

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The main findings are summarized below.

1. Only two hotel resorts incorporated environmentally friendly operations into their strategy.
2. Environmentally friendly practices, such as energy saving, water consumption and waste management, were incorporated to a certain degree where economic savings were present.
3. Main challenges in operating environmentally friendly where lack of knowledge, investments needed and time consuming.
4. Main advantages in operating environmentally friendly where cost savings in certain areas and benefits to destination.
5. Only one hotel resort covered many areas of environmentally friendly operations, including training.
6. Environmentally friendly operations were used minimal in marketing.
7. 68.1 percent of tourists indicated preference of eco-labelled hotel resort, however, it was the least important factor when choosing accommodation. The contraction shows the importance of matching other attributes such as location, appearance, service and facilities.
8. 56.2 percent of tourists indicated willingness to pay premium for eco-labelled hotel resort.
9. People with higher level of education indicated more interest in eco-labelled hotel resorts.

5.2 Discussion

5.2.1 Existing Environmental Practices

Energy saving light bulbs, insulation and natural ventilation, solar thermal heating, water reservoir, waste water treatment plant, recycling and composting were some of the main environmental practices undertaken by the hotel resorts interviewed in terms of energy saving, water consumption and waste management (refer to table 4.1). This shows a consistency with literature in that the three areas of energy saving, water saving and waste management are the main areas in regards to environmental friendly development (Deng & Burnett 2000; Isaacs and Crocker 1996; Iwanowski and Rushmore, 1994; Trung and Kumar 2003; Wight, 1994).

However, the extent in which each hotel resort go to operate and development environmentally friendly varies considerably. For example, one hotel resort put in high voltage underground electrical cables throughout the resort to reduce energy loss as well as solar thermal heating of hot water to not having to use energy to heat water, whereas two hotel resorts had their own water supply. Furthermore, one hotel resort reported to have their own composting site on its premises handling kitchen food waste and organic green garden waste. The variations can be seen in the light of it being numerous ways in operating environmentally friendly and it being difficult to distinguish to what extent a specific hotel resort is operating environmentally friendly. Variations may be seen because of climate, space available, available sources amongst others, and what works one place may not work another. A specific environmental practice may also have additional negative impact on other areas. Some may do a few environmentally friendly practices in some areas and then claim being environmentally friendly despite in other areas being not very environmentally friendly.

One of the managers compared the operations in Phuket with two resorts in the Maldives indicating that various practices were in place due to available sources. For example, operating in Phuket were reasonably easy as it is on the grid of public supply of electricity and other infrastructure, whereas in the Maldives it was very difficult as they were independent units having to creating their own electricity with use of diesel generators. For this reason, electricity consumption in the Maldives polluted more than in Thailand. This is consistent with studies showing that energy consumed varies depending on available sources (Bohanowicz 2005; Gossling 2002). Inevitably, whether or not a practice is environmentally friendly very much depends on how it fits in with it environment, thus it is important to see the impact as a whole, not individually.

Questionnaires indicated that 34 percent of the tourist had seen environmentally friendly practices during their stay, however, almost all of these mentioned water saving through re-use of towels and linen as the identified practice. This does not necessarily reflect environmentally friendly operations. Though it has a genuine argument, as the main reason would be cost savings on laundry, it is mainly done because it is easily implemented and cost saving practice, which is consistent with the opinion of Cespedes-Lorente et al. (2003). It implies that it is done of economic rather than environmental reasons. A confirmation of this was pointed out by one of the managers that said they had stopped this practice as only four percent of the guest used it, thus making it pointless. More effort had to put in encouraging people to do it than the hotel resort would gain. It was seen as cheap way for the hotel resort to save money, which guests did not want to do as they wanted luxury on their holiday. Thus economic reasoning goes ahead of environmental.

Furthermore, some of the comments mentioned key tags that cut off the electricity when guests left the room as a second popular environmental practice noticed by guests. This practice as well as re-use of towels and linen help the hotel resorts saving on energy costs, which is consistent with saying financial savings are the main reason for hotels to adapt environmental practices (Berman et al. 1999; Cespedes-Lorente et al. 2003; Walley and Whitehead 1994). It an easy and short term solution for managers to choose cheap and easily implementable practices that is noticed by guests. However, in terms of what is easily and most obviously noticed by guests obviously these practices stand out from for instance energy saving light bulbs, chillers and waste water treatment plants. Though the guests do not necessarily notice these latter practices it does not mean they are not implemented or should be. Back-of-the-house implementation, i.e. not in guest areas, is probably the most important part of environmental friendly operations.

The financial aspect was pointed out by all managers interviewed as a crucial factor in determining whether or not environmental practices would be undertaken. Two of the hotel resorts said that if it was not economical beneficial it would not be done, whereas the third hotel resort indicated that practices without economic justification or with a high degree of uncertainty had been undertaken, but it was then more difficult to convince the owners to release funds. However, where economic incentives could be shown the managers reported the

willingness to increase. For example, one manager reported a 16 million baht investment (US\$ 400,000) in a centralized chiller system (air-conditioning) was invested as it could be paid back in three years through energy savings. The economic incentives were gained through cost savings generally through energy savings from more energy efficient technologies. The managers estimated utility savings to be 20-30%, which is in line with various other studies (West and Elliot 1996; Blank 1999; Tourism Authority of Thailand 2003). Savings were also mentioned in terms of water and other operational costs, which is consistent with other studies (Forbes 2001; Green Hotel Associations 2002; Hemenway and Hale 1995; Shrivastava 1995). What is evident is that the economic benefits are only measured in terms of capital expenditures and operational costs. If the operational costs reduced sufficiently enough to justify the extra necessary capital expenditure to buy environmentally friendly equipment it is done. Improved image and potential for using it to attract more guests is not considered.

The managers acknowledged that it was also done because the potential benefit also had long term effect. If the destination Phuket was not kept tidy, but polluted by hotel resorts' operations, tourism and other activities the hotel resorts had no future as people came for the destination not the hotel resort. Environmentally friendly operation also was about long term survival, an issue of concern already expressed a decade ago that Patong beach in Phuket was in danger of becoming the worst negatively environmental affected tourist area (Wong, 1995). However, one of the managers stressed that the hotel resorts could not do it themselves. It had to be governmental supported, and, ultimately it was the government's responsibility. There were no economic benefits such as tax exceptions on environmental products to encourage owners to invest and lack of planning. Therefore, environmental practices were less likely to be implemented. These observations are supported by Smith (2000), who argues tourism planning to minimize negative environmental impacts is primarily a government activity.

With financial aspects identified as a crucial factor for undertaking environmentally friendly practices and no governmental incentives in place, the managers face a difficult task pinpointing initial investments as a major constraint. Capital expenditures have to be done first in order to achieve cost savings. This is main hurdle as the managers found it difficult to justify the expenditure and fearing it would be too expensive, which is consistent with other studies (Bohdanowicz, 2003). Another reason for it being difficult to justify the capital

expenditure was that much of the technology was so new that there are no records proving whether or not it will make sense economically. One of the managers went so far as calling its owners “crazy” for all the investments that had been done, but explained it was part of a strategy in testing out techniques and technology that could be transferred to future projects. The company had environmental issues as part of their strategy. This, however, seems to be unique as most businesses would think short term profitability. As one of the managers expressed it; “*we are business men, not charity.*”

Along with financial costs, lack of knowledge and time were other challenges in operating environmentally friendly. Understanding and knowledge amongst staff were said to be missing as well as knowledge amongst suppliers and even specialists. As a result of this one could imagine that training was conducted to improve the level of knowledge but strangely enough only one hotel resort considered environmental training to be important and devoted some time to that. However, it was said to be challenging as it was time consuming and took head of departments' time doing primary hotel activities. Despite the challenge, it was done, and considering that the human resources have been identified to be an important factor in achieving competitive advantage (Aung and Heeler, 2001) it is something that should be done. Furthermore, know-how was identified as an important factor by one of the managers, which has been pointed out to be crucial in gaining competitive advantage (Carmeli, 2004). The managers identified this as a time consuming process, which is natural when talking about new and often little know technologies. For this reason it is important that the hotel resorts set aside both money and time to obtain important know-how that can lead to competitive advantage. Even though this was identified as an important factor and a main challenge only one of the hotel resorts had employed staff specifically looking into environmental know-how.

It can be argued that with little effort made in both obtaining know-how and educating human resources environmental issues play second fiddle to other issues and are not part of the hotel resorts strategy. This was to a large extent confirmed by two of the hotel resorts saying that it was not believed to be important and therefore not used in marketing. The third hotel resort reported that it environmental sustainability was part of their mission and philosophy, but to a lesser extent used in marketing. The reason for this was explained that it genuinely tried to operate environmentally friendly, but acknowledged it was not perfect. Therefore, it was

believed to be more credible to not talk it up, but let guests decide how they were doing by seeing their actions. All managers meant environmentally friendly operations would not bring much additional guests as it was not what people were looking for, though one said it possibly gave some return guests. This is in contrast to what finding of this and other researches (Bohanowicz 2003; Goodwin and Francis 2003; Gustin and Weaber 1996), which are indicating a relatively high demand. A search on secondary information of other luxury hotel resorts in Phuket indicated that the extent of environmental practices is not very much incorporated nor promoted. This was confirmed through the questionnaire in that only 15 percent of the ones obtaining information prior to arrival had seen, read or heard any information related to the environmental practices. Environmental issues do not seem to be valued as an important part of hotel resorts' marketing plan, suggesting that a hotel resort may achieve a differentiation position if done, thus gaining competitive advantage.

Only one other hotel resort than the one identified through interviews was identified to have it incorporated in their strategy/philosophy. However, nine hotel resorts were identified having obtained an eco-label. The large proportion is not consistent with studies showing only one percent of hotels being eco-labelled (APAT 2002; Tourism Authority of Thailand 2003). This can be explained by possibly a growing awareness for environmental friendly development as an important factor, but more likely that environmentally friendly practice is more likely seen in luxury resorts due to capital expenditure necessary and potential savings through economies of scale and high consumption. The sample is also too small to draw conclusions as one extra or less have great impact on percentage. Another issue is that four of the hotel resorts are part of an integrated resort, Laguna Phuket, which is urging for environmental practices through their environmental policy (Laguna Phuket, 2006). Another factor is that these are part of hotel chains, which are more likely to obtain eco-labels due to pressure from corporate head offices. Two of the hotel resorts investigated are part of a chain, both being eco-labelled, whereas the third is an independent hotel resort and without an eco-label.

5.2.2 Environmental Demand

Despite this, still there are relatively few hotel resorts operating environmentally

friendly in Phuket, and the managers interviewed did not believe in it as a way of gaining competitive advantage nor extra guests. One of the managers pointed out that the hotel resort was tour operator driven and guests came through tour operators or travel agents. Therefore, the hotel resort relied on the tour operators to acknowledge environmental issues as important and only when these started to benchmark the hotels resorts after environmental friendliness it would become significant. One agent had come and done it but still most did not do it. Though this can be a relevant argument still the hotel resorts can influence these trade agents in saying there is a demand.

Several studies have indicated that there is a growth in demand for environmentally friendly products (Association of British Travel Agents 2002; Cook, Stewart and Repass 1992; Goodwin and Francis 2003; Travel Industry Association of America and National Geographic Traveller 2002; Wight 1996, 2003). Results from the questionnaires conducted for this research indicated that 68 percent of the tourists would choose an eco-labelled hotel resort over a hotel resort without an eco-label if other issues were the same or similar. The result is consistent with several other studies ranging from 65 to 75 percent (Bohanowicz 2003; Goodwin and Francis 2003; Gustin and Weaber 1996). More awareness of environmental issues has increased because of concern about global warming, pollution, deforestation, lack of clean water, increasing oil prices amongst others. The human level of consumption is continuously increasing suggesting that environmental issues will become more and more important. Clearly there is an interest and demand for environmentally friendly hotel resorts and that it can bring in more guests-nights (Martinac et al. 2001). And with an increase in awareness and concern the demand is likely to grow leaving the environmentally friendly hotel resorts with a great opportunity. It is indicating that environmentally friendly hotel resorts may use this as a strategy to differentiate in order to gain competitive advantage.

Moreover, increasing guest-nights might not only be the economic benefit of higher demand. When asked if they were willing to pay a premium for an eco-labelled hotel resort 56 percent of the respondents indicated willingness. Most of the respondents replied in the range of 5-10 percent premium of room rate, whereas a few indicated as much as 20 percent. The latter is optimistic, but responses are consistent with another study indicating willingness of an average of 8.5 percent in premium for environmentally responsible companies (Cook, Stewart and Repass,

1992). However, one has to be careful in taking what people say for granted as it may vary from actual action (Clarke and Critcher, 1985). People might say they are willing to pay to sound politically correct, but may not necessarily do it when it comes to reality. This is somewhat conformed through inconsistency with other researches suggesting only 25 percent willing to pay premium (Bohdanowicz, 2003) as well as only a small percentage (Gustin and Weaber, 1996). However, that some willingness exists is highly likely and can be argued to be more evident in the luxury segment as price often is often not an object. This was indicated by one of the managers saying that it was easier to persuade people to contribute to environmental causes in their high-end resorts than their less luxurious.

5.3 Recommendations

Although there is a growing concern for environmental issues because of rising oil prices and concern about global warming because of green gas emissions (CO₂), there does not seem to be many hotel resorts that do anything about it. Despite several research papers indicating a growing interest in environmental issues amongst tourists and to a certain degree willingness to pay a premium for environmentally friendly businesses hardly any hotel resorts use it their strategy in order to gain competitive advantage. Phuket has seen a tremendous growth in tourism over the past decade and it is expected to grow. Along with the growth there has been an explosion in hotel resort developments, particularly within the luxury market. The growth in supply, along with set backs such as the 26th December 2004 tsunami, bird flu and SARS, suggests that there is important to differentiate itself in order to gain competitive advantage.

5.3.1. Demand and Willingness to Pay Premium

Findings found in this research indicated that there is a relatively high market for environmentally friendly hotel resorts and that guests to a certain degree are willing to pay a small premium. This is contrasting the opinions of the hotel managers interviewed, and from looking at the existing strategies of hotel resorts in Phuket environmentally friendly hotel development is not seen nor used as a strategy to attract guests. With a demand for such a product and hardly any use of it as strategy, it could be suggested as a way of differentiating a hotel resort, thus gaining

competitive advantage. Not only could the hotel resort attract guests because of an environmentally friendly profile it could also charge slightly higher prices, which will help on the bottom line performance. And as only a few are utilising this strategy it would be easier to differentiate, thus gaining competitive advantage. Therefore it is recommended to recognize environmentally friendly development as strategy to gain competitive advantage and that managers and developers have to courage to choose this path.

5.3.2 Physical Resources

One cannot ignore the fact that guests ultimately go to a hotel resort, particularly an luxury resort, to enjoy its facilities and services. Human being are generally selfish enough to want their own preferences served first, which was indicated through location, service and price as the top three factors for choosing a hotel resort. An eco-labelled hotel resort indicating environmentally friendly practices was the least important factor. One could say that this contradicts findings of a high demand for environmentally friendly hotel resort. On the contrary, it suggests that operating environmentally friendly in itself does not secure a sound business. Although, there is a demand for environmentally friendly hotel resorts, these resorts have to remember that the quality of the product, i.e. facilities and services, need to be of top class. Environmentally friendly practices cannot be only feature of the hotel resort, but must compliment facilities and services. Therefore, a strategy utilising environmentally friendly practices as differentiation tool needs to be done without sacrificing neither facilities nor services provided by the hotel resort in order to gain and maintain competitive advantage. The market must not be understood to be pure environmentalist, but rather it being a decisive factor, which can make guests choose a particular hotel resort over another. This is the differentiation factor, which may secure a hotel resort competitive advantage.

Secondly, environmentally friendly hotel development is not a cheap and easy way to develop a hotel resort. Capital expenditure was noted by all the managers interviewed as a main constraint and difficulty with operating environmentally friendly, a main hurdle found in other studies (Bohdanowicz, 2003). To be persuasive in their environmental commitment the hotel resort needs to invest in technologies such energy efficient equipment, water saving

equipment and waste reducing practices. It is difficult to be specific on technology as it may vary from hotel resort to hotel resort depending on many factors such as climate, available sources and infrastructure. Examples energy efficient equipment are energy saving light bulbs, freon free chillers, solar thermal heaters, gas boilers, insulation and natural ventilation. These technologies do generally have a higher initial cost, but are often off-set through savings on lower energy consumption. In some instances savings may be higher than additional investment. The managers interviewed estimated 20-30% savings on utilities, which is consistent with several studies (West and Elliot 1996; Blank 1999; Tourism Authority of Thailand 2003).

Another problem in adding new technologies other than capital expenditure is that a lot of the technology is still in its embryonic stage with little or no proven record leaving the companies utilising these technologies with high risk. However, the development is in rapid improvements, thus, making it possible to differentiate itself. Particularly in the field of renewable energy sources the development is still in its infancy, but happening rapidly and is likely to become more and more important because of rising oil prices. For hotel resorts taking use of renewable energy technologies this may a key to differentiation. It will reduce negative environmental impacts drastically, down to levels hardly any hotels can match. One of the managers interviewed mentioned that this was an area the company was looking into.

Examples of water saving equipment are water saving shower heads, dual flush toilets, rain water catch and waste water treatment plant. Examples of waste reduction practices are waste separation, recycling, composting, reuse of materials and agreements with suppliers to reduce packaging. These various practices do not necessarily imply much additional capital expenditure, but may take up space and time discouraging hotels resorts in undertaking. However, they are important in order to reduce its operation's negative environmental impact and should be considered if the hotel resort wants to be taken seriously regarding environmental friendly operations.

Thirdly, as the trend is going toward concern about the environment, hotel resorts may be tempted to “green” their business by introducing an environmentally friendly practice or two. A large proportion of the respondents surveyed for this research indicating having seen environmentally friendly practices at the hotel resort they were staying noted re-use of towels and linen as well as key tags turning of the electricity when guests are leaving the room.

The former practice is easy to implement without additional investments needed. Although it has legitimate environmental arguments through water and cleaning chemical reductions it is primarily done as a cost saving factor (Cespedes-Lorente et al., 2003). This is easily spotted by the guests and will not give the company any advantages in terms of differentiation, thus not enough to legitimately use it as strategy to gain competitive advantage. For a company wishing to differentiate itself through environmentally friendly hotel resort development it has to undertake a variety of environmentally friendly practices, including some that requires additional capital expenditure. The hotel resort must look at a variety of practice trying to cover as many aspect of environmental friendliness as possible, including energy saving, water saving and waste management. A hotel resort, which is considering several environmental aspects will do something not many other hotel resorts are doing, thus arguably it can claim to be different and use it as a strategy to gain competitive advantage.

5.3.3. Organisational Resources

It may sound easy for a hotel resort thinking about environmental friendly development as strategy to decide to go for various practices. However, there are constraints, which may not necessarily only reflect capital expenditure. Some of the managers pointed out that it was much easier to do in a new development compared to an existing hotel resort. This has to do with the nature of hotel industry be operational 24 hours a day 365 days a year. There simply is not any time, which is good for major changes as the not only does new technology imply additional capital expenditure but also a loss off revenue if the hotel resort needs to be closed for a period of time. Therefore, doing changes on existing hotel resorts are less likely to happen implying it will be easier to do environmentally friendly hotel development on a hotel resort, which is being built from scratch or needs to major changes due to for example a disaster. Of the hotel resorts investigated in Phuket one was newly built, one had undertaken major refurbishments due to the 26th December 2004 tsunami destruction and one was developed in an old existing hotel resort. For the latter hotel resort a manager characterized the owner as “crazy” having done all the environmentally friendly investments. Furthermore, from his experience with other properties within the same management company more difficulties had been experienced amongst owners in existing hotel resorts to invest in environmentally friendly technologies than

in new developments.

It is therefore important that the hotel resorts take time and allocate budgets necessary to obtain know-how within environmentally friendly technologies. It was pointed out by the managers that it is a time consuming process as it not only new technologies necessary, but also little knowledge and understanding from many suppliers, making it difficult to do. By obtaining know-how the hotel resort will have an advantage over other competitors in that it is difficult to copy. However, this requires investments both in time and human resources dedicated to environmental issues. Furthermore, by doing it right from the beginning will prevent expensive changes at a later stage, thus reduce loss. Therefore, it is not only important to gain proper know-how, but also willingness to invest initially is important. This may include paying for consultants and experts guiding the hotel resort on the right track. Consultants and experts may be expensive initially, but the company has to think about future benefits and savings.

5.3.4. Human Resources

The hospitality industry is a labour intensive industry where by the human factor play a huge part in the product. For this reason, human resources are seen as crucial for hotel resorts in order to establish competitive advantage as they operate in the service industry (Aung and Heeler, 2001). For the employees both to be aware of and understand the concept of environmental friendliness training needs to be provided. Without training there will not be any understanding throughout the organisation regarding environmental issues. If there is a lack of awareness and knowledge amongst the staff the hotel resort will find staff doing activities, which does not comply with a strategy of environmentally friendly operations. This again, may most likely be seen by the guests, who then might perceive the hotel resort as not very environmentally friendly, thus the hotel resort is losing its image and competitive advantage.

Only one of the hotel resorts investigated reported to do any environmental training, which is indicating that this is not a very widely performed practice. The managers complained about a lack of knowledge about environmental issues both from suppliers and staff. One manager meant it was the government's job to educate the people and that it was doing a poor job regarding environmental issues. It is probably correct that the general knowledge of

environmental issues is lower in Thailand than for example northern part of Europe, but it does not exclude the hotel resorts for doing their share. In fact, one could argue that it their role to do so, at least for those who do it may give a competitive edge. It might not be so easy to deal with the suppliers, but the staff can be trained and their knowledge of environmental issues may be improved. With better understanding and knowledge the staff may better perform their tasks in an environmentally friendly manner, which again will give the hotel resort more credibility and recognition for their environmental efforts.

Environmental training may not necessarily be done in-house. It can be outsourced by hiring consultants, either from the private sector or NGOs. These can either come to the hotel resort an perform tailor-made environmental training or staff can be sent to off-site training or seminars.

5.3.5 Environmental Recognition

To get credibility in their the hotel resort's operations as well as marketing the hotel resort should obtain an eco-label such as Green Globe 21, Green Leaf Foundation, ITP, Nordic Swan, EU Flower and ISO 14001. Preferably, the eco-label should be recognised world wide so that more people will acknowledge it. An eco-label note only gives the hotel resort credibility of their environmental practices, but they will also benefit from getting an environmental management system in place. The environmental management system will help the hotel resort improving their environmental practices and ensuring that all aspects of environmental management are covered. Another advantage is that it will help the hotel resort monitoring their environmental performance and indicate areas of improvements, which will help the hotel resort to improve.

5.3.6 Marketing

Not only does the staff need information on environmental issues through training, but the guests themselves need to be aware of the company's strategy of environmental friendly operation. The managers interviewed said environmental issues were either not used at

all or used limited. This seems to be the case for the rest of the hotel resorts in Phuket as only 15 percent of those obtaining information beforehand claimed any of this being of environmental character. For the resort that used it limited, the argument was that they rather wanted to do environmentally friendly practices than bragging about them. Then people would see the practices, giving more credibility and more likelihood of the guest returning. The choice of toning down the environmental aspect of the hotel resort may gain more credibility, as many hotel resorts claim to do much more than they do. Green issues are trendy and hotel resorts may be tempted to go for one practice, which they heavily promote in order to gain “green” tourists, thus making guests not believing in what is being said. However, avoiding promoting it is also excluding many guests from knowing about these practices. For example, a guest may not understand or see whether the hotel is using environmentally friendly chillers or treating the waste water. On the contrary, misunderstandings may happen as a hotel resort disposing their treated waste water through their garden irrigation system, when it is raining, may be perceived as irresponsibly wasting precious water. Misunderstandings may give the hotel resort an unfavourable poor image hurting their image and reputation, which again may have negative impact on business through loss of guests and return guests.

Furthermore, there is an indication that many guests will chose a hotel resort that is environmentally friendly, thus not promoting it may lead to lost opportunities and less guests. Guests may not necessarily think of it as their first priority when looking for hotel resort and probably not many will actively look for hotel resorts that are environmentally friendly. Pure environmental motivated tourists are probably not likely to be found, because the whole concept of hospitality and tourism is environmentally unfriendly as it implies polluting activities such as transport (air, car, bus, boat, train etc.), restaurants and accommodation. However, if made aware of options of hotel resorts, which are environmentally friendly a large proportion of guests are indicating they would choose it. Therefore, for it is recommended to use environmental practices in the promotional material. To avoid being caught in a catch-22 where potential guest only believes it is marketing tool, the information given about the environmental practices needs to be informative. With an eco-label the hotel resort get justified the credibility of this information. The informative nature will give the hotel resort's marketing more credibility as well as guests might become more aware of and educated about the issue. This research indicated that people with

higher education is more likely to choose environmentally friendly hotels. The hotel resort may influence guests' knowledge of environmental issues through their marketing, thus attracting more guests.

5.3.7 Cooperation Between Stakeholders

The hotel resort should also try and influence their partners such as tour operators and travel agents to recognise and promote environmentally friendly hotel resorts as much of the business for hotel resorts are driven by the travel trade. One of the managers said this was important, but at the moment only a few operators paying attention to it. The manager believed it to become more and more important in the future. If so, obviously those hotel resorts already operating environmentally friendly would have a great advantage. However, it is possible for hotel resorts to actively try and persuade the travel trade pay more and more attention to environmentally friendly operations. If the travel trade set their own benchmarks and put environmental friendliness as one of their criteria it will benefit hotel resorts developing and operating environmentally friendly.

Furthermore, if the hotel resorts can work together with hotel and tourism associations they might be able to put pressure on the governments to both promote environmental aspects as well as giving incentives for environmentally friendly technologies and equipment. Tax incentives will encourage hotel resorts in favouring and utilizing environmentally friendly practices. It is, therefore, recommended that the government change laws and regulation to make it easier for companies both producing and importing environmentally friendly products to operate. Tax incentives is one way, but also subsidises might be considered. This will encourage use of environmentally friendly products. And for it to happen in a wider aspect than is apparent today the government needs to take a more proactive role.

5.3.8 Summary of Recommendations

For further research or hotel resort developers and managers, the results of this research have several recommendations, which might be worth considering. They include the

following:

1. To recognize that there is a potential demand and willingness to pay a premium for environmentally friendly hotel resorts, and have the courage to undertake measures justified by this.
2. Environmentally friendly hotel development requires higher capital expenditure, but some expenses are saved in through savings, particularly within energy efficiency.
3. Necessary to counter for a wide range of activities, such as energy efficiency, water saving and waste management.
4. Renewable energy sources, such as solar, wind, current and biomass, will differentiate the hotel resorts further.
5. Time and budget necessary to be allocated in order to obtain environmental know-how and improve managerial competencies.
6. Environmental training needed to be provided to get understanding throughout the organisation.
7. Marketing needed to be done in an informative way, both to create awareness and understanding about the issue.
8. Obtain environmental recognition, e.g. eco-label, both in order to establish environmental management system and get credibility.
9. Lobbying with the travel trade, i.e. tour operators and travel agents, in order for them to favour and promote environmentally friendly hotel resorts.
10. Cooperation with hotel and tourism associations may influence the governments to give tax incentives on environmental friendly technologies.

5.4 Conclusion

This research has examined if environmental friendly hotel resort development may be used as a strategy to gain competitive advantage through differentiation. Three major areas to consider when operating environmentally friendly have been identified to be energy efficiency, water conservation and waste management. All three areas need attention if hotel

resorts want to obtain differentiation as it is a common practice to do one or two, such as urging guests to re-use towels and linen. Only doing this practice will not differentiate the hotel resort, thus differentiation and competitive advantage is not achieved. A vast array of practices need to be undertaken, such as design, insulation, peak demand consumption control, energy saving light bulbs/air-conditioning, gas boilers, water saving shower heads/toilets, waste water treatment plant, waste separation and composting amongst others. Furthermore, use of renewable energy sources will also help differentiating the hotel resort. Specific environmental practices, however, need to be adopted to suit each individual property as it may vary depending on location, climate, available sources, infrastructure and size. A practice that works one place might not be suitable for other properties. Furthermore, some environmentally friendly practices might have positive effect in one area, but negative in another, therefore, it is important to consider all the practices to see what works better as a whole.

Environmentally friendly technologies require substantial capital investment, much of it done before revenue can be made. It is easier done on a new development, when it can be incorporated in the architectural plans, with for example design of air-ventilated areas reducing amount of air-conditioning needed. Doing it in an existing hotel resort may add substantial costs, especially if needed to close for a time, when wanting to install new technology, making it very difficult. Savings in certain areas, particularly energy utilities cost, are achieved, but may not always supersede all the investments needed. Furthermore, there is a certain amount of risk involved as much of the environmentally friendly technologies are still in its infancy with little or no prove record. Particularly, this is evident in the renewable energy sector. This makes it more difficult for managers to persuade investors and owners.

Capital investment is not only required in technology, but also in human resources. As much of the technology is new, obtaining managerial competencies and know-how are crucial factors in gaining competitive advantage. Therefore, it is important to have people that have both competency and time to work on environmental issues. It might also be necessary to seek advice from environmental consultants to make sure the hotel resort is doing the right steps. Furthermore, time needs to be spent on training staff on environmental issues. It is important that staff both are aware and have knowledge about environmentally friendly practices as they are an important part of the product and will influence the guests perception of the hotel resorts

environmentally friendly operations.

Awareness and knowledge need not only to be amongst the hotel resorts employees, but also the guests. Findings from this research indicates that there is a potential market for environmentally friendly hotel resorts as 68 percent of tourists would choose an eco-labelled hotel resort over one that does not have. However, this is not to say these are pure environmental tourists as eco-labelling is not one of most important factors. The environmental friendly practices have to compliment other areas such as services, facilities and location. The tourists are not likely actively to look for environmentally friendly hotel resorts, therefore, marketing of the hotel resort's environmentally friendly practices is recommended. The marketing can be done through channels such as advertising, PR and travel trade. What is important is that the marketing needs to be informative and educational as findings indicated that people with higher education have a higher tendency to choose environmentally friendly hotel resorts. Awareness and knowledge of environmental impact will have an effect on people's choices favouring environmental conscious hotel resorts. And to gain credibility, the hotel resort needs to obtain environmental recognition such as eco-label, preferably world-wide recognized, to gain tourists' trust.

In light of the findings from this research, it is believed there is a potential market for environmentally friendly hotel development. Very few hotel resorts use environmental friendly practices as a strategy presently. To do so requires substantial capital investments in a vast array of environmentally friendly practices, both in technologies and human resource. If done correctly it is believed to be used to differentiate the hotel resort and gain competitive advantage.

5.5 Limitations and Suggestions for Further Research

The main limitation with this research is the number of hotel resorts investigated and managers interviewed. Ideally, luxury hotel resorts in Phuket should have been investigated but it proved very difficult as response from the hotel resorts were very limited. It could suggest that environmental practices are not much incorporated into the hotel resorts operation thus less willingness to speak about it is experience. However, no conclusions can be drawn from that suggestion. Furthermore, by limiting the research to both Phuket and luxury hotel resorts excludes several aspects and differences. For example, operations and requirements for a hotel resort in a

different climate such as the UK would be very different due to climate. Also the resources used and scale of investment in luxury resorts are bigger thus suggesting it is more feasible through cost savings and willingness to invest. However, not all environmental practices need extensive investments suggesting it possible for smaller and less luxurious properties to undertake.

As mentioned, previous research have focussed either on competitive advantage or environmental practices, but none have looked at environmentally friendly hotel resort development as a way of differentiation in order to gain competitive advantage. This research has tried to investigate these two topics together and should be seen as a starting point for future research into environmentally friendly hotel resort development as a way of differentiation in order to gain competitive advantage. Environmentally friendly practices are still new and many technologies need more time before proven records can show whether they are worth while utilizing. Furthermore, advances and development in technology is continually happening making changes of what works now and in the future likely to happen.

This research can possibly inspire further research to provide valuable knowledge for both hoteliers and researchers. The area is likely to become more and more important in the future and getting knowledge may be the key in order for it to be used in a competitive market. However, further research is necessary to be conducted and areas to be researched are suggested below:

1. Investigation in specific environmental practices and the benefits and limitations of them.
2. Investigation in various geographical areas to see how climatic differences change the environmental practices needed for gaining competitive advantage.
3. A limited number of luxury hotel resorts were investigated limiting the value of the findings. Further research into a larger number of hotel resorts and hotels would be of great interest to see more industry wide practices.
4. This research focussed on luxury hotel resorts, but investigating other categories would be interesting in order to establish feasibility in operating environmentally friendly for various accommodation categories.
5. Marketing of environmental practices was found to be limited and research

in how people perceive the topic in order to establish how to market environmental friendly hotel development would be of great interest to see how differentiation can be achieved.

6. Capital expenditure was identified as a major constraint of environmentally friendly development. Therefore, an in-debt investigation on economic aspects comparing investments needed, savings achieved and possible revenue gained from increased business would be of interest.
7. Environmental sustainability has been investigated in this research, but hotel resorts also have a great impact on its social environment. For this reason it would be interesting to investigate how hotel resorts can contribute to social sustainability and if this can be used as part of their differentiation strategy and thus gain competitive advantage.
8. Finally, future research should seek to use multiple approaches in their research, such as combinations of interviews, observation, focus groups, document analysis and questionnaires. It should be collected at different levels of management and specific types of guests in order to get a deeper understanding of the topic.