



# An Insight into Green Practices followed in the Indian Hotel industry

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## **Abstract**

The study measures the consumer's attitude and behavioral practices relating to the use of green practice in the Indian hotel industry. The methodology employed was quantitative and use was made of a structured questionnaire followed by secondary research. Convenience sampling was utilized. The study was conducted in Delhi and Delhi NCR. Factor analysis and correlation was used to measure the consumers' attitudes and behaviors. Consumers availing themselves of hotel services are very particular about the environmental practices followed by their chosen property. They tend to stay in hotels which have adopted green practices in their operations but are also concerned about the service quality that is offered. Consumers were found to be unwilling to pay extra for green practices to be adopted. The hotel industry will be required to make an investment in green practices which are considered to be environmental friendly. The government should acknowledge these practices and motivate the hotels by offering them incentives or benefits such as for example, tax deductions. The study measured consumer behaviour towards green practice availability. The hotel industry is required to follow a business model that must of necessity be in line with the goal of sustainable development so that hotels can sustain themselves in the long run. They are required and urged to employ green practices as their preferred working model.

**Keywords** – Green practices, consumer behaviour, hotel industry, India, eco-friendly, conservation.

## **Introduction**

As the competition in the hospitality sector increases on a global scale, it is imperative for hotels to sustain themselves by attracting market forces and this includes pro-green practices. 'Green' or eco-friendly hotels have great opportunities for sustenance because they have an edge over similar sized hotels, and also adhere to the need for environmentally- friendly hotels as required by guests in the market. The website [www.hometravelagency.com](http://www.hometravelagency.com) , defines the terms 'green hotels' and 'ecologically friendly' hotels as lodging establishment that have made a commitment to adhere to and nurture in their daily official duties, green practices which are ecologically sound, *inter alia*, saving of water, energy use reduction and reduction of solid waste amongst others.

As awareness about environmental pollution caused by regular professional hospitality related activities is on the rise, it also brings to light the fact that the hospitality sector is contributing more than its share to overall environmental degradation. Hence, there is an increase in the number of guests that seek out hotels which tend to follow environmentally friendly practices. Looking at this aspect from a marketing perspective, it can be said that is a great promotional tool, as the basic requirement of marketing is providing consumers with what they desire to have or need, and many guests nowadays favour eco-friendly hotels since this affords them an opportunity to feel they are making a meaningful contribution to 'save' the planet. Such hotels cater to a growing share of consumers, and obtain an edge over other hotels in the market which do not display similar environmental concerns.

It has also been concluded from previously undertaken research, that customers while choosing between a non-ecologically safe and an ecologically safe hotel, with similar establishments, would prefer to choose the latter. If the hotel succeeds in providing a desirable stay for the consumers, it will not only retain its existing customers, but succeed in attracting potentially new customers who are also looking for hotels practicing environmentally sound methods of operation. The limited presence of research documents on the hospitality industry of India has encouraged and indeed motivated the authors to study and analyse the behaviour of the consumer towards such environmentally sound hospitality sector practices.

### **Objectives**

This paper gauges the elements that contribute to the perceived behaviours and attitudes of consumers towards environmentally sound hotels. This study also attempts to gauge whether customers are inclined towards paying more for staying in hotels that indulge in green practices. The assumptions of the study include the notion of importance, as these practices culminate in the hotel's cost saving, but the lack of this knowledge may be demonstrated in the lodging's expectations to levy a price from the customers for having adhered to these practices. Moreover, the study also illuminates on the dynamics of the consumer, on the issue of green practices in the Indian Hospitality Industry.

### **Literature review**

The product choices made by consumers are generally based upon which blend of product traits best satisfies their requirements based on facets of utility, prior satisfaction, and cost (Kotler, 1997). Product traits considered may either be core traits that satisfy the basic perks desired by customers, or peripheral or secondary traits that furnish further perks and are imperative for providing polarity and added-value (Zikmund and d'Amico, 1993; Fuller, 1999). From a customer's frame of reference, the products offered by the hospitality sector include core traits, which encompass its functional execution and non-essential traits that provide auxiliary benefits, which also include its ecological implementation. It has also been advocated by some authors that since the satisfaction of desires and wants, gravitate towards disregarding the lasting best interest of the community and the habitat or environment, within the conditions of sustainability, the desires of customers need to be reassessed (McDaniel and Rylander, 1993).

It is tough to find a hospitality commodity that is completely ecologically-safe. Particularly, it aims at satisfying customer beliefs for green products and the significance of satiating consumer needs so that the commodity is purchased and some measure of ecological benefit achieved. Commodities can be termed as 'ecologically-safe' if in a way they attempt at lessening a commodity's detrimental ecological footprint. Usually, this is stated as dispensing quantifiable refinements throughout the entire commodity's lifecycle (Hindle et al, 1993; Pujari and Wright, 1996, 1999). This effect can be brought in by switching to another technology or method, due to the development of immaculate and more methodical technologies. Also, it may be that the elements of the commodity are reusable, repairable, or disposable. Further, it

may be contemplated in the selection of raw materials, utility of the commodity, amount of pollution generated, amount of waste generated, and in its welfare and health procedures (Shrivastava, 1995a). The ecological advantage, whether prevention of the pollution generated, conservation of energy, extension of the product life, or anything else, may differ in importance, and be either less, or more advantageous. Environmentalists trace “green” habits to the juncture when the Earth was first viewed from space. Some have come to conclude that it was only at that time where all were completely enlightened of the fragility of the Earth. As time passed, this knowledge increased, making people more mindful of the fact that life on the planet was distinctive and hence, was worthy of being saved. The emergence of terms like ‘Ozone Depletion’, ‘Greenhouse effect’ and ‘Acid Rain’ in our lives has increased awareness amongst all peoples globally (Walker, 2000).

Tourism as an industry, includes the hospitality sector, and is largely dependent on the accessibility to a purer, or rather, cleaner environment. Hospitality lodgings consume the recyclable and non-recyclable resources available in their particular environments. The negative impacts resulting from the construction and operational activities of these hospitality lodgings are mostly borne by the environment. On the utilization of these resources, various types of emissions – solid, liquid and gaseous, and discharges are released. The hospitality industry is run in different geographical environments, and in this process, it consumes a wide range of resources. Unbalanced consumption of these resources overburdens the environment supporting the hotel. Historically, the ‘Green Marketing’ concept is one associated with amplified claims about a commodity’s environmental effect and not necessarily the positive elements on the commodity. It can be defined as a process of management which is responsible for distinguishing, foreseeing and satiating the wants of the customers and the community at large. While talking about ecotourism, in the context of India, it has important consequences on the conservation of environment and ethical issues and also on the notion of rural livelihoods.

In the hospitality sector, the implementation of ecological administration can be stimulated by increasing a hotel’s responsibility in the environment (Peattie, 1995; Welford, 2000). It can be seen that the ecological accomplishments of the Indian Hospitality sector are less when viewed in comparison with international standards. Ecological problems and how they are solved are now paramount to the success of tourism, and infirms all over the globe, and hence are of materiality for Indian hospitality lodgings. The Indian hospitality sector must expand their ecological footprint implementation to satiate the ecological demands of the markets targeted by it, and hence to achieve the best possible overall and in the context of ecological rivalry on the global tourism market. From the observations of Foster et al. (2000), it can be said that various forces exert pressure on the tourism industry to become more ecologically sound. These include increases in ecological ordinances, greater demand from the consumers, satisfaction of the consumers’ needs and wants, the need for ethical practices, and maintenance problems related to the physical premises. Roarty (1997: 248), shed light on two other factors that he thought were worthy of being added to the above list, these were, the rise in prestige and leverage of the ‘green’ investors (example, banks), that wish to restrict vulnerability to ecological probability, and the inordinate leverage on consumer behaviour of ecological lobbies.

In the literature on hospitality and tourism, ecological forces are often quoted, but emphasis is stressed on the reduction of costs and saving resources to subside future cost issues, while there is discussion on the subject on ecological administration. This can be observed by functional publications and corporate communications by the Intel Hotels Environment Initiative in 1993 and 1995, Kirk (1997), Middleton and Hawkins (1998), Green Globe (1994), among others. Though not detectable in academic studies, the stress on cost problem in the hospitality sector, may be due to the industry’s fixation with low returns on investments and high fixed costs. Originally, far from scrutiny and concentrated on the ‘smokestack’ industries, it cannot be denied that all attention is now pivoted on the hospitality sector and its operational environmental impacts.

The tourism industry directly generates more than 200 million jobs worldwide and accounts for 11 percent of the Global GDP, thus making it the world's biggest industry (WTTC, 1999, 2000). Tourism may also be referred to as one of the most rapidly growing industries, with a growth rate of 6 percent per year (approximately) (Matheison and Wall, 1996). Moreover, it is growing fastest in the developing world, accounting for 30 percent of international arrivals (1998). This is significant because it is in territories with governments without the means to manage and impose legislation for ecological welfare as this sector develops. For eco-friendly commodities to be examined in customers selection or purchasing stock, is it imperative for them to satiate consumer needs and attain acceptance on key elements like quality, functional performance, price (Ottman, 1995; Schlegelmilch et al., 1996; Wong et al., 1996; Roy, 1999).

Some authors imply that lack of success to encourage customers on a commodity's functional achievements was partially assignable to the past success of many eco-friendly commodities (e.g. Davis, 1993; Ottman, 1999). Though it may be argued that certain customers may accept a lesser fictional run while purchasing a commodity that provides ecological compliance, this particular feature of ecological compliance is neither the primary motivational for the purchase of the commodity, nor the main advantage sought (Speer, 1997; Ottman, 2001). Commodity operation seems to play an important role in swaying customer acquisition and retention of ecologically sound products. Thus, the product's acceptance may be strongly swayed when a consumer is sceptical of the ecological commodity's relative performance or when a performance gap exists i.e. when the consumer's experience fails to match to his expectations – exists (Wong et al., 1996). Product demarcation, a successful competitive tactic may be applied within the ecological conditions (Hart, 1997; Reinhardt, 1998). A commodity's success may depend on the selection of its positioning, its traits, and/or its packaging so created, as to demarcate it, but also on its ecological advantages (Leigh et al., 1988; Shrivastava, 1995b). Scenarios where these two commodities are deemed to be equals on all but the ecological aspect, may determine choices and preferences (Kardash, 1974; Ottman, 1992, 1998). This is significant as a demarcation tactic in markets where brand demarcation is difficult (Christensen, 1995), or in markets with intense competitiveness (Menon et al., 1999b) is difficult. Here, the commodity's ecological footprint may provide a definite basis for difference, thus influencing the consumer's selection.

When faced with conflicts or restraints, consumers willing to buy eco-friendly products may resist in adopting environmentally-responsible behaviour. For instance, a given consumer may desire to indulge in pro-environmental behaviour but may not wish to forego his current life style (Schwartz, 1990; McDaniel and Rylander, 1993). They may not wish to forego comfort (Simon, 1992; Stern, 1999) or pay a higher price (Peattie, 1999b). Ecological purchasing desires and behaviour may be swayed by a couple of factors, like the given individual's knowledge, the opportunity to behave in an eco-friendly way, amongst others (Ajzen's, 1988; Pieters, 1989; O'lander and Thøgersen, 1995). While certain authors imply that customers may pay more for eco-friendly commodities (Kassarjian, 1971; IJCHM 19, 5 368 Freeman, 1989; Klein, 1990; McCloskey, 1990; Kapelianis et al., 1996; Laroche et al., 2001), some others argue on this point (Wood, 1990; Simon, 1992; Sims, 1993). Moreover, examples in the market suggest that consumers, in reality, may not always be willing to pay higher or premium prices just to obtain eco-friendly products (Fuller, 1999).

Although, knowledge on a consumer's selection on whether to pay premium prices just to obtain eco-friendly goods is erratic and indecisive, it has been suggested that consumers' may pay up to at least 5 percent more (average figure) (Schwartz, 1990; Kapelianis et al., 1996; Speer, 1997). There exist groups of consumers willing to pay above this average figure for ecological satisfactions (Reinhardt, 1998), moreover, this figure may then exceed 20 percent (Roper Organization, 1990; Roper Starch Worldwide, 1997). This may happen when the ecological advantages are recognized to generate benefits which the individual may reap gains from, rather than goods, which may benefit the community as a whole (Ottman, 1992; Gallagher and Kennedy, 1997; Marcus, 2001).

## Proposed Hypothesis

The following hypotheses are proposed on the basis of the above review of literature:

*H1: There is a positive relationship between green practices followed and selecting a stay in hotels which adopt these practices.*

*H2: Positive customer attitudes towards green practices and willingness to pay for it are not related.*

*H3: Positive consumer behaviour towards green practices does not impact consumer willingness to pay for it.*

## Methodology

The study was conducted in Delhi NCR. Initially, a pilot study was conducted on 15 conveniently selected respondents. A structured questionnaire was formulated to analyze the attitudes and behaviours of consumers towards green practices. The sample size was 66 responses. Convenience sampling was used to avoid time and also budgetary constraints. A 5 point Likert scale has been used for the study.

## Profile of sample

The demographic profiling was formulated for the study. Of all the respondents 75% were above the age of 26 years. 96% of the respondents were post graduates. 51% of respondents are employed in either the private or public sector. 28% respondents are self-employed. In the sample size, 36% of people spent 3-5 nights in a hotel per month for business meetings and tours. Another 22% spent 5-6 nights in a hotel. It has been noted that 13% of respondents stayed in luxury hotels, 39% in high-end hotels, 25% in economy hotels and 15% stayed in resorts. A maximum percentage of 60% respondents belong to the income bracket of Rs 3 lakh as monthly income.

## Findings

The following has been inferred from the study:

A consumer's attitude is measured towards usage of green practices in the hotel industry. Various factors were considered while assessing the expectation of consumers. Twelve variables were used to measure attitude and it has been reduced to a single factor (eigen value – 4.2) explaining the 85% variance.

The factor loadings are represented in Table 1

Variable	Factor Loadings
Employees well trained for positive environmental performance	0.46
Open communication about green practices being followed	0.68
Should encourage participation in environment partnership & certification	0.69
Automatic timers should be used to save electricity for direct switch cut out	0.53
Recycling should be encouraged in hotel	0.60
Proper disposal of packed materials so as to reduce wastage	0.40
Environmental friendly cleaner should be used	0.54
Energy saving LED's & bulbs usage should be increased	0.55
Linen reuse should be encouraged for multiple night consumers	0.66

Environment concern should be there by auto detection & repairing of water leakage in washrooms, faucet & showerhead	0.56
Environmental friendly & safe products	0.63
Business should be encouraged with environmental friendly concerned products	0.71

The variable contributors toward green practices followed, included open communication with all the stakeholders, participation in environmental partnerships and certificate programmes, and the idea that recycling should be promoted, linen re-use should be adopted, environmental products adoption should be in place and encouraged, and finally service providers should be dealing with stakeholders who are environmentally conscious.

In the context of the behavioural study, a factor analysis was followed for twelve variables which can influence consumers to stay in a hotel. Two factors emerged with an eigen value of 3.2 & 1.0 respectively. The 1<sup>st</sup> factor explains the 75% of variance and both factors explained the 100% variance.

Behaviour Variable	Factor loadings for Factor 1	Factor loadings for Factor 11
1. Environmentally safe certified	0.71	-0.4
2. Environmental Partnership	0.58	0.26
3. Employees motivated towards green practices	0.75	0.04
4. Proper waste disposal techniques	0.46	0.12
5. Proper systems to check any leakages	0.10	-0.28
6. Conservation of water	0.52	0.41
7. Energy efficiency in operation	0.56	0.00
8. Solid waste disposal environment friendly	0.37	-0.37
9. Local Product Purchasing	0.47	0.02
10. Environmentally friendly product installations	0.41	0.40
11. Promotion of 'green' concept in Hotel	0.51	0.39
12. Recycling programme for products	0.36	0.12

The above findings showed that if a hotel is environmentally safe, and certified as such, or is in any environmental partnership and employees are well trained to observe green practices, things will likely go well. The second factor related to proper waste disposal and a proper system to check the leakages for example in plumbing in the hotel. It shows that consumers are on the lookout for information on how a hotel treats the environment before they decide to book a stay in a hotel.

Factor analysis performed supported the notion that awareness about environmental factors represents a positive disposition with respect to environment influences. The many constituents of environment consciousness like solid waste disposable that is environmentally friendly, the conservation of water and the promotion of energy efficiency and conservation are all critical considerations.

Twenty two percent of consumers view such types of information for hotel stay decisions as important. Out of total respondents, 55% notice environmental initiatives, and some 23% do

not care about any such information. This illustrates that the majority of the sample are in favour of green practices being followed by the hotel industry. It is also clear that if any of the firms are offering the same services, a firm which is environmentally sound will be preferred by the customers to one which is not.

## Conclusions

The outcome was a significant existence of a relationship between attitude and behaviour towards green practices. The first hypothesis stands cleared. The second hypothesis has also been statistically supported as the correlation result indicated positive attitudes towards green practices followed, but this does not mean that the consumer is paying for it.

According to the results, it has been ascertained that 52% of respondents are willing to share the cost for environmental initiatives of hotels. Only 15% are willing to pay themselves for the environmental practices and the balance should emanate from other sources. This implies that the majority of people feels that hotels should themselves be investing in the desired environmental initiatives and practices. These initiatives will undoubtedly incur a cost in the short run, but hotels will obtain heavy dividends in the long-run.

Out of the sample, 11% of guests wish to give up to about 25% of the cost for greening practices. Forty percent feel that a hotel is required to pay 50%-100% of costs and 40% feel that they can give 4%-6% more while booking a stay in a hotel. This result shows some positive behavior by customers but they are not willingness to pay large amounts for greening practices. The hotels are thus advised to invest in environmentally friendly practices and note the concerns of guests. They also need to consider long-term sustainability and keep in mind the long terms profits they will amass.

Out of the sample, 71% feels that there should be some provision of guest reward points as this indicates that they are thereby demonstrating their concern towards the environment. To conclude it can be said with confidence that consumers are aware of the benefits of adopting environmentally sound practices in the hotel industry. The positive attitude of guests who are in favour of green practices creates a good relationship with positive behaviours resulting towards green practices. On the other hand, attitude and behaviour do not necessarily result in their readiness to pay more for the green services being rendered by a hotel.

## Policy implications

The issue of the environment is considered to be a very important aspect nowadays. The hotel industry is required to build up a sustainable scenario for its growth and future development. In lieu of this, hotels will be required to plan carefully especially given their resource limitations. The hotel industry can play an important role in bringing greater awareness to environmental issues and it needs to get to know the needs and wants of consumers and the importance they attach to the conservation of natural resources.

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