1.3.2 –

I have attached only one sample copy each of the latest academic year as mentioned in the SSR Manual for Internships of (S.Y. B.Sc. International hospitality management and M.Sc. International hospitality and tourism management) and dissertation (T.Y. B.Sc. International hospitality management) reports.

The hard copies of the reports of all students are present at the institute the same can be furnished if required.

Prof. Irfan Mirza

Director/Principal

DISSERTATION 2022-23

Sr. No.	Title of the Project	Names of Students	Number of Students	Year
1.	Effects of Work-Life balance on Job Performance and Job Satisfaction	Aditya Desai Pooja Muley Rohit Thekkanath Zoe Rodrigues Nikhil Godinho Macwin Pereira	6 students TY B.Sc. Batch 2020-23	2023
2.	Survey on Food Hygiene and safety and Consumer's perspective on street food	Aaryan Naik Kevin Silas Joana Souza Lobo Anirudh SarDesai Shijin S Ryan Correia	6 students TY B.Sc. Batch 2020-23	2023
3.	The Influence of Social Media Marketing Activities and its Impact on Hospitality Sector	Carlton Fernandes, Emerald Monteiro, Harsh Raj Singh Bhuie, Lysandra Costa, Parin Haldankar, Purva Sharma	7 students TY B.Sc. Batch 2020-23	2023
4.	A Study on Guests' Perception of Green Hotel Practices and its relation to Guest's Behavioural Intentions	Adwait Kelkar Avinash Ajay Azriel Gracias Chiara Pereira Jolan Pereira Vidheyesh Prabhu	6 students TY B.Sc. Batch 2020-23	2023
5.	How Cafe Quality Affects Customer Loyalty	Pearl D'souza Figo Martins Shrivatsa Kulkarni Jaydev Mahara Gretson Futardo Reagan Rodrigues	6 students TY B.Sc. Batch 2020-23	2023
6.	Impact Of User Generated Content On Hotel Guests	Tahira Marie Rodrigues Tacy Kate Tavares Gavin Napoleao Periera Declan Roque Dias Prajval Rohindas Tople	6 students TY B.Sc. Batch 2020-23	2023

		Kritik Singh Nagpal		
7.	Service Failure and Customer Satisfaction In India	Akamsha Chandran Gavin Nunes Jason Fernandes Leander D'Souza Luke D'Souza Renwick Goes Veebhav Wali	7 students TY B.Sc. Batch 2020-23	2023
8.	Hotel Reputation in the Hospitality Industry	Agnel Francis Ayyan Khan Johan Cardozo Rashid Noronha Rishika Verenkar	5 students TY B.Sc. Batch 2020-23	2023
9.	Service Quality & Customer Satisfaction in Hospitality	Blandon Moraes Dawson Vaz Jairus Fernandes Kelly Albuquerque Simran Chhutani	5 students TY B.Sc. Batch 2020-23	2023

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HOW CAFE QUALITY AFFECTS

CUSTOMER LOYALTY

_ as one of the partial requirements for the award of B.Sc. degree in

International Hospitality Management

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HOW CAFE QUALITY AFFECTS

CUSTOMER LOYALTY

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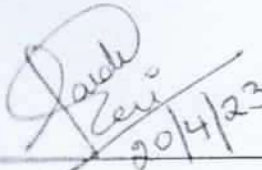
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GROUP 8

4

A STUDY ON GUESTS' PERCEPTION OF GREEN HOTEL PRACTICES AND ITS RELATION TO GUEST'S BEHAVIOURAL INTENTIONS

DISSERTATION SUBMITTED TO V.M. SALGAOCAR INSTITUTE OF INTERNATIONAL HOSPITALITY EDUCATION

For the partial requirement for the award of B.Sc International Hospitality Management

completed by

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THE INFLUENCE OF SOCIAL MEDIA MARKETING ACTIVITIES AND ITS IMPACT ON HOSPITALITY SECTOR

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SERVICE QUALITY AND CUSTOMER SATISFACTION IN HOSPITALITY INDUSTRY

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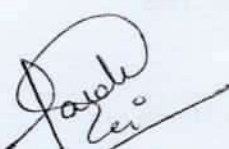
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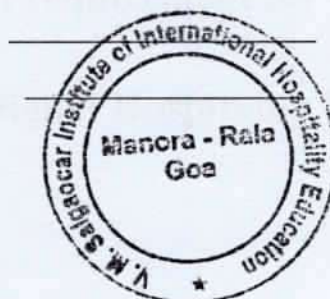
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SERVICE FAILURE AND CUSTOMER SATISFACTION IN INDIA

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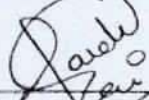Mr. / Ms. _Luke D'souza_ ,

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A STUDY ON GUESTS' PERCEPTION OF GREEN HOTEL PRACTICES AND ITS RELATION TO GUEST'S BEHAVIOURAL INTENTIONS

DISSERTATION SUBMITTED TO V.M. SALGAOCAR INSTITUTE OF INTERNATIONAL HOSPITALITY EDUCATION

For the partial requirement for the award of B.Sc International Hospitality Management

completed by

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A STUDY ON GUESTS' PERCEPTION OF GREEN HOTEL PRACTICES AND ITS RELATION TO GUEST'S BEHAVIOURAL INTENTIONS

DECLARATION

We, Adwait Kelkar, Avinash Ajay, Azriel Gracias, Chiara Pereira, Jolan Pereira, and Vidheyesh Prabhu declare that this dissertation and the work presented in it are our own and has been generated by us as the result of our own original research under the supervision of Dr Semele Sardesai, visiting faculty- Dissertation

We also declare that this dissertation or any part thereof has not been submitted by us for the award of any Degree, Diploma, Title or Recognition before.

Research Title: **A STUDY ON GUESTS' PERCEPTION OF GREEN HOTEL PRACTICES AND ITS RELATION TO GUEST'S BEHAVIOURAL INTENTIONS**

We confirm that:

1. This work was done wholly or mainly while in candidature for a B. Sc. International Hospitality Management at V M Salgaocar Institute of International Hospitality Education;

2. Where we have quoted from the work of others, the source is always given. With the exception of such quotations, this dissertation is entirely our own work;

3. We have acknowledged all main sources of help;

4. This work has not been previously submitted for publication elsewhere.

ADWAIT KELKAR | AVINASH AJAY | AZRIEL GRACIAS

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ABSTRACT

A Study on Guests' Perception of Green Hotel Practices and Its Relation to Guest's Behavioural Intentions.

Sustainability has become an important consideration for guests when choosing hotels. Sustainable hotels are hotels with environmentally friendly practices and social responsibility. However, sustainable hotels often charge higher prices for their services. This study aims to investigate customer willingness to pay a price premium at sustainable hotels and to study guests perception of green hotel practices and its relation to guests' behavioural intentions.

OBJECTIVES OF THE STUDY: The main objective of this study is to examine customer willingness to pay a price premium at sustainable hotels. We also aim to understand guest loyalty and satisfaction of guests at sustainable hotels.

HYPOTHESIS:

H1: Hotel environmental practices has a positive and significant influence on guest satisfaction

H2: Hotel environmental practices has a positive and significant impact on guest loyalty

H3: Guest satisfaction has a positive and significant impact on guest loyalty

H4: Hotel environmental practices has a positive and significant impact on hotel environmental image.

H5: Hotel environmental image has a positive and significant impact on willingness to pay a price premium

H6: Hotel environmental practices has a positive and significant impact on willingness to pay a price premium

H7: Guest loyalty has a positive and significant impact on willingness to pay a price premium

H8: Customer Environmental Concerns has a Positive and Significant Influence on Willingness to pay a Price Premium

H8a: Customer environmental concerns (self) has a positive and significant impact on willingness to pay a price premium

H8b: Customer environmental concerns (Social) has a Positive and significant Impact on Willingness to Pay a Price Premium

H8c: Customer Environmental Concerns (Biodiversity) has a positive and significant impact on Willingness to Pay a Price Premium

METHODOLOGY: This study will use an exploratory qualitative & quantitative research approach. The qualitative data collection was done through in-depth interviews with hotel guests and managers. The quantitative data collection was done through a survey questionnaire (google form) administered to customers who have stayed at sustainable hotels.

DATA ANALYSIS: qualitative data was analysed by cross-tabulation of all the interview questions. The tabulated data was used to make summary pie charts. Data from google forms was downloaded into an Excel sheet and then coded. The coded data was loaded into IBM SPSS. Regression analysis was used to test the hypothesis.

RESULTS: The study's results has provided insight into customer willingness to pay a price premium for sustainable hotels and the impact of customer environmental concern on this willingness.

IMPLICATION: The study's results may encourage hotel managers to invest in sustainable practices to attract environmentally conscious customers. The findings may also encourage the industry to adopt sustainable practices as a standard and promote their benefits to customers.

LIMITATIONS OF THIS STUDY: The study's limitations include the potential bias of self-reported survey data. The sample may also not be representative of all hotel customers.

FUTURE RESEARCH DIRECTION: Future research could include larger sample size and more diverse customer groups to increase the study's generalizability. More in-depth qualitative data collection could provide better insights into customer behaviour regarding sustainability practices.

CHAPTER 1

INTRODUCTION

CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

The hospitality industry is a continuously growing industry focused on providing guests with basic necessities with the addition of top-notch facilities and services. Today hospitality goes hand in hand with luxury and is seen as one of the most profitable industries worldwide. Sustainability is a growing concern for our depleting resources today. The hospitality sector is a major contributor to the depletion of these resources and it is the need of the hour for hotels to adopt sustainability practices in their operations.

With the need to conserve the environment came the existence of sustainable practices. Hotels all over the world have started incorporating environmentally friendly ways to carry out daily operations and these hotels are widely known as sustainable hotels or more commonly known as green or eco-friendly hotels. India is at the top of its game when it comes to following trends and hence in the recent past there is a widespread awareness that is being spread about the need for sustainability. Hotel chains in India have also started following the trend and are making changes in their practices wherever possible to help sustain the environment.

In India, the well-known company ITC Hotels has pioneered sustainable practices in the Indian hospitality sector and is headed towards 100% sustainability in their practices towards the end of this decade. Their first step towards this initiative was by having the world's first 11 LEED zero carbon certified hotels.

1.1.1   Hotels

A hotel is a complex, experience-based product. In hotel management, Hotels are a specialized type of business that attracts many successful entrepreneurs and managers. Hotels are businesses with their own products, markets, technology and methods which require special education and training for their staff in order to be able to run this kind of operation smoothly.

Green hotels can be defined as "*pro-environmental lodging properties which implement different green practices such as saving water and energy, reducing solid waste, and recycling and reusing the durable service items (e.g., bins, towels, etc.) to protect the earth we live in*" (Han & Kim, 2010)

1.1.1.1 Classification of hotels

Hotels can be classified on the basis of services and facilities provided, location, type of guests, the purpose of visit, duration of stay, size, star rating, etc into different types like luxury, resorts, commercial, residential, transit, business and many more.

Fig. 1.1

Standard Classification (by the government committee)	Size	Location	Clientele	Duration of Guest Stay	Level of Services	Ownership	Alternative Accom-modation
One star Two star Three star Four star Five star Five star deluxe Heritage Heritage Classic Heritage Grand	Small Medium Large Very large	Downtown Suburban Airport Resort Motel Floatel	Commercial Transient Suite Residential B & B Hotel Time-share Condominium Casino Conference Convention Motel	Commercial Resort Semi-residential Residential	Upmarket Mid-market Budget	Propriety ownership Franchise Management contract Time-share Condominium	Sarai Dharamshala Dak bungalow Circuit house Lodge Youth hostel Yatri niwas Forest lodge

Title row: CLASSIFICATION OF HOTELS AND OTHER TYPES OF LODGING

[Source; Front Office Management by J. Tewari, 2007]

1.1.1.1.1 Sustainable hotels

Sustainable hotels are businesses that significantly reduce their environmental impact through green best practices in maintenance, services, logistics, products, and supplies. The core elements revolve around reducing waste, saving energy, and cutting down on water usage.

The concept of sustainable hotels is relatively new and the need for this type of hotel has arisen due to the growing concern for our environment and to help preserve our planet.

The term sustainable hotel is interchangeably used with terms like eco-hotels and green hotels.

1.1.2 Hotel environmental practices

Consumers growing attention toward environmental issues and sustainability has fostered hoteliers to transform their business by implementing green practices in hospitality management. This is a great opportunity for hotel managers to exploit this differentiation factor in the market (Cronin, Smith, J. S., Gleim, M. R., Ramirez, E., & Martinez, 2011). Therefore green activities have a strategic value for companies, and not only represent the "right thing to do" but "the smart thing to do" to succeed in the marketplace (Luo & Bhattacharya, 2018).

Several definitions of green practices in the hospitality context have been proposed. Kim et al. defines them as "a value-added business strategy that benefits a hospitality operation that engages in environmental protection initiatives", embracing the evidence that is commercially-driven actions that provide both financial and commercial added value while reducing environmental impacts (Kim & Lee, 2017).

Therefore, in order to be economically valuable, green initiatives have to reduce operational costs and create perceived value for customers (Robinot & Giannelloni, 2010). Scholars have dedicated numerous studies exploring hotel green practices' role in determining guest behavioural intentions (Gao, Gao , Sun, & Hu, 2016). Showing that hotel commitment towards sustainability is a significant determinant of guest satisfaction (Gao & Mattila, 2014).

Hotels benefit from green practices implementation mainly from two sources. First, the potential gains of resource efficiency and the related savings in consumption (e.g. water and energy consumption). Second, the market opportunities derive from the growing attention of consumers toward sustainability. Even though the demand for green hotels is still comparatively low (Levy & Park, 2011), previous studies have shown a positive relationship between green practices implementation and hotel guest behavioural intentions (Han & Kim, 2010). The more hotel guests are able to perceive and appreciate the hotel's commitment toward sustainability, the higher the results in terms of satisfaction and willingness to pay, return and spread of positive word of mouth (Gao, Gao , Sun, & Hu, 2016).

When contextualizing green hotels, an important differentiation factor is the adoption of environmental certifications, such as eco-labels (Erick Leroux & Pupion, 2018). However, even certified hotels adopt different approaches towards the environment, regarding its effective integration in the hotel general management, leading to different levels of environmental performance improvement (Priego, Najera, J, & Font, 2011).

1.1.3   Willingness to pay a price premium

Through this research, we aim to study factors that influence a customer to pay a price premium at green hotels. Most green hotels charge their guest a higher price in this case referred to as a price premium since they are providing a service which is different from a normal hotel as they are going the extra mile to be sustainable.

The study of consumers' WTP premiums has received major attention from the research community as it is key to understanding how attitudes toward differentiated products transform into monetary values. The study of product attributes and consumer characteristics influencing different levels of WTP has included the application of contingent valuation (Gil, Garcia, & Sanchez, 2000).

Willingness to pay a price premium refers to the amount of money a consumer would be willing to pay for perceived additional features of a product or service, in this case in relation to environmental benefits. (Han & Kim, 2010)

A brand obtains a price premium when the sum that customers are willing to pay for products from the brand is higher than the sum they are willing to pay for similar products from other relevant brands. (Aaker, 1996)

Willingness to pay is used as a measurement of purchase behaviour as it was the closest approximation of the actual behaviour. (Pelsmacker, Drissen, & Rayp, 2005)

The willingness to pay concept originated in the pricing and consumer behaviour domain of the marketing (Breidert, Hansler, & Reutterer, 2006). It accurately predicts buyers' purchasing behaviour and ultimately assists organisations to develop their pricing strategies (Pelsmacker, Drissen, & Rayp, 2005)

A price premium is defined as the additional amount that is paid over the average price and represents improvements in the quality of a product or service (Rao & Bergen, 1992)

1.1.4   Hotel environmental image

A company's image is commonly defined as a mental representation, or perception, that customers hold of that company (Ha , Jeong , Day, & Jang, 2014).

An organisation's image results from the perceptions that stakeholders have, in relation to the expectations they previously had of the company (Pomering & Dolnicar, 2009). An organisation's image exerts an impact on its customers' perceptions of the communications and operations of that organisation (Kang & James, 2004). The image is affected by tangible

and intangible aspects of the organisation, including the stakeholders' perceptions of the organisation's values and motives.

A hotel's eco-friendly image refers to customers' perceptions of its eco-friendly environmental practices and performance; these factors are critical to differentiate one hotel from another (Chen & Chen, 2010), associate customers' perceptions of a brand with the brand's environmental commitments and environmental concerns.

1.1.5   Guest satisfaction

Guest satisfaction can be defined as a cognitive process that compares customer experience and its initial reference base (Xu & Gursoy, 2015), resulting in a feeling of pleasure or disappointment from comparing a product's perceived performance in relation to expectation. (Cronin Jr, Brandy, & Hult, 2000) (Oliver, 1993).

Customer satisfaction is considered a crucial element to sustain a competitive business. It is also a critical indicator in evaluating firms' performances (Oliver, 1993) and financial success (Lehmann, Anderson , & Fornell, 1994).

1.1.6   Guest loyalty towards green hotels

According to Oliver (Oliver, 1993), guest loyalty towards green hotels is defined as "*a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour.*" Loyalty may be split into behavioural loyalty and attitudinal loyalty. Behavioural loyalty refers to a repeated transaction over time. Attitudinal loyalty refers to an emotional link, that also generates positive word of mouth (Saleem & Raja, 2014).

Even though there is no common agreement on what generates loyalty, these two aspects of loyalty should be considered in hospitality research (Han & Kim, 2010). In the sustainability management of hotels, improving guest loyalty is pivotal in assuring hotel long-term success.

Guests' perceptions of green practices are significant contributors to the hotel's green image which enhances guest loyalty for green hotels. Investigations identify a positive relationship between environmental practices and guest loyalty, hence displaying greater customer willingness to return and use of positive word of mouth. These results help conclude a more

specific consideration: do environmental practices contribute to generating loyalty toward green hotels? Green practices positively influence a guest's intention to revisit, this suggests that hotel managers must find efficient strategies to communicate their environmentally friendly initiatives to their guests. (Han & Kim, 2010).

1.1.7 Customer environmental concern

The environmental behavioural intention has been commonly defined as a manifestation of multiple individual actions, namely political and social, recycling, and green consumption and knowledge (Thapa, 2010).

Environmental behavioural intention generally refers to the likelihood of customers recommending, revisiting, and paying a premium for environmentally friendly products and services.

The environmental behavioural intention has been measured through factors such as willingness to behave in an environmentally responsible way (e.g. green consumerism), eco-management, involvement in civic actions and environmentally friendly practices, intentions to return, willingness to recommend, and willingness to pay a price premium for a product (Handriana & Ambara, 2016).

P Schultz pioneered the study of customers' environmental concern in 2001. The need for his study was the increasing number of people expressing their concern for environmental issues. Today is it difficult to find a person who is openly anti-environmental. In his paper, P Schultz distinguishes between different types of environmental attitudes that stem from 3 sets of valued objects; self, other people and the biosphere. The customer's environmental concern is dependent on these 3 valued objects. (Schultz, 2001)

1.1.7.1 Self

Self is the first valued object that is the base for environmental concern. It studies an individual's egoistic concerns for the environment. The factors that determine environmental concern arising from self are; concern for the environment because of its consequences for me, my health, my lifestyle and my future. (Schultz, 2001)

1.1.7.2 Social

Social is the second valued object that is the base for environmental concern. It studies an individual's altruistic concerns for the environment. The factors that determine environmental concern arising from social are; concern for the environment because of its consequences for all people, all children, my children and people in my country (community). (Schultz, 2001)

1.1.7.3 Biosphere

The biosphere is the third valued object that is the base for environmental concern. It studies an individual's biospheric concerns for the environment. The factors that determine environmental concern arising from the biosphere are; concern for the environment because of its consequences for plants, marine life, animals and birds. (Schultz, 2001)

1.1.8 Background theory

- Social identity theory
- Value belief norm theory

Social identity theory and VBN theory will be used in this research to constitute a social-environmental, psychological framework for the analysis of the relationship between customers' environmental concern and their willingness to pay a price premium. In the context of this study, and according to social identity theory, customers strongly identify with organizations with similar environmental concerns. Accordingly, VBN theory complements social identity theory to capture the role played by customers' value-oriented environmental concerns in evaluating hotels' environmental practices and, thereby, their willingness to pay a price premium to stay at those hotels. Hence, we assume that customers declaring a high degree of concern about environmental issues are more likely to choose a hotel that promotes its environmentally friendly initiatives and more likely to report a willingness to pay a price premium for environmentally friendly services. (Gonzalez-Rodriguez & Diaz Fernandez, 2020)

1.1.9 Stakeholders

Stakeholders are the shareholders of sustainable hotels and owners, the employees and the management. The stakeholders also include guests of these hotels, the government, the general public affected by the hotel's activities, investors, suppliers, the locals of the area and wider community, the media and in the case of sustainable hotels major stakeholders are the environment and environmental activists.

1.2 OPERATIONAL DEFINITIONS

- Willingness to pay a price premium

The amount of money a consumer would be willing to pay for perceived additional features of a product or service, in this case in relation to environmental benefits. (Han & Kim, 2010)

- Hotel environmental practices

A value-added business strategy that benefits a hospitality operation that engages in environmental protection initiatives. (Kim & Lee, 2017)

- Guest satisfaction

A cognitive process that compares customer experience and its initial reference base resulting in a feeling of pleasure or disappointment from comparing a product's perceived performance in relation to expectation. (Cronin Jr, Brandy, & Hult, 2000)

- Hotel environmental image

Refers to customers' perceptions of a hotels eco-friendly environmental practices and performance; these factors are critical to differentiate one hotel from another and associate customers' perceptions of a brand with the brand's environmental commitments and environmental concerns. (Chen & Chen, 2010)

- Guest loyalty towards green hotels

Loyalty can be defined as a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour. In this case the customer loyalty is towards green hotels. (Oliver, 1993)

- Customer environmental concern

The environmental behavioural intention has been commonly defined as a manifestation of multiple individual actions, namely political and social, recycling, and green consumption and knowledge. (Thapa, 2010)

1.3 SIGNIFICANCE OF STUDY

The purpose is to investigate the influence of customers' environmental concerns, customers' perceptions of a hotel's environmental practices, guests satisfaction at hotels with environmental practices, guest loyalty towards these hotels and of the hotels' environmentally friendly images, on customers' willingness to pay a price premium to stay at environmentally friendly hotels.

1.4 RESEARCH GAP

After reviewing past research papers on guests' perceptions of sustainable hotels we have found a clear major research gap which points out a list of limitations in the past research that can be covered in our study. Firstly, segmentation of the population according to independent and dependent variables, in particular, whether the three types of environmental concern (self, others, and biosphere) result in a different willingness to pay a price premium. Secondly, conducting the research in different socio-demographic groups and locations. This helps examine if guests in other cities or countries with different socio-demographic characteristics (for example; age, education, income, etc) perceive the green benefits of hotels similarly or differently. In our research we will be covering these research gaps.

1.5 OBJECTIVES OF STUDY

Through this research, we are studying guests' perception of "green hotel" practices and testing the relationship between guest perceptions of hotel green practices and behavioural intentions. We are also testing the impact of green practices in determining a specific loyalty towards green hotels. Finally, the study investigates the role of guest satisfaction as a mediator for guest loyalty.

1.6 RESEARCH QUESTIONS

1. Does customer environmental concern positively influence: their willingness to pay a price premium to stay at an eco-friendly hotel and their evaluation of the hotel's environmental practices?

2. Is the influence of environmental concern on willingness to pay a price premium enhanced when a customer has a good perception of a hotel's eco-friendly practices?

3. Does the perception of a hotel's eco-friendly practices influence a customer's view of that hotel's image and, correspondingly, their willingness to pay a price premium?

4. Is the influence of the perception of environmental practices on willingness to pay a price premium reinforced when a hotel has a favourable image?

5. What is the impact of guest satisfaction at hotels with green practices and how it affects the guest's loyalty to these green hotels.

6. Does guests' loyalty towards green hotels influence their willingness to pay a price premium to stay at these green hotels?

1.7 HYPOTHESES

H1: Hotel environmental practices has a positive and significant influence on guest satisfaction

H2: Hotel environmental practices has a positive and significant impact on guest loyalty

H3: Guest satisfaction has a positive and significant impact on guest loyalty

H4: Hotel environmental practices has a positive and significant impact on hotel environmental image.

H5: Hotel environmental image has a positive and significant impact on willingness to pay a price premium

H6: Hotel environmental practices has a positive and significant impact on willingness to pay a price premium

H7: Guest loyalty has a positive and significant impact on willingness to pay a price premium

H8: Customer Environmental Concerns has a Positive and Significant Influence on Willingness to pay a Price Premium

H8a: Customer environmental concerns (self) has a positive and significant impact on willingness to pay a price premium

H8b: Customer environmental concerns (Social) has a Positive and significant Impact on Willingness to Pay a Price Premium

H8c: Customer Environmental Concerns (Biodiversity) has a positive and significant impact on Willingness to Pay a Price Premium

1.8 RESEARCH METHODOLOGY

The research design is in two stages to achieve the objectives of this research study.

Section I presents case studies following an exploratory qualitative data collection. Section 2 describes the quantitative methodology used for testing the hypotheses based on the proposed conceptual model. Both these sections focus on collecting primary data for the purpose of this study.

Section 1

Case studies were done on 6 different sustainable hotels in Goa, namely Heritage Village, ITC Grand Goa and Alila Diwa from South Goa and Goa Marriot resort & spa, Grand Hyatt Goa and ITC Fortune from North Goa. Also, an exploratory study was conducted with 12 sustainable hotel guests. The findings of these exploratory qualitative studies reinforced our study. For this convenience sampling method was used and the tool for data collection was an in-depth interview. The period of data collection was from 2nd January to 6th January 2023.

The procedure for the data collection was as follows:

- Step 1; We identified our unit of analysis and selected hotels to visit.
- Step 2; We made 2 sets of questionnaires; one for the hotel managers and one for the guests
- Step 3; We took appointments with the hotel managers to interview them.
- Step 4: We interviewed these managers and a few hotel guests.

<u>Section 2</u>

The data for the quantitative study were collected through questionnaires. The questionnaires were sent online to the respondents and the period for this data collection was from 23rd January to 23rd February 2023. The sampling method used was random sampling method and the sample size was 300 respondents.

The procedure for the data collection was as follows:

- Step 1; We created an online questionnaire to collect the data for each of our constructs. The questionnaire was made using the scale of each construct from our proposed model.
- Step 2; This questionnaire was sent to 300 respondents through email at random. The filter question used to filter out the respondents was "Have you ever stayed at a sustainable hotel?"
- Step 3; Since the survey was conducted through an online questionnaire all responses were automictically recorded by Google.

1.9 SCOPE OF STUDY

To study the impact of the hotel's environmental image on the customer's willingness to pay a price premium and the effect of guests' environmental concern on their willingness to pay a price premium.

Through this research, we will explore how guests perceive "green hotel" practices and to test the relationship between guest perceptions of hotel green practices and behavioural intentions. Additionally, the impact of green practices in determining a specific loyalty towards green hotels has been tested. Finally, the study investigates the role of guest satisfaction as a mediator for guest loyalty.

The study intends on providing managers of hotels, especially sustainable hotels with insights from guests staying in green hotels and their perceptions about the hotel's environmental image and the customers' environmental concern and their effect on the customer's willingness to pay a price premium at these hotels.

1.10 LIMITATIONS

The paper is based on customers staying at environmentally friendly hotels in India. Due to this, the findings cannot be generalised to include other locations without further research. Second, this study reports on behavioural intentions, and therefore a experimental study is needed to test if the model would be a priority, especially to test the impact that raising awareness of environmental practices has on behavioural intentions. Lastly, we research the role of environmental concern from VBN theory but our study does not extend to a consideration of the awareness of environmental adverse consequences. As these two constructs measure different perspectives, further research into the comparison of the explanatory value of each would also be beneficial.

1.11 MANAGERIAL IMPLICATIONS

Our study will help hotel managers gain insight into the hotel's environmental image and customers' environmental concern and their effect on the customer's willingness to pay a price premium at these hotels.

It will help the hospitality industry as a whole to understand the need for sustainability in their practices and the guest's outlook on the approach towards sustainability. It will also help hotels to understand customers' psychology towards willingness to pay a price premium by understanding their environmental concerns.

The paper contributes to the literature by highlighting those cognitive processes that influence the customers' willingness to pay a price premium to stay at environmentally friendly hotels. Hence, the study provides valuable information to hotel managers

1.12   THE ORGANISATION OF CHAPTERS

Chapter 1 – Introduction

It is a brief introduction to the topic of green hotels and the sustainability practices carried out in different hotels. It also discusses the various variables taken based on the VBN theory and social identity theory on which the various goals to be achieved on the performance undertaken at the end of the research.

Chapter 2 – Literature Review

Our literature review includes of research paper of which we have identified the aim, findings, the future research and the various factors that contribute to the research of our respective papers which are on the green practices on the hospitality industry. We have also studied the models provided in the papers and then constructed a new model with hypothesis'. We proposed a model for our studies and we created the objectives and then formulated the hypothesis, using the proposed model we explained all the constructs using different mediators and variables.

Chapter 3 – Research Methodology

The chapter undertakes the step-by-step research methods and provides an overview of the research. The research is divided into qualitative exploratory study and quantitative study. The main target here will be sustainable hotel guests and it is an integral component of the research.

Chapter 4 – Data Analysis

The data was analysed using SPSS software. Regression analysis has been carried out to test each hypothesis and the significance of these hypotheses were identified.

Chapter 5 – Findings, Managerial Implications and Limitations

This chapter analysis the significance of the results of the previously discussed elements. It also notes the contributions of the study and the managerial implications of the research, along with the limitations and conclusion of the study.

CHAPTER 2

LITERATURE REVIEW

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

2.1.1 Hotels

The hospitality industry can probably be termed one of the pioneering commercial undertakings of this world. The term 'Hospitality' means the cheerful welcoming of people, who may be known or may be strangers. It is the relationship between a guest and host. The hospitality industry is a service industry. From the beginning, hospitality has been an important element in enriching the experiences of guests through its consistent service quality. (Tewari, 2007)

A hotel is a complex, experience-based product. In hotel management, Hotels are a specialized type of business that attracts many successful entrepreneurs and managers. Hotels are businesses with their own products, markets, technology and methods which require special education and training for their staff in order to be able to run this kind of operation smoothly.

2.1.1.1 History

There may be many reasons for which an individual may travel: business, leisure, studies, medical treatment, pilgrimage etc. When an individual travels for a few or more days, he may carry clothing but it would be impossible for him to carry food and shelter. This is where the hospitality industry steps in.

The concept of inns and lodging houses came into being to satisfy this need of the travellers. Inns at first were usually managed by families, or husband-wife teams who offered large halls to travellers to make their own beds and sleep on the floor. They also provided modest food and drinks. They were the earliest form of hospitality service.

Such inns and lodging houses were known as taverns & inns in Europe, ryokans in Japan, Dharamshalas & sarais in India, cabarets and hostelries in France, and katalumas in Greece. They were created in the homes of the local people, who made their living by providing accommodation and other services. Changing travel patterns resulted in the upgrading of these facilities. (Tewari, 2007)

History, Growth and Development of the Hotel Industry in India. The hotel industry in India existed even in the era of the Indus Valley Civilization as people travelled then primarily for the purpose of trade as well as religious pilgrimages. The old texts and literature, including Hindu mythology, has references to the provision of accommodation and food to travellers.

(Tewari, 2007) stated that the history, growth & development of the hotel industry in India can be studied on the basis of three definite eras,

1. The Ancient & Medieval Era; existed from the days of the Indus Valley Civilization to the 1600s.
2. The Colonial Era; was when the British ruled India which lasted up to 1947.
3. The Modern Era; existed from the year 1947 onwards, after India gained independence.

Ancient Indian philosophy says that 'Atithi devo bhava' means that the guest is god is the most important element of Indian hospitality.

During the colonial period, The Racquet Court and the Portuguese Georges were the earliest hotels that opened in Mumbai, Maharashtra, (known as Bombay at that time) in the 1800s. The Victoria hotel, also known as the British hotel was a famous property of that era. Watson's, which catered exclusively to the Europeans & The Auckland Hotel in Kolkata were some other famous properties. (Tewari, 2007)

It was in 1903 that the Taj Mahal Palace & Tower opened its doors to the public in Mumbai. It was built by Mr Jamshetji Tata after he was not allowed to enter Watson's Hotel, as he was an Indian. This was the first luxury hotel for Indians, started by an Indian and is amongst the country's best hotels to date, a landmark in Mumbai and remains one of the places that a tourist in Mumbai must visit on his trip to the financial capital of the country. (Tewari, 2007)

Mr Shapurji Sorabji built the Grand Hotel in Mumbai in 1923 which was the second Indian luxury hotel started by an Indian. The Oberoi group of hotels was founded in the 1930s by Mr Rai Bahadur Mohan Singh Oberoi. He was the first Indian hotelier to enter into an agreement with an international hotel chain and opened The Oberoi Inter Continental in Delhi. This was New Delhi's first grand hotel open to Indians started by an Indian similar to the Taj Mahal Palace & Tower in Mumbai

2.1.1.1.1 Evolution

After the invention of air transport and commercial passenger flights, international travel received a boost, as tourists started travelling longer distances and stayed at destinations for a longer period of time. This resulted in a greater turnover for both the hospitality, as well as the tourism industry.

The needs of leisure as well as travellers increased and they demanded better facilities, which led to the building of large hotels in cities and towns to satisfy them. The world's first ski resorts opened in the Swiss towns of St. Moritz & Gstaad in the early, which saw a lot of foreign tourists making their way to these places. This was followed by the emergence of destinations like Spain, Greece & Yugoslavia, as well as Portugal and the Scandinavian countries (Norway, Sweden, Denmark, Finland, and Iceland) as popular tourist destinations. (Tewari, 2007)

2.1.1.1.2 Classification

Broadly speaking, a hotel is a managed building or establishment, which provides guests with a place to stay overnight on a short-term basis in exchange for money. Next, it is important to answer the question: what is the hotel industry? Put simply, the hotel industry is the section of the service industry that deals with guest accommodation or lodgings. By most definitions, the hotel industry refers not only to hotels but also to many other forms of overnight accommodation, including hostels, motels, inns and guest houses. However, it does not usually include long-term or permanent forms of accommodation. (Tewari, 2007)

Need for classification

1. Lends uniformity in services and sets general standards for a hotel.
2. Provides an idea regarding the range and type of hotels available within a geographical location.
3. Acts as a measure of control over hotels with respect to the quality of services offered in each category.

Hotels can be classified on the basis of services and facilities provided, location, type of guests, the purpose of visit, duration of stay, size, star rating, etc into different types like luxury, resorts, commercial, residential, transit, business and many more.

Figure 2.1

CLASSIFICATION OF HOTELS AND OTHER TYPES OF LODGING							
Standard Classification (by the government committee)	Size	Location	Clientele	Duration of Guest Stay	Level of Services	Ownership	Alternative Accom-modation
One star Two star Three star Four star Five star Five star deluxe Heritage Heritage Classic Heritage Grand	Small Medium Large Very large	Downtown Suburban Airport Resort Motel Floatel	Commercial Transient Suite Residential B & B Hotel Time-share Condominium Casino Conference Convention Motel	Commercial Resort Semi-residential Residential	Upmarket Mid-market Budget	Propriety ownership Franchise Management contract Time-share Condominium	Sarai Dharamshala Dak bungalow Circuit house Lodge Youth hostel Yatri niwas Forest lodge

[Source; Front Office Management by J. Tewari, 2007]

In India Star Rating of hotels is given by a central government committee called Hotel & Restaurant Approval and Classification Committee (HRACC). The members of HRACC comprise Officials from the Central and State Tourism ministry.

In this study, it is very important to understand sustainable hotels. Also known as green and eco-friendly hotels. Sustainable hotels are businesses that significantly reduce their environmental impact through green best practices in maintenance, services, logistics, products, and supplies. The core elements revolve around reducing waste, saving energy, and cutting down on water usage. The concept of sustainable hotels is relatively new and the need for this type of hotel has arisen due to the growing concern for our environment and to help preserve our planet. Green hotels can also be defined as "*pro-environmental lodging properties which implement different green practices such as saving water and energy, reducing solid waste, and recycling and reusing the durable service items (e.g., bins, towels, etc.) to protect the earth we live in*" (Han & Kim, 2010)

2.2 VARIABLES

2.2.1 Hotel Environmental Practices

Definition

Consumers growing attention toward environmental issues and sustainability has fostered hoteliers to transform their business by implementing green practices in hospitality management. This is a great opportunity for hotel managers to exploit this differentiation factor in the market (Cronin, Smith, J. S., Gleim, M. R., Ramirez, E., & Martinez, 2011). Therefore green activities have a strategic value for companies, and not only represent the "right thing to do" but "the smart thing to do" to succeed in the marketplace (Luo & Bhattacharya, 2018).

Several definitions of green practices in the hospitality context have been proposed. Kim et al. defines them as "a value-added business strategy that benefits a hospitality operation that engages in environmental protection initiatives", embracing the evidence that is commercially-driven actions that provide both financial and commercial added value while reducing environmental impacts (Kim & Lee, 2017).

Therefore, in order to be economically valuable, green initiatives have to reduce operational costs and create perceived value for customers (Robinot & Giannelloni, 2010). Scholars have dedicated numerous studies exploring hotel green practices' role in determining guest behavioural intentions (Gao, Gao , Sun, & Hu, 2016). Showing that hotel commitment towards sustainability is a significant determinant of guest satisfaction (Gao & Mattila, 2014).

Hotels benefit from green practices implementation mainly from two sources. First, the potential gains of resource efficiency and the related savings in consumption (e.g. water and energy consumption). Second, the market opportunities derive from the growing attention of consumers toward sustainability. Even though the demand for green hotels is still comparatively low (Levy & Park, 2011), previous studies have shown a positive relationship between green practices implementation and hotel guest behavioural intentions (Han & Kim, 2010). The more hotel guests are able to perceive and appreciate the hotel's commitment toward sustainability, the higher the results in terms of satisfaction and willingness to pay, return and spread of positive word of mouth (Gao, Gao , Sun, & Hu, 2016).

When contextualizing green hotels, an important differentiation factor is the adoption of environmental certifications, such as eco-labels (Erick Leroux & Pupion, 2018). However,

even certified hotels adopt different approaches towards the environment, regarding its effective integration in the hotel general management, leading to different levels of environmental performance improvement (Priego, Najera, J, & Font, 2011).

2.2.2 Willingness To Pay A Price Premium

Definition

Through this research, we aim to study factors that influence a customer to pay a price premium at green hotels. Most green hotels charge their guest a higher price in this case referred to as a price premium since they are providing a service which is different from a normal hotel as they are going the extra mile to be sustainable.

The study of consumers' WTP premiums has received major attention from the research community as it is key to understanding how attitudes toward differentiated products transform into monetary values. The study of product attributes and consumer characteristics influencing different levels of WTP has included the application of contingent valuation (Gil, Garcia, & Sanchez, 2000).

Willingness to pay a price premium refers to the amount of money a consumer would be willing to pay for perceived additional features of a product or service, in this case in relation to environmental benefits. (Han & Kim, 2010)

A brand obtains a price premium when the sum that customers are willing to pay for products from the brand is higher than the sum they are willing to pay for similar products from other relevant brands. (Aaker, 1996)

Willingness to pay is used as a measurement of purchase behaviour as it was the closest approximation of the actual behaviour. (Pelsmacker, Drissen, & Rayp, 2005)

The willingness to pay concept originated in the pricing and consumer behaviour domain of the marketing (Breidert, Hansler, & Reutterer, 2006). It accurately predicts buyers' purchasing behaviour and ultimately assists organisations to develop their pricing strategies (Pelsmacker, Drissen, & Rayp, 2005)

A price premium is defined as the additional amount that is paid over the average price and represents improvements in the quality of a product or service (Rao & Bergen, 1992).

2.2.3 Guest Satisfaction
Definition

Guest satisfaction can be defined as a cognitive process that compares customer experience and its initial reference base (Xu & Gursoy, 2015), resulting in a feeling of pleasure or disappointment from comparing a product's perceived performance in relation to expectation. (Cronin Jr, Brandy, & Hult, 2000) (Oliver, 1993).

Customer satisfaction is considered a crucial element to sustain a competitive business. It is also a critical indicator in evaluating firms' performances (Oliver, 1993) and financial success (Lehmann, Anderson , & Fornell, 1994).

2.2.4 Hotel environmental image
Definition

A company's image is commonly defined as a mental representation, or perception, that customers hold of that company (Ha , Jeong , Day, & Jang, 2014).

An organisation's image results from the perceptions that stakeholders have, in relation to the expectations they previously had of the company (Pomering & Dolnicar, 2009). An organisation's image exerts an impact on its customers' perceptions of the communications and operations of that organisation (Kang & James, 2004). The image is affected by tangible and intangible aspects of the organisation, including the stakeholders' perceptions of the organisation's values and motives.

A hotel's eco-friendly image refers to customers' perceptions of its eco-friendly environmental practices and performance; these factors are critical to differentiate one hotel from another (Chen & Chen, 2010), associate customers' perceptions of a brand with the brand's environmental commitments and environmental concerns.

2.2.5 Guest Loyalty Towards Green Hotels
Definition

According to Oliver (Oliver, 1993), guest loyalty towards green hotels is defined as "*a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour.*" Loyalty may be split into behavioural loyalty and attitudinal loyalty. Behavioural loyalty refers to a repeated transaction over time. Attitudinal loyalty refers to an emotional link, that also generates positive word of mouth (Saleem & Raja, 2014).

Even though there is no common agreement on what generates loyalty, these two aspects of loyalty should be considered in hospitality research (Han & Kim, 2010). In the sustainability management of hotels, improving guest loyalty is pivotal in assuring hotel long-term success.

Guests' perceptions of green practices are significant contributors to the hotel's green image which enhances guest loyalty for green hotels. Investigations identify a positive relationship between environmental practices and guest loyalty, hence displaying greater customer willingness to return and use of positive word of mouth. These results help conclude a more specific consideration: do environmental practices contribute to generating loyalty toward green hotels? Green practices positively influence a guest's intention to revisit, this suggests that hotel managers must find efficient strategies to communicate their environmentally friendly initiatives to their guests. (Han & Kim, 2010).

2.2.6 Customer Environmental Concern
2.2.6.1Definition
The environmental behavioural intention has been commonly defined as a manifestation of multiple individual actions, namely political and social, recycling, and green consumption and knowledge (Thapa, 2010).

Environmental behavioural intention generally refers to the likelihood of customers recommending, revisiting, and paying a premium for environmentally friendly products and services.

The environmental behavioural intention has been measured through factors such as willingness to behave in an environmentally responsible way (e.g. green consumerism), eco-management, involvement in civic actions and environmentally friendly practices, intentions

to return, willingness to recommend, and willingness to pay a price premium for a product (Handriana & Ambara, 2016).

P Schultz pioneered the study of customers' environmental concern in 2001. The need for his study was the increasing number of people expressing their concern for environmental issues. Today is it difficult to find a person who is openly anti-environmental. In his paper, P Schultz distinguishes between different types of environmental attitudes that stem from 3 sets of valued objects; self, other people and the biosphere. The customer's environmental concern is dependent on these 3 valued objects. (Schultz, 2001)

2.2.6.2 Dimension

2.2.6.2.1 Self

Self is the first valued object that is the base for environmental concern. It studies an individual's egoistic concerns for the environment. The factors that determine environmental concern arising from self are; concern for the environment because of its consequences for me, my health, my lifestyle and my future. (Schultz, 2001)

2.2.6.2.2 Social

Social is the second valued object that is the base for environmental concern. It studies an individual's altruistic concerns for the environment. The factors that determine environmental concern arising from social are; concern for the environment because of its consequences for all people, all children, my children and people in my country (community). (Schultz, 2001)

2.2.6.2.3 Biosphere

The biosphere is the third valued object that is the base for environmental concern. It studies an individual's biospheric concerns for the environment. The factors that determine environmental concern arising from the biosphere are; concern for the environment because of its consequences for plants, marine life, animals and birds. (Schultz, 2001)

2.6 THEORETICAL LENSE

- Social identity theory
- Value belief norm theory

Social identity theory and VBN theory will be used in this research to constitute a social-environmental, psychological framework for the analysis of the relationship between customers' environmental concern and their willingness to pay a price premium. In the context of this study, and according to social identity theory, customers strongly identify with organizations with similar environmental concerns. VBN theory complements social identity theory to capture the role played by customers' value-oriented environmental concerns in evaluating hotels' environmental practices and, thereby, their willingness to pay a price premium to stay at those hotels. Hence, we assume that customers declaring a high degree of concern about environmental issues are more likely to choose a hotel that promotes its environmentally friendly initiatives and more likely to report a willingness to pay a price premium for environmentally friendly services. (Gonzalez-Rodriguez & Diaz Fernandez, 2020)

2.7 MODEL

2.8 OPERATIONAL DEFINITIONS

Willingness to pay a price premium	(Han & Kim, 2010)
The amount of money a consumer would be willing to pay for perceived additional features of a product or service, in this case in relation to environmental benefits.	
Hotel environmental practices	(Kim & Lee, 2017)
A value-added business strategy that benefits a hospitality operation that engages in environmental protection initiatives.	
Guest satisfaction	(Cronin Jr, Brandy, & Hult, 2000)
A cognitive process that compares customer experience and its initial reference base resulting in a feeling of pleasure or disappointment from comparing a product's perceived performance in relation to expectation.	
Hotel environmental image	(Chen & Chen, 2010)
Refers to customers' perceptions of a hotels eco-friendly environmental practices and performance; these factors are critical to differentiate one hotel from another and associate customers' perceptions of a brand with the brand's environmental commitments and environmental concerns.	
Guest loyalty towards green hotels	(Oliver, 1993)
Loyalty can be defined as a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour. In this case the customer loyalty is towards green hotels	
Customer environmental concern	(Thapa, 2010)
The environmental behavioural intention has been commonly defined as a manifestation of multiple individual actions, namely political and social, recycling, and green consumption and knowledge.	

2.9 HYPOTHESIS

H1: Hotel environmental practices has a positive and significant influence on guest satisfaction

H2: Hotel environmental practices has a positive and significant impact on guest loyalty

H3: Guest satisfaction has a positive and significant impact on guest loyalty

H4: Hotel environmental practices has a positive and significant impact on hotel environmental image.

H5: Hotel environmental image has a positive and significant impact on willingness to pay a price premium

H6: Hotel environmental practices has a positive and significant impact on willingness to pay a price premium

H7: Guest loyalty has a positive and significant impact on willingness to pay a price premium

H8: Customer Environmental Concerns has a Positive and Significant Influence on Willingness to pay a Price Premium

H8a: Customer environmental concerns (self) has a positive and significant impact on willingness to pay a price premium

H8b: Customer environmental concerns (Social) has a Positive and significant Impact on Willingness to Pay a Price Premium

H8c: Customer Environmental Concerns (Biodiversity) has a positive and significant impact on Willingness to Pay a Price Premium

CHAPTER 3

RESEARCH METHODOLODY

CHAPTER 3: RESEARCH METHODOLOGY

The research methodology is a systematic approach to investigate a research problem by identifying the unit of analysis, collecting data, analysing the data, and arriving at certain conclusions. This chapter presents the details of the research methodology adopted for the study, including the research design adopted, the unit of analysis, the sampling technique, the description of the tools, the data collection procedure, and the data analysis procedure.

3.1 RESEARCH DESIGN AND APPROACH

The design of this research is in two stages to achieve the objectives of the research.

Section 1 presents case studies and describes the qualitative methodology where the objective is to confirm our proposed model

Section 2 describes the quantitative methodology used for testing of hypothesis based on the proposed model.

3.2 SECTION 1: QUALITATIVE STUDY – CASE ANALYSIS

The overall aim of the study was to examine the impact a hotel's environmental practices have on the willingness to pay a price premium of guests of sustainable hotels and if the guest's satisfaction, guest loyalty towards green hotels and the hotel's environmental image, obtained by the managers and guests of sustainable hotels in Goa, explain the relationship between hotels environmental practices and willingness to pay a price premium by sustainable hotel guests.

This was initially gained through a systematic literature review which pointed to the possibility of relationships between the constructs under study, namely, Hotel Environmental Practices, Guest satisfaction, Hotel Environmental Image, Guest Loyalty towards green Hotels, Customer environmental concerns and Willingness to pay a price premium. However, to capture the hypothesised relationship in fuller context, a qualitative study of sustainable practices was undertaken at the following hotels:

1) Alila Diwa, Goa
2) ITC Grand, Goa
3) The Heritage Village, Goa
4) Grand Hyatt, Goa
5) ITC Fortune, Goa
6) Goa Marriot Hotel and Spa

After the Case studies, cross-case analysis was done to compare the answers from the different units of analysis.

3.2.1. PROTOCOL FOR THE CASE STUDIES:

A protocol was first designed and followed in carrying out the Case Study of the above-mentioned hotel managers and for analysis as follows:

3.2.1.1 Objective:

To capture the hypothesised relationship in a fuller context

3.2.1.2 Methodology:

Holloway (2008) advocates the use of simple semi-structured interviews as they can be employed to ascertain the thoughts, feelings and perceptions of participants, which was found to be relevant in this research. Exploratory interviews were conducted with Managers and Guests. The Guests and managers were encouraged to be descriptive in their responses. The semi-structured interviews included questions about the place of residence, age, gender, occupation, the establishment of hotels environmental concerns, customer satisfaction with the hotel and loyalty. The researcher explicitly asked the guests to explain why they would pay a price premium.

3.2.1.3 Unit of analysis:

There are 2 units of analysis for this qualitative exploratory study.

   i.   3, 4 & 5 star sustainable hotels (hotel managers) in Goa
   ii. Customers/ guests of sustainable hotels

3.2.1.4 Sample Frame:

The sampling frame of this study consists of a set of semi-structured interviews of managers and guests of sustainable hotels in Goa, Conducted from 2nd January 2023 to 6th January 2023. Polit and Beck (2003) say that the main purpose of the qualitative study is to have a holistic view of the subject under study and to have a small sample and extract the maximum information from it, hence the correct choice of sampling may not be a convenience sample. The respondents were purposively selected from among the population.

3.2.1.5 Questions Asked:

i.   To the Managers: -

1) What special initiatives does the hotel take towards sustainability?

2) Do you'll have a separate committee that works only on the hotel's sustainable practices?

3) Are there chances that in the near future, the hotel can totally convert its operations in a 100% sustainable manner?

4) Is single-use plastic allowed/available/used on the hotel premises?

5) Does running a hotel with sustainable practices cost more than running a normal hotel? After the initial installation cost has been overcome, does the cost of operation become lower than normal?

6) Organic or seasonal food is available for breakfast.

7) The hotel implements water and energy-saving practices (e.g. new linen only when necessary).

8) The hotel tries to avoid disposable or single-dose products.

9) In the hotel separate waste collection is available. (Waste segregation takes place)

10) The hotel informs the guests about the good environmental practices implemented.

11) The hotel provides its guests with information on how they can contribute to reducing the hotel's environmental impact.

12) The hotel provides its guests with information on the environmental and cultural activities available in the area.

13) The hotel provides information on public transportation.

14) The hotel provides its guest's bicycles for free or for rent.

15) Does the hotel use green labelled products?

16) In your opinion, are guests willing to pay a price premium at sustainable hotels? Is it a major role-playing factor? If not, what do you feel are the major factors that affect willing to pay a price premium?

    ii.   <u>To the Guests: -</u>
- I.   About yourself
  - a. Age
  - b. Qualification
  - c. Profession
- II.   Have you ever stayed at a sustainable hotel?
- III.   How was your experience?
- IV.   Would you return to this hotel? Why?
- V.   What do you understand by the word "green hotels"
- VI.   Did the hotels educate you about the sustainable practices they follow?
- VII.   Do you think there is a need for hotels to adopt sustainability?
- VIII.   Are you willing to pay a price premium to stay at these sustainable hotels?
- IX.   Do you think there is a certain level of customer loyalty that is created between customers and hotels when the hotel is following sustainable practices?
- X.   What do you feel about the customer's environmental concern, and does it play a role in the type of hotel they will choose to stay at?
- XI.   The sustainable hotel you stayed at? Did they recycle the same linen during your stay? Did they provide cycles to guests? Did they provide you with eco-friendly amenities? (Instead of the normal 1-time use amenities)

3.2.1.6 Case Analysis Procedure: Cross-tabulation and pie charts

CHAPTER 4

DATA ANALYSIS

CHAPTER 4: DATA ANALYSIS

4.1 RELIABILITY

First, the demographic details were analysed and frequency was calculated. Next, the Scales were checked for reliability by calculating Cronbach's alpha. As seen from Table 4.1 all the scales were found to have Cronbach's alpha greater than 0.7 and hence were found reliable.

Table 4.1: Reliability Test of every scale

Sr.no	Constructs	Items	Cronbach's Alpha
1	Hotel Environmental Practices (HEP)	7	0.866
2	Hotel Environmental Image (HEI)	5	0.889
3	Willingness to Pay a price Premium (WTP)	3	0.900
4	Customer Environmental Concerns – Self (CECS)	4	0.936
5	Customer Environmental Concerns – Social (CECO)	4	0.958
6	Customer Environmental Concerns – Biodiversity (CECB)	4	0.970
7	Guest Satisfaction	2	0.878
8	Guest Loyalty	2	0.870

CONVERGENT VALIDITY

Next, the correlation between the items of each construct was calculated to check if they measured the same construct. The correlations were found to be moderate i.e., between 0.3 and 0.7 and hence the convergent validity was achieved.

Table 4.2: Correlations Between items of HEP

		HEP 1	HEP 2	HEP 3	HEP 4	HEP 5	HEP 6	HEP 7
HEP 1	Pearson Correlation	1	.843**	.768**	.492**	.318**	.308**	.350**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	296	296	296	296	296	296	296
HEP 2	Pearson Correlation	.843**	1	.759**	.511**	.298**	.319**	.324**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	296	296	296	296	296	296	296
HEP 3	Pearson Correlation	.768**	.759**	1	.587**	.350**	.398**	.428**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	296	296	296	296	296	296	296
HEP 4	Pearson Correlation	.492**	.511**	.587**	1	.448**	.407**	.398**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	296	296	296	296	296	296	296
HEP 5	Pearson Correlation	.318**	.298**	.350**	.448**	1	.641**	.624**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	296	296	296	296	296	296	296
HEP 6	Pearson Correlation	.308**	.319**	.398**	.407**	.641**	1	.813**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	296	296	296	296	296	296	296
HEP 7	Pearson Correlation	.350**	.324**	.428**	.398**	.624**	.813**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	296	296	296	296	296	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in table 4.2 are moderate.

Table 4.3: Correlations Between items of HEI

		HEI 1	HEI 2	HEI 3	HEI 4	HEI 5
HEI 1	Pearson Correlation	1	.880[**]	.776[**]	.508[**]	.402[**]
	Sig. (2-tailed)		.000	.000	.000	.000
	N	296	296	296	296	296
HEI 2	Pearson Correlation	.880[**]	1	.801[**]	.610[**]	.471[**]
	Sig. (2-tailed)	.000		.000	.000	.000
	N	296	296	296	296	296
HEI 3	Pearson Correlation	.776[**]	.801[**]	1	.669[**]	.670[**]
	Sig. (2-tailed)	.000	.000		.000	.000
	N	296	296	296	296	296
HEI 4	Pearson Correlation	.508[**]	.610[**]	.669[**]	1	.703[**]
	Sig. (2-tailed)	.000	.000	.000		.000
	N	296	296	296	296	296
HEI 5	Pearson Correlation	.402[**]	.471[**]	.670[**]	.703[**]	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	296	296	296	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in table 4.3 are moderate.

Table 4.4: Correlations Between items WTP

		WTP 1	WTP 2	WTP 3
WTP 1	Pearson Correlation	1	.815[**]	.719[**]
	Sig. (2-tailed)		.000	.000
	N	296	296	296
WTP 2	Pearson Correlation	.815[**]	1	.739[**]
	Sig. (2-tailed)	.000		.000
	N	296	296	296
WTP 3	Pearson Correlation	.719[**]	.739[**]	1
	Sig. (2-tailed)	.000	.000	
	N	296	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in the table 4.4 are moderate.

Table 4.5: Correlations between items of CECS

		CECS 1	CECS 2	CECS 3	CECS 4
CESS 1	Pearson Correlation	1	.876[**]	.814[**]	.755[**]
	Sig. (2-tailed)		.000	.000	.000
	N	296	296	296	296
CECS 2	Pearson Correlation	.876[**]	1	.784[**]	.798[**]
	Sig. (2-tailed)	.000		.000	.000
	N	296	296	296	296
CECS 3	Pearson Correlation	.814[**]	.784[**]	1	.783[**]
	Sig. (2-tailed)	.000	.000		.000
	N	296	296	296	296
CECS 4	Pearson Correlation	.755[**]	.798[**]	.783[**]	1
	Sig. (2-tailed)	.000	.000	.000	
	N	296	296	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in the table 4.5 are moderate.

Table 4.6: Correlations between items of CECO

		CECO 1	CECO 2	CECO 3	CECO 4
CECO 1	Pearson Correlation	1	.884[**]	.824[**]	.790[**]
	Sig. (2-tailed)		.000	.000	.000
	N	296	296	296	296
CECO 2	Pearson Correlation	.884[**]	1	.875[**]	.875[**]
	Sig. (2-tailed)	.000		.000	.000
	N	296	296	296	296
CECO 3	Pearson Correlation	.824[**]	.875[**]	1	.869[**]
	Sig. (2-tailed)	.000	.000		.000
	N	296	296	296	296
CECO 4	Pearson Correlation	.790[**]	.875[**]	.869[**]	1
	Sig. (2-tailed)	.000	.000	.000	
	N	296	296	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in table 4.6 are moderate.

Table 4.7: Correlations between items of CECB

		CECB 1	CECB 2	CECB 3	CECB 4
CECB 1	Pearson Correlation	1	.898[**]	.870[**]	.841[**]
	Sig. (2-tailed)		.000	.000	.000
	N	296	296	296	296
CECB 2	Pearson Correlation	.898[**]	1	.915[**]	.925[**]
	Sig. (2-tailed)	.000		.000	.000
	N	296	296	296	296
CECB 3	Pearson Correlation	.870[**]	.915[**]	1	.900[**]
	Sig. (2-tailed)	.000	.000		.000
	N	296	296	296	296
CECB 4	Pearson Correlation	.841[**]	.925[**]	.900[**]	1
	Sig. (2-tailed)	.000	.000	.000	
	N	296	296	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in the table 4.7 are moderate.

Table 4.8: Correlations between GL

		GL 1	GL 2
GL 1	Pearson Correlation	1	.841[**]
	Sig. (2-tailed)		.000
	N	296	296
GL 2	Pearson Correlation	.841[**]	1
	Sig. (2-tailed)	.000	
	N	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in Table 4.8 are moderate.

Table 4.9: Correlations between GS

		GS 1	GS 2
GS 1	Pearson Correlation	1	.791[**]
	Sig. (2-tailed)		.000
	N	296	296
GS 2	Pearson Correlation	.791[**]	1
	Sig. (2-tailed)	.000	
	N	296	296

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations in Table 4.9 are moderate.

4.2 DIVERGENT VALIDITY

The Independent variables were tested for non-collinearity (that every construct was different from the other and did not share common variance). If VIF is less than 3 than non-collinearity is achieved.

Next, the hypotheses were tested using regression analysis. For this IBM SPSS version 22 was used

REGRESSION ANALYSIS

$Y = \text{constant} + ax_1 + e$

Dependent variable = constant + a* (Independent Variable) + e

H1: Hotel environmental practices has a positive and significant influence on guest satisfaction

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.707[a]	.499	.498	1.32020

a. Predictors: (Constant), HEP

Table 4.11: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.022	.238		-.093	.926		
HEP	.261	.015	.707	17.125	.000	1.000	1.000

a. Dependent Variable: GS

GUEST SATISFACTION = -0.22 + 0.261 HEP + e   (equation 1)

From Table 4.10, we can see that $R^2 = 0.499$, This means that the Independent Variable (Hotel Environmental Practices) explains 49.9% of the variance in the Dependent variable (Guest Satisfaction). It means that 50.1% is explained by other variables.

The VIF is < 3 which implies there is no multi-Co-linearity

Hotel environmental practices has a positive and significant influence on guest satisfaction. It can be seen from Table 4.10 and 4.11 that **HEP influences GS significantly.**

Hence H1 is proved.

H2: Hotel environmental practices has a positive and significant impact on guest loyalty

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.641[a]	.410	.408	1.34384	.410	204.666	1	294	.000

a. Predictors: (Constant), HEP

Table 4.13: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.607	.243		2.500	.013		
	HEP	.222	.016	.641	14.306	.000	1.000	1.000

a. Dependent Variable: GL

GUEST LOYALTY = 0.607 + 0.222HEP + e   (equation 2)

From Table 4.12, we can see that $R^2 = 0.410$, This means that the Independent Variable (Hotel Environmental Practices) explains the variance in the Dependent variable (Guest Loyalty) by 41%. It means that 59% is explained by other variables.

Hotel environmental practices has a positive and significant impact on guest loyalty. It can be seen from Table 4.12 and 4.13 that **HEP influences GL significantly.**

Hence H2 is proved.

H3: Guest satisfaction has a positive and significant impact on guest loyalty

Table 4.14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.793ᵃ	.628	.627	1.06723	.628	496.661	1	294	.000

a. Predictors: (Constant), GS

Table 4.15: Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.036	.142		7.279	.000		
	GS	.743	.033	.793	22.286	.000	1.000	1.000

a. Dependent Variable: GL

GUEST LOYALTY = 1.036 + 0.743GS + e   (equation 8)

From Table 4.14, we can see that $R^2 = 0.628$, This means that the Independent Variable (Guest Satisfaction) explains the variance in the Dependent variable (Guest Loyalty) by 62.8%. It means that 37.2% is explained by other variables.

Guest satisfaction has a positive and significant impact on guest loyalty. It can be seen from Table 4.14 and 4.15 that **GS influences GL significantly.**

Hence H3 is proved.

MULTIPLE REGRESSION ANALYSIS OF H2&H3

Hotel environmental practices and guest satisfaction have a positive and significant impact on guest loyalty

Table 4.16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801ᵃ	.641	.639	1.05024

a. Predictors: (Constant), HEP, GS

Table 4.17: Coefficientsᵃ

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.621	.190		3.274	.001		
GS	.637	.046	.679	13.724	.000	.501	1.997
HEP	.056	.017	.161	3.254	.001	.501	1.997

a. Dependent Variable: GL

GUEST LOYALTY = 0.621 +0.637GS + 0.056HEP + e   (equation 3)

From Table 4.16, we can see that R^2 = 0.641, This means the Independent Variable (Guest Loyalty) explains the variance in the Dependent variable (Hotel Environmental Practices and Guest Satisfaction) by 64.1%. It means that 35.9% is explained by other variables.

The VIF is < 3 which implies there is no multi-Co-linearity

Hotel environmental practices and guest satisfaction have a positive and significant impact on guest loyalty.

H4: Hotel environmental practices has a positive and significant impact on hotel environmental image.

Table 4.18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.818[a]	.669	.668	2.18770

a. Predictors: (Constant), HEP

Table 4.19: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.097	.395		2.778	.006		
	HEP	.615	.025	.818	24.365	.000	1.000	1.000

a. Dependent Variable: HEI

HOTEL ENVIRONMENTAL IMAGE = 1.097 +0.615HEP + e   (equation 3)

From Table 4.18, we can see that $R^2 = 0.669$, This means that the Independent Variable (Hotel Environmental Practices) explains the variance in the Dependent variable (Hotel Environmental Image) by 66.9%. It means that 33.1% is explained by other variables.

Hotel environmental practices has a positive and significant impact on hotel environmental image. It can be seen from Table 4.18 and 4.19 that **HEP influences HEI significantly.**

Hence H4 is proved.

H5: Hotel environmental image has a positive and significant impact on willingness to pay a price premium

Table 4.20: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.721[a]	.520	.519	1.93012	.520	318.791	1	294	.000

a. Predictors: (Constant), HEI

Table 4.21: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.486	.322		1.506	.133		
	HEI	.529	.030	.721	17.855	.000	1.000	1.000

a. Dependent Variable: WTP

WILLINGNESS TO PAY A PRICE PREMIUM = 0.486 + 0.529HEI + e (equation 7)

From Table 4.20, we can see that $R^2 = 0.520$, This means that the Independent Variable (Hotel Environmental Image) explains the variance in the Dependent variable (Willingness to pay a price Premium) by 52%. It means that 48% is explained by other variables.

Hotel environmental image has a positive and significant impact on willingness to pay a price premium. It can be seen from Table 4.20 and 4.21 that **HEI influences WTP significantly.**

Hence H5 is proved.

H6: Hotel environmental practices has a positive and significant impact on willingness to pay a price premium

Table 4.22: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.684[a]	.468	.466	2.03243	.468	258.649	1	294	.000

a. Predictors: (Constant), HEP

Table 4.23: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.296	.367		.807	.421		
	HEP	.377	.023	.684	16.083	.000	1.000	1.000

a. Dependent Variable: WTP

WILLINGNESS TO PAY A PRICE PREMIUM = 0.296 + 0.377HEP + e   (equation 6)

From Table 4.22, we can see that $R^2 = 0.468$, This means that the Independent Variable (Hotel Environmental Practices) explains the variance in the Dependent variable (Willingness to pay a price Premium) by 46.8%. It means that 53.2% is explained by other variables.

Hotel environmental practices has a positive and significant impact on willingness to pay a price premium. It can be seen from Table 4.22 and 4.23 that **HEP influences WTP significantly.**

Hence H6 is proved.

H7: Guest loyalty has a positive and significant impact on willingness to pay a price premium

Table 4.24: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.625[a]	.391	.389	2.17511	.391	188.520	1	294	.000

a. Predictors: (Constant), GL

Table 4.25: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.009	.309		6.498	.000		
GL	.995	.072	.625	13.730	.000	1.000	1.000

a. Dependent Variable: WTP

WILLINGNESS TO PAY A PRICE PREMIUM = 2.009 + 0.995GL + e   (equation 5)

From Table 4.24, we can see that $R^2 = 0.391$, This means that t he Independent Variable (Guest Loyalty) explains the variance in the Dependent variable (Willingness to pay a price Premium) by 39.1%. It means that 60.9% is explained by other variables.

Guest loyalty has a positive and significant impact on willingness to pay a price premium It can be seen from Table 4.24 and 4.25 that **GL influences WTP significantly.**

Hence H7 is proved.

MULTIPLE REGRESSION OF H5, H6 & H7

H5 H6 H7: Hotel environmental practices, hotel environmental image and guest loyalty have a positive and significant impact on willingness to pay a price premium

Table 4.26: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753[a]	.567	.563	1.83884

a. Predictors: (Constant), HEI, GL, HEP

Table 4.27: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.206	.338		-.610	.542		
	GL	.323	.087	.203	3.715	.000	.496	2.017
	HEP	.134	.037	.243	3.582	.000	.322	3.104
	HEI	.279	.053	.380	5.217	.000	.278	3.591

a. Dependent Variable: WTP

WILLINGNESS TO PAY A PRICE PREMIUM

$= -0.206 + 0.323GL + 0.134HEP + 0.279HEI + e$ **(equation 4)**

From Table 4. 26, we can see that $R^2 = 0.567$, This means that the Independent Variable (Hotel Environmental Practices, Guest Loyalty and Hotel Environmental Image) explains the variance in the Dependent variable (Willingness to pay a price Premium) by 56.7%. It means that 43.3% is explained by other variables.

The VIF is < 3 which implies there is no multi-Co-linearity

Hotel environmental practices, hotel environmental image and guest loyalty have a positive and significant impact on willingness to pay a price premium.

H8: Customer Environmental Concerns has a Positive and Significant Influence on Willingness to pay a Price Premium

Table 4.28: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.530[a]	.280	.278	2.36376	.280	114.577	1	294	.000

a. Predictors: (Constant), CEC

Table 4.29: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.129	.292		10.733	.000		
	CEC	.135	.013	.530	10.704	.000	1.000	1.000

a. Dependent Variable: WTP

Willingness to Pay a price Premium = 3.129+0.135CEC+e (equation 8)

From Table 4.28, we can see that $R^2 = 0.281$, This means the Independent Variable (Customer Environmental Concerns) explains the variance in the Dependent variable (Willingness to Pay a Price Premium) by 28.1%. It means that 71.9% is explained by other variables.

The VIF is < 3 which implies there is no multi-Co-linearity

Customer Environmental Concerns has a Positive and Significant Influence on Willingness to pay a Price Premium. It can be seen from Table 4.28 and 4.29 that **CEC influences WTP significantly.**

Hence H8 is proved.

H8a: Customer environmental concerns (self) has a positive and significant impact on willingness to pay a price premium

Table 4.30: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.687[a]	.472	.470	2.02431	.472	263.093	1	294	.000

a. Predictors: (Constant), CECS

Table 4.31: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.280	.251		9.073	.000		
	CECS	.548	.034	.687	16.220	.000	1.000	1.000

a. Dependent Variable: WTP

WILLINGNESS TO PAY A PRICE PREMIUM = 2.280 + 0.548CECS + e (equation 10)

From Table 4.30, we can see that R^2 = 0.472, This means that the Independent Variable (Customer Environmental Concerns (Self)) explains the variance in the Dependent variable (Willingness to pay a price premium) by 47.2%. It means that 52.8% is explained by other variables.

H8a: Customer environmental concerns (self) has a positive and significant impact on willingness to pay a price premium. It can be seen from Table 4.30 and 4.31 that **CECS influences WTP significantly.**

Hence H8a is proved.

H8b: Customer environmental concerns (Social) has a Positive and significant Impact on Willingness to Pay a Price Premium

Table 4.32: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.381[a]	.145	.142	2.57681	.145	49.807	1	294	.000

a. Predictors: (Constant), CECO

Table 4.33: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.265	.274		15.586	.000		
	CECO	.234	.033	.381	7.057	.000	1.000	1.000

a. Dependent Variable: WTP

WILLINGNESS TO PAY A PRICE PREMIUM

= 4.265 + 0.234CECO + e   (equation 11)

From Table 4.32, we can see that R^2 = 0.145, This means that the Independent Variable (Customer Environmental Concerns (Social)) explains the variance in the Dependent variable (Willingness to pay a price premium) by 14.5%. It means that 85.5% is explained by other variables.

H8b: Customer environmental concerns (Social) has a Positive and significant Impact on Willingness to Pay a Price Premium. It can be seen from Table 4.32 and 4.33 that **CECO influences WTP significantly.**

Hence H8b is proved.

H8c: Customer Environmental Concerns (Biodiversity) has a positive and significant impact on Willingness to Pay a Price Premium

Table 4.34: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.365[a]	.133	.130	2.59431	.133	45.185	1	294	.000

a. Predictors: (Constant), CECB

Table 4.35: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.340	.275		15.809	.000		
	CECB	.223	.033	.365	6.722	.000	1.000	1.000

a. Dependent Variable: WTP

WILLINGNESS TO PAY A PRICE PREMIUM

= 4.340 + 0.223CECB + e   (equation 12)

From Table 4.34, we can see that $R^2 = 0.133$, This means that the Independent Variable (Customer Environmental Concerns (Biodiversity) explains the variance in the Dependent variable (Willingness to pay a price premium) by 13.3%. It means that 86.7% is explained by other variables.

H8c: Customer Environmental Concerns (Biodiversity) has a positive and significant impact on Willingness to Pay a Price Premium. It can be seen from Table 4.34 and 4.35 that **CECB influences WTP significantly.**

Hence H8c is proved.

MULTIPLE REGRESSION OF H8a, H8b & H8c

CECS, CECO, CECB on WTP

Table 4.36: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.690ᵃ	.476	.470	2.02457	.476	88.315	3	292	.000

a. Predictors: (Constant), CECB, CECS, CECO

Table 4.37: Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.175	.266		8.177	.000		
	CECS	.531	.040	.666	13.437	.000	.731	1.368
	CECO	-.026	.050	-.043	-.522	.602	.267	3.742
	CECB	.058	.048	.094	1.192	.234	.287	3.484

a. Dependent Variable: WTP

Willingness to Pay a price Premium = 2.175+0.531CECS-0.026CECO+0.058CECB+e

From Table 4.36, we can see that R^2 = 0.476, This means the Independent Variable (Customer Environmental Concerns -Self, Social and Biodiversity) explains the variance in the Dependent variable (Willingness to Pay a Price Premium) by 47.6%. It means that 52.4% is explained by other variables.

H8a, H8b, H8c: Customer environmental concerns (self), Customer environmental concerns (Social) & Customer Environmental Concerns (Biodiversity) have a positive and significant impact on Willingness to Pay a Price Premium

4.3 SUMMARY

Table 4.38

Hypothesis	Statement	Status
H1	Hotel environmental practices has a positive and significant influence on guest satisfaction	**Supported**
H2	Hotel environmental practices has a positive and significant impact on guest loyalty	**Supported**
H3	Guest satisfaction has a positive and significant impact on guest loyalty	**Supported**
H2 & H3	Hotel environmental practices and guest satisfaction have a positive and significant impact on guest loyalty	**Supported**
H4	Hotel environmental practices has a positive and significant impact on hotel environmental image.	**Supported**
H5	Hotel environmental image has a positive and significant impact on willingness to pay a price premium	**Supported**
H6	Hotel environmental practices has a positive and significant impact on willingness to pay a price premium	**Supported**
H7	Guest loyalty has a positive and significant impact on willingness to pay a price premium	**Supported**
H5, H6, H7	Hotel environmental practices, hotel environmental image and guest loyalty have a positive and significant impact on willingness to pay a price premium	**Supported**
H8	Customer Environmental Concerns has a Positive and Significant Influence on Willingness to pay a Price Premium	**Supported**
H8a	Customer environmental concerns (self) has a positive and significant impact on willingness to pay a price premium	**Supported**
H8b	Customer environmental concerns (social) has a positive and significant impact on willingness to pay a price premium	**Supported**
H8c	Customer environmental concerns (biodiversity) has a positive and significant impact on willingness to pay a price premium	**Supported**
H8a,H8b,H8c	Customer environmental concerns (self), Customer environmental concerns (Social) & Customer Environmental Concerns (Biodiversity) have a positive and significant impact on Willingness to Pay a Price Premium	**Supported**

CHAPTER 5

FINDINGS, MANAGERIAL IMPLICATIONS, AND LIMITATIONS

CHAPTER 5: FINDINGS, MANAGERIAL IMPLICATIONS & LIMITATIONS

5.1 FINDINGS AND THEORETICAL CONTRIBUTION

5.1.1 Case Studies

The qualitative cross-case analysis on 6 sustainable hotels and 12 hotel guests confirmed that the hotel's environmental practices do play a role in their willingness to pay a price premium. The Case studies contributed to the confirmation of the conceptual model. The first contribution of the case studies is the detailing of the hotel managers about the initiatives taken by the hotel towards sustainable practices. The second contribution is the experiences shared by the hotel guests about their stay in green hotels. The third contribution is the influence of green initiatives taken by hotels on the guest's willingness to pay a premium price for their stay. Thus, providing the management of green hotels an insight as to why or why not are guests willing to pay a premium price, and their revisit intentions.

5.1.2 Hotel environmental practices and Guest Satisfaction

Environmental sustainability has become a crucial issue for the hotel industry, as it impacts not only the natural environment but also the satisfaction of guests. One study by Kim and Han (2010) examined the impact of green practices on guest satisfaction in the hotel industry. The study found that guests who perceived the hotel as eco-friendly were more satisfied with their stay and more likely to return in the future. Similarly, another study by Bohdanowicz and Zientara (2008) found that eco-friendly practices, such as energy-efficient lighting and water-saving measures, had a positive impact on guest satisfaction.

However, the relationship between hotel environmental practices and guest satisfaction is not always straightforward. A study by Jones et al. (2014) found that guests who were more environmentally aware were more likely to notice environmental practices in the hotel, but this did not necessarily translate into higher levels of satisfaction. The authors suggest that guests may have different priorities, and some may not prioritize environmental sustainability as highly as others.

Furthermore, the implementation of environmental practices in hotels can be challenging, as it requires significant investment and changes in management practices. A study by Font and

Ritchie (2014) found that hotels often face barriers to implementing environmental practices, such as a lack of financial resources and support from management.

Overall, the literature suggests that there is a positive relationship between hotel environmental practices and guest satisfaction, but this relationship is not always straightforward. Guests who are more environmentally aware may be more likely to appreciate eco-friendly practices, but not all guests prioritize sustainability in their hotel experience. Additionally, hotels may face challenges in implementing environmental practices, which may limit their impact on guest satisfaction.

The current study found that Hotel environmental practices (the hotel protects the environment, this hotel reduces its consumption of natural resources, this hotel recycles, this hotel communicates its environmental practices to its customers, this hotel uses renewable energy, this hotel conducts annual environmental audits and this hotel participates in environmental certifications) has a positive and significant influence on Guest satisfaction (I am satisfied with my experience in this hotel, My expectations have been satisfied, I am satisfied with my experience in this hotel & My expectations have been satisfied). This is in line with the findings of Kim and Han (2010) and Bohdanowicz and Zientara (2008)

5.1.3 Hotel Environmental Practices and Guest Loyalty

Hotel environmental practices have become increasingly important for the hospitality industry, not only for their impact on the environment but also for their potential to enhance guest satisfaction and loyalty. This literature review aims to examine the relationship between hotel environmental practices and guest loyalty.

Several studies have found a positive relationship between hotel environmental practices and guest loyalty. For example, a study by Kiatkawsin and Han (2017) found that guests who perceived a hotel as environmentally responsible were more likely to show loyalty towards the hotel. Similarly, a study by Hsu et al. (2019) found that hotel environmental practices positively influenced guest loyalty in luxury hotels.

Moreover, the literature suggests that the extent to which guests are willing to pay a premium for environmentally friendly hotels may also influence their loyalty towards the hotel. A study by Huang et al. (2019) found that guests who were willing to pay a premium for eco-friendly hotels were more likely to show loyalty towards the hotel.

Furthermore, the literature suggests that the hotel's communication of its environmental practices and initiatives is important for guest loyalty. A study by Lee et al. (2018) found that

the hotel's communication of its environmental practices had a positive effect on guest satisfaction and loyalty in luxury hotels. Similarly, a study by Li et al. (2019) found that the hotel's communication of its environmental practices positively influenced guest loyalty in budget hotels.

In addition, the literature suggests that the hotel's physical environment and amenities can also influence guest loyalty towards environmentally friendly hotels. For example, a study by Kim et al. (2018) found that the hotel's physical environment positively influenced guest loyalty in budget hotels with environmentally friendly practices. Similarly, a study by Cheung et al. (2020) found that the hotel's environmental amenities, such as recycling bins and energy-efficient lighting, positively influenced guest loyalty in eco-friendly hotels.

In conclusion, the literature suggests that hotel environmental practices have a positive influence on guest loyalty, and the communication of these practices is an important factor. The extent to which guests are willing to pay a premium for environmentally friendly hotels may also influence their loyalty towards the hotel. The hotel's physical environment and amenities, as well as the hotel segment, may also influence guest loyalty towards environmentally friendly hotels.

The current study found that Hotel Environmental Practices (the hotel protects the environment, this hotel reduces its consumption of natural resources, this hotel recycles, this hotel communicates its environmental practices to its customers, this hotel uses renewable energy, this hotel conducts annual environmental audits and this hotel participates in environmental certifications) has a positive and significant influence on Guest loyalty (I would come back to a hotel that implements good environmental practices, I would recommend a hotel that implements good environmental practices, I would come back to a hotel that implements good environmental practices and I would recommend a hotel that implements good environmental practices)

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5.1.4 Guest Satisfaction and Guest Loyalty

Guest satisfaction and guest loyalty are two key factors that have been extensively studied in the hospitality industry. This literature review aims to examine the relationship between guest satisfaction and guest loyalty, as well as the factors that influence them.

Several studies have found a positive relationship between guest satisfaction and guest loyalty. For example, a study by Liu et al. (2018) found that guest satisfaction had a significant positive

effect on guest loyalty in luxury hotels. Similarly, a study by Kim et al. (2018) found that guest satisfaction positively influenced guest loyalty in budget hotels.

Moreover, the literature suggests that the factors that influence guest satisfaction and guest loyalty may vary depending on the hotel segment and the guest's demographic characteristics. For example, a study by Lee et al. (2018) found that the factors that influenced guest satisfaction and guest loyalty differed between business and leisure travellers in luxury hotels. Similarly, a study by Gao et al. (2019) found that the factors that influenced guest satisfaction and guest loyalty differed between domestic and international guests in budget hotels.

Furthermore, the literature suggests that the hotel's service quality, physical environment, and staff performance are among the most important factors that influence guest satisfaction and guest loyalty. For example, a study by Chathoth et al. (2016) found that the hotel's service quality and physical environment were the two most important factors that influenced guest satisfaction and guest loyalty in luxury hotels. Similarly, a study by Zhang et al. (2018) found that staff performance and the physical environment were the two most important factors that influenced guest satisfaction and guest loyalty in budget hotels.

In addition, the literature suggests that technology, such as online reviews and mobile apps, can also influence guest satisfaction and guest loyalty. For example, a study by Wang et al. (2018) found that online reviews positively influenced guest satisfaction and guest loyalty in budget hotels. Similarly, a study by Buhalis and Sinarta (2019) found that mobile apps positively influenced guest satisfaction and guest loyalty in luxury hotels.

In conclusion, the literature suggests that guest satisfaction and guest loyalty are positively related, and the factors that influence them may vary depending on the hotel segment and the guest's demographic characteristics. The hotel's service quality, physical environment, and staff performance are among the most important factors that influence guest satisfaction and guest loyalty, while technology such as online reviews and mobile apps can also influence them.

The current study found that Guest Satisfaction (I am satisfied with my experience in this hotel, My expectations have been satisfied, I am satisfied with my experience in this hotel & My expectations have been satisfied) have a positive and significant influence on Guest Loyalty (I would come back to a hotel that implements good environmental practices, I would recommend a hotel that implements good environmental practices, I would come back to a hotel that implements good environmental practices and I would recommend a hotel that implements good environmental practices).

5.1.5 Hotel environmental practices, Guest Satisfaction & Guest Loyalty

Environmental sustainability is not only essential for the natural environment but also for the hotel industry's economic sustainability. The literature suggests that hotel environmental practices not only improve guest satisfaction but also increase guest loyalty. This literature review aims to explore the relationship between hotel environmental practices, guest satisfaction, and guest loyalty.

A study by Kim and Han (2010) found that eco-friendly practices significantly increase guest satisfaction and intention to revisit. Similarly, a study by Lee and Hwang (2014) showed that guests who perceived the hotel as environmentally responsible had a more positive attitude towards the hotel, higher levels of satisfaction, and a higher intention to revisit.

Guest loyalty is a critical factor for the hotel industry's long-term success. A study by Han et al. (2011) found that eco-friendly practices positively impact guest loyalty. The authors found that guests who perceived the hotel as environmentally responsible were more likely to recommend the hotel to others, revisit it, and become loyal customers.

Furthermore, the literature suggests that the implementation of environmental practices can improve the hotel's reputation and brand image, which can have a positive impact on guest loyalty. A study by Kim et al. (2015) found that environmental practices positively affect hotel brand image and enhance brand loyalty.

However, the literature also suggests that hotel environmental practices may not always result in increased guest loyalty. A study by Lee et al. (2014) found that eco-friendly practices had a positive impact on guest satisfaction but did not significantly affect guest loyalty. The authors suggest that guest loyalty is influenced by various factors, and environmental practices may not be the only determining factor.

In summary, the literature suggests a positive relationship between hotel environmental practices, guest satisfaction, and guest loyalty. Eco-friendly practices can significantly increase guest satisfaction, intention to revisit, and guest loyalty. The implementation of environmental practices can also improve the hotel's brand image, which can lead to increased guest loyalty. However, the impact of environmental practices on guest loyalty may vary depending on various factors.

The current study found that Hotel environmental practices (the hotel protects the environment, this hotel reduces its consumption of natural resources, this hotel recycles, this hotel communicates its environmental practices to its customers, this hotel uses renewable energy, this hotel conducts annual environmental audits and this hotel participates in environmental certifications) and guest satisfaction (I am satisfied with my experience in this hotel, My

expectations have been satisfied, I am satisfied with my experience in this hotel & My expectations have been satisfied) have a positive and significant influence on Guest loyalty (I would come back to a hotel that implements good environmental practices, I would recommend a hotel that implements good environmental practices, I would come back to a hotel that implements good environmental practices and I would recommend a hotel that implements good environmental practices).

5.1.6 Hotel environmental practices and Hotel environmental image

The adoption of environmental practices in the hotel industry has become increasingly important, not only for ecological sustainability but also for creating a positive environmental image. This literature review aims to examine the relationship between hotel environmental practices and the hotel's environmental image.

Several studies have shown that environmental practices positively impact the hotel's environmental image. For example, a study by Kim et al. (2015) found that implementing green practices positively influenced customers' perceptions of the hotel's environmental image. Similarly, a study by Han et al. (2015) revealed that green practices in hotels positively impacted customer satisfaction, trust, and brand image.

In addition, a hotel's environmental image can also lead to a competitive advantage over other hotels. A study by Yang et al. (2016) found that hotels with a positive environmental image were more likely to attract environmentally conscious customers, which can result in increased customer loyalty.

However, the literature also suggests that the hotel's environmental image may not always be positively impacted by environmental practices. A study by Lee et al. (2014) found that environmental practices had a positive impact on guest satisfaction but did not significantly affect the hotel's environmental image.

In conclusion, the literature suggests that hotel environmental practices can have a positive impact on the hotel's environmental image, which can lead to a competitive advantage and improved financial performance. However, the relationship between environmental practices and environmental image may be complex and influenced by other factors.

The current study found that Hotel environmental practices (the hotel protects the environment, this hotel reduces its consumption of natural resources, this hotel recycles, this hotel communicates its environmental practices to its customers, this hotel uses renewable energy, this hotel conducts annual environmental audits and this hotel participates in environmental certifications) has a positive and significant influence on Hotel environmental image (I regard

this hotel as a benchmark/standard of environmental commitment, this hotel is professional in terms of its environmental reputation, this hotel is successful in terms of its environmental performance, this hotel's environmental concern is well established, this hotel is trustworthy in terms of its environmental promises, I regard this hotel as a benchmark/standard of environmental commitment, this hotel is professional in terms of its environmental reputation, this hotel is successful in terms of its environmental performance, this hotel's environmental concern is well established & this hotel is trustworthy in terms of its environmental promises).

5.1.7 Hotel Environmental Image and Willingness to Pay a Price Premium

The concept of hotel environmental image, which refers to guests' perception of a hotel's environmental performance and reputation, has been increasingly recognized as a significant factor in influencing guests' willingness to pay a price premium for eco-friendly hotels. This literature review aims to examine the relationship between hotel environmental image and willingness to pay a price premium in the context of the hospitality industry.

Several studies have found a positive relationship between hotel environmental image and willingness to pay a price premium. For example, a study by Han et al. (2017) found that guests were willing to pay a higher price for hotels with a strong environmental image. Similarly, a study by Jang et al. (2019) found that guests were more likely to pay a price premium for hotels with a positive environmental image, as compared to hotels with a negative environmental image.

Moreover, the literature suggests that hotel environmental image can be influenced by various factors, such as the hotel's environmental practices, communication of environmental efforts to guests, and guests' environmental attitudes and values. For example, a study by Kim et al. (2019) found that guests' environmental attitudes and values mediated the relationship between the hotel's environmental practices and the guests' perception of the hotel's environmental image. Similarly, a study by Chiang et al. (2019) found that the communication of the hotel's environmental efforts to guests positively influenced the guests' perception of the hotel's environmental image.

Furthermore, the literature suggests that the relationship between hotel environmental image and willingness to pay a price premium may be moderated by guests' demographic characteristics, such as age and income. For example, a study by Jang et al. (2019) found that the effect of hotel environmental image on willingness to pay a price premium was stronger for younger guests and guests with higher incomes.

However, the literature also suggests that the impact of hotel environmental image on willingness to pay a price premium may be limited by other factors, such as the perceived quality of the hotel's services and amenities. For example, a study by Han et al. (2017) found that the effect of hotel environmental image on willingness to pay a price premium was weakened when guests perceived a low level of service quality.

In conclusion, the literature suggests that hotel environmental image can influence guests' willingness to pay a price premium for eco-friendly hotels. The impact of hotel environmental image on willingness to pay a price premium may be influenced by various factors, such as the hotel's environmental practices, communication of environmental efforts to guests, and guests' environmental attitudes and values. However, the impact of hotel environmental image on willingness to pay a price premium may be limited by other factors, such as the perceived quality of the hotel's services and amenities.

The current study found that Hotel Environmental Image (I regard this hotel as a benchmark/standard of environmental commitment, this hotel is professional in terms of its environmental reputation, this hotel is successful in terms of its environmental performance, this hotel's environmental concern is well established, this hotel is trustworthy in terms of its environmental promises, I regard this hotel as a benchmark/standard of environmental commitment, this hotel is professional in terms of its environmental reputation, this hotel is successful in terms of its environmental performance, this hotel's environmental concern is well established & this hotel is trustworthy in terms of its environmental promises) have a positive and significant influence on Willingness To Pay A Price Premium (It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel, I am willing to spend extra to support the hotel's effort to be environmentally sustainable, It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel and I am willing to spend extra to support the hotel's effort to be environmentally sustainable).

5.1.8 Hotel Environmental Practices and Willingness to Pay a Price Premium

The relationship between hotel environmental practices and willingness to pay a price premium has been the focus of several studies in the hospitality industry. This literature review aims to examine the relationship between hotel environmental practices and willingness to pay a price premium in the context of the hospitality industry.

Several studies have found that guests are willing to pay a higher price for eco-friendly hotels that implement sustainable practices. For example, a study by Lee et al. (2017) found that guests were willing to pay a price premium for hotels that implemented eco-friendly practices, such as energy-efficient lighting and water conservation measures. Similarly, a study by Chiang et al. (2019) found that guests were willing to pay a higher price for hotels that implemented green practices, such as recycling and composting.

Moreover, the literature suggests that the relationship between hotel environmental practices and willingness to pay a price premium can be influenced by various factors. For example, a study by Kim et al. (2019) found that the effect of eco-friendly practices on willingness to pay a price premium was moderated by guests' environmental attitudes and values. Similarly, a study by Zhan et al. (2019) found that the relationship between eco-friendly practices and willingness to pay a price premium was stronger for guests who perceived a higher level of environmental responsibility from the hotel.

Additionally, the literature suggests that the impact of hotel environmental practices on willingness to pay a price premium can vary depending on the type of eco-friendly practices implemented. For example, a study by Han et al. (2018) found that guests were willing to pay a higher price for hotels that implemented energy-saving practices, such as installing energy-efficient appliances and using renewable energy sources, but not for hotels that implemented water-saving practices.

However, the literature also suggests that the willingness to pay a price premium for eco-friendly hotels may be limited by other factors, such as the perceived quality of the hotel's services and amenities. For example, a study by Han et al. (2017) found that the relationship between hotel environmental practices and willingness to pay a price premium was weakened when guests perceived a low level of service quality.

In conclusion, the literature suggests that hotel environmental practices can influence guests' willingness to pay a price premium for eco-friendly hotels. The impact of eco-friendly practices on willingness to pay a price premium may be moderated by guests' environmental attitudes and values, the perceived level of environmental responsibility of the hotel, and the type of eco-friendly practices implemented. However, the impact of eco-friendly practices on willingness to pay a price premium may be limited by other factors, such as the perceived quality of the hotel's services and amenities.

The current study found that Hotel Environmental Practices (the hotel protects the environment, this hotel reduces its consumption of natural resources, this hotel recycles, this hotel communicates its environmental practices to its customers, this hotel uses renewable

energy, this hotel conducts annual environmental audits and this hotel participates in environmental certifications) have a positive and significant influence on Willingness To Pay A Price Premium (It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel, I am willing to spend extra to support the hotel's effort to be environmentally sustainable, It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel and I am willing to spend extra to support the hotel's effort to be environmentally sustainable).

5.1.9 Guest Loyalty and Willingness to Pay a Price Premium

Guest loyalty and willingness to pay a price premium are important outcomes for hotels in the hospitality industry. Numerous studies have explored the relationship between guest loyalty and willingness to pay a price premium and various factors, including service quality, satisfaction, and loyalty programs. This literature review aims to examine the relationship between guest loyalty and willingness to pay a price premium in the context of the hospitality industry.

Several studies have shown that guest loyalty positively impacts the willingness to pay a price premium. For example, a study by Kim et al. (2017) found that guest loyalty was a significant predictor of willingness to pay a higher price for hotel services. Similarly, a study by Chen and Chen (2016) found that guest loyalty was positively related to willingness to pay a price premium for hotel rooms.

Furthermore, the literature suggests that guest loyalty can be influenced by various factors, including service quality, satisfaction, and loyalty programs. A study by Hsieh and Li (2008) found that service quality was a significant predictor of guest satisfaction, which in turn led to increased guest loyalty. Similarly, a study by Hu and Chen (2016) revealed that loyalty programs positively impacted guest loyalty and willingness to pay a price premium.

Moreover, the literature suggests that guest loyalty and willingness to pay a price premium can be influenced by various demographic and psychographic factors. For example, a study by Park et al. (2017) found that age, gender, and nationality were significant predictors of willingness to pay a price premium for eco-friendly hotels. Similarly, a study by Zhang et al. (2017) found that psychographic factors, such as perceived value and trust, positively impacted guest loyalty and willingness to pay a price premium.

However, the literature also suggests that the relationship between guest loyalty and willingness to pay a price premium may be complex and influenced by other factors. For

example, a study by Choi et al. (2011) found that the relationship between guest satisfaction and loyalty was moderated by the hotel's image and reputation.

In conclusion, the literature suggests that guest loyalty and willingness to pay a price premium are important outcomes for hotels and can be influenced by various factors, including service quality, satisfaction, loyalty programs, and demographic and psychographic factors. However, the relationship may be complex and influenced by other factors, such as the hotel's image and reputation.

The current study found that Guest Loyalty (I would come back to a hotel that implements good environmental practices, I would recommend a hotel that implements good environmental practices, I would come back to a hotel that implements good environmental practices and I would recommend a hotel that implements good environmental practices) have a positive and significant influence on Willingness to Pay A Price Premium (It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel, I am willing to spend extra to support the hotel's effort to be environmentally sustainable, It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel and I am willing to spend extra to support the hotel's effort to be environmentally sustainable).

5.1.10 Hotel Environmental Practices, Hotel Environmental Image, Guest Loyalty and Willingness to Pay a Price Premium

The implementation of environmental practices in the hotel industry can have various effects on guest behaviour, including guest loyalty and willingness to pay a price premium for eco-friendly services. This literature review aims to examine the relationship between hotel environmental practices, hotel environmental image, guest loyalty, and willingness to pay a price premium.

Several studies have shown that hotel environmental practices positively impact the hotel's environmental image, which in turn can lead to increased guest loyalty and willingness to pay a price premium. For example, a study by Kim et al. (2015) found that implementing green practices positively influenced customers' perceptions of the hotel's environmental image, which in turn led to increased guest loyalty and willingness to pay a price premium. Similarly, a study by Han et al. (2015) revealed that green practices in hotels positively impacted customer satisfaction, trust, and brand image, which ultimately resulted in increased guest loyalty and willingness to pay a price premium.

In addition, the literature suggests that the hotel's environmental image can also have a direct impact on guest loyalty and willingness to pay a price premium. A study by Park et al. (2017) found that guests were willing to pay a price premium for eco-friendly hotels and that the hotel's environmental image played a significant role in influencing their decision.

Furthermore, the literature suggests that guest loyalty and willingness to pay a price premium may be influenced by specific environmental practices. A study by Yoo et al. (2016) found that specific eco-friendly practices, such as energy-saving initiatives and waste reduction programs, positively influenced guests' perceptions of the hotel's environmental image, which in turn led to increased guest loyalty and willingness to pay a price premium.

However, the literature also suggests that the relationship between hotel environmental practices, hotel environmental image, guest loyalty, and willingness to pay a price premium may be complex and influenced by other factors. For example, a study by Yang et al. (2016) found that guests' willingness to pay a price premium for eco-friendly services was influenced not only by their perceptions of the hotel's environmental image but also by their own environmental attitudes and knowledge.

In conclusion, the literature suggests that hotel environmental practices, hotel environmental image, guest loyalty, and willingness to pay a price premium are interrelated and can be positively impacted by eco-friendly initiatives. However, the relationship may be complex and influenced by other factors, such as guests' personal environmental attitudes and knowledge.

The current study found that Hotel Environmental Practices (the hotel protects the environment, this hotel reduces its consumption of natural resources, this hotel recycles, this hotel communicates its environmental practices to its customers, this hotel uses renewable energy, this hotel conducts annual environmental audits and this hotel participates in environmental certifications) , Hotel Environmental Image (I regard this hotel as a benchmark/standard of environmental commitment, this hotel is professional in terms of its environmental reputation, this hotel is successful in terms of its environmental performance, this hotel's environmental concern is well established, this hotel is trustworthy in terms of its environmental promises, I regard this hotel as a benchmark/standard of environmental commitment, this hotel is professional in terms of its environmental reputation, this hotel is successful in terms of its environmental performance, this hotel's environmental concern is well established & this hotel is trustworthy in terms of its environmental promises) and Guest Loyalty (I would come back to a hotel that implements good environmental practices, I would recommend a hotel that implements good environmental practices, I would come back to a hotel that implements good environmental practices and I would recommend a hotel that

implements good environmental practices) have a positive and significant influence on Willingness to Pay A Price Premium (It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel, I am willing to spend extra to support the hotel's effort to be environmentally sustainable, It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel and I am willing to spend extra to support the hotel's effort to be environmentally sustainable).

5.1.11 Customer Environmental Concerns (Self) and Willingness to Pay a Price Premium

As environmental concerns continue to grow, consumers' willingness to pay a price premium for environmentally friendly products and services has become a popular research topic. This literature review aims to examine the relationship between customer environmental concerns (self) and willingness to pay a price premium.

Several studies have found a positive relationship between customer environmental concerns (self) and willingness to pay a price premium for environmentally friendly products and services. For example, a study by Fritze et al. (2019) found that consumers with high environmental concerns (self) were willing to pay a higher price for eco-friendly products. Similarly, a study by Carrington et al. (2014) found that consumers with high environmental concerns (self) were more likely to be willing to pay a price premium for sustainable products. Moreover, the literature suggests that the relationship between customer environmental concerns (self) and willingness to pay a price premium may be influenced by factors such as trust, perceived effectiveness, and personal values. For example, a study by Wang and Chen (2019) found that the effect of customer environmental concerns (self) on willingness to pay a price premium for eco-friendly products was moderated by trust in eco-labels. Similarly, a study by Huang et al. (2015) found that perceived effectiveness of eco-labels positively influenced the relationship between customer environmental concerns (self) and willingness to pay a price premium for eco-friendly products.

Furthermore, the literature suggests that demographic factors may also play a role in the relationship between customer environmental concerns (self) and willingness to pay a price premium. For example, a study by Lee and Shin (2018) found that gender and age influenced the relationship between customer environmental concerns (self) and willingness to pay a price premium for eco-friendly products.

In conclusion, the literature suggests that customer environmental concerns (self) have a positive influence on willingness to pay a price premium for environmentally friendly products and services. The relationship may be influenced by factors such as trust, perceived effectiveness, and personal values. Demographic factors such as gender and age may also play a role in the relationship.

The current study found that Customer environmental concerns (Self) (I am concerned about the environment because of its consequences for me, I am concerned about the environment because of its consequences for my health, I am concerned about the environment because of its consequences on my lifestyle, I am concerned about the environment because of its consequences for my future, I am concerned about the environment because of its consequences for me, I am concerned about the environment because of its consequences for my health, I am concerned about the environment because of its consequences on my lifestyle & I am concerned about the environment because of its consequences for my future) have a positive and significant influence on Willingness to Pay a Price Premium (It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel, I am willing to spend extra to support the hotel's effort to be environmentally sustainable, It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel and I am willing to spend extra to support the hotel's effort to be environmentally sustainable).

5.1.12 Customer environmental concerns (Social) and Willingness to Pay a Price Premium

As sustainability concerns continue to gain importance in society, the relationship between customer environmental concerns (social) and willingness to pay a price premium for environmentally friendly products and services has become an increasingly popular topic in the literature. This literature review aims to explore the relationship between customer environmental concerns (social) and willingness to pay a price premium.

Several studies have found a positive relationship between customer environmental concerns (social) and willingness to pay a price premium for environmentally friendly products and services. For instance, a study by Beckmann and Harnisch (2016) found that consumers who perceive that others in their social circle are environmentally conscious are more likely to be willing to pay a higher price for eco-friendly products.

Moreover, the literature suggests that the relationship between customer environmental concerns (social) and willingness to pay a price premium may be influenced by factors such as social norms, environmental knowledge, and social identification. For example, a study by Kim and Choi (2018) found that social norms positively moderated the relationship between customer environmental concerns (social) and willingness to pay a price premium for eco-friendly products. Similarly, a study by Li et al. (2019) found that environmental knowledge positively influenced the relationship between customer environmental concerns (social) and willingness to pay a price premium for green products.

Furthermore, the literature suggests that demographic factors may also play a role in the relationship between customer environmental concerns (social) and willingness to pay a price premium. For example, a study by Kim and Choi (2018) found that age and education level influenced the relationship between customer environmental concerns (social) and willingness to pay a price premium for eco-friendly products.

In conclusion, the literature suggests that customer environmental concerns (social) have a positive influence on willingness to pay a price premium for environmentally friendly products and services. The relationship may be influenced by factors such as social norms, environmental knowledge, and social identification. Demographic factors such as age and education level may also play a role in the relationship.

The current study found that Customer environmental concerns (Social) (I am concerned about the environment because it affects all people, I am concerned about the environment because it affects all children, I am concerned about the environment because it affects my children, I am concerned about the environment because it affects people in my country / community, I am concerned about the environment because it affects all people, I am concerned about the environment because it affects all children, I am concerned about the environment because it affects my children & I am concerned about the environment because it affects people in my country / community)

have a positive and significant influence on Willingness to Pay a Price Premium(It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel, I am willing to spend extra to support the hotel's effort to be environmentally sustainable, It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel and I am willing to spend extra to support the hotel's effort to be environmentally sustainable).

5.1.13 Customer Environmental Concerns (Biosphere) and Willingness to Pay a Price Premium

As concerns about biodiversity loss continue to grow, the relationship between customer environmental concerns (specifically, those related to biodiversity) and willingness to pay a price premium for environmentally friendly products and services has become a topic of interest in the literature. This literature review aims to explore the relationship between customer environmental concerns (biodiversity) and willingness to pay a price premium.

Several studies have found a positive relationship between customer environmental concerns (biodiversity) and willingness to pay a price premium for environmentally friendly products and services. For example, a study by Liu et al. (2017) found that consumers who were more concerned about biodiversity were willing to pay a higher price for eco-friendly products. Similarly, a study by Guo et al. (2019) found that consumers who perceived a greater threat to biodiversity were more willing to pay a price premium for environmentally friendly products. Moreover, the literature suggests that the relationship between customer environmental concerns (biodiversity) and willingness to pay a price premium may be influenced by factors such as environmental knowledge and attitudes towards nature. For instance, a study by Guo et al. (2019) found that consumers with a greater understanding of biodiversity were more willing to pay a price premium for environmentally friendly products. Similarly, a study by Oke et al. (2018) found that consumers who had a positive attitude towards nature were more likely to be willing to pay a higher price for eco-friendly products.

Furthermore, the literature suggests that the relationship between customer environmental concerns (biodiversity) and willingness to pay a price premium may be moderated by factors such as demographic characteristics and product type. For example, a study by Liu et al. (2017) found that age and income level influenced the relationship between customer environmental concerns (biodiversity) and willingness to pay a price premium for eco-friendly products. Additionally, a study by Rizos et al. (2017) found that the willingness to pay a price premium for eco-friendly products was higher for experiential products (e.g., eco-tourism) than for material products (e.g., green appliances).

In conclusion, the literature suggests that customer environmental concerns (specifically, those related to biodiversity) have a positive influence on willingness to pay a price premium for environmentally friendly products and services. The relationship may be influenced by factors such as environmental knowledge, attitudes towards nature, demographic characteristics, and product type.

The current study found that Customer environmental concerns (Biosphere) (I am concerned about the environment because it affects animals, I am concerned about the environment because it affects plants, I am concerned about the environment because it affects marine life, I am concerned about the environment because it affects birds, I am concerned about the environment because it affects animals, I am concerned about the environment because it affects plants, I am concerned about the environment because it affects marine life & I am concerned about the environment because it affects birds) have a positive and significant influence on Willingness to Pay a Price Premium (It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel, I am willing to spend extra to support the hotel's effort to be environmentally sustainable, It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices, I am willing to pay more to stay at an environmentally friendly hotel and I am willing to spend extra to support the hotel's effort to be environmentally sustainable).

5.2 IMPLICATIONS

Our study will help hotel managers gain insight into the hotel's environmental image and customers' environmental concern and their effect on the customer's willingness to pay a price premium at these hotels, guest satisfaction & guest loyalty.

It will help the hospitality industry as a whole to understand the need for sustainability in their practices and the guest's outlook on the approach towards sustainability. It will also help hotels to understand customers' psychology towards willingness to pay a price premium by understanding their environmental concerns.

The paper contributes to the literature by highlighting those cognitive processes that influence the customers' willingness to pay a price premium to stay at environmentally friendly hotels. Hence, the study provides valuable information to hotel managers.

The study's conclusions can give managers insightful information about the environmental practices that customers value and how these practices affect customer perception and satisfaction.

The study's findings can be used by managers to create plans for enhancing their hotels' sustainable practices, increasing guest pleasure, and gaining a competitive edge. For instance, the survey may show that visitors prefer lodgings with waste reduction initiatives or those that

employ sustainable energy sources. As a result, management can put these practices into place and promote them to draw in ecologically concerned visitors.

The study can also point out ways that sustainable practices can save money, including by consuming less energy or spending less money on trash disposal. This knowledge can help managers find and adopt financially advantageous sustainable practices.

In general, a study on hotel environmental practices and guests' perceptions can assist managers in making knowledgeable decisions about their hotels' sustainability practices, improve their environmental performance, and increase guest satisfaction, all of which can eventually result in higher profitability and a positive impact on the environment.

Guest satisfaction is seen by the hotel management as being crucial to the success of their establishments. Insights into the environmental practices that are significant to visitors and how these practices affect their general satisfaction with their hotel stay can be gained through a study on hotel environmental practices and guests' views.

Managers could view customer satisfaction as a crucial component of their hotel's brand reputation and reputation. Recurring business, positive evaluations, and recommendations to other potential guests can all result from pleased customers. Managers may therefore consider customer satisfaction to be a crucial criterion for evaluating the performance of their hotel and its environmental policies.

The results of the survey might be used by managers to pinpoint particular environmental practices that are crucial for guests' satisfaction. For instance, the study may show that customers place a high value on hotels that utilize eco-friendly cleaning supplies or provide recycling bins in guest rooms. Managers can increase their environmental practises in areas where visitors care the most by using this knowledge, which will increase customer happiness. A study on hotel environmental practices and consumer perceptions can offer important insights into how environmental practices affect visitor satisfaction. In general, hotel managers are likely to see client pleasure as a significant component of their hotel's performance.

5.3. **LIMITATIONS**

One of the major limitations faced was the lack of time for case studies this time constraint didn't allow for an in-depth qualitative study. Future research can include more case studies to create a better foundation for the study. The paper is based on customers staying at environmentally friendly hotels in India. Due to this, the findings cannot be generalised to include other locations without further research. Second, this study reports on behavioural intentions, and therefore a experimental study is needed to test if the model would be a priority, especially to test the impact that raising awareness of environmental practices has on behavioural intentions. Another limitation is the sample size was not large enough hence more study is required using a bigger sample size. Lastly, we research the role of environmental concern from VBN theory but our study does not extend to a consideration of the awareness of environmental adverse consequences. As these two constructs measure different perspectives, further research into the comparison of the explanatory value of each would also be beneficial.

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ANNEXURE

Survey on 'Willingness to pay a price premium at sustainable hotels'

We the students of V.M Salgaocar Institute of International Hospitality Education - Manora, Raia, are conducting a survey on 'Guests' willingness to pay a price premium at sustainable hotels.' We would appreciate your input to help us study the topic on a large scale and to understand your perceptions about green hotels as a guest.

Note: - The data collected will be used only for academic purpose and your confidentiality will be maintained.

Kindly hold your phone in a horizontal manner.

* Required

1. What do you understand by sustainable (eco-friendly/ green) hotels?
2. What do you understand by sustainable (eco-friendly/ green) hotels?

Sustainable hotels (eco friendly/green hotels) are hotels that practice environmental conservation at the hotel to protect the environment and try to minimize the side effects of hotel operations on the environment.

3. Have you ever stayed at a sustainable hotel?

Mark only one

- Yes
- No

SECTION I

SOCIO-DEMOGRAPHIC DETAILS

Please tick the appropriate answer

4. Gender*

- Male
- Female
- Other

5. Age (in years)*

- 18 - 25

- 25 - 35

- 35 - 45

- 45 - 55

- 55 and above

6. Marital status *

- Single

- Married

- Divorced / Separated

- Dating

- Widow/ Widower

7. Annual income (inr)*

- less than 1 lakh

- 1 lakh to 5 lakhs

- 5 lakhs to 10 lakhs

- more than 10 lakhs

8. Qualifications *

- School

- Under Graduate

- Graduate

- Post graduate

- Ph. D

9. Place of residence (Please mention country, state and city)*

ADDITIONAL INFORMATION

10. Which hotels have you resided at?*

11. How was your experience at these hotels? *

12. Which ONE of these hotels was your favourite?

SECTION II

HOTELS ENVIRONMENTAL PRACTICE

NOTE

Recall your experience at **any one** of the sustainable hotels where you have stayed and answer the following questions accordingly.

Keep the same hotel experience in mind while answering all questions.

Your honest answers will be highly appreciated and help conduct an accurate survey.

Please read all questions and answer options carefully, before answering.

13. Rate the following hotel dimensions of the **Hotels environmental practices** from very bad to very good*

Mark only one oval per row.

Strongly disagree

Disagree

Cannot say

Agree

Strongly agree

- The hotel protects the environment
- This hotel reduces its consumption of natural resources
- This hotel recycles
- This hotel communicates its environmental practices to its customers
- This hotel uses renewable energy
- This hotel conducts annual environmental audits
- This hotel participates in environmental certifications

SECTION III

HOTEL ENVIRONMENTAL IMAGE

14. Rate the following hotel dimensions of the **Hotel environmental image** based on how much you agree with the following statements from strongly disagree to strongly agree *

Mark only one oval per row.

Strongly disagree

Disagree

Cannot say

Agree

Strongly agree

- I regards this hotel as a benchmark/standard of environmental commitment
- This hotel is professional in terms of its environmental reputation
- This hotel is successful in terms of its environmental performance
- This hotel's environmental concern is well established
- This hotel is trustworthy in terms of its environmental promises
- I regards this hotel as a benchmark/standard of environmental commitment
- This hotel is professional in terms of its environmental reputation
- This hotel is successful in terms of its environmental performance
- This hotel's environmental concern is well established
- This hotel is trustworthy in terms of its environmental promises

SECTION IV

WILLINGNESS TO PAY A PRICE PREMIUM

15. Rate the following as per your **willingness to pay a price premium** from never to always *

Mark only one oval per row.

Never

Sometimes

Cannot say

Most of the times

Always

- It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices
- I am willing to pay more to stay at an environmentally friendly hotel
- I am willing to spend extra to support the hotel's effort to be environmentally sustainable
- It is acceptable to pay a premium to stay at a hotel that engages in environmentally friendly practices
- I am willing to pay more to stay at an environmentally friendly hotel
- I am willing to spend extra to support the hotel's effort to be environmentally sustainable

CUSTOMERS' ENVIRONMENTAL CONCERN

16. Rate the following as per your **Customer's environmental concern** from strongly disagree to strongly agree (*Self - egoistic concern*) *

Mark only one oval per row.

Strongly disagree

Disagree

Cannot say

Agree

Strongly agree

- I am concerned about the environment because of its consequences for me
- I am concerned about the environment because of its consequences for my health
- I am concerned about the environment because of its consequences on my lifestyle
- I am concerned about the environment because of its consequences for my future
- I am concerned about the environment because of its consequences for me
- I am concerned about the environment because of its consequences for my health
- I am concerned about the environment because of its consequences on my lifestyle
- I am concerned about the environment because of its consequences for my future

17. Rate the following as per your **Customer's environmental concern** from always to never (*Social - altruistic concern*) *

Mark only one oval per row.

Always

Most of the time

Cannot say

Sometimes

Never

- I am concerned about the environment because it affects all people
- I am concerned about the environment because it affects all children
- I am concerned about the environment because it affects my children

- I am concerned about the environment because it affects people in my country / community

- I am concerned about the environment because it affects all people

- I am concerned about the environment because it affects all children

- I am concerned about the environment because it affects my children

- I am concerned about the environment because it affects people in my country / community

18. Rate the following as per your **Customer's environmental concern** from strongly agree to strongly disagree (*Biosphere - biospheric concern*) *

Mark only one oval per row.

Strongly agree

Agree

Cannot say

Disagree

Strongly disagree

- I am concerned about the environment because it affects animals

- I am concerned about the environment because it affects plants

- I am concerned about the environment because it affects marine life

- I am concerned about the environment because it affects birds

- I am concerned about the environment because it affects animals

- I am concerned about the environment because it affects plants

- I am concerned about the environment because it affects marine life

- I am concerned about the environment because it affects birds

SECTION VI

GUEST SATISFACTION

19. Rate the following as per **Guest satisfaction** created at these hotels from strongly agree to strongly disagree *

Mark only one oval per row.

Strongly disagree

DISSERTATION | GROUP 4   135

Disagree

Cannot say

Agree

Strongly agree

- I am satisfied with my experience in this hotel
- My expectations have been satisfied
- I am satisfied with my experience in this hotel
- My expectations have been satisfied

SECTION VII

GUEST LOYALTY TOWARDS GREEN HOTELS

20.20.

Rate **Guest loyalty towards green hotels** based on your feelings from never to always
*

Mark only one oval per row.

Never

Sometimes

Cannot say

Most of the time

Always

- I would come back to a hotel that implements good environmental practices
- I would recommend a hotel that implements good environmental practices
- I would come back to a hotel that implements good environmental practices
- I would recommend a hotel that implements good environmental practices

Thank you for taking the time to patiently fill out our questionnaire. Your response is highly appreciated and will help us complete our research.

Kind regards,

Adwait, Avinash, Azriel, Chiara, Jolan, Vidheyesh