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## AN ANALYSIS OF CUSTOMER EXPECTATION FROM ECO FRIENDLY HOTELS

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### ABSTRACT

The optimum utilization of scarce resources such as water and fuel as well as efficient recycling of waste has found to result in cost savings and enhanced profitability in hotels. Nevertheless, how eco-friendly practices lead to customer satisfaction which in turn leads to increased turnover, profitability and market share has not been well explored in India. This paper explores the link between the adoption of eco-friendly practices amongst hotels and customer satisfaction in India. The inference here is that hotels can become even more competitive and profitable through adoption of eco-friendly or green practices. Both secondary and primary data was used in this research. Study of secondary data revealed how green practices lead to more profitability. The primary data collection tool was a questionnaire administered to 25 guests of 10 five star hotels located in Bangalore. Analysis of this primary data revealed that all the respondents were favourably disposed towards those hotels that adopted eco-friendly practices. They were willing to pay higher tariffs to stay in eco-friendly hotels. The very perception of eco-friendliness was found to lead to perception of good customer service. Their responses also indicate how hotels can create perceptions of being eco-friendly amongst their guests. The presence of fuel efficient amenities and facilities, the visible presence of recycling equipment and of staff who are trained in green practices all go to create a perception of eco friendliness. From this point of view, going green for hotels is more than just being in the fashion or a way to conserve resources. It becomes a lever by which hotels can become more competitive, achieve profitability and deliver good customer service. These findings are important for the hotel industry in India. The findings of this research would seem to indicate that while Indian hotels have made investments in environmentally friendly equipments and amenities, they will still need to understand customer expectations from their hotels and from these facilities in order to create sustainable competitive advantage.

**KEYWORDS:** Customer Expectation, Eco Friendly Hotels, Green practices, Profitability

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## **Introduction**

Like their western counterparts, hotels in India are fast adopting eco-friendly or green practices because of the recognition that such practices result in higher savings, reduced waste and more profitability. According to Soin (2012), across the world, hotels bearing green certifications like Leed, Ecotel, CDMs and ISO14000 have become the accommodation of choice for environmentally conscious visitors. However, there is no research on how adoption of green practices by hotels translates into customer satisfaction India. Customer satisfaction is important because it translates first time customers into return guests and into ambassadors of goodwill as well (Gupta and Kaspekar, 2010). All of this in turn translates into increased sales, profitability and market share. The ability of green hotels to deliver good customer service is contingent on their understanding of customer expectations. Lund and Allan (2014) acknowledge that achieving customer satisfaction is difficult given the myriad needs and requirements from different customers who interpret the same experience differently. Nevertheless, it is critical to understand the similarities and differences in customer expectation from green hotels and non – green hotels given that the former are invariably more expensive than the latter. This is particularly relevant in India given that value and price conscious domestic and international visitors form the bulk of guests at hotels on the one hand and the substantial investments made by the hotels in incorporating green technology/practices/certifications (Nag, 2013). Once customer expectation is understood, hospitality experiences may be devised that can match such expectation and which translates into customer satisfaction.

## **Aims**

- To examine the green practices being adopted by hotels in India
- To examine customer behaviour and expectation from eco friendly hotels
- To study how customer service in eco friendly hotels has to be customized in line with customer expectation

## **Review of Literature**

Within the overall tourism/hospitality sector in India, the hotel industry alone is currently valued at \$ 24 bn and provides employment to more than 150,000 persons both directly and indirectly (Mahadevappa, 2014). The country is home to over 40 international hotel brands and there are more than 100,000 hotel rooms available in the country (Mukherjee, 2013). According to Jones (2012), India is second only to China in terms of number of hotels in the Asia Pacific region. Over the period 2013–2023, the hotel sector is poised to grow at an annual rate of 15% in terms of revenues (Akbaba, 2013). Nevertheless, it is a fact that in 2012 India attracted only 0.6% of total global tourist traffic (Mukherjee, 2013). Thus while in 2011, 4 million foreign tourists visited India, New York alone reported 7 million tourist

footfalls for that year (Chouhan and Kumar, 2012). The inference here is that there is an urgent need for the Indian hotel industry to attract more numbers of foreign tourists on the one hand and to remain profitable and competitive on the other.

One of the ways of doing this is to contain costs. Hotels typically consume large quantities of resources such as electricity, fuel and water to provide for the various facilities and amenities that they offer. They also generate large amounts waste to the extent of one kilogram of waste per guest per day (Biju, 2013). It is this that has led hotels to incorporate green principles to save on consumption of resources and effectively manage their waste. Across the world adoption of such practices has found to positively impact their bottom lines. In recognition of such savings, hotels in India are also adopting green practices such as installation of environmentally friendly air conditioning system, solar panels for heating and lighting purposes, rainwater harvesting, waste recycling and harnessing wind power wherever possible to generate their own electricity (Bhatt and Syed, 2012). In India as well, Agardy (2013) found that the Orchid hotel in Mumbai saved over Rs. 33 lakhs annually only by incorporating energy efficient Compact Fluorescent Light (CFL) bulbs. It is also India's first hotel to introduce vermiculture that converts all garbage into reusable manure. The Park hotel in Hyderabad has most of its floor space designated as non – smoking area (Dharmarajan, 2011). The Raintree hotel in Chennai, uses wind power to generate all of its electricity (Nag, 2013). The Gir Forest Resort in Gujarat uses only organic food in its kitchen, with all the furniture being made from biodegradable materials (Jain and Courvisanos, 2012). According to Jones (2012), how the concept of going green may be extended can be seen in the Shaam-e-Sarhad Village Resort in Gujarat where all the staff is, by hotel policy, recruited from the locals. This provides much needed income to the villages.

In India, such efforts are also in line with requirements of tourists, both domestic and foreign. In research conducted by Lund and Allan (2014) 62% of Indian respondents indicated their willingness to pay 10% more for eco friendly hotels. The same research indicated that 85% of foreign respondents preferred to stay only in those hotels bearing green certifications such as Leed, Ecotel, CDM and ISO14000.

According to Howards et al., (2008) another way of becoming competitive for hotels is to achieve high levels of customer satisfaction. However, there exists no literature on whether first time guest to green hotels also become return guests or loyal customers and patrons of such hotels. The customer expectation from such hotels thus remains unexplored. The inference here is that their green label suffices to attract guests to the hotel, but it is not clear whether this is sufficient to compel them to return again. This is important given that it is four times more expensive to attract new customers than to keep existing ones (Kapoor and Saxena, 2012). Across the world, it has been found that providing customers with service that they perceive as being good is the one way to convert first time guests into loyal guests. To the

extent green hotels are able to understand customer expectation and translate requirement into customer experience, to that extent will they be able to achieve sustainable competitive advantage within the hospitality sector.

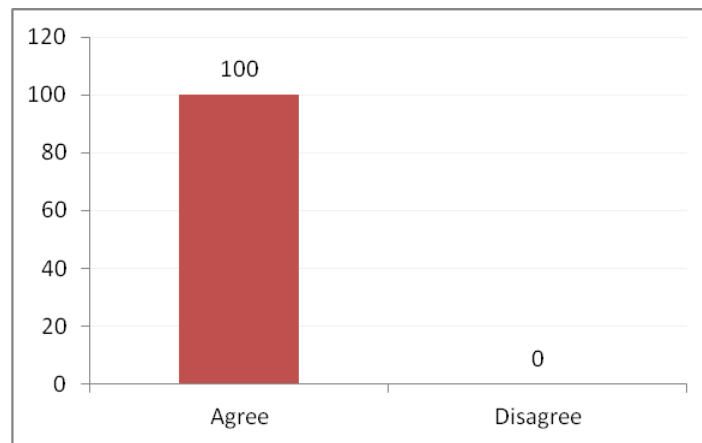
#### 4. Method of Research

The quantitative technique was used in this research using both theoretical and experimental methods. The theoretical method used secondary data to formulate the literature review and to identify the research gap. The experimental method used an online questionnaire as the primary data collection tool. This questionnaire was administered to 25 guests from 10 five star hotels in India. The purpose of the questionnaire was to understand the importance of eco-friendly practices to hotel guests and their expectation from such hotels. The data so gathered was administered using the descriptive statistics tool of excel.

#### 5. Explanation of Findings

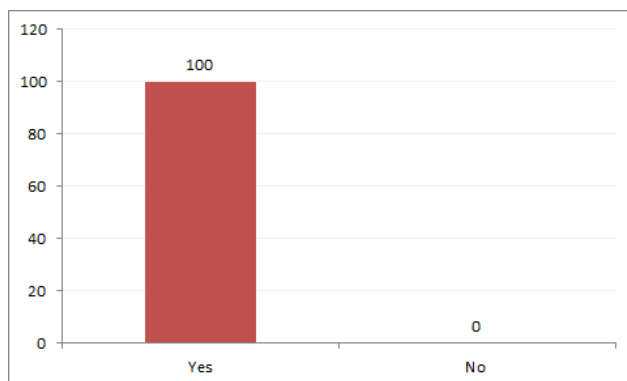
This section presents the findings of the questionnaire and explains them in relation to the literature review.

The respondents were first asked as to whether they considered themselves to be environmentally friendly and environmentally conscious or not. Figure 1 summarizes their responses.



**Figure 1.** Environment Conscious or Not

From figure 1 it can be seen that all the 25 respondents consider themselves to be environmentally conscious. The respondents were then asked if they would pay a surcharge on rooms that were classified as being environmentally friendly. Figure 2 summarizes their response.



**Figure 2.** Higher Charges for Environmental Friendly Rooms

From Figure 2, it can be seen that all the respondents indicated their willingness to pay more surcharge for environmentally friendly rooms. This is in line with the literature review where it was found that even if eco-friendly hotels are higher priced than conventional hotels, they are still the hotels of choice for tourists.

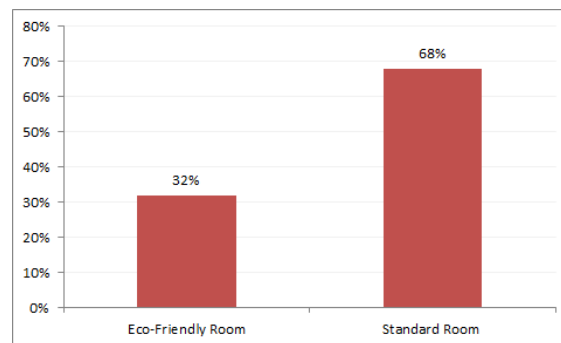
The next question sought their opinion on whether they believed adoption of green practices amongst hotels in India is important or not. Some of these include use of fuel efficient equipment, recycling and reuse of linens and sheets, water saving mechanisms and use of waste water for gardens and purchase of products in bulk to reduce packing material waste. The response to this question is summarized in table 1.

*Table 1: Importance of Green Practices Adopted by Hotels*

	<b>Energy Saving Equipment</b>	<b>Recycling and Reusage wherever possible</b>	<b>Water saving measures</b>	<b>Bulk purchase to reduce packing material waste</b>
% Respondents who Strongly Agree	100%	88%	98%	76%
% Respondents who Agree	0%	12%	2%	14%
% Respondents who Disagree	0%	0%	0%	0%
% Respondents who Strongly Disagree	0%	0%	0%	0%

From table 1 it can be seen that all the 25 respondents strongly agree that they support the green practices adopted by hotels in India. Both the above responses are in line with the literature review where it was found that visitors to India are environmentally conscious and prefer staying in certified green hotels.

The respondents were then asked if they had to make a choice between an eco-friendly room which used recycled water, with restricted amenities such as air conditioning and a conventional room with regular supplies in the same hotel and at the same cost which one would they prefer. Figure 3 summarizes their response.



**Figure 3.** Eco Friendly Room Versus Standard Room

It can be seen from table 2 that 68% or the majority of respondents said that they would prefer the standard room while 32% said they preferred the eco friendly room. This finding has significant implications because it indicates that the respondents, despite being environmentally conscious and preferring to stay in eco friendly hotels do not want to compromise on their comfort and on the facilities and amenities provided. The inference here is that green hotels have to be able to provide the same ambience and customer stay experience as other, conventional hotels. These findings are corroborated by responses to the next question which tested the extent to which guests were prepared to compromise for the use of eco-friendly facilities and as summarized in table 2.

The findings from table 2 may seem to contravene the earlier finding that guests need the same comfort from eco hotels that they get in conventional hotels. However, the inference that may be made here is that the challenge before green hotels is to ensure that eco-friendliness is not created at the cost of comfort. An eco-friendly tag alone is not sufficient to create loyal customers. It is the tangible perception of adoption of eco-friendly practices on the one hand and the provision of comfortable amenities on the other that creates a win – win situation for both the hotel and for its guests.

Tables 3 and 4 indicates how perception of eco-friendliness may be created.

From tables 3 and 4 it can be seen that visible and open communication programs, adoption of recycling use of fuel efficient devices and amenities and employing staff who are perceptibly knowledgeable about the environment and its preservation are all some of the tangible methods whereby perception of adoption of green practices in a hotel may be created.

Table 2: Use of Eco-Friendly Equipment in Hotels

	Lights in Hallways dimmed after certain time	Use of fluorescent bulb/ tubes	Full Force water showering heads	Auto cut off water after a few minutes in shower	Supply of Cosmetics / soaps made of natural ingredients	Separate bins for different types of waste	Change of sheets every day for long staying guests	AC on at all times
% Respondents who Strongly Agree	80%	0%	0%	84%	88%	92%	0%	0%
% Respondents who Agree	20%	0%	0%	16%	8%	8%	0%	0%
% Respondents who Disagree	0%	0%	32%	0%	0%	0%	36%	36%
% Respondents who Strongly Disagree	0%	100%	68%	0%	0%	0%	64%	64%

Table 3: Practices to be adopted by Eco-Friendly Hotels

	Have visible communications about green policies adopted by the hotel	Have an active recycling program at the hotel	Provide eco-friendly products at the hotel	Use environmentally responsible cleaners in the hotel	Use sensors / timers to conserve electricity
% Respondents who Strongly Agree	72%	96%	96%	76%	88%
% Respondents who Agree	28%	4%	4%	24%	12%
% Respondents who Disagree	0%	0%	0%	0%	0%
% Respondents who Strongly Disagree	0%	0%	0%	0%	0%

Table 4: *Practices to be adopted by Eco-Friendly Hotels*

	Train employees in eco friendly practices	Using energy saving light bulbs	Purchasing from eco-friendly suppliers only	Display certificates that show environmental friendliness	Recycle of Linen
% Respondents who Strongly Agree	100%	96%	100%	92%	84%
% Respondents who Agree	0%	4%	0%	8%	16%
% Respondents who Disagree	0%	0%	0%	0%	0%
% Respondents who Strongly Disagree	0%	0%	0%	0%	0%

## Conclusion

The main purpose of this research was to understand how green hotels might create customer satisfaction for their guests. It was found that an awareness of the importance of preserving the environment pre-disposed guests to staying in eco friendly hotel. However, it was also found that none of the guests were prepared to sacrifice their creature comforts whilst staying in green hotels. In fact they expect the same amenities and levels of service that conventional hotels provide. The challenge for hotels is therefore to provide environmentally friendly amenities and facilities with the same functionalities as their conventional counterparts. Almost all the respondents supported the adoption of environmentally friendly amenities and facilities at the hotels even if they were more expensive or even if they had to pay more for those facilities. Hotels can create tangible perception of eco friendliness by the prominent display of their eco-certifications and the use of eco -friendly facilities and amenities used by the guests. This may range from the raw foods used in cooking, to the linens used in the rooms to the way water is heated, recycled and reused.

Reinforcing the particular green practices followed in a particular hotel creates enhanced levels of satisfaction amongst environmentally sensitive guests. This supports the finding that going green is actually sustainable business. It results in cost savings for the hotel on the one hand and on the other, by creating tangible perceptions of eco-friendliness with no compromise on comfort levels, creates loyal customers which translate into increased turnover, profitability and market share for the hotel.

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