathrooms, rational use of dishes and glasses is enforced in the kitchen, and water consumption for gardening and pool maintenance has been rationalized.

Fresh, local and organic foods are used for cooking. Product selection favors minimal packaging and recycling. Cleaning products are biodegradable. The owners invest significant money in technological systems that store heat collected from solar cells during sunny days. Similar technology is used for pool heating. The temperature in all objects never exceeds 19 degrees Celsius - guests are welcome to use extra blankets and/or to light fireplaces. If the entire energy system fails, hotel guests can use rechargeable batteries that guarantee an additional 48 hours of electricity.

The hotel expects guests to be highly involved in environmental activities. They are encouraged to switch lights off, to reduce use of electrical appliances such as hair dryers, to wear warmer clothes, to use blankets, to shower shorter (recommended 5 minutes) and to use less dishes. Also, they are asked to dispose waste in proper bins located in the garage, not to throw away food, not to use a car at least one day during their stay, and to accept that linen and towels are changed only if their stay exceeds a week.

The high level of expected participation is a big challenge in attracting tourists who are aware of ecological problems, but not willing to invest their own effort in preserving the environment. The owners are trying to motivate potential tourists by saying: "Working together we can create a more sustainable world." They strive to educate their community - they regularly organize educational camps and programs for schools and encourage guests to talk openly about environmental issues. They are trying to impress upon guests with the quality of services in order to have them revisit and expand the reputation of the hotel.

The goal is to provide a maximum of comfort with minimal environmental pollution and create a positive perception of the hotel based on beauty of nature, harmony between facility and environment, local cuisine with organic foods and the opportunity to socialize with interesting people from all around the world.

The hotel uses its website for promotion. It is regularly updated and provides extensive information about the hotel and the region. The hotel has been included in databases and tourist guides for hikers and nature lovers. Local tourist offices distribute the hotel's flyers. The owners received financial support for the really expensive "ecological transformation" from La Nouvelle Economie Fraternelle - a French group of investors with a particular interest in rural and environmental projects. Additional funds came from donations, showing that the green philosophy is attractive to investors.

Hotel received several certificates (e.g.: 1% For the Planet Member, La Clef Verte, Enercoop, La Nef, Slow Food France) for its ecological efforts, proving that it really is a green hotel. The hotel donates one percent of its annual revenue to non-profit organizations that are globally concerned about environmental issues.

### **3.3. Case 3 – Australian Green Hotel**

It is the first carbon neutral hotel in Australia and the first one on the continent that earned the prestigious Earth Check Silver certificate. The current owners bought it in 1999 and fundamentally redesigned it to meet environmental standards. Although the required technology increased initial costs by 450,000 Australian dollars, the investment paid off already. Namely, the hotel saves about 50,000 Australian dollars every year due to reduced water and energy consumption, and increased brand value.

In order to reach the ecological vision, hotel has to monitor energy and water consumption, implement advanced waste management, increase efficiency of organizational processes and manage all resources in a high quality manner. The hotel is located in the centre of the big city, in the business zone, and needs to serve the needs of business people and tourists with greater spending power. Hotel guests don't have to sacrifice their comfort for green standards. The hotel director specifically points out the fact that the hotel is taking care of the environment without compromising the comfort of guests. He emphasized that the hotel is an example of harmonizing requirements of four-star hotels while minimizing environmental impact.

The hotel doesn't have the possibility to collect energy from solar panels because surrounding buildings are higher than the hotel itself and won't let enough light go through to the roof. This is why the hotel purchases electricity from wind energy, uses energy-saving lamps for 95% of lighting, and rooms have sensors for automatic extinguishing of lights after leaving the room. All devices, from kitchen utensils to the air-condition units, are environmentally efficient.

Rainwater captured in the hotel's courtyard collects in two 1,500 liter tanks and is being used for gardening, cleaning and flushing. Tanks also collect water released by the air-condition system. All showers and toilets are water efficient. Windows have two

layers of glass so better isolation helps to reduce heat loss (or keep the inside cool). Cosmetic and toiletries in bathrooms are in glass jars that can be refilled. Newspaper (if printed on recycled paper) is ordered on demand only. Chemicals used for cleaning are eco-friendly. Managers are trying to purchase mainly biodegradable items, even when it comes to keys and pencils. Waste is appropriately sorted within the hotel; oil from the kitchen is collected and converted into biodiesel. External agencies are monitoring consumption of energy, water and waste disposal. Official hotel cars are electric. Guests can be picked up from the airport in a hybrid sedan. Free parking is provided for all guests who arrive with a hybrid vehicle. They can charge their cars from 100% green energy sources for free as well.

Guests can, but don't have to, participate in environmental programs because all described processes function regardless of their involvement. However, the hotel staff asks guests in person and through promotional material to reuse linen and towels.

The green team consists of seven members and is responsible for the implementation of green programs. Great attention is given to all employees. They are encouraged to work together in solving environmental problems. The hotel regularly organizes ecological programs for staff like lectures on environmental liability, visits to suppliers and national parks. The hotel participates in numerous local and national environmental projects such as planting trees. Old equipment such as massage chairs and items guests leave in rooms are being donated to local organizations and hospitals. Each guest produces about 13,5 kg of carbon a night, which is significantly less than in conventional hotels that generate between 24 and 26 kilograms. The hotel manager points out that there is more and more positive feedback about the green commitment, especially from businessmen and politicians, who are also members of the primary target audience. The hotel is increasingly directed towards partnerships with B2B markets in order to achieve successful cooperation with companies that care about the environment as well.

The hotel reflects the image of Australia as a tourist destination which is often associated with nature. Ecological efforts are highlighted in all promotional materials, online databases, tourist guides and the hotel's website. The slogan and most certificates are integral parts of the brand logo.

### **3.4. Main findings**

Although mutually different in location, size, categorization, segmentation and targeted market, all three analyzed hotels have many similarities when it comes to building green values into their services. The main findings are summarized with regards to the hotels goals, activities and results.

Table 2: **Goals, activities and results of greening hotels**

<b>Goals</b>	<b>Activities</b>	<b>Results</b>
<b>Financial</b> – reduce costs	Save water and energy, identify leakage early, effective purchasing system, better isolation, reduce paperwork, low consumption appliances	Long-term saving opportunities, added credibility to green services, costs cut immediately if no financial investment required, awards and certificates
<b>Customers</b> – attract new guests, build loyalty	Green trips, farm trips, green weddings and conferences, organic food, programs to raise awareness and ask for participation	New markets and target audiences, satisfaction of guests, word of mouth, guests feel-good for doing-good
<b>Employees</b> – synergize, satisfy	Green teams, improved flow of information, educational programs for staff	Higher level of involvement and satisfaction of those who are in direct contact with customers
<b>Processes</b> – reduce negative impact on environment	Recycle, reuse, electric vehicles, saving bulbs, faucets, toilets and showers, natural cosmetics and cleaning products, towel and linen changes on demand only, clean energy sources	High initial costs (investments), added credibility and visibility to green services, satisfaction of green guests, differentiation
<b>Brand</b> – add value, boost image	Participation in international programs for environmental protection, donations to local community, neighborhood activities and events, partnerships with local businesses	Donations/investors, certificates, awards, positive PR, credibility, differentiation

Source: Authors' research

## CONCLUSION

Green perspective is imposed as an element of successful business in the 21st century. Although, due to the nature of services, hotels' impacts on the environment seem less noticeable at first glance, the implementation of green standards in offering hospitality services is necessary, desirable and useful. Greening hotel services means building additional value that provides alternate opportunities for differentiation. The strategy of green services will result in success if the emphasized characteristics are authentic, believable, and environmentally relevant. This is especially important given that the customers feel their expectations are fulfilled, gain a positive feeling for their involvement in environmental protection and improve their experience and time spent at the hotel. Also, hotels should improve their educational role on environmental issues as to attract new employees, guests and demonstrate social responsibility.

Green hotels must be trustworthy to be able to add value to their services, i.e. brands. As our research shows, the importance of green attempts is not only recognized in theory but established in business practice, as demonstrated in the three case studies. There are direct and indirect attempts in greening hotel services which need to be addressed by hotel managers, for successful hotel management and enriching customers' experiences. Hotels need to give great attention to both indirect and direct attempts. Indirect activities that lead to energy and water savings, proper disposal of waste and collaboration with the local community are especially important since they are the visible elements behind images, promises and intangible services. They are not only reducing costs but are building green trust and hence adding value to the hotels services i.e. brand. Also, hotels are advised to feature their green labels right next to their logos as well as in their communication materials and through all media used for communication purposes. Healthy, productive and environmentally educated employees support all these elements and contribute to enriching customers experiences. These findings contribute to the existing knowledge, showing how enhancing green practice in the hotel industry can render marketing and management more effective.

Despite the limitations of the subjectivity in the research or the secondary nature of data, the paper shows that hotels can generate increasing benefits from going green, if green business is a strategic orientation and the implementation involves all stakeholders (the board, employees on all levels, guests and the community). The forms and extents of benefits will vary depending on the hotel's environment and market conditions, because green business is complex and doesn't depend on only one or few variables. Therefore, the strength of these findings needs to be re-evaluated in future studies. It is important to detect and understand additional business motives, but also barriers for the implementation of green marketing activities, which have potential to add value to hotel services. Hence the need for different directions of future research studies.

Green services classify hotels which offer these as innovators and leaders in the industry, in addition to enriching offerings and consequently the customer's experience. Greening provides possibilities for long-term market expansions and the internationalization of business. Further, with longitudinal research of the perception of



customers' views regarding green services, valuable insights can be gained about the contribution green services provide to the quality of experience during the stay in the hotel.

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