

# **AN EXPLORATORY PILOT STUDY TO UNDERSTAND THE SUSTAINABILITY MOVEMENT IN THE HOTEL INDUSTRY**

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## **ABSTRACT**

The purpose of this study is to increase an understanding of current and future sustainability practices in the hotel industry. Eleven general managers (GMs) in international chain hotels participated in this study, responding to 15 open-ended questions developed based on the Triple Bottom Line model. The results indicate a need to establish a standard measure as the informant's ratings of their sustainability efforts were based on their beliefs. Many sustainability initiatives of the informants' hotels were similar to those of major retailers, but less innovative. Future studies can develop a hierarchy of strategies based upon simplicity, costs, and benefits in implementing sustainability initiatives.

## **INTRODUCTION**

Although there are more than 100 definitions of sustainability in current use [15], the original definition of this term is "development which meets the needs of the present without compromising the ability of future generations to meet their own needs" reported by The World Commission on Environment and Development [20]. Focusing on sustainability and the environment is a business imperative and with sound business benefits. After all, hospitality and tourism are largely focused on the natural beauty of destinations. As such, hospitality professionals should have a vested interest in protecting the environment and insuring the industry continues to thrive for generations to come. Managers are stewards of resources and of the environment, and as such, they have an obligation to be sensitive to all stakeholders' needs and issues and to make wise decisions with a focus on ethics and long-term implications.

Increasing consumer awareness is one of the driving forces of this movement. The Mintel Group, a research company, reported the "Green Living" market would remain at \$654 billion due to economic concerns during 2009, but will reach \$780 billion by 2013 [14]. These consumers are willing to shift their purchasing decisions and brand loyalty to commit themselves to preserving the environment. Thus, providing responsible options to consumers will allow companies to solidify their relationships with current consumers and attract new customers [13]. Along with the increasing customer awareness, the political and legal environments have had a significant impact on this green movement. Climate Change Policies have already been embraced by more than 850 towns and cities in 32 states in the U.S. President Obama has committed to the early enactment of mandatory restrictions on emissions by 60-80% below the levels in 1990 by 2050 [9]. The regulatory bodies' growing interest in the efforts of reducing carbon and stimulating the economy will likely to force hotel companies to become environmentally friendly.

The Triple Bottom Line (i.e., economic, social and environmental) helps provide context and focus for organizational goals and priorities [3] [15]. According to this model, profitability, social capital, and environmental stewardship go hand-in-hand and are essential to organizational success and

sustainability. Based upon this model, the authors developed open-ended survey questions to explore the reasons for their sustainability development, current and future initiatives, emphasis on social responsibility (people) and environmental protection (planet), and financial benefits (profits) achieved from their initiatives, challenges they faced, and their suggestions. The authors also reviewed sustainable practices between the hotel and retail industries. While many hoteliers understand the need to adopt sustainability practices, they are challenged in regard to implementation. Since there are many successful examples within the retail industry (for example, Wal-Mart), this cross-industry comparison is designed to leverage and copy successes from one industry (retail) to another (hotel) in hopes of expediting the call to action. This study will assist hotel companies in proactively and successfully develop effective sustainability strategies and will contribute to academia by enhancing the body of knowledge in this area.

## **LITERATURE REVIEW**

### **Hotel Industry Sustainability Movement**

Looking retrospectively and globally, one will see that the green movement is not new to the hotel industry. As early as the 1980s and 1990s, hotels were seeking strategies to reduce energy and water consumption. In fact, approximately 80% of all European hotels and many in regions of Asia were early adopters of what now have become sustainability and green best practices [16]. Some examples include Earls Court Olympia in the U.K., which uses carpet tiles that are easy to clean and replace if worn or stained; Scandic in Sweden, which installed flooring from sustainably sourced wood; and the JW Marriott in Hong Kong, which uses tea tree oil to stop mold growth and improve air quality [5].

Most hotel companies in the U.S. had not embraced sustainability development until 2006 [7]; however, since that time they have been actively joining the sustainability movement: 40 lodging properties achieved a Leadership in Energy and Environmental Design (LEED) certification and an additional 900 lodging projects have registered with LEED and are working towards certification [19]. LEED is the most widely recognized form of green building certification in the country. This certification is known to provide benefits for the environment and reduce hotels' operating costs gained from energy efficiencies and utility cost savings [11]. Now, many chain hotel companies (e.g., Marriott, Accor, InterContinental, Hilton, and Hyatt) produce and publicly share their sustainability reports, outlining their efforts and accomplishments. Their focus can primarily be grouped into the following key areas: recycling programs, composting, indoor air quality, construction materials, environmentally friendly buildings, reductions in energy and water consumption, paperless offices, use of alternative energies, reducing carbon emissions, green marketing practices, green IT (information technology) practices, sustainable agriculture, community engagement, and corporate governance [7]. Hoteliers are obviously embracing sustainability development, but their progress remains at an early stage. For instance, among the 4,400 hotels in the United States, only 12% used some form of alternative energy [6].

### **Retailing Industry Sustainability Movement**

The Retail Industry Leaders Association (RILA) began to push socially sustainable objectives and business practices in 2007, focusing the following two major areas: developing environmentally friendly landscaping and improving the supply chain to reduce emissions [18]. Since then, retailers have successfully implemented various innovative sustainability initiatives. In 2009, Global Retail Insights noted sustainability was increasingly important to a retailer's survival throughout the world. The core business practices leading to the development of a retailer's sustainability strategy included costs,

customers, competition, and government regulations. The U.K. enacted the Climate Change Bill which forced companies to cut carbon emissions by 60% by 2050. The question for companies is not whether their governments will enact requirements to lower carbon emissions, but when they will enact the requirements [2]. In August of 2008, the Coca-Cola Retailing Research Councils (CCRRC) convened over 150 of the world's leading retailers and experts in sustainability. Two clear themes emerged from the forum: environmental concerns are critical to the retailing industry, and retailers have a strong desire to learn about environmental issues and to share best practices. The Food Marketing Institute (FMI) identified areas in which retailers are establishing green initiatives and suggested the highest priority is reducing waste and carbon emissions [1].

The retailers who have successfully developed and implemented sustainability initiatives include Tesco, Walmart, JCPenney, and Whole Foods. Walmart began an aggressive program to implement sustainability initiatives within their own companies and with their vendors. The three areas they have focused on are: energy climate, waste, and products. The company hopes to be supplied 100% by renewable energy, create zero waste, and sell products that sustain environment. In addition, the company has been experimenting with water conservation strategies in Aurora, Colorado and McKinney, Texas, and with waste water treatment plants in 236 stores in Mexico [1]. JCPenney developed a new store prototype which includes (1) bricks made from recycled products, (2) local sourcing of materials, (3) low-wattage LED lights, and (4) occupancy sensors in offices, restrooms, dressing rooms, and stock rooms [10]. Whole Foods has developed a 3 R's program (Reduce, Reuse, and Recycle), a solar energy program, and buildings using green building techniques [21]. Retailers including Tesco, Carrefour, Sainsbury, and Mark & Spencer have set sustainable agricultural standards collaborating with other organizations such as the Marine Stewardship Council. Mark & Spencer also provides an online carbon calculator to consumers and educate them how to reduce carbon footprints [1].

## METHODOLOGY

Eleven general managers (GMs) from international chain hotels (mid-range and upscale) participated in this study. Initially, the authors requested the company's executive vice president to send a survey to 13 GMs whose properties were located in 6 different regions in the U.S. (Southwest, West, South, Midwest, Middle Atlantic, and New England) and in U.K. to increase the generalizability of this study. The authors also sought out hotels having active environmental and social responsibility initiatives. The surveys consisted of 15 open-ended questions rooted from the Triple Bottom Line model [3]. This type of qualitative approach can yield extremely valuable insights by allowing participants to respond freely without predetermined boundaries set by the researchers. This characteristic proves especially vital in a research area such as sustainability in the hotel industry, in which relatively little is known, and hence little can be used as a foundation for quantitative categories. Furthermore, this one-to-one setting allows participants to express their opinions without having any time limit or pressure from other informants. There is no magic answer for how many people qualitative researchers must interview [4]. Rather, qualitative researchers tend to select each of their cases purposefully. "The logic and power of purposeful sampling leads to selecting information-rich cases for study in depth, and information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research" [17, p.46]. The 11 GM's responses were content-analyzed to identify common themes and patterns [8] [12].

## RESULTS

The general managers surveyed were familiar to the implementation of green and sustainable initiatives. Six of the 11 GMs stated their properties began sustainability programs before 2001, with many dating back to as far as 1995. The remaining five properties began adopting their sustainability initiatives between the years 2006 and 2008. All 11 general managers unanimously endorsed the sustainability movement and resoundingly supported the strategy as being extremely important and a top priority within their hotels. They clearly see business value in doing so. The top reasons cited include:

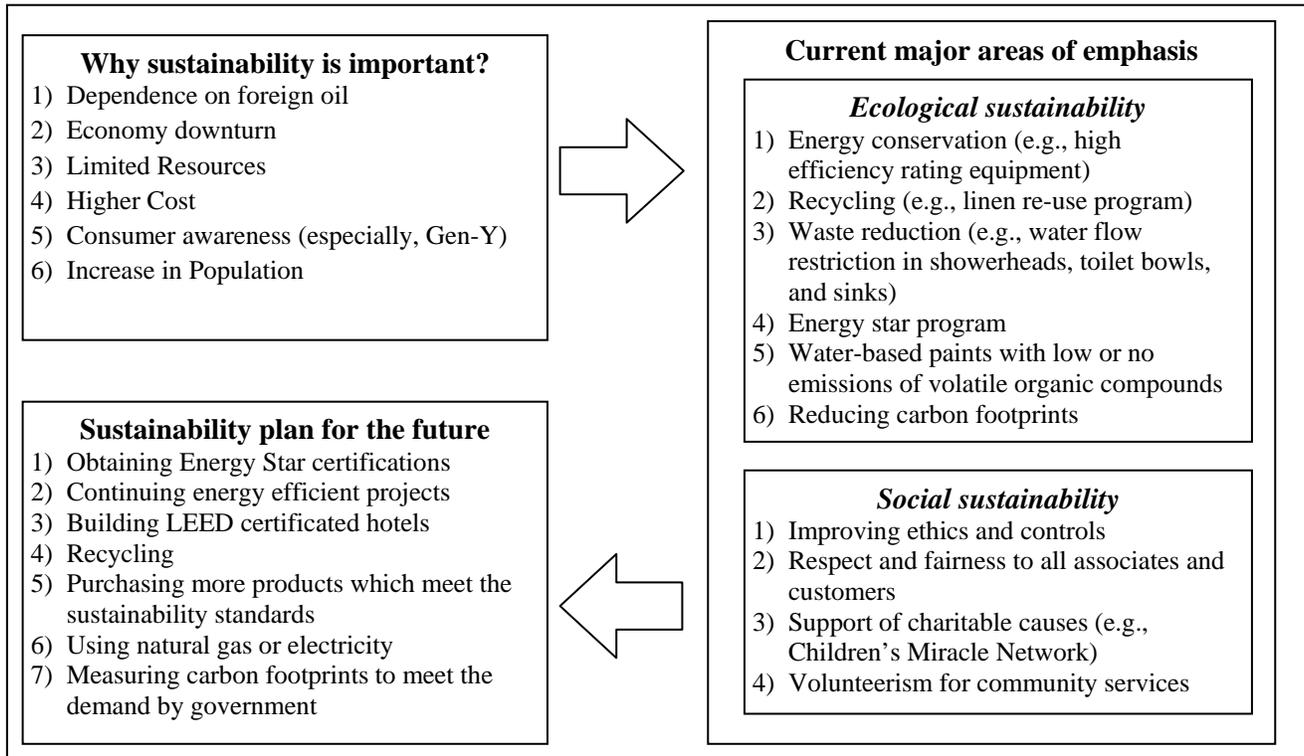
- Opportunities for the company to build brand loyalty, thereby revenues and overall profitability.
- A company imperative and mission to integrate sustainability management into the company's business strategy and its daily business.
- A sense of obligation to the industry as a whole to reduce the impact the hotel industry has on air, waste and fossil fuel consumptions.
- Necessity due to limited resources and reliance on the natural surrounding habitat.
- Pressure and expectations from consumers and the business community.

The diversity and inconsistency of efforts were extremely interesting, many of which appear to be region or city specific. Many of the initiatives were similar to those of major retailers including Leadership in Energy and Environmental Design (LEED) building certifications, lighting, and waste management. The findings of this study revealed the prominence of two major sustainability categories as rising strategic priorities: ecological sustainability and social sustainability (Figure 1). To improve ecological sustainability, the informants' companies employed a number of important initiatives including but not limited to energy conservation (e.g., using high-efficiency rated equipment, powering off electrical appliances and computers when not in use, and using energy efficient light bulbs), encouraging guests to reuse towels and bed linens to reduce daily laundry volumes, recycling and composting to reduce waste reduction, deploying water-savings devices (e.g., water flow restrictors in showerheads and sinks as well as low-flush toilets), purchasing energy star appliances and computers, reducing carbon footprint, and using water-based paints with low or no emissions of volatile organic compounds. In terms of social sustainability, the most commonly cited initiatives pertained to improving ethical decision making, respecting diversity in the workplace, supporting charitable causes, and giving back to the community by volunteering for community service programs. Looking to the future, survey respondents stated their plans to pursue Energy Star certification, expand energy efficient projects and recycling programs, build LEED certificate hotels, seek to purchase products which meet the sustainability standards, and try to use alternative fuels for their energy needs. One GM mentioned the purchase of carbon footprint offsets.

The informants expressed several challenges in implementing sustainability practices: Two informants mentioned their old buildings as a main challenge. Four informants pointed out necessary initial cost and required manpower at the beginning stage of green practices. Guest room recycling was found to be difficult to accomplish because of labor costs. One hotel was recycling paper in guest rooms, but additional measures would not be feasible due to the union contract and additional equipment costs. Three respondents experienced difficulty in changing human behaviors since successful sustainability practices generally require involvement of customers, employees, and suppliers. To resolve this issue some GMs changed their organizational culture and their sourcing suppliers. One informant noted the constant retraining of new team members was a main challenge in practicing or introducing initiatives. All informants working at U.S. properties believed customers were aware of their company's sustainability efforts and practices. Meanwhile, one GM of a U.K. property did not believe customers were aware of their practices because the company's investments in sustainability activities are not visible to customers as well as not focused enough on the public relations aspect. The informants

recommended other companies planning to develop sustainability strategies should (1) build an organizational culture in which employees can perform sustainability practices, (2) educate employees as well as customers, (3) make incremental changes, and (4) begin with small scale initiatives while developing more significant long-term strategies. Their common message was “Everyone should understand the quality of the future depends on what we do today. Your employees and guests will appreciate your effort on sustainability programs in the long run.”

**FIGURE 1**



**IMPLICATIONS & FUTURE RESEARCH**

From this study, the following is call to action for industry practitioners:

- Educate employees and guests to improve awareness and encourage conservation.
- Conduct an energy audit to determine where and how energy is being consumed and to establish a baseline. Continue these audits on a regular basis.
- Track energy, power, water, and paper consumption on an on-going basis and set goals to reduce these consumption levels.
- Offer to send guests folios via email rather than print them. This is already happening in retail.
- Benchmark best practices from other countries and industries. Everyone has much to learn, regardless of your current green IQ.
- Seek suggestions from employees and guests and offer rewards for ideas which are implemented.
- And finally, celebrate and market key successes.

This study also indicates a need to establish a standard measurement system for global use. The informants reported their sustainability ratings based on their own beliefs and experience rather than on an objective, comprehensive, and universal standard. Although there are a few global ratings systems

available, few hotels are currently participating in such programs. For example, only 15 of over 100 hotels in Las Vegas, NV, were listed in the Green Key Global Eco-rating Program which has partnered with the American Hotels & Lodging Associations. Future research will be able to encourage hoteliers' participation in such programs by demonstrating the economic, social, and environmental benefits. The development of a hierarchy of strategies based upon costs, benefits, and ease of sustainability implementation would be beneficial to the industry. Future research exploring the attitudes and intended behaviors of consumers by assessing their perceptions and behaviors in regard to sustainability practices and attempting to profile customers will enhance the body of knowledge.

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