



旅遊學院

INSTITUTO DE FORMAÇÃO TURÍSTICA

Institute for Tourism Studies

# Is Green Red or Black? Understanding how Luxury Hospitality Customers Value Green Initiatives

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# Green Hotels

**LHW**  
EST-1928  
**THE LEADING HOTELS**  
OF THE WORLD\*

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## The Leading Green Experience



Make A Carbon Neutral Booking



FAQ's



Sustainable Travel



Sonnenalp Resort of Vail



Carbon Offset



Hotel Fouquet's Barriere



### Leading Green

Expand your horizons without expanding your carbon footprint.

The Leading Hotels of the World, Ltd. (LHW) is the first luxury brand to not only provide consumers the option of having a carbon-neutral travel experience, but also to make the financial contribution on their behalf to offset their energy consumption.

LHW is delighted to make the financial commitment to Sustainable Travel International (STI), the non-profit leader in sustainable tourism, to offset the environmental impacts of our guests' overnight stays (i.e. the use of electricity in room and in common areas) while staying at any one of our hotels.

Although this is not the best solution for addressing climate change, it is our first endeavor to help reduce unavoidable greenhouse gas emissions.

# EPA Pressure

U.S. ENVIRONMENTAL PROTECTION AGENCY



## Green Meetings



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## Green Meetings Initiatives

On this page you'll find:

- [Green Meetings Industry Council](#)
- [Meeting Professionals International \(MPI\)](#)
- [International Association of Convention and Visitors Bureaus - Sustainable Tourism](#)
- [Green Hotel Initiatives](#)
- [Green Hotels Standards](#)
- [Related EPA Programs](#)

## Green Meeting Industry Council

### What is the Green Meeting Industry Council?

The Green Meeting Industry Council is an important source of knowledge and expertise about sustainability in the meetings, incentives, events and conference industry. GMIC helps its members and the industry understand and achieve the benefits of sustainable practices by increasing the environmental performance, social value and business impact of their events and meetings. The Council is comprised of individual members and supporting businesses seeking to transform the meetings market to support green meetings.

### What green meetings/hotels work do they do?

The Green Meeting Industry Council provides:

- **Education:** To inspire and motivate meeting professionals to action to address sustainability by developing and providing resources that enable adoption of green meeting practices.
- **Community:** Bring planners and suppliers together to create green meetings by providing networking and information sharing, including an [annual conference](#) [EXIT Disclaimer].
- **Recognition:** Increase the profile of innovators in the green meetings field through [awards](#) [EXIT Disclaimer] and media coverage.
- **Control:** Standardize sustainable meeting practice by providing a certified qualification for green meeting professionals.
- **Research & Policy:** Provide credible and relevant data, expertise and policy to assist professionals in making informed and intelligent decisions.

In addition to the [Green Meeting Industry Council \(GMIC\) web site](#) [EXIT Disclaimer] the GMIC also hosts [Bluegreen Meetings](#) [EXIT Disclaimer] as a free resource site for meeting professionals, providing tips and information about how to start greening their meetings.

### Who should I contact with questions or for more information?

For further information visit [Green Meeting Industry Council](#) [EXIT Disclaimer], or contact:

Green Meeting Industry Council  
6220 NE Glisan, Portland, Oregon 97213  
TEL: 503-724-2271

[Green Meetings Home](#)

[Basic Information](#)

[Targeted Roles & Tasks](#)

[Green Meetings Initiatives](#)

[Related Links & Resources](#)



# THOSE LITTLE CARDS

- A 150-room hotel can conserve 72,000 gallons of water
- 480 gallons of laundry soap
- Annually every year by placing cards in its guest rooms. Marriott saves as much as 17 percent in hot water and sewer costs at its hotels thanks to implementation of its Linen Reuse Program.



Place this card on the bed in the morning if you would like a fresh set of linens. Please leave towels to be washed on the floor or hang towels you wish to reuse on the rack  
your choice makes a difference

Together we can reduce chlorine and detergent use and save millions of gallons of water.

 **WESTIN**  
HOTELS & RESORTS



# Green as Cause célèbre

- Service firms confront/responding to **pressures from governmental agencies and consumer/environmental advocacy groups to implement green marketing practices**
- Hospitality: green policies lower operational expenses-going green may mean going black
- Appreciate vs. profit?



*"Discerning independent travelers loyal to The Leading Hotels of the World brand, appreciate having sustainable options available to them, along with outstanding service. Our partnership with STI ensures that we can offer them the choice of responsible luxury at participating member hotels."*

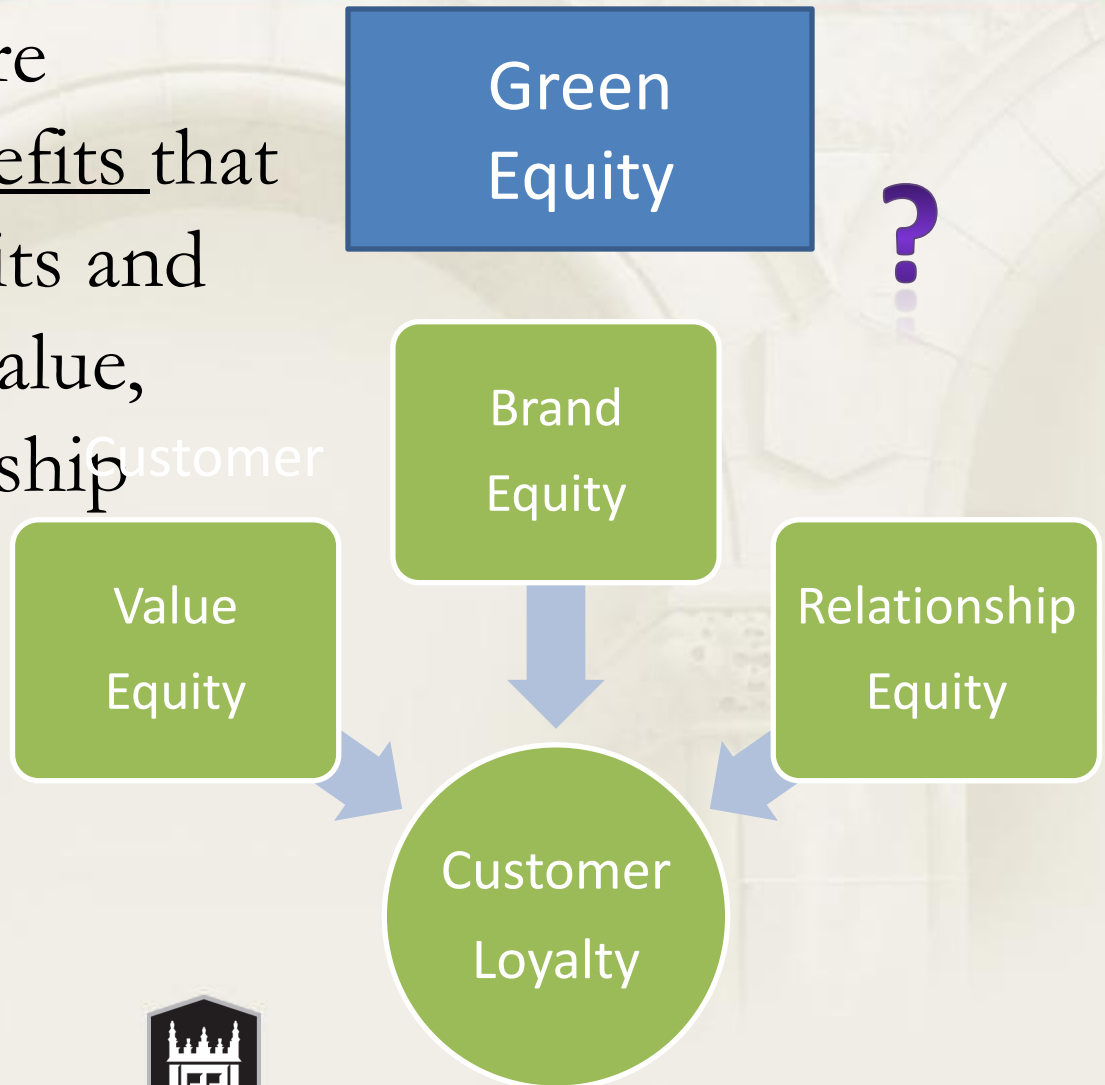
– Sharon Ullrick, Manager  
Resort Marketing,  
Leading Hotels of the  
World



**THE LEADING HOTELS**  
OF THE WORLD®

# Do Customers See Green?

- Green marketing are environmental benefits that complement benefits and attributes such as value, brand, and relationship equities.
- But, how



# Presentation Goals

- Understand how customers (luxury hospitality setting) value a hotel's green initiatives
  - Consider green initiatives as sustainable tactics that a firm may employ in addition to:
    - Value (service, product, cost)
    - Brand (awareness, meaning ethics)
    - Relationship (loyalty, affinity, community, knowledge)
- Probe how luxury customers actually assign value to green initiatives
- Explore green equity from triangulation





# Conditional Green

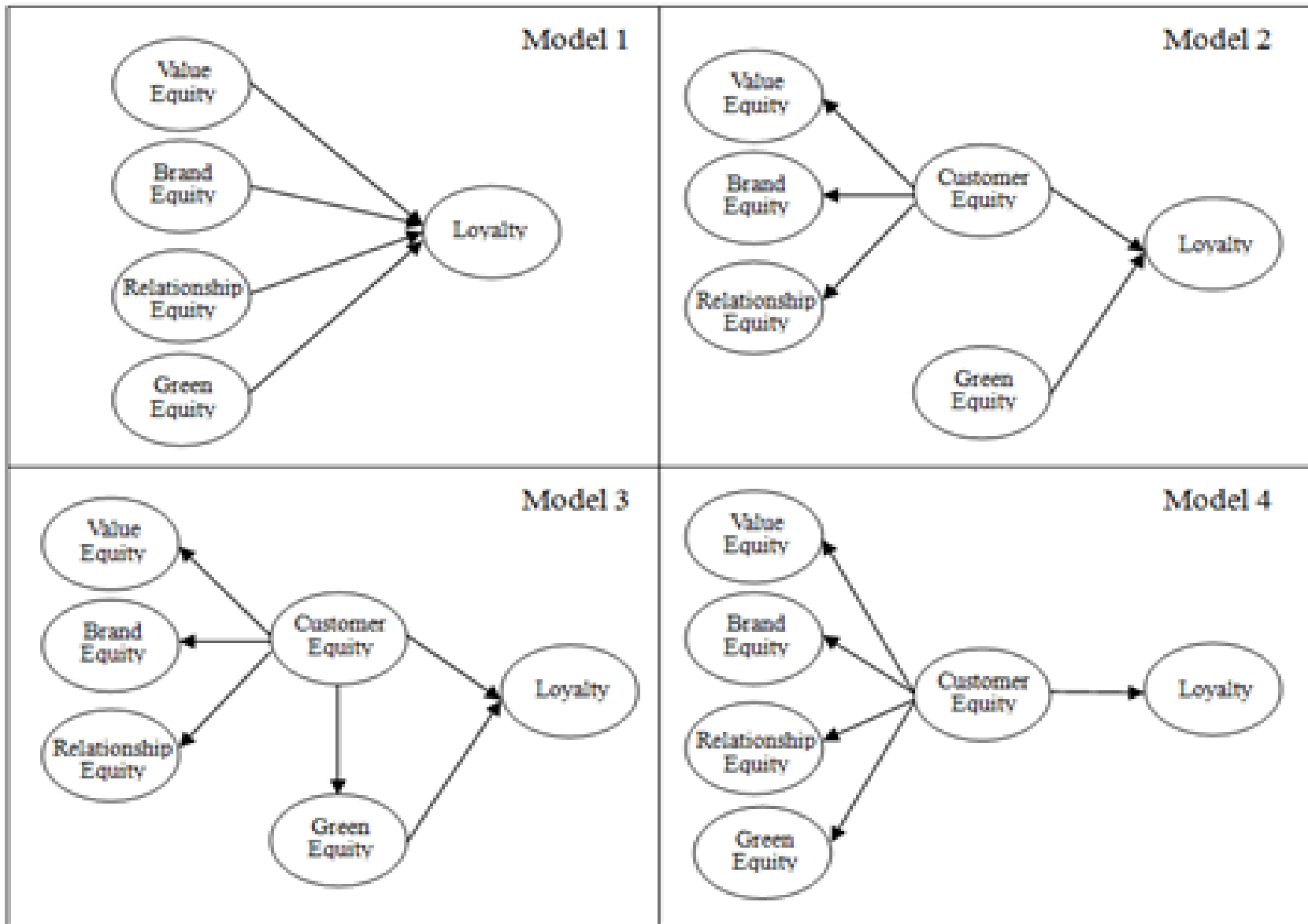
- Interviewed 60 random guests at the Venetian Hotel, Macau China (\$250/night, luxury)

- Common theme: great idea, but worth little
- If a hotel promotes environmental friendly aspects, are you going to support? It's a good idea. How about if this hotel will charge you a little more? It depends on how much more I have to spend, **cannot be too much.**
- Ecological aspects are **not the first factors that I would consider when I choose a hotel.**
- Therefore, **the main principle for me is the decoration.** If the decoration is good and the hotel is selling a green plan, I will stay there.
- Well, green concept is good. **I would will to pay extra but reasonable charge** for an environmental-friendly hotel.
- I can accept to charge a little bit higher than the normal hotels. **Maybe 10% more is my acceptable scale.** I think the hotels should bear some amount of being environmental friendly





# Return on Green Marketing Models



# Methodology

- 373 respondents. 198 (53%) were male and 175 (47%) were female.
- 41% 21 – 30 years; 30% 31 – 40 years; and 29 % over 41 years of age.
- China (36%), Hong Kong (32%), Taiwan (13%), other Asia (11%), other non-Asia (8%).
- Items from established scales; Rust et al. (2004) or Vogel et al (2008)
- New green equity scale

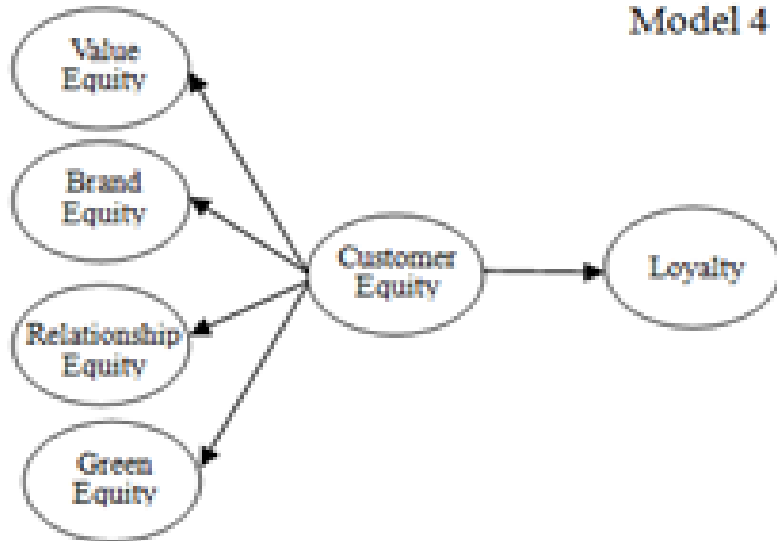


# Measuring Green Equity

- Sloan, Legrand, and Chen (2009) scale corresponds to the 5Rs' of waste management, including reduce, reuse, recycle, renew, and remind.
- I am glad the hotel uses energy-saving facilities. (reduce)
- I am glad the hotel reuses water for cleaning and watering the landscape. (reuse)
- I like that the hotel obtains some energy from solar panels. (renew)
- I am glad the hotel collects paper and plastic for recycling. (recycle)
- I like that the hotel provides guests with energy saving/recycling reminders (remind).



# Model Analysis



	Model 1	Model 2	Model 3	Model 4
<b>Standardized coefficients</b>				
Customer equity → Value equity		.92***	.85***	.85***
Customer equity → Brand equity		.78***	.75***	.75***
Customer equity → Relationship		.50***	.46***	.46***
Customer equity → Green equity				.44***
<b>Loyalty Predictors</b>				
Value equity	.60***			
Brand equity	.23***			
Relationship equity	.11**			
Green equity	.08*	<del>0.5</del>	<del>0.5</del>	
Customer equity		.94***	.94***	.94***
CFI	.98	.97	.98	.98
SRMR	.09	.12	.06	.06
RMSEA	.07	.07	.07	.07
AIC	710.85	722.77	698.99	697.06
R <sup>2</sup> (Loyalty)	.77	.89	.88	.88

Note: \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ .

CFI = Comparative fit index; RMSEA = root mean square error of approximation; SRMR = standardized root mean square residual.

Green equity emerges as a customer equity driver, in line with the Return on Marketing model. Customers view green initiatives in-line with other hotel programs. Yet, it is the weakest of value, brand, and relationship.





# Valuing Green Equity

- How do consumers assess the 4 customer equity drivers?
- Employed Contingency Valuation Method
- Selected 770 respondents at Macau port, 400 (52%) female and 370 (48%) male.
- 49% of the respondents were from mainland China; 31% were from Hong Kong, and the remaining respondents from other Southeast Asian countries.



# Going Green Nice...But...

Customers' Valuation of Customer Equity		
Consider for a moment that you need to stay a hotel in Macau. What is the maximum amount of money that you would be willing to spend for a room with the following offerings?		
	M	SD
<b>Value Equity</b> The hotel has an attractive environment, good service, and a good value.	\$71.40	\$37.74
<b>Brand Equity</b> The hotel has an attractive atmosphere, good service, good value; and it belongs to an renowned brand	\$101.50*	\$66.82
<b>Relationship Equity</b> The hotel has an attractive atmosphere, good service, good value; it belongs to a renowned brand; and has a good loyalty program	\$108.19*	\$72.22
<b>Green Equity</b> The hotel has an attractive atmosphere, good service, good value; it belongs to a renowned brand; has a good loyalty program; and has environmental protection programs that include the hotel recycling, reducing waste and energy usage, and using renewable energy.	\$112.27*	\$73.75

Note: \*  $p < .001$ .

- Respondents attribute slightly more than \$4.00 to the additional benefit of value, brand, and relationship equity.
- 4% premium



# Conclusions

- Going green is organizationally profitable due to expense reductions and not from customer valuation
- Green initiatives are cause de célèbre; reaction to consumer/government groups; but not essential to customer loyalty. Weak driver of CE.
- Hospitality-conditional green customers; conditional that it does inconvenience them or cause them price increases.



# Limitations

- High-end luxury customers may value green initiatives differently than other customers
- Contingency valuation method is influenced by order
- Help clarify why organizations find that going green is red rather than black
- Any questions : [mrosenbaum@niu.edu](mailto:mrosenbaum@niu.edu)

