

Consumer attitude towards eco-friendly practices in the lodging industry in Delhi-NCR

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Abstract

This study explores the factors which influence the consumer attitude towards the environment friendly practices in the lodging industry in Delhi-NCR. It also explores the consumers' intentions to pay for such practices. A quantitative and qualitative research methodology along with secondary research has been proposed. A structured questionnaire (from a secondary source) has been used using convenience-sampling techniques. Correlation and factor analysis has been used to look at consumers' attitudes and behaviour towards the green practices in the lodging industry. The findings show that consumers using hotel services are conscious about environment-friendly practices. They frequently use the hotels that have adapted green practices though not compromising on service quality. The consumers would prefer to use lodging that follows these practices but are not willing to pay extra bucks for these services. Thus, the hotels would have to invest in eco-friendly practices and look at not just short-term but long-term gains. The government needs to acknowledge and institutionalise the practice by instituting rewards and offering tax and other benefits.

The paper tries to bring out facts regarding customer buying behaviour towards green practices in the Indian hotel industry. The resource scenario in India is dismal with regard to the water and sanitation. The tourism industry has a big responsibility in ensuring that the adopted business models are sustainable in the long run and hence the need to imbibe green practices as a preferred business model.

Keywords: Green marketing, Consumer attitude, Hotel and catering industry

Introduction

In the recent competitive environment, hotels must make an effort to attract business from markets that are pro-green practices. The “environment-friendly” or “green” hotel business is a growing niche because not only do these establishments differentiate themselves from the similar non-green hotels, but they also fulfill a need in the market for less environmentally damaging hotels. Eco-friendly hotel and green hotel are the terms that refer to a lodging establishment that has made a commitment to various ecologically sound practices such as saving energy, saving water, and reducing solid waste. As people have become more aware of the damage caused on the environment by regular business activities, it has become increasingly obvious that this industry does more than its share in wasting and harming environmental resources. As a result, more and more guests are looking for hotels that are “pro-environment”. Becoming a green hotel can be the basis for a great marketing strategy, and the initial step in marketing is providing consumers with what they want or need. A growing consumer base exists for eco-friendly hotels, and marketing the green practices of a hotel can help to position it noticeably in the market place. Previous research has indicated that customers would choose a green hotel over a standard hotel if they were deciding between two otherwise similar establishments. If the hotel is a desirable place to stay, it will attract the usual range of consumers plus those who will specifically seek out the hotel for its environmentally sensitive practices. A very limited research documented on Indian hospitality industry is the reason to focus on customer’s behavior towards eco-friendly hospitality lodging practices.

This paper not only assesses the factors contributing to consumers’ attitude towards green hotels but also tries to assess whether the consumers are willing to pay for hotels that engage in green practices or not. The study holds importance since the environmental initiatives result in cost savings for the hotel but lack of awareness on the same may reflect in hotel’s expectation to charge for such initiatives from the consumer. The study helps to bring in insights on consumer dynamics on green practices in lodging industry in Delhi-NCR.

Review of Literature

Consumers make choices based on which combination of product attributes best meets their needs based on dimensions of cost, value, and prior satisfaction (Kotler, 1997). From a customer's perspective, the hospitality product consists of core attributes, that deliver basic benefits sought by customers and nonessential attributes that deliver secondary benefits, which includes its environmental performance. Environmental performance may relate to the product itself or to its aspect, like water disposal or use of alternate source of energy and may provide an opportunity for product differentiation.

It is difficult to find a hospitality product that is 100 percent environment-friendly. Specifically, it looks at meeting consumer expectations for environmental products and the importance of satisfying customer needs so that the product is purchased and the environmental benefit realized. Products are said to be "environmentally-friendly" if in some way they aim at reducing a product's negative environmental impact (Hindle et al., 1993; Pujari and Wright, 1996, 1999). This may be due to a technology change with development of "cleaner" and more efficient technologies. It may also be that the product or aspects of it are recyclable, biodegradable, or designed for reuse, or disposability or remanufacture or repair. It may also be reflected in the production of waste, choice of raw materials, how the product is used, the amount of pollution it generates, the means of disposal, and in its health and safety measures (Shrivastava, 1995a).

The environment is the major recipient of negative impacts created by the operation and construction of hotel and facilities. The success of tourism, as well as the hotel industry, mainly depends on the availability of a clean environment. Hotels situated in a particular environment consume various recyclable and non-recyclable natural resources significant to that environment. On resource consumption, due to their usage, different types of solid, liquid and gaseous emissions are released from the hotel premises. Consumption of environmental resources in an uneven manner creates overburden on the supporting environment. Peattie (1995) and Welford (2000) define it as the management process responsible for anticipating, identifying, and satisfying the requirements of customers and society, in a sustainable and profitable way. Ecotourism in the Indian context has significant implications for culture and nature conservation and rural livelihood. Increasing responsibility of environment stimulates implementation of environmental management in hotel industry.

Nevertheless, it appears that environmental performance of Indian lodging industry is well below international practice. Environmental issues have become essential to competitive success in tourism destinations and firms worldwide and thus must be of relevance for Indian hotels. According to Foster et al. (2000), the hospitality and tourism industry is under pressure to become more environmentally friendly from the following forces: . consumer demand; . managerial concern with ethics; . increasing environmental regulation; . maintenance issues related to the physical plant; customer satisfaction; . and . the need for aesthetics. The product's environmental performance may then provide a distinct point of difference and influence customer choice. Consumers may be willing to buy environment-friendly products but are faced with constraints or conflicts that create a resistance to adopting pro-environmental attitude. For example, consumers may want to be environmentally responsible without modifying their existing life-style (Schwartz, 1990; McDaniel and Rylander, 1993). They may not be prepared to accept lower performance levels, or pay a price premium (Peattie, 1999b) or sacrifice convenience (Simon, 1992; Stern, 1999). Based on Ajzen's (1988) theory of planned behaviour consumers' environmental purchasing intentions and behaviour may be determined by a number of factors, such as the individual's knowledge and motivation, the ability to perform the behaviour and the opportunity to behave in an eco-friendly way (Pieters, 1989; O'lander and Thøgersen, 1995). Some authors suggest that companies charge a premium for environmentally friendly products in order to recover additional costs incurred in the marketing, production and disposal. This may include the initial set-up costs of new or alternative more environment-friendly production processes and distribution; the cost of product recapture, remanufacture and reuse; or to recover the indirect costs of not (at least initially) achieving economies of scale (Wong et al., 1996; Fuller, 1999; Peattie, 1999a, b).

Methodology of the Study

The study has been carried out in Delhi, Gurgaon and Noida on a sample size of 66 respondents. The study is based on secondary data which uses structured questionnaire focussing on the attitude and behaviour of consumers on green practices (Manaktola & Vinnie, 2007). The questionnaire had been pre-tested with a sample of 15 respondents and minor modifications had been made in the questions wherein the statements were ambiguous. The convenience sampling was used to overcome the constraints of budget and time. The questionnaire measures the

following aspects: Consumers attitude towards green practices, consequent consumer behaviour to stay at eco-friendly hotels based on attitude towards the green hotels, and consumers' willingness to pay for the hotels which follow environmental practices has also been assessed in the questionnaire. Likert scale had been used to collect the data and factor analysis is done for the interpretation of the data. This methodology is used when multiple observed variables have similar patterns of responses because they are all associated with a latent (i.e. not directly measured) variable, the **factor**, which cannot easily be measured (Rahn).

Results and Analysis

The demographic profile of the sample

Respondents across various categories of age have been included in the sample. Of the total respondents, 75 percent are above 26 years of age. This reflects the appropriateness of the sample as they have the paying capacity. About 51 percent of the sample respondents are working either in the public or private sector or as professionals. Of the respondents, 28 percent are self-employed. Out of this sample, 36 percent of the respondents spend three to five nights in a hotel per month for business purpose. Another 22 percent of the sample spends six to five nights per month in the hotel. The statistics indicates that 13 percent respondents stay in luxury hotels, 39 percent stay in high end hotels, 25 percent stay in economy hotels, 15 percent stay in resort hotels. Of these respondents, 80 percent stay as nuclear families, 24 percent have three members in their family while 40 percent has a family size of four. The educational profile indicates that 96 percent of the respondents have a post graduate qualification. A total of 60 percent has more than Rs. 3 lakhs as monthly income while 40 percent of the sample has salary of less than Rs.3 lakhs per month.

The study has the following findings regarding the consumer attitude towards expectations on use of green practices in the lodging industry.

A number of factors were used to assess the expectations of the consumers on the use of green practices in the lodging industry. It was found that the 12 variables used to understand the consumer attitude got reduced to a single factor (eigen value was 4.2), which explained 85 percent variance. The factor loadings are depicted in Table I which indicates that consumers expect tangible demonstration towards green practices in India. The following variables are significant contributors to the consumer attitude towards green practices as their factor loadings are above 0.5: Visible communications about green practices to guests, shareholders, vendors

and the public; participation in an environmental partnership or certification program such as ISO 9000; establish recycling program for materials in all sections of the hotel; offer a linen reuse option to multiple night guests; provide environmentally friendly products (i.e. low toxicity, organic or locally from/made) and encourage business with environment friendly service providers (i.e. renewable energy, integrated pest management, alternative fuel vehicle).

The implication for the above factors is that consumers look for tangible demonstration of a firm's commitment towards the green practices. The right kind of awareness demonstrated by the actions taken by the lodging firm are important. It also implies that provision of environmental friendly services and visible steps to conserve the resource and forging alliances with eco-friendly suppliers infuse higher degree of confidence in consumers.

Table I. Factor loadings for consumer attitude towards green practices in the lodging industry

Variables	Factor Loadings
Train employees for better environmental performance	0.46
Have visible communications about green practices	0.68
Participate in environmental partnership or certification	0.69
Use sensors or timers to save electricity in intermittent use areas	0.53
Establish active recycling program for materials in all sections of the hotel	0.60
Establish system for prompt disposal of packaging materials and crates to reduce wastage	0.40
Utilise environmentally responsible cleaners throughout the property	0.54
Having energy-saving light bulbs in all rooms	0.55
Offer a linen reuse option to multiple night guests	0.66
Have an active system to detect and repair water leakage in toilets, faucets and shower heads	0.56
Provide environmentally friendly products (i.e. low toxicity, organic or locally grown/made)	0.63
Encourage business with environmentally friendly service providers	0.71

Source: (Manaktola & Vinnie, 2007)

However, when it comes to paying for green practices adopted by the lodging industry, it has been found that 33 percent of the respondents feel that environmental costs should be shared by the hotels and the consumer while 52 percent of the respondents feel that hotels alone should bear the cost. Just 15 percent of consumers are willing to pay for environmental initiatives. The implication is that majority of the consumers feel that the hotels themselves should invest in the green environmental practices. Though these steps would mean incurring heavy expenditure in the short term but in the long run the firms will reap dividends on account of a preference by consumers for an environmental friendly hotel.

Conclusion

The environmental concerns are increasingly becoming important. The situation of sanitation and fresh water in India is alarming. Excess consumption puts a strain on the resources for the tourism industry specially hotels. The firms should build up practices for future growth and consequent resource needs. Continuous depletion of natural resources in most of the parts would be a grave concern in near future. So the hotels would need to plan for resource limitations and would have to account for the same. As the study points out that the majority of the consumers, in Delhi-NCR are not willing to pay for such environmental friendly practices despite a positive disposition towards the same. Only 40 percent are willing to share as small as 4-6 percent of the extra cost spent on eco-friendly practices. A lodging firm needs to look at long-term benefits emanating out of a conservative use of resources. The government could pass some of the benefits for initial two to three years for expenditures incurred on energy saving measures and devices. For the serious implementation of such measures, a higher tariff for commercial use of water and recycling water should be mandated.

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