

Hospitality Sector Staying Green for Competitive Advantage

Dr. Shamita Mohanty

Assistant Professor, Faculty of Management sciences (IBCS), SOA University, Bhubaneswar

Abstract: Hotel companies can adopt so many green practices as preventative measures to save unnecessary costs. Those practices are like Pollution prevention, wise waste disposal, justified energy consumption and recycling. To name some other popular cost cutting measures for the short-, mid- and long-term are use of compact fluorescent lights for saving energy, reuse of linens which saves water, detergent, energy and greenhouse gases, Low-flow shower systems saving water and energy, use of local products which save transportation costs, installation of green roofs for saving energy, Installation of solar heaters or other renewable energy sources for saving energy and so on. The hospitality industry is grappling with issues of competition, tighter profit margins, discerning guests and reduced disposable income among patrons. In such a scenario, hotels are employing lean management principles, making business decisions with long term perspective and of course keeping costs in check, green technology, is thus an inevitable choice for sustainability.

Keywords : *Competitive advantage, Sustainability, Cost Reduction, Green Technology, Staying Green, Eco-tourism*

I. INTRODUCTION

United Nations commission defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” This concept and the Rio de Janeiro Earth Summit in 1992 paved the way to various eco-friendly considerations by hotels during the decade. Among these, noteworthy considerations were green building program and environmental certification programs specific to the hospitality sector. Apart from these, various in-house eco-friendly programs were initiated by hoteliers.

After 2008, cost reduction initiatives became the thrust area. Hotel companies analyzed their operational practices and equipments so that they can minimize utility costs. Hospitality sector adopted sustainable operations for the purpose of preserving the environment as well as a competitive strategy for cost cuttings, increased efficiency, enhancing guest satisfaction, increasing employee satisfaction and also satisfying the investors.

To attain competitive advantage, a hotel must practice those things which the competitors can not copy or those are

difficult to follow. To give competitive advantage, a practice must be innovative, uncommon and economical. To create and sustain such advantage, hotels develop value added resources and capabilities. The efficiency of the hoteliers to identify and tap into the unique resource potential makes all the difference. There lies the differentiator between successful and not – so- successful hotels. Marriott International for example, has applied its skill in managing financial assets across a broad range of business segments giving it a valued capability.

II. OBJECTIVE OF THE STUDY

To find out various cost saving and eco-friendly measures suggested for hotel industry and those practices adopted successfully by different hotels worldwide.

III. RESEARCH METHODOLOGY

Data was collected from secondary source. Journals, books, magazines, news papers, periodicals, websites of hotels, and brochures etc served as the sources of data. Collected data was analysed to produce the findings.

IV. LITERATURE OVERVIEW

Various research show that cost minimization may be obtained Numerous studies have indicated that economic benefits can be obtained in hotels through implementing environmental and social initiatives; many with a small or no capital. Apart from immediate cost benefits, there are also a number of benefits to adopt and practice the green strategy i.e., an environmentally sustainable strategy. Those benefits include attaining customer loyalty, increased brand value, regulatory compliance, awards and recognition, employee retention, risk management, and gaining competitive advantage by being a leader in the sector and above all, because it's the right thing to do! The hotel industry has been pursuing green practices since the 1990s due to fluctuating economic levels and a strong focus on customer service (Claver-Cortes et al., 2007).

Many international and local hotels are becoming involved in corporate social responsibility in order to extend their brand knowledge to different types of audiences, to gain employee retention and improved competitive advantage (Bohdanowicz & Zientara, 2008), and also because it is "the

right thing to do". Sixty-five percent of the top 100 companies in the world employ some sort of corporate social responsibility statement featured on their websites (Holcomb et al., 2007). Numerous companies have earned a very negative brand image for themselves on the basis of their past unethical practices or lack of environmental consciousness.

Investors in both public and private companies are increasingly looking for quantifiable indicators of sustainable performance. Companies that integrate the environment into their business decisions reduce their environmental risk and potential liabilities. Those are in a better position to secure investment and reduce their financial and reputational market risk exposure (Graci and Dodds, 2009).

V. ANALYSIS AND FINDINGS

Starwood Hotels and resorts worldwide have identified economies of scale as one of unique capabilities which is contributing to its Competitive advantage. The company believes by being one of the largest hotel chains, it can use scale to reduce the costs associated with purchasing, core marketing and reservation functions. Only when the competitive advantage is of long term value, it is called sustainable competitive advantage. Successful companies pay critical attention to develop valued, unique, difficult to substitute and costly –to-imitate resources & capabilities which have the potential to deliver a sustainable competitive advantage.

The green lodging concept gives assurance to travelers and inmates that a hotel is operated in a way that minimizes its environmental impact. Inmates feel more comfort to know that their choice of hotel is making a little bit of a difference to the world. Sustainability has received attention from large hotel chains such as Hyatt, 2012; Starwood, 2012;Marriot; Wyndham, 2012 etc. in the form of green hotel practices.

Practicing eco-friendliness in operating processes improves a hotel's bottom line and smart operators pass on the savings to hotel guests by way of lower room rates. Taking the case of The Orchid, Mumbai, which saves over Rs.33 lakh only by switching to PL lamps or CFL, going green in each & every aspect is sure to save much more. The hospitality industry has jumped on to the eco friendly bandwagon, with every upcoming resort aspiring to the green tag and the existing ones trying their best to incorporate sustainable practices.

That is the case behind gaining momentum of the initiatives like recycling waste, linen reuse programme, rain water harvesting, installment of chlorofluorocarbon-free air conditioners, tapping solar and wind power to become energy efficient, using locally sourced i.e. indigenous building materials to save transportation costs etc. these initiatives translate into considerably lower energy and water consumption, leading to a smaller carbon foot print as well as lower operational costs.

Any interested hotelier must be aware that raising a green resort is more expensive in the initial stage. Experts say that setting up a really green resort cost about 15-30% more as project cost. Installing renewable energy sources, waste management systems etc. are additional expenditure. But this initial investment is recovered with in 2-3 years following which the company can bet on savings in the day to day operational cost. The Raintree group meets 100% of its own energy requirements by producing through its own windmills. By reducing the flow rates of washroom showerheads and wash basin taps from the standard 12-15 liter per minute to 8-9 liter per minute has resulted in reducing its water consumption by half.

All the material used in the construction of the hotel Alila Diwa, Goa was procured locally to save cost. The region's eco friendly brick red laterite stone is found throughout the hotel in abundance. By leaving the existing forest intact and conserving the surrounding paddy fields the property is made a bird watcher's paradise. A stay in the hotel is at least 16% cheaper in comparison to the other five star hotels in south Goa and the credit goes to the saved cost.

The orchid Mumbai is 13% cheaper than the category average, which is a zero garbage hotel, the first one in India to achieve this target. The hotel has an ongoing vermiculture project that eliminates the garbage as well as takes care of the gardens around the hotel.

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The ultimate result of these staying green practices is a win-win situation; to reduce hotel operational costs as well as harmful environmental impacts (Claver-Cortes et al., 2007). Numerous businesses -house reports across the globe show that by implementing green management practices, they have reduced water and energy consumption costs by more than 20 percent, solid waste and waste water disposal costs by more than 15 percent, improved the quality of the environment in which they operate and also improved staff motivation and community relations (Travel Life, 2008).

Hoteliers and their vendors have the unique opportunity to increase revenue and market share by aligning themselves with their customers' emerging green focus. A recent report published by the Green Hotels Association says that companies with proactive environmental strategies have a 4 percent higher return on investment, 9 percent higher sales growth and 17 percent higher operating income growth than companies with poor environmental track records.

Habitat Suites in Austin, Texas is one leader among the green hotels. The hotel's motto is "Environmental consciousness in action." The hotel environment is free of toxic chemicals, and has the largest hotel solar system in the continental U.S. The hotel property's organic vegetable and fruit garden is used for hotel food services and contributes to local food banks. The result of these green initiatives is observed in the form of great customer satisfaction and delight. Every morning their guests express pleasure at their counters about how well they have slept last night. The managers say one of the reasons is that they don't use chemical pesticides. The hotel rooms are ecologically fresh, facilitating the human body to relax, so that the guests experience a better sleep than in other hotels that use toxic cleaning chemicals and pesticides, or even in the guest's own homes.

Hawaii's eco-tourism is very much appreciated. The ecotourist understands that they can go to Disneyland or Las Vegas where things are done for them; but when an ecotourist comes to a place like Hawaii he gets to do activities that benefit the environment, the native culture and the human spirit. The value in experiential learning is a major marketing theme and competitive advantage green hotels are using to maintain and expand their revenues.

Hotel and lodging community now understand that investments in environmental technology can have a direct positive impact on guest experience, which can affect both occupancy and ADR. The new generation of 'intelligent' HVAC systems and energy management devices, coupled with a properly managed maintenance regime, are resulting in significant improvements in thermal comfort and indoor air quality – for both hotel guests and employees. Improvements are also realized in the indoor acoustic environment, where noise from building equipment like fans, boilers and compressors can negatively impact the guest experience.

Marriott has contributed more than \$2 million to the Amazon Sustainable Foundation and raised nearly \$300,000 through their partners, guests and associates to protect 1.4 million acres of rainforest in Brazil. Collaboration between Marriott and Conservation International, Nobility of Nature protects the headwaters of Asia's Water Tower and assists rural Chinese communities with building sustainable businesses that put less stress on the environment.

Recycled key cards and pens, and biodegradable laundry bags are some of the items that help the hotels meet their sustainability goals to some extent. Marriott is a founding member of the Hospitality Sustainable Purchasing Consortium--HSPC, which measures the sustainability of suppliers and their products through an industry-wide index.

Many green hotel chains like this encourage sustainability in their kitchens through initiatives like purchasing organic and responsibly sourced food, planting herb gardens and sourcing seafood caught in a sustainable manner.

The adoption of a sustainable corporate culture can provide a distinct advantage in terms of attracting and retaining talent. A 2007 survey conducted by the U.S. employment website Monster revealed that 80 percent of young professionals are interested in securing a job that has a positive impact on the environment, and 92 percent would be more inclined to work for a company that is perceived as "environmentally friendly" (Source: monster.com, 2007). Anecdotal evidence within the hospitality sector points toward higher employee retention rates amongst corporations where 'green ethics' are prominently displayed and adhered to within the workplace.

Current trends in facility management especially hospitality operations, is largely focused on optimizing operational efficiency and the resultant cost savings in three primary areas of energy, water, and waste. Hotels consume energy for HVAC operations, lighting, cooking fuel, and other miscellaneous power requirements. From a facility management perspective, emphasis is placed on reducing energy intensity, which can be accomplished by using a technical, engineering-based approach known as commissioning. Front of the house energy efficiency measures include lighting retrofits, minimization of plug loads, and sealing of the building envelope. Back of the house energy efficiency measures include improved equipment and equipment scheduling, proper sensor calibration, elimination of simultaneous heating and cooling, and maintenance of proper building ventilation. Recent advances in technology relating to renewable sources of energy like solar, geothermal, wind, etc. have improved the economies of using these alternative energy sources at the individual facility level.

Hotels consume water on a domestic basis for bathrooms, F&B, laundry, as well as 'process' water for facility operations i.e. HVAC, irrigation, cleaning and maintenance. Hotels also collect and in some cases treat grey water i.e. water generated from domestic activities and black water i.e. sewage generated by guests and back of the house operations. Typical water conservation practices employed by hoteliers include fixture retrofits, towel and linen reuse programs, HVAC and plumbing system improvements, and use of recycled / rain water for process and irrigation use. Waste generated by hotels include wastes from construction and refurbishment, consumables e.g. paper, toner, batteries, durable goods e.g., furniture, office equipment, appliances, F&B wastes, hazardous materials e.g. cleaning solutions, fluorescent bulbs, and recyclable oil. Hoteliers employ a variety of strategies to reduce, reuse, and recycle wastes to minimize processing and hauling costs. Vendors are increasingly providing 'waste-to-energy' processing services, whereby wastes are processed into alternative energy sources such as natural gas or biodiesel fuel and sold back to hoteliers at reduced prices. In addition to the three core areas of facility development and operations, other emerging areas of focus include sustainable procurement, indoor environmental quality i.e. focusing on air quality and chemical/cleaning product use, and staff training programs

that facilitate increased performance, higher employee satisfaction and retention.

Among the popular green alternatives for hotels, there are solar powers for lighting and running hot water, CFC or LED lights, dimmers to reduce light consumption during low traffic hours, water recycling and rain water harvesting, using biodegradable products instead of plastic, paper recycling and using recycled paper, water efficient landscaping and intelligent irrigation.

The number of resources to assist hoteliers in understanding and implementing sustainability measures is vast. These resources are provided by international organizations, public agencies i.e. national and local governments, environmental firms, engineering and architectural consultancies, energy firms, trade organizations, and other entities. Additionally, a growing number of environmental certification programs have arisen that are targeted toward the hospitality sector. These programs can be divided into several broad categories, including: Environmental programs targeted toward the hospitality industry; Programs targeted toward green building design and operation; and Green product certifications and standards.

In an effort to go green and also involve environmentally conscious guests in their initiative, a hotel in Denmark invites guests to pedal stationary bikes that generate energy; in return, guests receive a free meal in the hotel's restaurant. It is also common for hotels to change linen every two days, with the consent of their guests, and some others have gone 'zero garbage' with vermicomposting, recycling and using biodegradable products. Some hotels have taken their green initiative a step further to offer guests organically grown foods. Many would agree that much of the pressure to go 'green' has come from environmentally sensitive guests who are growing in number, and favour eco-friendly hotels to energy guzzlers. The best thing is, this has worked in favour of the environment.

Today, green initiatives which were once the USP of luxury hotel segment has spread across the industry and hotels of all sizes are adopting eco-friendly practices starting from using local construction material to leveraging technology to reduce energy use. There are various ways a hotel property can go green. Depending on need and budget, one can choose from a range of options and technologies. For example, to curb energy consumption, some hotels use wireless controllers that control the Key Card, lighting and air conditioning in rooms. Lights and other devices in the room automatically turn off when guests leaves, and adjust to optimal levels when the guest returns. The device requires no additional wiring, saves energy, and does not add numbers to operating cost.

Hotels in the US use a technology powered system for heating which starts up when a guest enters a room, and turns down when they leave. Hotels are also implementing green technology in-house like compact hot water distribution systems that allow hot water to reach end users faster; high performance fireplaces that eliminate air

leakages; and dual-flush toilets that use less water than standard toilets. Other 'green' technologies include enhanced air ventilation provided by an air-to-air heat exchanger that supplies fresh air indoors and exhaust timers on bathroom exhaust fans. While energy-efficient equipment may be costlier both in terms of installation and capital costs; the hospitality industry is acknowledging the long term benefits to be reaped in terms of reduced maintenance and energy saving, especially when energy costs are escalating. With technology constantly improving and becoming cost effective, initiatives that seemed too expensive just a short while earlier are now within reach of most hotels. In some countries, there are also government disincentives for over-consumption of water and energy. The hospitality industry is grappling with issues of competition, tighter profit margins, discerning guests and reduced disposable income among patrons. In such a scenario, hotels are employing lean management principles, making business decisions with long term perspective and of course keeping costs in check, green technology, is thus an inevitable choice.

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