



**Competitive Strategy for Luxury Hotel Resorts in Phuket: Gaining Competitive
Advantage Through Environmentally Friendly Development**

Arnfinn Oines

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ชื่อวิทยานิพนธ์	กลยุทธ์ด้านการแข่งขันสำหรับรีสอร์ทหรูในภูเก็ต ข้อได้เปรียบทางการแข่งขันจากการใช้วิธีการสนับสนุนการพัฒนาสภาพสิ่งแวดล้อม
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บทคัดย่อ

การตื่นตัวถึงความตระหนักในสิ่งแวดล้อมของผู้บริโภคและธุรกิจได้ก่อให้เกิดการเปลี่ยนแปลงวิธีการดำเนินของธุรกิจเป็นอันมาก ความสำคัญของประเด็นปัญหาไม่เกินความคาดหมายของธุรกิจโรงแรมซึ่งเป็นธุรกิจที่บริโภคสินค้าสิ้นเปลืองรายใหญ่ เช่นพลังงานและน้ำ และเป็นธุรกิจที่ผลิตของเสียจำนวนมาก ประเด็นปัญหาสิ่งแวดล้อมแม้จะเป็นสิ่งสำคัญแต่อย่างไรก็ตามโรงแรมก็ยังไม่ได้ถือเป็นเรื่องสำคัญระดับต้นๆ

การศึกษาวิจัยเรื่องนี้เพื่อดูว่าการพัฒนาสิ่งแวดล้อมที่เป็นมิตรในทางปฏิบัติ โดยโรงแรมตากอากาศหรูหราสามารถใช้เป็นกลยุทธ์เพื่อสร้างความได้เปรียบในการแข่งขันโดยการสร้างความแตกต่างและให้ข้อเสนอแนะทางในการดำเนินการ เป็นการศึกษาสำรวจความยั่งยืนของสิ่งแวดล้อมในบริบทของการพัฒนาที่ยั่งยืนในอุตสาหกรรมบริการ โดยมุ่งเน้นการศึกษาโรงแรมตากอากาศหรูหราในภูเก็ต ประเทศไทย การศึกษาเป็นการสัมภาษณ์ผู้บริหารหลักของตัวอย่างโรงแรมตากอากาศ 3 แห่ง จากประชากรโรงแรมตากอากาศหรูหราจำนวน 26 โรงแรม และโรงแรมตากอากาศที่เหลือได้ศึกษาจากข้อมูลทุติยภูมิ ได้ศึกษาจากข้อมูลปฐมภูมิจากกลุ่มตัวอย่างของผู้บริโภคจำนวน 408 ตัวอย่างจากจำนวนประชากรนักท่องเที่ยว จำนวน 4,234,982 คน

ผลการศึกษาพบว่าการพัฒนาสิ่งแวดล้อมที่เป็นมิตรของโรงแรมตากอากาศในภูเก็ตมีโรงแรมจำนวนน้อยมากที่มีการกำหนดเป็นกลยุทธ์บริษัท มีโรงแรมตากอากาศหรูหราเพียง 2 โรงแรมเท่านั้นที่ได้มีการระบุไว้ในกลยุทธ์ของตน มี 9 โรงแรม ได้รับตราสัญลักษณ์สิ่งแวดล้อมดี แม้ว่าจะมีสัดส่วนสูงกว่าอัตราเฉลี่ยของโรงแรมตากอากาศในประเทศไทยและยุโรปก็ตาม แต่ไม่มีการใช้เป็นเครื่องมือทางการตลาดที่บ่งบอกว่าประเด็นปัญหาสิ่งแวดล้อมเป็นเรื่องสำคัญซึ่งได้รับการยืนยันจากผู้บริหารระดับผู้จัดการว่ายังมองไม่เห็นความสำคัญที่จะใช้ส่งเสริมการตลาด และก็เป็นที่ยืนยันจากผลการศึกษานักท่องเที่ยวร้อยละ 15 ที่บอกว่าเขาได้เห็นและได้ยินสารสนเทศเกี่ยวกับสิ่งแวดล้อมก่อนที่จะมาเข้าพัก ผู้จัดการโรงแรมให้ความเห็นว่าตลาดสำหรับผู้ที่ตระหนักถึงสิ่งแวดล้อมมีจำกัดมาก

กลยุทธ์สิ่งแวดล้อมที่เป็นมิตรไม่ได้รับการยอมรับว่าจะสามารถดึงดูดค่าเช่ามาพัก
เพิ่มได้ จะเป็นไปได้ก็เฉพาะที่กลับมาพักใหม่เท่านั้น

แม้ว่าจะไม่มีความสนใจในการส่งเสริมสิ่งแวดล้อมในทางปฏิบัติผู้จัดการส่วนมาก
ได้มีส่วนในการดำเนินการส่งเสริมสิ่งแวดล้อมในหนทางใดหนทางหนึ่ง ส่วนมากแล้วจะเป็นเรื่อง
การใช้เครื่องมือประหยัดพลังงาน โรงงานกำจัดน้ำเสีย การประหยัดการใช้น้ำ โดยการใช้น้ำสีเทา
ในการรดน้ำต้นไม้และการนำน้ำกลับมาใช้ใหม่ มีโรงแรมตากอากาศ 2 แห่ง มีแหล่งน้ำของตนเองที่
สามารถลดการใช้น้ำจากระบบประปาซึ่งมีผลต่อการลดอากาศเสียจากเครื่องยนต์ โรงแรมตากอากาศ
อีกแห่งหนึ่งบอกว่าเขากำลังแยกของเสียโดยการนำมาบำรุงดินแทนที่จะนำไปทิ้งแบบ
ฝังกลบ รวมถึงการนำพลังแสงแดดมาทำน้ำร้อน มีหลายโรงแรมได้ส่งเสริมสิ่งแวดล้อมซึ่งตรงกับ
ความเห็นของนักท่องเที่ยวร้อยละ 38 ที่ว่าโรงแรมได้ดำเนินการสิ่งแวดล้อมในทางปฏิบัติ การใช้
ลิ้นและผ้าเช็ดตัวซ้ำเพื่อลดการใช้น้ำและการใช้กุญแจห้องที่ปิดสวิตไฟเมื่อออกจากห้องพักได้มี
การถือปฏิบัติโดยทั่วไป บางส่วนได้ถือปฏิบัติในเรื่องการนำขวดน้ำมาใช้ใหม่

การถือปฏิบัติในเรื่องการใช้ลิ้นและผ้าเช็ดตัวซ้ำที่ผู้จัดการส่วนมากพยายามถือ
ปฏิบัติเป็นการแก้ปัญหาระยะสั้น โดยมีจุดมุ่งหมายอยู่ที่การลดต้นทุนมิได้มีความสนใจในปัญหา
สิ่งแวดล้อมที่แท้จริง ผู้จัดการคนหนึ่งให้การสัมภาษณ์ได้ยกเลิวิธีนี้เมื่อนำมาใช้เพราะว่ามีเพียง
ร้อยละ 4 ที่แขกผู้เข้าพักเลือกหนทางนี้

วัตถุประสงค์หลักของการถือปฏิบัติเรื่องสิ่งแวดล้อมของผู้จัดการ โรงแรมก็คือการ
ประหยัดต้นทุนซึ่งได้รับการยืนยันจากผู้จัดการส่วนมาก อย่างไรก็ตามอุปสรรคที่บ่งบอกคือ
ต้องการการลงทุนในเบื้องต้นสูงมากและยากที่เจ้าของธุรกิจจะดำเนินการ ผู้จัดการยังบอกด้วยว่า
เป็นเรื่องการขาดความรู้และเป็นกระบวนการที่ต้องใช้เวลามากจึงเป็นอุปสรรคในการดำเนินการสิ่ง
แวดล้อมที่เป็นมิตร

แม้ว่ายังขาดความเชื่อมั่นว่าประเด็นสิ่งแวดล้อมสามารถใช้เป็นเครื่องมือทางการ
ตลาดที่ดีในหมู่ผู้จัดการ ผลจากแบบสอบถามชี้ให้เห็นว่าร้อยละ 68 ของนักท่องเที่ยวจะเลือกพักโรง
รมที่ได้รับตราสัญลักษณ์สิ่งแวดล้อมดีมากกว่าโรงแรมที่ไม่ได้รับตราสัญลักษณ์สิ่งแวดล้อมดี และ
ร้อยละ 56 ยินดีที่จะจ่ายเพิ่มขึ้น ส่วนมากยินดีที่จะจ่ายเพิ่มขึ้นถึง 5 เปอร์เซ็นต์ (ร้อยละ 29 ของนัก
ท่องเที่ยว) และ 10 เปอร์เซ็นต์ (ร้อยละ 20 ของนักท่องเที่ยว) ชี้ให้เห็นว่าการพัฒนา
สิ่งแวดล้อมอาจจะกำหนดเป็นกลยุทธ์บริษัทเพื่อเพิ่มความได้เปรียบในการแข่งขัน

ความสัมพันธ์ระหว่างระดับการศึกษากับการเลือกโรงแรมที่ได้รับตราสัญลักษณ์

สิ่งแวดล้อมดีมากกว่าโรงแรมที่ไม่ได้รับตราสัญลักษณ์สิ่งแวดล้อมมีความสำคัญทางสถิติ ซึ่งแสดงว่าผู้มีการศึกษามีความตระหนักถึงสิ่งแวดล้อม เพื่อให้ได้รับความเชื่อถือการส่งเสริมสิ่งแวดล้อมที่ดีผู้จัดการจำนวนหนึ่งชี้ให้เห็นถึงการลงทุนที่สูงในเบื้องต้น

เวลาที่ต้องใช้เพื่อความเข้าใจและการใช้เทคโนโลยี การฝึกอบรมและการติดตามงานรวมถึงความพยายามที่จะให้บุคคลที่สามให้การยอมรับ (โรงแรมได้รับตราสัญลักษณ์สิ่งแวดล้อมดี) เป็นสิ่งสำคัญ เวลาและการลงทุนบ่งบอกถึงอุปสรรคของการพัฒนา

สิ่งแวดล้อมที่เป็นมิตรและเป็นคำอธิบายว่าทำไมไม่มีโรงแรมน้อยรายเลือกการปฏิบัติสิ่งแวดล้อมที่เป็นมิตร ในเวลาเดียวกันการนำเอาการถือปฏิบัติสิ่งแวดล้อมที่เป็นมิตรเพื่อสร้างความได้เปรียบในการแข่งขันจะมีความยั่งยืนเข้าไปมากกว่าอีก

กลยุทธ์ของการสร้างความแตกต่างของการปฏิบัติการสิ่งแวดล้อมที่เป็นมิตรมาใช้โรงแรมตากอากาศคือสามารถสร้างความได้เปรียบในการแข่งขันได้ถ้ามีการนำเอาเรื่องการประหยัดต้นทุนที่ได้จากการนำเรื่องสิ่งแวดล้อมที่เป็นมิตรออกสู่การปฏิบัติน่าจะเป็นเรื่องที่น่าสำรวจดูว่าจะบรรลุความได้เปรียบในการแข่งขันได้อย่างไรโดยการพัฒนาสิ่งแวดล้อมที่เป็นมิตรในโรงแรม

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Author	Mr.Arnfinn Oines
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ABSTRACT

Increased environmental awareness of consumers and companies has changed the ways many industries operate. The importance of the issue is hard to overestimate for the hotel industry, which is recognised as a heavy consumer of non-durable goods such as energy and water, and producer of vast amounts of waste. Despite their importance, environmental issues are not always a top priority for hotels.

This research paper investigates whether the development of environmentally-friendly practices by luxury hotel resorts can be used as a strategy for gaining competitive advantage through differentiation, and suggests ways to do it. It explores environmental sustainability in the context of the overall sustainable development of the hospitality industry. The focus is on luxury hotel resorts in Phuket, Thailand. Interviews with key figures in three hotel resorts and one hotel management company from a population of 26 hotel resorts were conducted. The rest of the population was researched through secondary data. A direct survey of consumers was conducted, where 408 questionnaires of a population of 4,234,982 were collected.

Findings indicate that environmentally friendly development of hotel resorts in Phuket has a very limited use as a corporate strategy. Only two luxury hotel resorts had it incorporated in their strategy. Nine hotel resorts had obtained eco-label. Though this is a higher share of hotel resorts than the average in Thailand and Europe, it is not much used in marketing indicating environmental issues are not seen as important. This was confirmed through the interviews with the managers that it is not seen as important issue to promote. It was again confirmed in that only 15 percent of the tourists indicated that they had seen, read or heard any

environmental information before going to the hotel resort. The hotel managers argued that the market for environmentally conscious guests was limited. Environmentally friendly strategies were not believed to attract any additional guests, only possibly some return guests.

Though there was not much interest in promoting environmental practice the managers had all been involved in implementing some form of environmental practices. Mostly it was in terms of energy efficient equipment, waste water treatment plants, water conservation through use of gray water in the garden and recycling. Two resorts had their own water supply, which reduced the need for truckloads of water leading to green gas emissions. One resort also said they were doing composting to reduce amount of waste sent to landfill and instead produce soil for the garden, as well as using solar thermal to heat their hot water. That several hotels seem to adopt some environmental practices was confirmed with 38 percent of tourists indicating having seen environmental practices. Re-use of linen and towels to save water was the primary practice noticed followed by key tags switching electricity automatically off to save energy. A few also mentioned recycling of bottles as one practice. The practice of re-using linen and towels to save water, which is tempting for many managers as an easy short term solution, is mainly for saving laundry costs and is not for genuinely interest in the environment. One of the managers interviewed said they stopped the practice of re-using linen and towels because only 4 percent of the guests used the option. The main reason for hotel managers doing environmental practices was cost savings, which was confirmed by several of the managers. However, a hurdle pointed out was that it required high initial capital expenditure, which often was difficult to persuade owners to make. The managers also pointed out lack of knowledge and a time consuming process as challenges to operating environmentally friendly.

Despite a lack of belief of environmental issues being a good marketing tool amongst the managers, results from the questionnaires show that 68 percent of tourists would choose an eco-labelled hotel resort over one without an eco-label, and 56 percent would be willing to pay a premium for it, with the majority willing to pay up to 5 percent premium (29 percent of tourists) and 10 percent (20 percent). This suggests that environmental development may be a corporate strategy to gain competitive advantages. Relation between level of education and whether or not guests are likely to choose eco-labelled hotel resorts over some without eco-label was found, indicating that knowledge and awareness of the issue is important. In order to

achieve good environmental credibility it was pointed out by some managers that significant initial investments must be made, time spend on gaining technological know-how and on training and monitoring, and efforts made to achieve third party recognition (e.g. through eco-labelling). Time and money were identified as the main hurdles for environmental development, and explain why few hotels choose to do environmental practice. At the same time, the slow adoption of environmental practices makes competitive advantages gained through adopting them last even longer.

With an increasing demand for environmentally friendly products in mind and the fact that few hotels are eco-labelled, it can be argued that adopting differentiation strategy by developing and operating environmentally friendly hotel resorts may give competitive advantage. Putting this in light of identified cost savings achieved by environmentally friendly operations, it is interesting to explore how it is possible to achieve competitive advantage through environmentally friendly hotel development.

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CHAPTER 1

INTRODUCTION

1.1 Background

International tourist arrivals have over the past 30 years almost quadrupled, with 2004 as a record year counting around 763 million (World Tourism Organisation, 1998; 2005). Tourism has grown to become the biggest industry in the world. With US\$ 4,218 billion revenue it accounts for around 10 percent of the world's economic activity and, by its labour intensive nature, is a major generator of employment, 74 million directly and 215 million including indirect economic effect (World Travel and Tourism Council, 2004). The international tourist arrivals is expected to reach 1.56 billion within 2020, a doubling of the record year 2004, and East Asia and the Pacific with a higher growth than average is expected to become the second most important tourism destination after Europe (World Tourism Organisation, 1998). One of the reasons for the regions strong growth, along with economic growth, is that Asian travellers found immigration in the US and Australia problematic, which discourages travelling to these regions and instead inter-regional travelling in ASEAN countries might be expected (World Travel & Tourism Council, 1993).

One of the major tourism receiving countries in the East Asia and the Pacific is Thailand, which has seen an tremendous growth with an average annual growth of 8.2 percent in tourism since the middle of 1980's, growing from around 2.4 million to 11.7 million international tourist arrivals in 2004 (Tourism Authority of Thailand, 2005). One of the main destinations, Phuket, had in 2004 4.2 million guest arrivals at accommodations whereby 275,502 stayed at luxury accommodation. These figures have lead to a lot of construction of accommodation facilities, with a trend towards hotel resorts.

The strong growth and developments of many hotel resorts in Phuket has led to a fierce competition in attracting visitors. In order to survive, or more so to become successful, the hotel resorts need to work hard on gaining competitive edge over its competitors. The major directions in competitive strategy are either through cost leadership or differentiation. For the luxury hotel resort the latter is the most likely applicable strategy. One way of differentiating

itself is believed to be through operating and promoting an environmentally concerned hotel resort. This research will examine if it is possible to gain competitive advantage through development of environmentally friendly luxury hotel resorts, with focus on Evason Phuket Resort in Phuket, Thailand.

The hotel resort is already undertaking many environmental practices, being managed by the Six Senses Resorts & Spas corporation, which mission is to operate in a sustainable environment. Operating environmentally friendly includes many aspects in hospitality and practices may often vary from intended direction, thus, not necessarily making the hotel resorts gain any ground on its competitors. Few hotel resorts in Phuket promote their environmental practices possibly explained by the complexity of the issue. But with a growing concern of environmental issues around the world and amongst tourists, differentiation may be achieved through developing and operating environmentally friendly upscale/hotel resorts, thus gaining competitive advantage.

1.2 Thesis Statement

In an area of increasing competition in the hospitality sector it is essential for companies to gain competitive edge over their rivals in order to become and stay successful. One of the main forms of competitive advantage is differentiation or focus differentiation. It is believed that a hotel resort can achieve this through developing and promoting itself through environmentally friendly development. The main concerns a hotel resort trying to achieve this have are lessening negatively environmental impact through reducing energy, water and paper consumption as well as reducing waste production. To get credibility it is important to be recognized by a third party or eco-labelled.

Measures to be undertaken in order to achieve these reductions not only will have a cost saving effect but also is believed to have market value by attracting environmental conscious guests willing to pay a premium price for the product. Demand for environmentally conscious products is growing, which suggests that developing environmentally friendly hotel resorts is economically beneficial.

Furthermore, social responsibility is recognized to be important both to get

acceptance amongst the local community, employees and guests in order to further differentiate oneself as a truly committed company, thus gaining competitive advantage.

1.3 Objectives:

1. To examine the existing practices of environmental sustainability amongst luxury resorts in Phuket.
2. To examine proper actions and efforts to be undertaken for hotel resorts to operate environmentally friendly in the context of environmental sustainability.
3. To examine demand for sustainable developed hotel resorts.
4. To recommend how hotel resorts can capitalize on competitive advantage through sustainable development.

1.4 Significance of Study

This exploratory research is looking into an aspect, which is becoming more and more important as the world is developing. It is an aspect that there has been done very little research in, particularly in regards to hospitality industry. For this reason it may not give any definite answers, but may be highlighting and discovering important aspects, which may form the basis for future research.

Tourism is the biggest and one of the fastest growing sectors in the world, with East Asia and the Pacific believed to become the second most important region after Europe according to World Tourism Organisation (1998), due to strong growth in its economy and large population. The industry has very often been developed without any planning and with very little thoughts of sustainability. The hospitality industry plays a central role in tourism and a hotel resort is a growing sector, particularly in Asia.

Along with a growing concern and interest in environmentally conscious hotel resorts it is possibly one of the major factors that hotel resorts can use in order to gain competitive

advantage in an ever increasing competitive market. Sustainable hotel resort development is still in its pioneering stages; therefore, this research can be an important starting point for companies who want to develop sustainable hotel resorts.

CHAPTER 2

RELATED CONCEPTS, THEORY AND LITERATURE

2.1 Introduction

It is a well established fact that tourism is a huge global industry with strong growth with Thailand in Asia and the Pacific as on major player (Nicholson-Lord 1997; Tourism Authority of Thailand 2004; World Tourism Organisation 1995, 2005; World Travel & Tourism Council 1993, 2004). Thailand's Phuket, one of the major tourist destinations, has seen an explosive development of hotel resorts to accommodate the masses of tourists visiting the island, making it important to have a sound strategy in order to become and stay successful. One strategy may be to differentiate oneself through environmentally friendly development and operations of a hotel resort.

2.2. Strategy

Corporate strategy can be defined as *“the match an organization makes between its internal resources and skills and the opportunities and risks created by its external environment”* (Grant, 2001). It is what the companies do with their assets to create a profitable business. Assets in the hospitality industry include both tangible, such as buildings and facilities, and intangible, such as service, human resources, know-how and reputation. Particularly the intangible assets are important because of the service nature of the industry. It consists of experiences of these services, which are being recognised as difficult to describe, measure or standardise (Lovelock 1991; Mills and Moberg 1982). Nevertheless, a strategy is a comprehensive master plan stating how a company will achieve its mission and objectives (Wheelen and Hunger, 2006).

Typically three types of strategies are considered: Corporate, Business and Functional. Corporate strategy's three main categories include stability, growth and retrenchment. Business strategy is on product level, i.e. individual hotel resorts, and has two categories, competitive and cooperative. Functional strategy, i.e. departments of the hotel resorts, may chose

different approaches such as pioneering or imitation. These three levels of strategies are set up in a hierarchical way in which functional strategies support business strategies and business strategies supports corporate strategies (Wheelen and Hunger, 2006).

For the purpose of this research paper competitive business strategy, i.e. competitive advantage, will be looked upon.

2.3 Competitive Advantage

Many theories have tried to explain competitive advantage, which has been recognized as most important goal of a company (Porter, 1980). The reason for this strong quest of answering how to achieve competitive is because it is essential in become profitable and stay profitable in an ever changing and increasing competitive market. The increasing competition makes it hard to become profitable and even harder to stay profitable over time, which at the end the day is essential for business survival.

Two ways of gaining competitive advantage appears: cost leadership or differentiation (Porter, 1985). Despite the importance and relatively simple terms there seems to be little understanding in how to achieve competitive advantage in the hospitality industry (Yong Kim and Oh, 2004). The industry is differing from conventional manufacturing in several ways. Most importantly is the nature of the product, which despite the presence of tangible assets such as hotel buildings, is intangible. It is a service that is sold, an experience of being accommodated and catered for, and this experience is very much dependent on the service provided by a large number of people. The human factor is essential.

The little understanding in how to achieve competitive advantage can be explained by the difficulties in measuring competitive advantage, particularly within the hospitality industry. Three approaches, which are commonly used to measure competitive advantage, are:

1. Porter's five-forces approach
2. The resource-based approach
3. The relationship approach

Arguably the most important developer of competitive advantage theory is

Michael Porter, and his five-forces approach and value chain analysis are important contributors (Porter, 1980; 1985). Porter's five-forces approach is the traditional approach (refer to appendix 1), which involves threat of new entrants, threat of replacing products, bargaining power of customers, bargaining power of suppliers and rivalry amongst competitors. Intensity of these aspects varies from industries, but for a company it is important to position itself in two ways: cost leadership or differentiation. To evaluate and classify different activities one may use the Value Chain (refer to appendix 2) (Porter, 1985).

There has been done a lot of research on competitive advantage in the hospitality industry over the last decade. Several are questioning the five forces approach appropriateness for the hospitality industry opting for the resource based approach (Aung and Heeler 2001; Carmeli 2004; Fahy 2002; Fensterseifer and Oliveira Wilk 2003; Grant 1991; Rangone 1999). It has been argued that there is a lack of appropriateness in measuring hotel performance and that looking at traditional measurements such as return on investment is not sufficient. The five-forces approach is mostly suitable for manufacturing industries and has been criticised for not being suitable for the hospitality industry's intangible service nature (Phillips, 1999). Due to the intangible service nature of hospitality industry a resource based approach is seen as more appropriate with its valuable, rare, imperfectly imitable or not substitutable resources/capabilities as characteristics (Barney, 1991).

With the shift towards and preference of the resource approach physical resources, human resource and organisational resources are identified as a more suitable method of measuring competitive advantage. For instance, human resources are crucial for hotel resorts in order to establish competitive advantage as they operate in the service industry (Aung and Heeler, 2001). The hospitality industry is unique as the human factor plays an important part in the production of its products as it sells experiences. Just as a smiling staff can have a positive effect on a guest's experience it can negatively affect the experience if the staff act rude or with no sense of service in mind. Without high quality staff an experience may be severely damaged. Empowerment is identified as crucial. Staff need to be able to take quick decisions and not wait for superiors, who might be busy with other encounters, to decide. Well trained staff are also more likely to take the right decision as they have first hand knowledge of the issues.

Hospitality products are about experiences. This intangibility makes it important

for hospitality companies to focus on intangible resources (Carmeli, 2004). Planning capability, know-how, ability to learn, managerial competence and human capital were identified as essential to gain competitive advantage. The common value of all these factors is that they represent resources to the company. The resource approach says the more resources a company has the stronger position it has in regards to gaining competitive advantage. Other resources have been identified such as value added as an important way of differentiating a hotel, thus gaining competitive advantage (Glaser et.al., 2002). This can be seen in many of the top international hotel chains, such as Four Seasons, Marriott, Hilton, Accor, InterContinental and Peninsula, which focus on high standards and customer loyalty. Furthermore, it is argued that transformation to a learning organisation is one way to gain competitive advantage (Bayraktaroglu and Kutanis, 2002). The demand from guests are continually changing and in order to keep the guests satisfied the hotels need to listen and learn from customers' feedback and be able to adapt and change in order to meet the guests' satisfaction.

A third approach, relational approach, may also be used to gain competitive advantage. Here, companies are seeking alliances in order to expand business and compete with their rivals. The alliances can be equity-based, such as joint ventures, or non-equity-based, such as franchising and licensing. Franchising is particularly seen in the fast food industry with McDonald's as the most well known, and in the hotel industry joint ventures, due to large investments needed, and management contracts, whereby hotel management companies run the operations of the buildings owned separately, are common forms of alliances. These alliances have seen a steady growth since the 1980's and is likely to continue to grow in the future (Beamish and Deliosh, 1997). This approach is applicable especially in very unstable markets with rapid expansion in order to get quick access to market with less risk (Prebel et.al., 2000).

No matter what approach is chosen it can be argued that the worst form of strategy is to choose none. Furthermore, it is difficult to create competitive advantage, but it is even harder to preserve it (Passemard and Kleiner 2000). The three approaches have similarities and all are designed to identify what makes some companies more successful than their competitors. It has been argued that the three approaches are very interlinked and complement each other. For this reason they could be looked upon in an integrated way (Yong Kim and Oh, 2004). Despite several ways to gain competitive advantage has been researched, none of them have identified

environmental sustainable development as one way.

For the purpose of this research, competitive advantage will be looked upon from the perspective of Michael Porter's (1985) proposed strategies of how a company can develop competitive advantage, which is:

- overall cost leadership
- differentiation

As mentioned a company can chose two strategies to position itself: cost leadership and differentiation. Added to this is the scope in which the company is operating (refer to appendix 3). Through choosing either to focus on a small market niche or a broad audience leaves the company with four possibilities of gaining competitive advantage. If the company chooses cost leadership it can either do it by attracting a broad target market or can try attracting a narrow target niche through cost focus. If the company is choosing differentiation it can either do it by attracting a broad target market or can try attracting a narrow target niche through differentiation focus. Though there are four possibilities of gaining competitive advantage the two principles of cost leadership and differentiation remain the same. Furthermore, the resource based approach will be looked upon in the context of physical resources, human resource and organisational resources.

2.4 Emergence of Sustainability

It has been recognized that the tourism and hospitality industry is huge and continuously growing, and along with this growth and economic development in general a growing concern on the environment has evolved. 80-85% of world's energy consumption is based on fossil fuel; coal, oil and gas, which all are causing environmental damaging green gas emissions (CO₂) (Biesiot and Noorman 1999; Palm et.al., 2000). The world's consumption of energy will from present days measures increase by 50 percent within 2030 and the green gas emissions (CO₂) will increase by 52 percent (Hellestol, 2005). This will be a solid increase in pollution in a world that not only will have a negative impact on the environment, but also socially and economically. Asia is the region, which has seen the most dramatic increase in energy consumption growing from 16% of total world's energy consumption in 1980 to 26% in

2002 (Western Oregon University, 2003), and it can be believed to continue its growth or the world market share as the region is experiencing a huge economic growth.

Tourism is often associated with being a major polluter with the hospitality sector as one of the major consumer of energy, water and waste production. The hospitality sector and the hotel industry comprise many different activities, which, in itself, do not have a huge negative environmental impact (Dobers, 1997). However, these various components, which put together compromises the hotel industry including hotel resorts has also been identified as a big polluter with severe negative environmental impact on global resources (Kirk 1995; Rada 1996). In a study it was estimated that within the hotel industry 75% of all environmental impacts were caused by use of non-durable goods, energy and water, which leads to emissions released to air, water and soil (APAT, 2002). Particularly in the luxury segment of hotels and hotel resorts this will be evident as the nature of these hotels is about guests pampering themselves with luxury, thus using large amount of energy and water. Luxury hotel resorts also generally occupy larger areas, which is particularly seen in the tropics, where lands is relatively cheap leading to construction of large resorts (Gossling, 2002) The negative environmental impacts of a hotel resort is thus substantially greater than those caused by other types of buildings of similar size (Rada, 1996). Given the size of the service sector, which the hospitality industry is part of, reportedly counting for 60% of the GDP in developed countries, some blame it for the majority of the global pollution (Hutchinson, 1996).

For destinations, which already are experiencing water shortages and where energy is produced environmentally unfriendly, the potential damage is severe. Many countries are facing serious water problems with shortages in clean ground water resources and heavily contaminated surface water (Postel 1992; United Nation 1995). Phuket Island is experiencing, from heavy use of water by the hospitality industry, shortages of public distributed water as most of the ground water on the island is in private hands (Keodsom, 2006).

Along with the growth in tourism and hospitality industry, as well as economic development in general in the world, there has been a growing concern on energy consumption and environmental damage (Hellestol 2005; International Energy Agency 2005; World Bank 2005). Already major implications are seen today. Oil prices hit record high \$ 70.85 late August 2005 (Wikipedia, 2006) and the prices will continue to be high due to rising demand, volatility in

the world. Numerous events such as the Iraq war, Hurricane Katarina 2005 and Nigerian unrest 2005 amongst others have disturbed the supply of oil, which supported by a steady rising demand is making oil prices continuing to stay high in the future (Abercrombie 2006, International Energy Agency 2006; Smith 2006). Furthermore, demand and development of renewable energy resources is expected to have a faster growth than ever with 6.2 percent, but will only count for less than 2 percent of total energy consumption in 2030 (International Energy Agency, 2005).

The concept of sustainable development is relatively new, only becoming an important issue in the end of 1980's. Much has been written about sustainability (Goodwin and Francis 2003; Green Globe 21 2003; International Energy Agency 2005; Nicholson-Lord, D. 1997; United Nations Environment Programme and World Tourism Organisation 2005; World Bank 2005; World Travel & Tourism Council 1993), but the area is very wide involving individuals, companies, industries and governments (Brundtland 1987; United Nations 2002) making it difficult to specify and define. Though, it may be difficult to specify and define due to its wide context it has certainly become more and more important as economic development has happened around the world with following environmental degradation. Environmental problems have been pointed out by a growing population with an increased demand on a shrinking resource base (Robinson, 1991). And the importance of sustainable development is likely to continue and grow.

Sustainability is also a wide issue in the context of tourism and hospitality (Bohdanowicz 2005; Commission on Sustainable Development 1999; United Nations and World Tourism Organisation 2005). This has to do with the tourism and hospitality industry being very fragmented, consisting of transport, accommodation, restaurants, attractions, tour operators, travel agents etc. Considering the great variety of products and businesses there are also considerably variations within the industry. For example, within the hotel sector amount of energy consumed varies as well as the environmental impact. In general, hotels use more energy per visitor, due to energy intense facilities, such as bars, restaurants and pools, than "pensions" (Gosling, 2002). Furthermore, there are not many standardised rules to follow, mainly guidelines, which may be interpreted differently. Laws exist, but are very general and wide and may differ around the world. Some even argue that environmental regulation neglects the hospitality industry, and that it is characterised by comprehensive initiatives such as the International Hotel Environmental

Initiatives (Cespedes-Lorente et al.), now called the International Tourism Partnership (ITP) (ITP, 2005).

Sustainable development has many definitions, but a widely accepted is the one of The Brundtland Commission given in the World Commission on Environment and Development in 1987:

“a process to meet the needs of the present without compromising the ability of future generations to meet their own needs.” Brundtland (1987)

It is a very wide definition, but the importance of meet the needs of future generations is strongly emphasised because it enables benefits to be sustained over a long period, thus not destroying what is being used and consumed. This is the basis of sustainability, that consumption is fine as long it is not destroying the resources so that others can enjoy it. For a hotel resort, this is particularly important in that the guests do not only come to enjoy the resorts facilities, but also the destination it is in. Therefore, by not polluting the water, using up fresh ground water and using unnecessary amounts of energy causing large green gas emissions (CO₂) the destination will stay beautiful and continue to attract visitors in the future. This not only ensures environmental sustainability, but also economic and social by ensuring income to last for long without destroying for the local community. The World Summit on Sustainable Development in Johannesburg 2002 recognized that sustainability involves three aspects, which was named as three special pillars; Economic-, Social- and Environmental sustainability. (United Nations, 2002).

The economic growth is demand driven and relies on a growth in consumption. However, a growth in consumption may not necessarily mean that it cannot be sustained. The key is to facilitate economic growth, which uses materials and products that minimize negative impact on the environment, thus, making it environmentally sustainable. Energy efficiency is recognised as an easy way to reduce green gas emissions (CO₂) as well as saving costs. Along with energy efficiency, cleaner fossil fuels and renewable energy sources is ideal ways (Palm et al. 2000). Studies have shown that EU could save 20% of its energy consumption through efficiency equivalent of 60 billion Euros per year (European Commission, 2005). Furthermore, it is important that the economic growth is benefiting a wide number of parties, and a growing demand is not having a negative social impact. This means that also the local community should

benefit from increasing number of visitors and they should not feel intruded by their presence.

The wide and unspecified definition leaves room for individual interpretations, which may vary depending on cultural background. The hospitality industry is a global industry with owners, employees and customers coming from different cultural background, which makes it difficult to establish a set of practices. For instance, in one study US hotel managers were found to be less concerned about environmental issues than international managers (Stipanuk & Ninemeier, 1996). There has only been a few studies on environmental impact in tourism. Some areas studied are for example energy use in tourism (Gossling, 2002), CO₂ emissions in international air travel (Olsthoorn, 2001) and environmental impact of hotels (Deng & Burnett 2000; Trung and Kumar 2003; Isaacs and Crocker 1996). Furthermore, there has not been done much academic research on sustainable developments of hotel resorts, especially in the context of gaining competitive advantage. This again strengthens the notion of topic being difficult to categorize.

This research will focus on the environmental aspect, which is believed to be the most relevant factor in differentiation process. It is believed that ultimately it is the key to being sustainable. It is also the most obvious part of hotel resort operations, making it easier to see as well as using it in marketing. However, it will also touch into economical and social factors as these often are interlinked and will be affected by each other.

2.5 Neglected Environmental Concern

One reason for the economic growth and the steady growth in tourism, despite numerous problems such as the 26th December 2004 tsunami, bird flu, SARS, wars, terrorisms, Bali bombing, September 11 bombing etc., is the World Bank's view of tourism being a passport to development for Third World countries (Nicholson-Lord, 1997). It is seen as a relatively easy industry to develop as it is a service industry not necessarily requiring large investments and can be developed quickly. It is also an industry, which with international tourism instantly brings in foreign exchange in form of hard currency. Especially, for developing countries and other countries with soft currencies it is seen as a very important factor. Furthermore, it is a labour intensive industry, which means jobs for a large portion of the population. For this reason, many

countries around the world, including developed countries such as Thailand, favour tourism. Thailand has promoted tourism as a major source of income (Rattanasuwongchai, 1998). With campaigns such as Amazing Thailand and Unseen Thailand by the Tourism Authority of Thailand, Thailand has managed to attract 11.7 million international tourists generating US\$ 9.6 billion in 2004 (Tourism Authority of Thailand, 2004). With successful locations such as Pattaya and Hua Hin developed in the 1980's, Phuket was chosen in the 1990's become an important tourism destination (Smith, 1991).

Tourism can, therefore, be said to be of great importance generating large sums of foreign exchange as well as generating a large number of jobs. However, some argue that the positive effects are not as glamorous as they may sound. The economic effect has mainly had a positive effect in urban areas through investors coming from the cities, food and drink products being imported, taxes and fees going to centralized government and employment only at low level, leaving rural communities with little benefit (Rattanasuwongchai, 1998). Furthermore, the large number of visitors gives negative environmental impacts through exploitation of natural resources, deforestation, waste and sewage disposal, congestion due to development of infrastructure and superstructure to cater for the tourists (Bohadowicz 2005; Gossling 2002; Rattanasuwongchai 1998; Smith 1991). Thus, tourism and hospitality activities have a major impact on the environment, both ecologically, economically and socially.

One of the reasons for the critical views on the growth in tourism is that the tourism and hospitality industry for long has neglected the importance of sustainable development. This can be seen in many developed tourism destinations around the world. Cancun (Mexico), Caribbean, Benidorm (Spain), Bali (Indonesia), Batu Feringgi (Malaysia) Pattaya and Phuket (Thailand) are a few examples, which all have various environmental, social and economical problems. Lack of planning or lack of implementation of plans is a unifying factor resulting in problems (Smith 1991; Wong 1998). In some Caribbean countries up to 80 percent of the nominal inflow of foreign currency flow straight out. The same can be seen in beach holidays in Kenya where they experience 70 percent leakages (Nicholson-Lord, 1997). In other words, the foreign exchange that comes in with the tourists goes out of the country again together with the tourists. The destination is then left with only exploited areas, degradation and waste brought by the tourists. Developments of many hotel resorts in the Asia-Pacific region suggest degradation

will happen (Smith, 1991). In Thailand, Pattaya is seen as the worst negatively environmental affected tourist area, but Patong, which is the most developed tourist beach on Phuket Island, is in danger of becoming the same (Wong, 1995).

Despite many lessons to be learned can be seen around the world the tourism and hospitality industry does not seem to change drastically. The nature of tourism is often spontaneous and fast changing, encouraging developers to pursue fast profits with ignorance of the physical environment. There are many options in terms of improving environmental management practices through energy saving, water saving and waste reduction. For instance, one study showed hotels consuming ten times more energy as others to accomplish the same activity (Wight, 1994). However, there does not seem to be an industry wide commitment to improving environmental management practices, which can be partially explained by a lack of environmental regulative and legislative pressure (Cespedes-Lorente et al., 2003). Although legislation may be present the slow response by governments and lack of enforcement hinders development to happen sustainable (Wong, 1998). Even though strict environmental laws exist in the manufacturing industry, the hotel industry experience that there is little environmental regulation to stop environmental degradation (Cespedes-Lorente et al., 2003). With the lack of laws, regulation and enforcement ultimately developers will be looking into generating as much profit as possible in short term and ignoring the long term consequences.

The lack of environmental laws can be seen in that only 1 percent of European accommodations are eco-labelled (APAT, 2002). Similarly, in Thailand only 1 percent of Thailand's hotels are registered with the government sponsored eco-label Green Leaf Foundation (Tourism Authority of Thailand, 2003). One reason for this can be explained the industry mainly consists of independently owned small-medium enterprises (SME), which lack knowledge about sustainable development. And effort to improve this lack of knowledge is not likely to be improved if not legislative pressure from the government arrives, as increasing competition leaves most businesses with enough short term worries than to think long term sustainability. Planning is, therefore, essential, and tourism planning is primarily a government activity undertaken to minimize the negative impacts in a sustainable manner (Smith, 2000).

Though the hospitality industry is experience lack of governmental pressure the industry is experiencing comprehensive environmental initiatives such as the ITP, which included

international hotel chains such as Inter-Continental, Ramada, Forte, Accor, Hilton International, Holiday Inn Worldwide and the Marriott (Chan and Wong, 2004) and Green Leaf Foundation, which includes hotels Dusit Hotels & Resorts, Mayfair Inn & Suites and Hilton International Bangkok (Green Leaf Foundation, 2005). These organisations have set environmental standards, which aims at protecting the physical environment. Despite still having little support within the hotel industry, the experience of these and other hotels has showed that hotels can protect the environment through implementing energy, water and waste management programs (Iwanowski and Rushmore, 1994). However, as the demand for tourism and hospitality products are getting more and more sophisticated along with an increasing awareness of environmental issues, the industry is likely slowly to change.

2.6 Environmental Demand

One of the reasons sophistication in hospitality products is seen is probably because the customers are demanding more. The level of knowledge amongst tourists and information available, especially from the Internet and travel programs on TV, are growing, thus making the customers more sophisticated in their demands. Especially has an awareness regarding environmental, cultural and social responsibility been growing Ecotourism markets have been identified as among the fastest growing in tourism and consumers are interested in environmentally friendly products (Wight, 2003).

Consumer pressure is identified as a common reason that encourage hotels to become environmentally friendly along with the reduced costs associated with improved efficiency, the reassurance of regulatory compliance and reduced insurance premiums (Peattie 1995; Welford 1998), the two latter probably not so evident in Thailand. Though, there is a demand from customers, the temptation from some managers favouring short-term and easy solution over comprehensive long-term strategies may lead them to do aesthetic environmental practices such as urging customers to re-use towels for “environmental reasons”. Although there is a genuine environmental argument many hotels do it just to save laundry costs (Cespedes-

Lorente et al. 2003). This indicates that hotels are more likely to adopt environmental practices when there are positive financial reasons for it, mostly in terms of cost savings (Berman et al. 1999; Cespedes-Lorente et al. 2003; Walley and Whitehead 1994).

Several studies have confirmed a growth in demand for environmental products within the tourism and hospitality sector (Association of British Travel Agents 2002; Cook, Stewart and Repass 1992; Goodwin and Francis 2003; Travel Industry Association of America and National Geographic Traveller 2002; Wight 1996, 2003). 61 percent of US tourists value well-preserved natural, historical or cultural sites in their travel experiences. Furthermore, 53 percent state they would like to learn as much as possible about their destination's customs, geography and culture (Travel Industry Association of America and National Geographic Traveller, 2002). Another study supports by stating “65 percent of British tourists feel that the reputation of the holiday company on environmental issues is important” (Goodwin and Francis, 2003). More studies showed even higher commitment with 75% expressing support and willingness to eco-labelled hotels (Bohanowicz, 2003), and yet in another study nearly 70% of individuals indicated that they were likely or extremely likely to stay in an environmentally friendly hotel (Gustin and Weaber, 1996).

Furthermore, environmental conscious tourists are willing to pay a premium, spending on average 8.5% more for services and products from environmentally responsible companies (Cook, Stewart and Repass 1992). Other studies showed that 25% of hotel guests were willing to pay premium for eco-labelled hotels (Bohdanowicz, 2003). From these figures it could be argued that it is essential and preferable for tourism and hospitality companies to be developed and operated sustainably. However, whether or not environmental conscious tourists will pay a given premium can be questioned. It is not uncommon that there is a gap between what people say they will do and what they actually are going to (Clarke and Critcher, 1985). It is easy to say that you are willing to pay a premium to sound politically correct, but when it comes to action not all may hold what they say. Gustin and Weaber's (1996) study somewhat confirms this in that only a small percentage of the 70% environmental conscious individuals admitted willingness to pay a premium for environmentally friendly hotels. The reason for this result may be that people are happy to see energy conservation and recycling going on, but will not for example reduce their level of comfort by cutting down on towel/linen changes. Though there seems to be

uncertainty of people's willingness to pay a premium, it can be argued that a large amount of people prefer environmentally conscious businesses, thus will choose them if other differences are not significant.

One of the more expanding aspects of the tourism and hospitality industry, and in particular South-East Asia, is the development of hotel resorts. This trend has gone towards catering for the luxury/upscale market segment with more integrated resorts providing a wide range of recreational activities (Tan, 1995). Despite the growing concern and demand for environmental products and issues, not many operators get their hotel resorts eco-labelled with reports of only 1% of hotels both in Europe and Thailand indicating that not many of these hotel resorts are developed environmentally friendly (APAT 2002; Tourism Authority of Thailand 2003). There can be many reasons for hotels choosing not to become environmentally friendly. One of them is fear of it being expensive, thus decreasing profits (Bohdanowicz, 2003).

Given the growing concern for energy consumption and environmental damage, it can be argued that companies that do commit to improvement of environmental management practices may get a unique selling point. By identifying and minimising the adverse environmental effect by developing and operating environmentally friendly hotel resorts it may be possible to differentiate itself. Therefore, in light of increasing demand it is believed that a hotel resort can through environmentally friendly development gain competitive advantage through differentiation.

2.7 Determining Environmentally Friendly Hotel Resorts

What defines whether or not a hotel resort develops and operates environmentally friendly? As identified, there are numerous definitions of sustainable development, which makes it difficult to justify whether or not a particular hotel resort can claim sustainable operations. The key is the three pillars; Economic-, Social- and Environment sustainability. For the purpose of this research paper environmental sustainability will be explored. Management of environmental sustainability may be defined as "*the study of all technical and organizational activities aimed at reducing the environmental impact caused by a company's business operations*" (Cramer, 1998). For hotel resorts, which comprises a number

of business activities such as accommodation, restaurants, bars, swimming pools, kids clubs, sport and water activities, and spas amongst others, it is the sum of these business activities that will justify whether or not the hotel resort is operating environmentally friendly. Thus, just looking at certain areas such as re-use of towels to reduce laundry, is not sufficient. Instead, one should look at the hotel resorts activities as a whole, where the main factors, Key Sustainable Indicators (KSI), concerned are Energy Consumption, Waste Management and Water Consumption (Green Globe 21, 2003). Figures from these areas should be looked upon in regards to size of property and number of guest nights.

Obviously, it is difficult to set an exact standard or benchmark for hotel resorts as they vary in size and types of services offered. Also location will influence measures as climate will to a great extent affect for example energy and water consumption. Even types of energy consumed will vary depending on available sources (Bohdanowicz 2005; Gossling 2002). What is evident is that implementing environmentally friendly practices will give financial benefits through reduction in energy, water and other operational costs (Forbes 2001; Hemenway and Hale 1995; Shrivastava 1995). For example, the energy-saving potential in hotels has been estimated at 10-25% by various studies (West and Elliot 1996; Blank 1999; Tourism Authority of Thailand 2003). This means a substantial reduction in energy costs, which will benefit the operational performance and financial results. Furthermore, popular measures such as reducing laundry through re-use of towels and linens are reported to save US\$ 6.50 per day per occupied room (Green Hotel Associations, 2002). But operating environmentally friendly is not just about saving operational costs. It is also used to improve corporate image (Hemenway and Hale 1995, Taylor 1992) as well as increased number of guest-nights (Martinac et al. 2001). In the light of increased environmental awareness and demand this should also indicate increased revenues.

One way to justify environmental friendly operations for hotel resorts is through obtaining independent third party recognitions, such as environmental rewards or eco-labels from Green Leaf Foundation, Green Globe 21, ITP, Nordic Swan, EU Flower, ISO 14001 amongst others, the first being a Thai recognition and the others regional or worldwide recognitions. With an eco-label hotel resorts can legitimate their claims for being environmentally friendly with more than just their own words. The eco-labels require the companies to think about their actions through requiring an environmental and social responsibility policy. Also the standards set by

these eco-labelling institutions are structuring the hotel resorts work, which gives them more control over their operations (Christensen and Rasmussen, 1998).

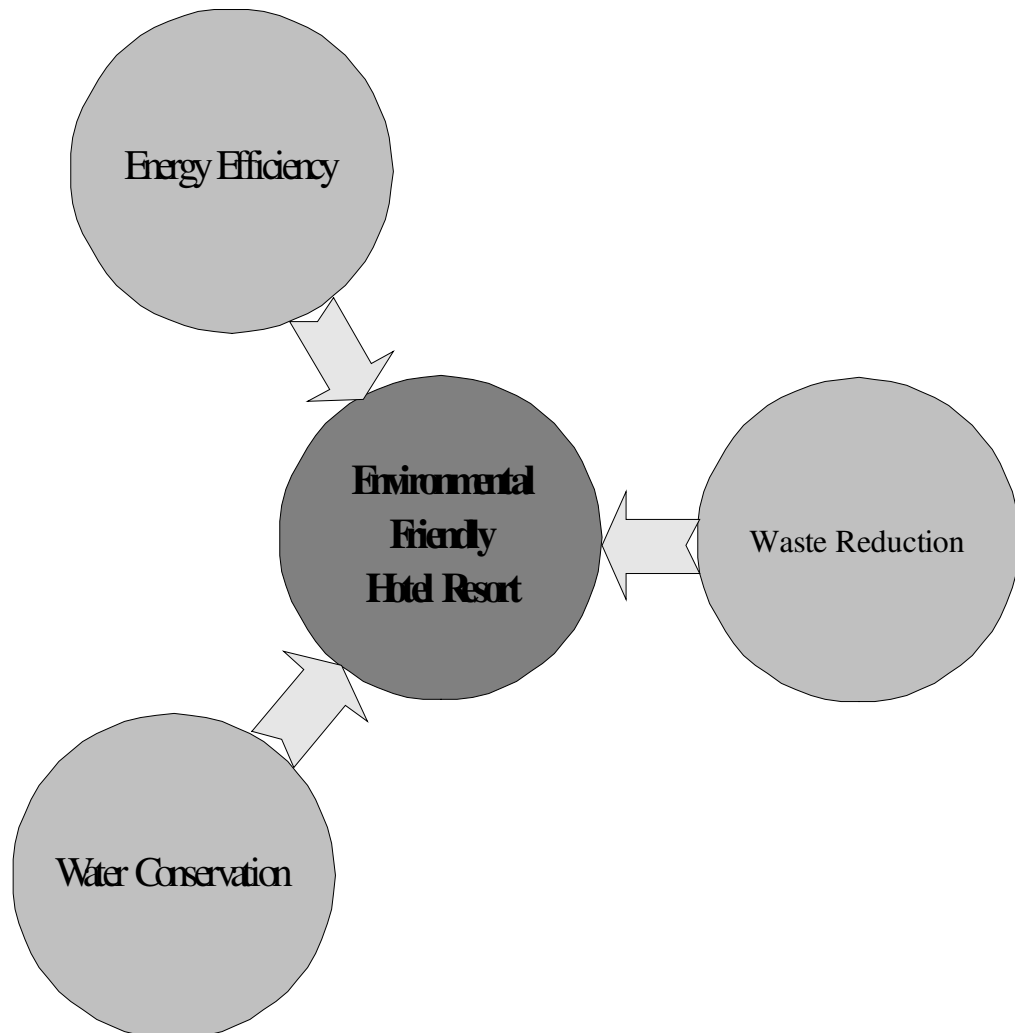
2.8 Environmental Differentiation

The roots of the resort concept traces back 2000 years to the Romans extending the public baths to pleasure retreats for Roman legionnaires and consul (Mill, 2001). Like the spas, the resorts primarily met the medical demands of the visitors, though they also became important socially (Smith, 1991). A resort can be defined as *“a place that provides recreation and entertainment”* (Chon and Sparrowe, 2000), which can be accommodation in the form of hotel, time-share and second home developments. Luxury hotel resorts can be defined by *“the 15% highest charging hotel resorts in the region”* (Chon and Sparrowe, 2000).

The concept of differentiation stems from the belief that on way to gain competitive edge over rivals a company is to make itself stand out through looking different from its competitors (Porter, 1980). Differentiation can be in terms of physical appearance, packaging, design, service, image, identity, technology and dealer network amongst others (Wheelen and Hunger, 2006). In the hospitality industry, which is a service industry whereby it is the intangible aspects play a more important role than the tangible, traditional manufacturing methods such as design and packaging do not play a crucial role. Arguably, one could say design of the hotel resort as well as interior design can differentiate the hotel resort, but without the intangible aspects such as service and human interaction it will not sustain.

In terms of differentiation through environmentally friendly hotel development, there are many ways of doing that. Energy efficiency, waste reduction and water conservation are the main physical areas of environmental development (refer to figure 1). Depending on technology available, climate of operation, infrastructure and available sources it may vary greatly and no exact specifications may be set. What is obvious is that the hotel resorts needs to do more than just asking the guest not to change towels and linen every day or using energy efficient light bulbs.

Figure 2.1 Energy, Water and Waste



Source: Author

Investments need to be done in for example efficient hotel infrastructure such as chillers, gas boilers, double isolated glass, isolated construction materials and monitoring systems. These areas are well-known today, but a further step would be to move into renewable energy sources. Furthermore, water reducing equipment such as dual toilet flush and water saving shower heads as well as waste water treatment plants and reuse of gray water for watering garden. Waste separation is a minimum with preferably composting done as well as agreements with suppliers to reduce packaging. Though these areas requires investments there are operational savings through reduced energy usage (Peattie 1995; Welford 1998), and some of the increased

cost may be passed on to customers through higher prices (Wheelen and Hunger, 2006).

Specifically what should be done is impossible to say as it depends on many factors. Also, what might work one place may not be suitable another, and in order to achieve some environmentally friendly aspect one may have to cause environmental damage in another. For example use of electrical buggies implies use of batteries with polluting chemicals when changed.

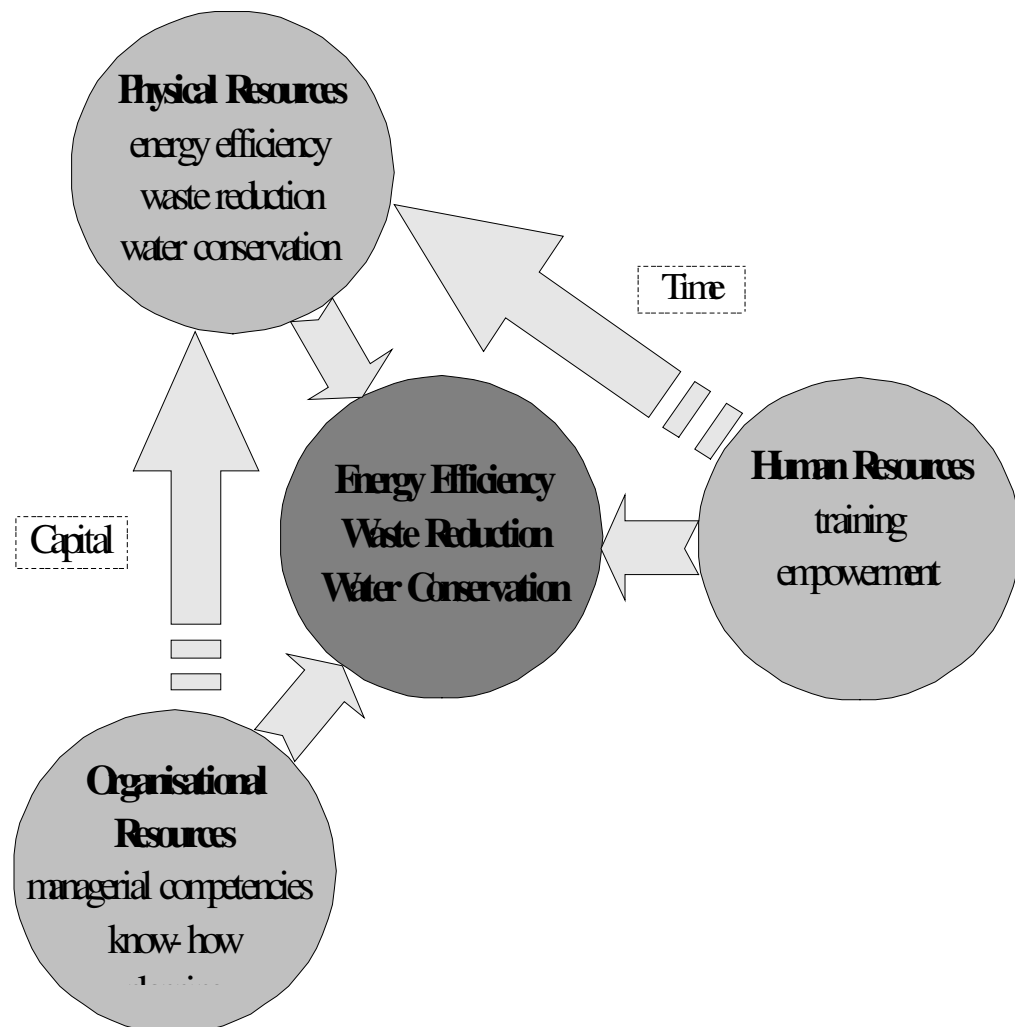
What further needs to be done is to invest both time and money in human resource through training and empowerment as well as organisational resources by obtaining managerial competencies and know-how in the field (refer to figure 2). Awareness and knowledge about environmental issues need to be trained and nurtured in order for staff to understand and do correctly. Empowerment is also important in letting staff take action where necessary without having to ask a superior all the time. Proper documentation needs to be made in order to both monitor impact as well as storing know-how, as the environmental technology often is in its infancy. In order to achieve so, money has to be allocated and capital invested into physical resources.

2.9 Summary of Chapter 2

There is a lot of existing literature covering competitive advantage. Research papers such as Aung and Heeler 2001, Barney 1991, Carmeli 2004 and Phillips 1999 has looked at competitive advantage within the hospitality industry. Furthermore, there is a lot of existing literature covering environmentally friendly hotel development such as Bohdanowicz 2003, Cespedes-Lorente et al. 2003, Chan & Wong 2004 and Wong 1995, 1998. A few studies on environmental demand, such as Cook et. al. 1992, Gustin & Weaber 1996, Wight 2003, has been identified.

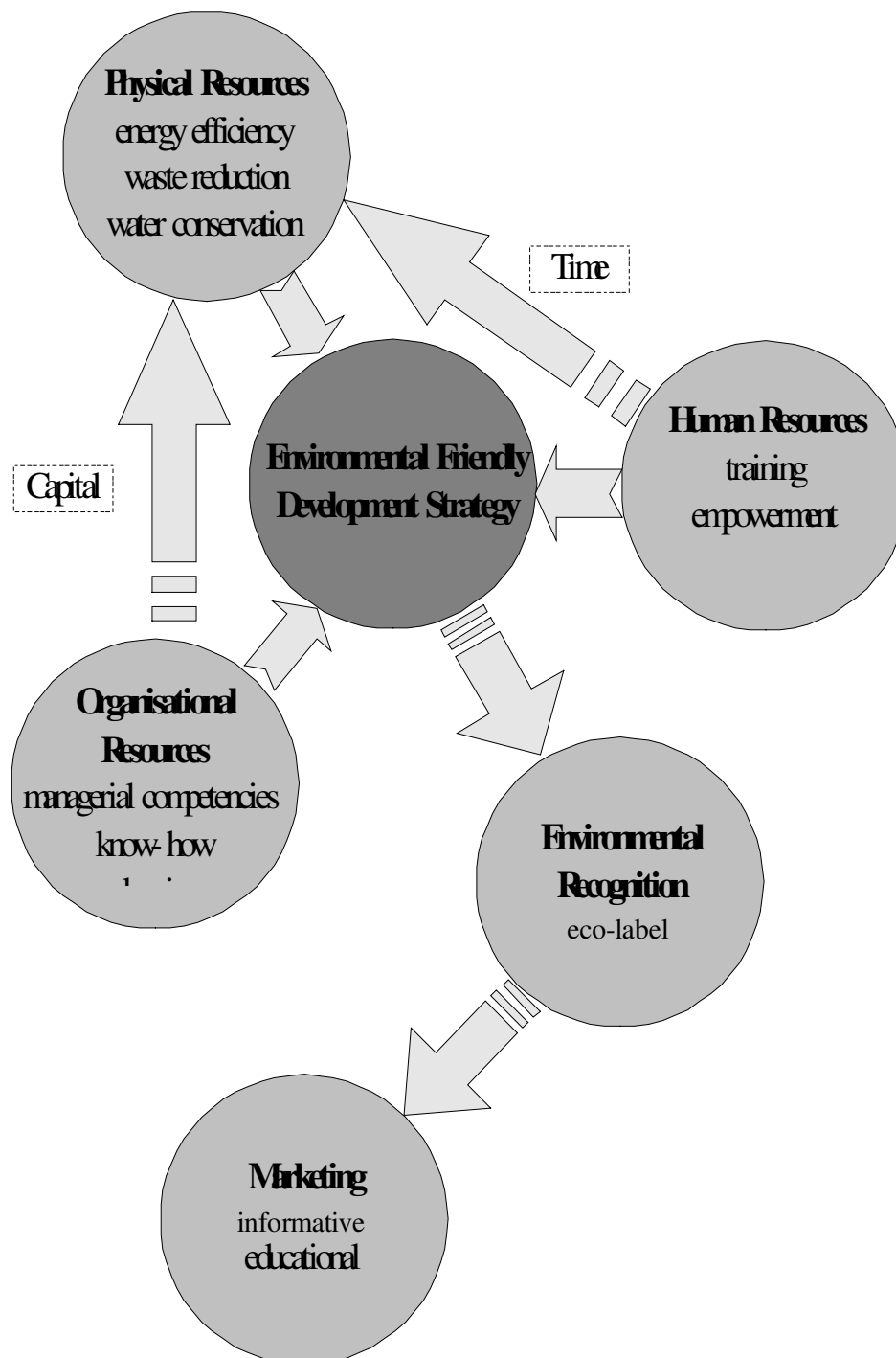
However, none of these has linked environmentally friendly hotel resort development with competitive advantage, and, to the best knowledge of the author there has not been done research on gaining competitive advantage through environmentally friendly hotel development.

Figure 2.2 Use of Resources



Source: Author

Figure 2.3 Environmentally Friendly Development Strategy



Source: Author

CHAPTER 3

METHODOLOGY

3.1 Intended Population

For the purpose of this research will be defined as: “*Hotel resorts in Phuket charging a starting room price of 6,000 THB/150 USD or more*”. 26 resort hotels have been identified to come under this category, which constitutes the population of the research (Asia Web Direct, 2005).

Tourists will be defined as “*visitors spending at least one night at hotel accommodation in Phuket*”, which population counts 4,234,982 (Tourism Authority of Thailand, 2005).

3.2 Sample Size and Sampling Method

As the population consists of relatively complex entities, hotel resorts, and given time constraints, a case study of the Evason Phuket Resort was chosen. The choice of this hotel resort allows a view into several hotel resorts in other destinations such as the Maldives, Vietnam and other areas of Thailand through their corporation Six Senses Resorts & Spas. Though these are not in Phuket it is believed that experiences drawn at other resorts have transferable value.

To complement the case study interviews was also carried out at two other hotel resorts, the Mangosteen Resort and Spa and Holiday Inn Phuket. These two hotel resorts complemented the Evason Phuket Resort, which is part of a small international hotel chain, by the former being an independent boutique hotel resort and the latter part of a big multinational hotel chain. For this reason comparison between small boutique and large multinational hotel chains could be made. A total of three hotel resorts and one hotel resort management company were explored in-depth, which constituted the sample size.

The rest of the population was approached either by personal communication or e-mail without giving any answer, thus these were looked upon briefly through research of secondary data to see if they are taking any measures regarding environmentally friendly

development.

As it would be difficult to estimate exact number of visitors to the population it was chosen to look at the tourists as a whole visiting Phuket. Furthermore, it would allow comparison between guests' preferences and choices at various hotel resort levels.

With a population of 4,234,982 tourists the sample size was selected by simple random sampling. The large population made it necessary to decide on a confidence level 95% and confidence interval of +/-5%. Sample size for such a large sample has been calculated by various researchers to be 384 (Krejcie and Morgan, 1970) to 400 (Yamane, 1967). The target was set to be 400 questionnaires.

A majority of the questionnaires was distributed at Phuket International Airport's departure hall with some at Holiday Inn Phuket and Evason Phuket Resort as these to resorts kindly allowed it. A total of 408 valid questionnaires was collected, a large enough sample to analyse the opinions of hotel guests. Only guests staying in the Phuket region was evaluated.

3.3 Research Design

As identified there is a growing concern and demand for environmental issues within the tourism industry. Given the importance of hospitality industry especially within accommodation sector, and its often big negative environmental impact, it is likely that environmentally friendly development will become more and more important. For this reason, it has been identified that primary research is necessary to investigate this theme further. This research project specifically looked at one luxury resort, Evason Phuket Resort, Thailand, in-debt, but also looked at other properties managed and developed by Six Senses Resorts & Spas as well as other luxury resorts in Phuket such as the Mangosteen Resort and Spa and Holiday Inn Phuket.

The rationale behind choosing luxury is that they by nature of pampering guests with luxury use substantial amount of energy, water and resources as well as producing much waste, which may have severely negatively affect on the environment. Furthermore, only environmental sustainability will be investigated, as it is believed to be the most crucial factor in differentiation, especially in terms of understanding amongst hoteliers and guests. It is recognized that both economical- and social sustainability are important issues, but these often are a result of

environmental action taken.

A case study approach was chosen because in-depth data is believed to be most useful in this exploratory research study. Phuket is an international destination with a wide variety of hotel resorts, and this particular hotel resort has been chosen because it already has put in the mission statement that they should operate in a sustainable environment. Furthermore, it is part of a chain, Six Senses Resorts & Spas, which can give insight in challenges met in different parts of the world.

3.4 Instrumentation

The main form of primary research was in-depth interview with key figures, managing director, general manager, resident manager and director of property and maintenance, in the Evason Phuket Resort, Six Senses Resorts & Spas, the Mangosteen Resort and Spa and Holiday Inn Phuket as well as questionnaires aimed at tourists in Phuket to both understand considerations necessary for sustainable development from a developer's point of view as well as demand and awareness amongst customers.

3.5 Data Collection

3.5.1 Secondary Research

Several research papers on competitive advantage and on environmentally friendly development have been identified, however, to the knowledge of the author there has not been identified any academic studies or research on how hotel resorts can gain competitive advantage through environmentally friendly development. Therefore, secondary research concentrates on environmentally friendly development in general, competitive advantage in hospitality industry and tourism statistics related to region of study, which will make it possible to put research findings into context.

3.5.2 Primary Research

Since this research study seeks to explore a complex issue, which minimum previous research has been conducted. For this reason, it is believed that a small sample with in-debt data will be most useful. A case study approach will be chosen as an appropriate method for the collection of primary data as to be successful it is necessary to get exhaustive in-debt understanding (Yin, 2002).

The main form of primary research was in-debt interview with key figures in the Evason Phuket Resort, general manager and resident manager, as well as in the resort's management company Six Senses Resorts & Spas, group director of property and maintenance. In-debt interview with managing director of the Mangosteen Resort and Spa and general manager of Holiday Inn Phuket was also conducted. This method is chosen because interviews are, "*ideal if a topic is to be explored as the preliminary stage in planning a large study.*" (Veal, 1997) By doing this it will be possible to look at several different hotel resort developments of different characteristics.

Semi structured interviews will be developed to allow the interviewees to express their opinion and observations freely as well as keeping them in line of the research topic. The reason for choosing this method is to try and allow as many issues as possible come to the surface, but the main area of interest is economic-, social- and environmental sustainability.

A second tool of primary research will be questionnaires, which is "*arguably the most common method used in leisure and tourism research*" (Veal, 1997). Questionnaires give a general view on people's opinions and give an opportunity to establish whether or not sustainable development of resorts can give competitive advantage through distributing it amongst tourists, i.e. guests/customers of hotel resorts. Furthermore, questionnaires are less costly than interview when investigating a large number of participants and are easier to quantify and analyse (Cooper and Schindler, 2003).

The questionnaire will be designed to cover areas relevant to this research, such as concern about sustainability, reasons for choosing certain resorts, environmental and social awareness and willingness to pay for environmental awarded resorts. Primarily, the questionnaires will be distributed amongst guests at Evason Phuket Resort but it is also intended to distribute to other tourists in Phuket to establish whether or not there are differences. Questionnaires will be constructed in English, as it is believed to be the most widely used

language.

To further evaluate whether differentiation is possible to be achieved investigations of the other luxury hotel resorts in Phuket will be intended established in order to evaluate to what extent environmentally friendly development practices is undertaken.

3.6.3 Constraints

The main constraint with this research was time. For this reason, a case study approach of Evason Phuket Resort has been chosen, which limits the number of hotel resorts investigated. To not only rely on one hotel resort interviews at two other hotel resorts, the Mangosteen Resort and Spa and Holiday Inn Phuket, was conducted. Despite the limited number of hotel resorts it allows, however, a deeper investigation into a hotel resort, which is genuinely trying to operate in a sustainable manner. It also allows to investigate the corporate's, Six Senses Resorts & Spas, experiences in their developments in other destinations such as the Maldives, Vietnam, Hua Hin (Thailand) and Koh Samui (Thailand). For this reason, in-debt interviewing has been chosen as the main form of research tool to get a more qualitative research.

However, interviewing has its limitations, as a major constraint is whether or not people are telling the whole truth or altering their answers. As Clarke and Critcher (1985, p. 27) argue:

“There is always a gap between what people say and what they actually do and no study of work or leisure can afford to take what people say at face value, especially when the answers are contained in the questions.”

This is particularly important, as the topic caters for sustainable issues, a topic in which there are no formal standards and with terms that can be interpreted differently, and which involve parties generally believing that they are acting correctly.

Furthermore, cultural and language barriers are believed to be a constraint. By this is meant that involved parties come from different nationalities and cultures, which may interpret the term sustainability differently leaving slightly conflicting answers. Also, by choosing English at the main language does restrict the expression of opinion amongst those who does not have it as their mother tongue. However, by researching amongst people from different cultural

backgrounds reduces cultural bias.

3.7 Summary of Chapter 3

The population of this research is 26 luxury hotel resort and 4,234,982 tourists. The rationale behind choosing luxury is that they by nature of pampering guests with luxury use substantial amount of energy, water and resources as well as producing much waste, which may have severely negatively affect on the environment.

As the research is exploratory a case study of Evason Phuket Resort was chosen with in-debt interviews as instrumentation. Two managers was interview plus on from the management company Six Senses Spas and Resorts covering eight existing hotels and twelve under development. To complement this, top management of the Mangosteen Resort and Spa and Holiday Inn Phuket was interviewed. The rest of the population was research based on secondary information.

408 valid questionnaires were collected from tourists mainly from Phuket International airport giving a large enough sample to analyse opinions of hotel guests.

CHAPTER 4

RESULTS

4.1 The Industry Perspective

4.1.1 Profile of Respondents

A total of five in-debt interviews were conducted. Four of the interviews were of top management, either managing director, general manager or resident manager, of three hotel resorts and one interview with the Group Director of Property and Maintenance for the management company Six Senses Resorts and Spa responsible for nine existing hotel resorts and four under construction. The interviews were conducted in February 2006.

4.1.2 Main Environmental Practices

The main environmental practices at the resorts interviewed are shown in the table 4.1. There are many roads the hotel resorts may take leading to each point, and the extent of each done may vary. However, energy consumption, water consumption and waste production were the main areas concerned.

In terms of energy consumption, electricity saving was seen as the most important with peak consumption control, timer controls, energy saving light bulbs, low energy air-conditions and building techniques which allowed good insulation and natural ventilation to reduce need of air-condition. At Evason Phuket Resort even high voltage underground cables were put in to reduce electricity loss, highly unusual in Thailand, as well as solar thermal heating of hot water. Two of the hotel resorts use their hill location as an advantage to reduce number of water pumps by pumping water to a high location and letting it run down by use of gravity. One resort used gas boilers for laundry, linen folder and tumble dryer instead of diesel to reduce green gas emissions (CO₂). This was done as gas pollutes less than diesel.

Table 4.1 Main Environmental Practices

<i>Main Environmental Practices.</i>	
Energy Efficiency	Peak consumption control Energy saving light bulbs Low energy air conditions Insulation and natural ventilation High voltage underground cables Solar thermal heating Gas boilers Use of gravity
Water Management	Water saving faucets, shower heads and toilets Water reservoir Rain water catch Waste water treatment plant Gray water used for gardening
Waste Management	Recycling Composting Reuse of material and use of local material

Water consumption was reduced through installing water saving faucets, shower heads and toilets. All the resorts reported to have a waste water treatment plant, in which gray water could be used to water the garden, thus no need for unnecessary use of fresh water. Waste water treatment plant also ensures the ground and sea being polluted. Though all three hotel resorts interviewed have waste water treatment plants installed, the author, through observation and interviews with the managers, do not believe that this technology is not as widely practices as results from these interviews suggests. Waste water treatment plants is a space demanding technology, in which most hotel resorts rather want to use the land on profit generating buildings,

specially in hindsight of Phuket's increasing land prices. One of the managers said that they did not have to do it as they could just let the government take care of it. But they did it to reduce pollution because the government's facilities were too small to handle all the areas waste water, thus much went out in the sea untreated leading to increase of algae and seaweed worsening the destination. Nevertheless, it is positive that the hotel resorts care. One resort reported to have rain water catch and their own reservoir, which made them self-sufficient of water supply. Another resort used two deep water wells as source of water supply, thus not needing to use public water supplies. It also reduces the pollution in terms of no truck-loads of water needed to be brought to the resorts, reducing green gas emission (CO₂) for transport.

Though Phuket does not have any official waste separation plant all three resorts reported doing waste separation and recycling of paper, plastic, metal and food. In one case it was clear because they had experienced problems with waste collectors making a mess when going through the rubbish during collecting in order to find bottles and cans, which they could sell for recycling. The reason behind separation was then to reduce mess around its own rubbish bins. The objective was rather of an aesthetic character than an environmental reason. Another resort reported having set up a composting site on its premises to handle food waste from kitchen and green garden waste. This was motivated by the chance of reducing waste production as well as generating soil, which could be used in the garden. Thus there was a win-win situation. However, one manager pointed out that it would be much easier just to let the government collect the waste, but they choose to do it for environmental reasons.

4.1.3 Main Challenges in Operating Environmentally Friendly

The main challenges in developing and operating environmentally friendly are shown in table 4.2. Costs, lack of knowledge and time consuming were pointed out to be critical challenges. All the resorts pointed out lack of knowledge as the main challenge. This could be seen in several ways. For one, was the lack of knowledge amongst staff, which made it difficult to get them to understand why it was done. One of the resorts pointed out that much training needed to be done in order to get them to understand. A difficult task as it was not in their culture and education, as opposed to in several western developed countries. In Europe, for instance, many

countries include environmental issues in childrens' education. Several countries will also fine those households that do not separate their rubbish properly, thus people are reminded about environmental issues constantly from an early age. It was pointed out that this was a governmental responsibility in order to educate the general public. One of the managers said it was the government's responsibility to do more in terms of both education and setting standards by investing in infrastructure. By including the subject in the curriculum of primary education the level of awareness and understanding would increase.

Table 4.2 Main Challenges in Operating Environmentally Friendly

<i>Main Challenges in Operating Environmentally Friendly.</i>	
Lack of knowledge	Staff do not understand the concept Suppliers do not understand the concept Difficult to find suppliers with knowledge
Costs	Capital expenditure Investments needed first Difficult to justify investments
Time consuming	Time off regular work Extra training needed Monitoring

Furthermore, know-how was pointed out as a key challenge. It was said that the suppliers do not understand why environmental issues are important, and it is also difficult to find suppliers with special knowledge. It was also difficult to explain specialists what one really was looking for. Partly because of lack of knowledge from the hotel resorts side, but also because much of the technologies out there are not easily accessible. The hotel resorts cannot know everything, and often have to risk to try technologies and equipment that does not have much of a proven record. To do so it requires a brave investor/owner to risk having to see equipment fail. As one manager pointed out; *“one need a corporate strategy that allows you to go the extra mile and think different in order to achieve environmental targets.”*

This leads to the second challenge: Costs. No investor wants to invest in something that does not pay off. One of the challenges the managers pointed out was that operating environmentally friendly costs money first, often on equipment, which has not been used for long, thus lacking a proven track record. For this reason, there is a uncertainty of return on investment. The capital expenditure needed is often substantial making it difficult for managers to persuade investors and owners. Especially this is difficult in existing hotels, in which big changes may force closing down operations for a period adding substantial costs in form of loss revenue. With new projects, where this kind of cost is avoided, there might be an interest of investors to spend as little as possible before one see that it can be returned through operations. For profit driven investors there may not seem to be any logic reason to spend more than necessary. And the cheapest way is most often the least environmentally friendly. One of the hotel resorts interviewed was a new development, another had recently refurbished large parts of the hotel due to damages caused by the 26th December 2004 tsunami, whereas the last was an old existing hotel resort. This should imply that at least two of the hotel resorts investigated had good opportunities to install environmentally friendly technologies.

The fact that the investments are needed before one can see the results is a challenge for the managers. Furthermore, it can be difficult to justify as not all of the investments are paid off through cost savings. Few businesses have invested in environmentally friendly products before, making it difficult to know whether or not it is worth it. One of the hotel resorts interviewed were challenging the government to take a leading role through subsidising and giving tax incentives to companies willing to invest in environmentally friendly products. It was believed that this was the only way to get many companies doing the investments, and is used successfully in many of the countries with more advanced environmental practices. Another additional cost one manager mentioned was hiring additional staff to take care of environmental issues. Obviously, environmental issues requires human resources with both knowledge and time to work on it, which is something the hotel resorts need to allocate budgets for.

Time was another factor pointed out to be critical. Operating environmentally friendly ads another dimension requiring time set aside to plan, which normally would have been used on operations. Time had to be spent on adding additional policies and procedures to cover the environmental aspect. Time had also to be spent on planning as well as finding the right

environmental practices. Only one resort reported to do environmental training, which again required extra time. Also it was time consuming finding the right suppliers, technologies, equipment, spare parts, charities and NGOs. At last, all of this has to be monitored adding extra time spent on monitoring and paperwork, especially if the hotel resort would like to obtain environmental recognition through eco-labelling.

4.1.4 Main Advantages in Operating Environmentally Friendly

The main advantages in developing and operating environmentally friendly are shown in table 4.3. Cost savings, saving the environment and additional guests were mentioned as main advantages. Both cost saving and additional guests are economic reasons for choosing environmentally friendly operations. Cost savings contradicts in one way capital expenditure identified as a major challenge, but on the contrary a business needs to invest in order to make money and the cost savings are made because of newer, better and more efficient equipment and technologies. If this also can lead to additional guest more income will be generated helping on the bottom line profit.

Table 4.3 Main Advantages in Operating Environmentally Friendly

<i>Main Advantages in Operating Environmentally Friendly.</i>	
Cost savings	Reduced energy utility costs Building techniques and architecture
Benefits to destination	Reducing the negative impact on environment Giving back to the environment
Additional guests	Some return guests

All of the managers pointed out cost savings to certain extents as the main

advantages of environmentally friendly operations. Not all areas would be cost saving as mentioned in the main challenges, but energy utilities costs, particularly, were pointed out as an area where savings were made. One resort mentioned 20-30% savings on utility costs, whereas another estimated 30% plus. Figures of two to three years payback time through cost savings improved the chances of being implemented, and one of the managers expected to get their 16 million baht (US\$ 400,000) investment in a centralized chiller system (air-conditioning) paid back in three years through cost savings. The reason for these huge savings is because of up to 50% more energy efficient equipments reducing money spent on electricity. Furthermore, a move towards gas instead of diesel reduced the costs, especially at the moment with times of very high oil prices. For new hotels, building techniques and architecture using insulation and air-ventilation reduced the need for much electricity spent on air-conditioning in hot climates. This was particularly easier to do on new developments as architects could incorporate this in their drawing plans. For existing buildings it would possibly require, for instance, knocking down a wall, making it more complicated.

The managers pointed out the importance of caring for the environment in that guests did not come for the hotel resort, but for the destination Phuket. By reducing the negative environmental impact one would help the destination staying attractive in the long term. Without doing it over time the destination will decline leaving the hotel resorts with no business. Therefore, it was a long term benefit seen in caring for the environment. Several previously popular destinations, for instance Benidorm and Pattaya, have experienced a decline in tourism because of negative environmental impacts caused by tourism. Furthermore, it gave a good feeling being able to give back to the environment.

Additional guest were mentioned by one manager as important, especially that environmental issues could have an effect on getting return guests. However, it was generally not believed that there was any substantial market for environmentally conscious guests. One manager said it could be a possibility in the future, but at the moment the market was limited. In general, the managers did not see it as unique selling point, nor as something special to promote.

4.1.5 Delivering the Environmental Message

How the environmental message was delivered is shown in table 4.4. Generally, very little was done in terms of passing on the environmental message as it was not believed to be of interest. Other priorities was used as reason, and one manager said there was no need to brag as there was already much talk amongst other hotel resorts with little action. Too much claiming of environmental friendliness could potentially fire back on the hotel resorts as guests were not easily fooled. One of the resort said they did a lot on-site through training of staff and both informing, urging and showing guests environmental practices. Little of it, however, was used in marketing, which was indicated that guests did not know about it beforehand, but became aware during their stay. This had to do with the philosophy of the company wanting to do more environmental practices than they claimed. The belief was that it gave more credibility, and also a recognition that more could be done. Environmental certification, i.e. eco-label, was mentioned as an important tool in getting recognition and credibility.

Table 4.4 Delivering the Environmental Message

<i>Delivering the Environmental Message.</i>	
Delivered on-site to staff and guests	Training of staff Note in guests' information material
Marketing	Briefly mentioned in marketing on web-site of Evason Phuket Resort

The managers interviewed relied heavily of own experience and interpretation of environmental development and management when analysing the situation. This was probably a consequence of environmental development and management is not their major field, nor do they have any formal training or education within the field, but they are learning and experiencing through working and implementing environmental practices, as well as seeing the impact the hotel resorts have on the environment.

4.2 Demand for Environmentally Friendly Hotel Resorts

4.2.1 Profile of Respondents

408 valid questionnaires were collected. Of the respondents to the questionnaires amongst tourist in Phuket, 49.1 percent were from Europe, 17.2 percent from Oceania, 16.0 percent from Asia, 13.5 percent from America and 4.2 percent from Africa and the Middle East (refer to table 4.5). 59.8 percent of the respondents were male and 40.2 percent women. Around one third of the respondents fell within the age range of 30-44. Almost 50 percent of the respondents had bachelors education or higher, one quarter had only high school or less education and the remaining quarter had university diploma or equivalent. One quarter of the respondents had more that US\$ 100,000 or more in yearly household income. Around one quarter of the respondents stayed in luxury hotel resorts.

Table 4.5 Profile of Respondents of Questionnaires

<i>Profile of Respondents of Questionnaires.</i>		
<i>Variable</i>	<i>Description</i>	<i>Valid Percentage</i>
Area coming from (valid answers n = 401)	Europe	49.1
	Oceania	17.2
	Asia	16.0
	America	13.5
	Africa and the Middle East	4.2
Gender (valid answers n = 405)	Male	59.8
	Female	40.2
Age (valid answers n = 408)	Less than 18	0.7
	18-29	27.9
	30-44	34.8
	45-59	23.3
	60-74	12.3
	75 or more	1.0
Education	High School or less	24.6

<i>Profile of Respondents of Questionnaires.</i>		
(valid answers n = 406)	University Diploma	26.9
	Bachelor Degree	32.1
	Master	13.7
	PhD	2.7

Table 4.5 (Continued)

<i>Profile of Respondents of Questionnaires Continued.</i>		
<i>Variable</i>	<i>Description</i>	<i>Valid Percentage</i>
(valid answers n = 335)	Household Income Less than US\$ 25,000	10.7
	US\$ 25,000 - 49,999	29.6
	US\$ 50,000 - 74,999	22.7
	US\$ 75,000 - 99,999	13.7
	US\$ 100,000 or more	23.3

Table 4.6 Environmental Awareness

<i>Environmental Awareness.</i>		
<i>Variable</i>	<i>Description</i>	<i>Valid Percentage</i>
(valid answers n = 408)	Hotel Resort Preference Eco-labelled resort	68.1
	Indifferent of eco-label	28.4
	Non eco-labelled resort	3.4
(valid answers n = 406)	Environmental Premium Not willing to pay premium	43.8
	Willing to pay 5% premium	28.8
	Willing to pay 10% premium	20.2
	Willing to pay 15% premium	4.4
	Willing to pay 20% premium	2.7

68.1 percent of the respondents indicated that they would choose an eco-labelled hotel resort over one without eco-label if other criteria were equal (refer to table 4.6). 56.2 percent of the respondents would be willing to pay a premium for an eco-labelled resort, with the majority willing to pay up to 10 percent extra, 28.8 percent willing to pay 5 percent and 20.2 percent willing to pay 10 percent premium. Only 14.6 percent of the respondents who had obtained information about their accommodation before departure indicated that some of the information was related to environmental issues. 36.7 percent indicated having seen environmental practices at the resort, a majority writing down re-use of linen and towels to save water.

4.2.2 Factor Analysis

The overall mean value of all the eight factors of importance when choosing accommodation was 3.98 and the standard deviation was 0.83. The most important factor was location with 4.55 followed by service and prices, 4.20 and 4.19 respectively. The least important factor was hotel resort being eco-labelled and additional facilities, 3.48 and 3.60 respectively. All the factors, means and standard deviation are shown in table 4.7.

Table 4.7 Most Important Factors When Choosing Accommodation

<i>Most Important Factors When Choosing Accommodation.</i>				
<i>Factor</i>	<i>Mean^a</i>	<i>Standard Deviation</i>	<i>N^b</i>	<i>Ranking</i>
Location	4.55	0.58	403	1
Service	4.20	0.70	403	2
Price	4.19	0.78	401	3
Ease of booking	4.09	0.89	393	4
Reputation	4.01	0.83	396	5
Recommendations	3.73	0.89	388	6
Additional Facilities	3.60	1.06	396	7
Eco-label	3.48	0.93	393	8
Overall	3.98	0.83	-	-

^aMean value on a five-point Likert scale was used where “1” indicated “Not Important at All” and “5” indicated “Very Important”.

^bN equals number of valid answers.

The findings from the most important factors when choosing accommodation were confirmed and fitted well with the three major factors for choosing the hotel resort in which the respondents had been staying in this particular visit, with location, price and recommendations being the most important, and eco-labelled accommodation and past experience being the least important factors. All the factors for choosing the particular accommodation this time and popularity are shown in table 4.8.

Table 4.8. Key Factors for Choosing This Particular Accommodation

<i>Key Factors for Choosing This Particular Accommodation.</i>			
<i>Factor</i>	<i>Numbers</i>	<i>Percentage</i>	<i>Ranking</i>
Location	288	70.3%	1
Price	222	55.4%	2
Recommendations	162	40.4%	3
Appearance	128	31.9%	4
Reputation	113	28.2%	5
Service	91	22.7%	6
Past Experience	59	14.7%	7
Eco-label	44	11.0%	8

Note: Percentages add up to more than 100 because respondents were asked to identify three major factors for particular choice of accommodation.

The most important factors for choosing accommodation seen in table 4.9 were tested using a One-Way ANOVA in order to see if there was any relation between the factors, on the one side, and education, household income and region coming from, on the other. Where it was found a significance of 0.05 or less, p value, it would be assumed that there is a relation between the factors. It was found that there was no significant difference between the factors and

education indicating that education does not play a role in what factors guests use when choosing accommodation. It is not a surprise as location and service would be important to people no matter what education they might have. Furthermore, it was found that household income has an impact on what guests choose, with price and eco-labelled accommodation showing relation with a significance of 0.02. It may not be a surprise that price is correlated with level of household income as lower income levels would be more concerned in finding something they can afford. For guests with high household income price it not so much of an objective rather that the location is correct and the service level is high.

Table 4.9 Factor Analysis of Most Important Factors When Choosing Accommodation

<i>Factor Analysis of Most Important Factors When Choosing Accommodation.</i>			
<i>Factor</i>	<i>Sig. Education</i>	<i>Sig. Income</i>	<i>Sig. Region</i>
Location	0.61	0.16	0.81
Service	0.47	0.75	0.31
Price	0.79	0.02*	0.26
Ease of booking	0.74	0.52	0.01**
Reputation	0.94	0.11	0.44
Recommendations	0.83	0.91	0.04
Additional Facilities	0.39	0.29	0.01**
Eco-label	0.61	0.02*	0.02*

Note: ** indicates statistically significant difference between groups at $p < 0.01$, and * at $p < 0.05$ (One-Way ANOVA)

By using a Post Hoc LSD test it was found to be a difference in valuing price as an important factor between guests with more than a yearly household income of US\$ 75,000 or more, classified as higher household income, and those with less, classified as lower household income (refer to table 4.10).

Interestingly, relation between level of household income and choosing eco-label resorts as a major factor was found. This may be explained by people with more money think more about their environmental impact because they can afford to. Another explanation may be

that they are choosing more expensive hotels with higher service level consuming more through higher energy consumption and use of towels, linen and other amenities. They might then get a feeling of having more negative impact, thus a rise in concern and interest in eco-labelling is seen. Yet again, it could be because these people already got their location and service satisfied by staying in more upscale hotel resorts, therefore, they can also think about the bigger picture and include environmental impact.

Table 4.10 Post Hoc LSD Price Factor and Level of Household Income

<i>Post Hoc LSD Price Factor and Level of Household Income.</i>					
Dependent Variable	(I) Level of household income	(J) Level of household income	Mean Difference (I-J)	Std. Error	Sig.
Factor Price	Less than 25000	25000-49999	.14	.150	.359
		50000-74999	.12	.155	.457
		75000-99999	.27	.170	.108
		+100000	.43*	.155	.005
	25000-49999	Less than 25000	-.14	.150	.359
		50000-74999	-.02	.115	.850
		75000-99999	.14	.134	.311
		+100000	.30*	.115	.010
	50000-74999	Less than 25000	-.12	.155	.457
		25000-49999	.02	.115	.850
		75000-99999	.16	.141	.263
		+100000	.32*	.122	.009
	75000-99999	Less than 25000	-.27	.170	.108
		25000-49999	-.14	.134	.311
		50000-74999	-.16	.141	.263
		+100000	.16	.140	.251
+100000	Less than 25000	-.43*	.155	.005	
	25000-49999	-.30*	.115	.010	

	50000-74999	-.32*	.122	.009
	75000-99999	-.16	.140	.251

Note: * indicates statistically significant difference between groups at $p \leq 0.05$

Post Hoc LSD analysis indicated that there was a difference between price and eco-label in that it was found to a difference between guests with a yearly household income of US\$ 50,000 or more and those with less for the eco-label factor (refer to table 4.11). That there was a lower level for eco-label can indicate that more people worry about price than eco-label, though there is a bigger range of people finding environmental issues important.

Table 4.11 Post Hoc LSD Eco-label Factor and Level of Household Income

<i>Post Hoc LSD Eco-label Factor and Level of Household Income.</i>					
Dependent Variable	(I) Level of household income	(J) Level of household income	Mean Difference (I-J)	Std. Error	Sig.
Eco-label	Factor Less than 25000	25000-49999	.27	.185	.142
		50000-74999	.37	.193	.056
		75000-99999	.47*	.212	.028
		+100000	.63*	.194	.001
	25000-49999	Less than 25000	-0.27	.185	.142
		50000-74999	.10	.144	.492
		75000-99999	.20	.168	.245
		+100000	.36*	.145	.014
	50000-74999	Less than 25000	-.37	.193	.056
	50000-74999	Less than 25000	-.37	.193	.056
		25000-49999	-.10	.144	.492
		25000-49999	-.10	.144	.492
75000-99999		.10	.176	.585	
75000-99999		.10	.176	.585	
	+100000	.26	.155	.097	

75000-99999	Less than 25000	-.47*	.212	.028
	25000-49999	-.20	.168	.245
	50000-74999	-.10	.176	.585
	+100000	.16	.177	.363
+100000	Less than 25000	-.63*	.194	.001
	25000-49999	-.36*	.145	.014
	50000-74999	-.26	.155	.097
	75000-99999	-.16	.177	.363

Note: * indicates statistically significant difference between groups at $p \leq 0.05$

In terms of region the respondents come from, relation was found in ease of booking, additional facilities and eco-label. The latter can be explained by certain regions being more aware, familiar and custom with environmental issues. Traditionally Europe is a region with advanced environmental practices and was identified using Post Hoc LSD analysis to have this as a more important factor (refer to table 4.12).

Table 4.12 Post Hoc LSD Eco-label Factor and Region Coming From

<i>Post Hoc LSD Eco-label Factor and Region Coming From.</i>						
Dependent Variable		(I) Region Coming From	(J) Region Coming From	Mean Difference (I-J)	Std. Error	Sig.
Factor Eco-label	Europe	Asia		-.35*	.135	.009
		America		.11	.143	.433
		Oceania		.18	.130	.176
		Oceania		.18	.130	.176
		Africa & Middle East		.06	.233	.800
		Africa & Middle East		.06	.233	.800
Asia	Europe		.35*	.135	.009	
Asia	Europe		.35*	.135	.009	
	America		.46*	.172	.007	

	Oceania	.53*	.161	.001
	Africa & Middle East	.41	.251	.103
America	Europe	-.11	.143	.433
	Asia	-.46*	.172	.007
	Oceania	.06	.168	.702
	Africa & Middle East	-.05	.256	.835
Oceania	Europe	-.18	.130	.176
	Asia	-.53*	.161	.001
	America	-.06	.168	.702
	Africa & Middle East	-.12	.249	.637
Africa & Middle East	Europe	-.06	.233	.800
	Asia	-.41	.251	.103
	America	.05	.256	.835
	Oceania	.12	.249	.637

Note: * indicates statistically significant difference between groups at $p \leq 0.05$

Surprisingly, guests from Asia also had a stronger favour for eco-labelled hotels, which is a region not known for many environmental practices except possibly the more developed countries such as Japan, South Korea and Singapore. It is possible that a large proportion of the Asian respondents came from these three nations, thus the high score. Another explanation may be that a large proportion, namely 68.8 percent, had higher education. People with higher education tend to care more about the environment. America, Oceania and Africa and the Middle East did not see eco-label as not such an important issue, which may reflect regions where consumption is more valued.

Respondents from Oceania and Africa and the Middle East were more prone to favour additional facilities and ease of booking. This can possibly be explained by less experience in travelling thus wanting security in pre-booked hotel resorts with additional facilities. Interestingly, it was the three least important factors that showed relation. One possible explanation is that regions are homogeneous thus having similar preferences.

A T-test was conducted in order to see if there was any significant difference

between genders, but results showed that there was not, indicating that genders perceive eco-label as an equally important factor (refer to table 4.13). Gender does not seem to have influence whether or not a person finds eco-label hotel resort as an important factor when choosing hotel. Differences in education between genders were also tested and no significant difference was found indicating that there was an equal level of education amongst the genders, thus no variation in preferences for eco-labelled hotel resorts.

Table 4.13 T-test of Relation between Gender and Factor Eco-label

<i>T-test of Relation between Gender and Factor Eco-label.</i>				
<i>Factor</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Significance</i>	<i>N</i>
Female	3.50	0.89	0.66*	161
Male	3.46	0.96		230

Note: * indicates statistically significant difference between groups at $p \leq 0.05$

4.2.3 Demand Analysis

This research tried to see if there is a demand for eco-labelled hotel resorts in order to establish whether environmental friendly development could be feasible as a strategy for luxury hotel resorts. As identified, 68.1 percent of the respondents indicated they would choose an eco-labelled hotel over one without an eco-label if other criteria were equal. Furthermore, 56.2 percent indicated willingness to pay a premium for an eco-labelled resort.

To assess differences within the population Chi-square test were applied. The test explores the covariance and relation between the population and tests differences. If there is an asymptotic distribution of less than 0.05 it is considered to be significant, and one can assume there is a relation.

There was identified a relation between those that would choose an eco-labelled resort and the level of education (refer to table 4.14). This could probably be explained that these people has more knowledge about the negative impact tourism has on the environment and the importance of preserving the natural environment. With knowledge of how the actions taken by humans effect the environment. Particularly in the light of globalisation and free market

increasing economic growth, more use of fossil fuels and luxury products such as tourism it is acknowledged that environmental problems is a global problem. Global warming, waste problems and lack of clean water are well known issues. Educated people might have more knowledge about these issues, and therefore are more aware of it and care about it. For this reason they might be more prone to choose an eco-labelled hotel resort over a non-eco-labelled hotel resorts.

Table 4.14 Percent among Level of Education Choosing Eco-label Resort

Percent among Level of Education Choosing Eco-label Resort.				
Level of education	Eco-label Resort	No eco-label	Indifferent	Total
High School	56.6%	5.1%	38.4%	100%
Diploma	61.1%	4.6%	34.3%	100%
Bachelor	78.3%	3.1%	18.6%	100%
Master	78.2%	0.0%	21.8%	100%
PhD	81.8%	0.0%	18.2%	100%
Total	68.4%	3.5%	28.1%	100%
Valid answers n = 402				
Asymptotic significance of Chi-square test: 0.012				

Note: Difference between groups is significant at $p \leq 0.05$

To further investigate the difference found of people choosing eco-label resort in level of education the population was grouped together as higher education (bachelors degree or more) and lower education (university diploma or less). Findings confirmed the relation found between level of education and likeliness of choosing eco-labelled hotel resorts as the difference was even clearer (refer to table 4.15).

Table 4.15 Percent among Higher and Lower Education choosing Eco-label Resort

Percent among Higher and Lower Education choosing Eco-label Resort.				
Level of Education	Eco-label Resort	No eco-label	Indifferent	Total
Lower Education	58.9%	4.8%	36.2%	100%

Higher Education	78.5%	2.1%	19.5%	100%
Total	68.4%	3.5%	28.1%	100%
Valid answers n = 402				
Asymptotic significance of Chi-square test: 0.000				

Note: Difference between groups is significant at $p \leq 0.05$

78.5% of higher education indicated preference to eco-labelled resort, whereas only 58.9 percent of lower education did so. Still both groups show great interest, but it indicates the more educated people are the more they care about the environment. Whether or not there is a difference among higher education was not tested as the sample was too little, but could be interesting to investigate for future researches. Less educated people seems to show more indifference with 36.2 percent saying they were indifferent in whether or not the hotel resort was eco-labelled opposed to 19.5 percent of people with higher education. The findings indicate that it is important to inform about environmental issues. Without awareness people will not think about the impact they cause as each individual's impact is not easily seen. Tourists will enjoy their holiday and go home ignorant about their impact. One individual might not make a big difference. However, it is the sum of many individuals, often too many in one particular place that will cause environmental damage. People have to be influenced and informed about the importance. Thus one could say environmental issues do not seem to be adopted voluntarily. Pure environmental tourists might be a very limited market, but with more awareness and knowledge people are likely to think and care about the environment and increasing the market share of people choosing eco-labelled resorts over others.

The findings, however, contradict the findings from important factors when choosing accommodation in table 4.9, which suggested that there was no difference between people with different level of education. The contradiction seen between table 4.9 and tables 4.14-4.15 suggests that the findings are not conclusive. Differences are not seen when many factors are considered, but when only the environmental aspect is considered differences are seen. Possibly can this be explained by people having similar preferences in terms of factors for choosing accommodation. However, when confronted directly on environmentally friendly accommodation people with higher level of education are more aware of the issue and consider it more of value

than people with lower education.

No relation was identified between guests choosing eco-labelled resort and level of household income (refer to table 4.16), which seemed surprising since it was identified relation between household income and eco-label as an important factor (refer to table 4.9). The contradiction seen between table 4.9 and 4.16 suggests that the findings are not conclusive. Differences appeared when many factors were considered, which may have influenced people choices. In particular, price indicated differences suggesting that this would affect how people valued important factors. When choosing accommodation location, service and price were singled out as the most important factors.

Table 4.16 Percent among Level of Household Income choosing Eco-label Resort

Percent among Level of Household Income choosing Eco-label Resort.				
Level of household income	Eco-label Resort	No eco-label	Indifferent	Total
Less than \$ 25,000	61.1%	8.3%	30.6%	100%
\$ 25,000-49,999	66.7%	6.1%	27.3%	100%
\$ 50,000-74,999	65.8%	3.9%	30.3%	100%
\$ 75,000-99,999	73.9%	2.2%	23.9%	100%
\$ 100,000 or more	70.5%	1.3%	28.2%	100%
Total	67.8%	4.2%	28.1%	100%
Valid answers n = 335				
Asymptotic significance of Chi-square test: 0.703				

Note: Difference between groups is significant at $p \leq 0.05$

Naturally, location is important as identified by the manager interviewed guests are coming because of the destination. Furthermore the service provided is important as is an essential part of the product, and of course the price one has to pay for it matters. The price has to reflect what is received in terms of experiences of the product. Though eco-labelled hotel resort was the least important factor, there was a relatively small overall standard deviation indicating that guests use wide variety of factors when choosing accommodation. For guests with lower level of household income price will be of more importance than for guests with higher level of

household income when considering many factors, thus relation was found. However, when only considering the choice of eco-labelled hotel resort or not, assuming that all other criteria were the same, differences are not significant, thus no relation was found. Guests with lower household income then seem to be caring just as much for the environment.

To see if differences could be found when narrowing the level of household income, relation was also tested by grouping the respondents into high and low level of income. Again it was not found (refer to table 4.17).

Table 4.17 Percent among Higher and Lower Income choosing Eco-label Resort

Percent among Higher and Lower Income choosing Eco-label Resort.				
Level of Income	Eco-label Resort	No eco-label	Indifferent	Total
Lower Income	65.4%	5.7%	28.9%	100%
Higher Income	71.8%	1.6%	26.6%	100%
Total	67.8%	4.2%	28.1%	100%
Valid answers n = 335				
Asymptotic significance of Chi-square test: 0.156				

Note: Difference between groups is significant at $p \leq 0.05$

This strengthens the indication found that guests with lower level of household income care just as much about the environment as guests with higher level of household income. It can possibly be explained by both categories showing high interest in eco-labelled resort with 75.8 percent and 65.4 percent respectively. However, if other considerations are taken into account price seems to become more important for guests with lower level of household income, thus eco-labelling becomes less important. For guests with higher level of household income price might not be such an object, thus they have more freedom to consider eco-labelling as an important factor. For luxury hotel resort wanting to operate environmentally friendly it is still positive that the interest in eco-labelled is high amongst guests with high level of household income as these are more likely to choose luxury hotel resorts.

Significant differences between willingness to pay a premium for an eco-labelled resort was tested both with level of education (refer to table 4.18) and level of household income

(refer to table 4.19) were tested, and there were not found any relation.

This may seem unexpected as one could assume guests with more money would be more willing to pay a premium. However, these are more likely staying in luxury resorts, thus and percentage increase makes more impact on their account. And people with higher education might find it as an interesting and important issue, but may not necessarily be more willing to pay.

Nonetheless, after testing a relation was found indicating that people that are more positive to eco-labelled hotels are more willing to pay for it (refer to table 4.20). So if they already are interested in choosing an eco-labelled hotel resort, then they are more likely to be willing to pay a premium. Thus if a hotel resort can find the guests interested in environmental friendly hotel resorts it may find it easier to charge slightly higher prices.

Table 4.18 Percent Willing to Pay Premium among Level of Education

Percent Willing to Pay Premium among Level of Education.						
	Willingness to pay premium					
Level of Education	No	5%	10%	15%	20%	Total
High School	54.1%	27.6%	12.2%	4.1%	2.0%	100%
Diploma	44.9%	24.3%	25.2%	2.8%	2.8%	100%
Bachelor	40.3%	30.2%	20.9%	4.7%	3.9%	100%
Master	34.5%	36.4%	25.5%	3.6%	0.0%	100%
PhD	36.4%	36.4%	9.1%	18.2%	0.0%	100%
Total	44.0%	29.0%	20.3%	4.3%	2.5%	100%
Valid answers n = 400						
Asymptotic significance of Chi-square test: 0.203						

Note: Difference between groups is significant at $p \leq 0.05$

Table 4.19 Percent Willing to Pay Premium among Level of Household Income

Percent Willing to Pay Premium among Level of Household Income.		
	Willingness to pay premium	

Level of Household Income	No	5%	10%	15%	20%	Total
Less than \$ 25,000	44.4%	33.3%	11.1%	8.3%	2.8%	100%
\$ 25,000-49,999	40.4%	29.3%	22.2%	5.1%	3.0%	100%
\$ 50,000-74,999	36.8%	34.2%	21.1%	3.9%	3.9%	100%
\$ 75,000-99,999	43.5%	32.6%	21.7%	2.2%	0.0%	100%
\$ 100,000 or more	46.8%	26.0%	23.4%	1.3%	2.6%	100%
Total	41.9%	30.5%	21.0%	3.9%	2.7%	100%

Valid answers n = 334

Asymptotic significance of Chi-square test: 0.885

Note: Difference between groups is significant at $p \leq 0.05$

Table 4.20 Percent Willing to Pay Premium among Eco-label Resort

Percent Willing to Pay Premium among Eco-label Resort.						
	Willingness to pay premium					
Hotel Resort Preference	No	5%	10%	15%	20%	Total
Eco-label Resort	30.0%	35.7%	24.9%	5.8%	3.6%	100%
No Eco-label Resort	42.9%	7.1%	50.0%	0.0%	0.0%	100%
Indifferent	77.4%	14.8%	5.2%	1.7%	0.9%	100%
Total	43.8%	28.8%	20.2%	4.4%	2.7%	100%

Valid answers n = 406

Asymptotic significance of Chi-square test: 0.000

Note: Difference between groups is significant at $p \leq 0.05$

The luxury hotel resort guests were also tested in terms of demand for eco-labelled hotel resorts (refer to table 4.21) and willingness to pay for eco-labelled hotel resorts (refer to table 4.22) and no significant difference from neither the lower end nor the total was found. This would imply that neither interest for eco-labelled hotel resorts nor the willingness to pay premium does not depend on the type of accommodation, which suggests environmental friendly development may be employed as a strategy to gain competitive advantage by any type

of accommodation if looking only on demand side.

Table 4.21 Percent among Lower End and Luxury Accommodation choosing Eco-label

Resort

Percent among Lower End and Luxury Accommodation choosing Eco-label Resort.				
Type of Accommodation	Eco-label Resort	No eco-label	Indifferent	Total
Lower End	67.0%	4.0%	29.0%	100%
Luxury/Upscale	69.1%	2.1%	28.9%	100%
Total	67.5%	3.5%	29.0%	100%
Valid answers n = 400				
Asymptotic significance of Chi-square test: 0.669				

Note: Difference between groups is significant at $p \leq 0.05$

Table 4.22 Percent Willing to Pay Premium among Lower End and Luxury

Accommodation

Percent Willing to Pay Premium among Lower End and Luxury Accommodation.						
Type of Accommodation	Willingness to pay premium					Total
	No	5%	10%	15%	20%	
Lower End	43.9%	28.9%	19.9%	4.7%	2.7%	100%
Luxury/Upscale	46.4%	27.8%	19.6%	4.1%	2.1%	100%
Total	44.5%	28.6%	19.8%	4.5%	2.5%	100%
Valid answers n = 398						
Asymptotic significance of Chi-square test: 0.991						

Note: Difference between groups is significant at $p \leq 0.05$

The factor analysis identified Asia and Europe as the regions valuing eco-label as a more important factor than other regions (refer to table 4.9), thus one would expect to see the same trend in interest for eco-labelled hotel resorts. However, no significant difference was identified between the various regions neither in choosing eco-labelled resort (refer to table 4.23)

nor willingness to pay a premium (refer to table 4.24). The contradiction seen between table 4.9 and tables 4.23-4.24 suggests that the findings are not conclusive. This may be explained that the regions showed a similar distribution in luxury vs. lower end accommodation. Furthermore, the factor of eco-label when choosing accommodation was the least important so, when other elements are taken away those not viewing it as important might then think it is a good idea, thus opting for eco-labelled hotel resort. Another reason might be that the number of respondents in each region was too small to come with any conclusive assumptions. Therefore, the findings for regional differences might be said to be less reliable.

Table 4.23 Percent among Region Choosing Eco-label Resort

Percent among Region and Choosing Eco-label Resort.				
Region	Eco-label Resort	No eco-label	Indifferent	Total
Europe	61.9%	4.6%	33.5%	100%
Asia	73.4%	3.1%	23.4%	100%
America	79.6%	0.0%	20.4%	100%
Oceania	72.5%	1.4%	26.1%	100%
Africa & Middle East	64.7%	5.9%	29.4%	100%
Total	68.1%	3.2%	28.7%	100%
Valid answers n = 401				
Asymptotic significance of Chi-square test: 0.252				

Note: Difference between groups is significant at $p \leq 0.05$

Table 4.24 Percent among Region Willing to Pay Premium

Percent among Region and Willing to Pay Premium.						
	Willingness to pay premium					
Region	No	5%	10%	15%	20%	Total
Europe	45.4%	25.5%	23.5%	3.1%	2.6%	100%
Asia	40.6%	28.1%	18.8%	7.8%	4.7%	100%
America	37.0%	33.3%	20.4%	7.4%	1.9%	100%
Oceania	50.0%	33.8%	11.8%	2.9%	1.5%	100%
Africa & Middle East	41.2%	29.4%	17.6%	5.9%	5.9%	100%
Total	44.1%	28.6%	20.1%	4.5%	2.8%	100%
Valid answers n = 399						
Asymptotic significance of Chi-square test: 0.693						

Note: Difference between groups is significant at $p \leq 0.05$

4.3 Strategies in Phuket

All luxury hotel resorts in Phuket were approached either by phone or e-mail about their environmental practices, but only the three interviewed gave any reply. This could imply that the hotel resorts do not consider environmental issues as important or because the hotel resorts are not doing much environmental practices, thus do not want their hotel resort to come in a poor light. However, one cannot be conclusive.

For this reason, research was concentrated around the hotel resorts' marketing, in particular their web-sites and affiliated web-sites. The results from this investigation indicated that only two resorts, Banyan Tree Phuket and Evason Phuket Resort, have incorporated environmental issues as part of their strategy/philosophy (Banyan Tree Phuket 2006; Evason Phuket Resort 2006). Both hotel resorts have listed up several social and environmental projects, which they have undertaken. Practices include use of natural building materials, energy efficient equipment, refillable containers for soap and shampoo, rain water catch, waste water treatment plants amongst others. Banyan Tree has also set up a Green Imperative Fund dedicated for social

projects, whereas Six Senses (Evason Phuket Resort) dedicated 0.5 percent of their revenue to social projects. Both hotel resorts are part of chains that have environmental management as part of their strategy, and are trying to differentiate themselves through environmentally friendly hotel resort operations. The other hotel resorts were employing other strategies.

Interestingly, nine hotel resorts were identified to having obtained an eco-label, mostly Green Leaf Foundation, the Thai eco-label. This could imply that the Green Leaf Foundation has done a good job in promoting environmental practices as the numbers of hotel resorts is not consistent with studies showing only one percent of hotels being eco-labelled (APAT 2002; Tourism Authority of Thailand 2003). However, only four of the hotel resorts, Banyan Tree Phuket, Evason Phuket Resort, Laguna Beach Resort and Sheraton Grande Laguna Phuket had mentioned their environmental awards on their web-site suggesting again that environmental issues are not very much valued. Furthermore, four of the hotel resorts, Banyan Tree Phuket, Dusit Laguna, Laguna Beach Resort and Sheraton Grande Laguna Phuket, are part of an integrated resort, Laguna Phuket, which is urging for environmental practices through their environmental policy (Laguna Phuket, 2006). Though the individual hotels resorts of the Laguna Phuket have obtained eco-label, only Banyan Tree Phuket has environmental issues incorporate in their strategy. This shows that environmentally friendly hotel operations is not a widely used strategy in Phuket suggesting it could be possible for those wanting to use this strategy to differentiate itself and gain competitive advantage.

Strategies of the various luxury hotel resorts in Phuket primarily lie in offering superior service and facilities for guest to pamper themselves in luxury. JW Marriott Phuket Resort, Sheraton Grande Laguna Phuket, Le Meridien Phuket Beach Resort and Le Royal Meridien Phuket Yacht Club offer the advantage of being part of large international hotel chains, whereas, Trisara, Twin Palms Phuket, Bundarika Resort Spa and Villa and the Mangosteen Resort and Spa are either independent boutique hotel resorts or part of small chains offering the advantage of more privacy.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The main findings are summarized below.

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

5.2 Discussion

5.2.1 Existing Environmental Practices

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.2.2 Environmental Demand

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

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

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

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

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

5.3 Recommendations

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

5.3.1. Demand and Willingness to Pay Premium

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

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

5.3.2 Physical Resources

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

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

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

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

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

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

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

5.3.3. Organisational Resources

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

in new developments.

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

5.3.4. Human Resources

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

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

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

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

5.3.5 Environmental Recognition

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

5.3.6 Marketing

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

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

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

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

5.3.7 Cooperation Between Stakeholders

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

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

5.3.8 Summary of Recommendations

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

following:

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

5.4 Conclusion

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

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

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

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

environmentally friendly operations.

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

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

5.5 Limitations and Suggestions for Further Research

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

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

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

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

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

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

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

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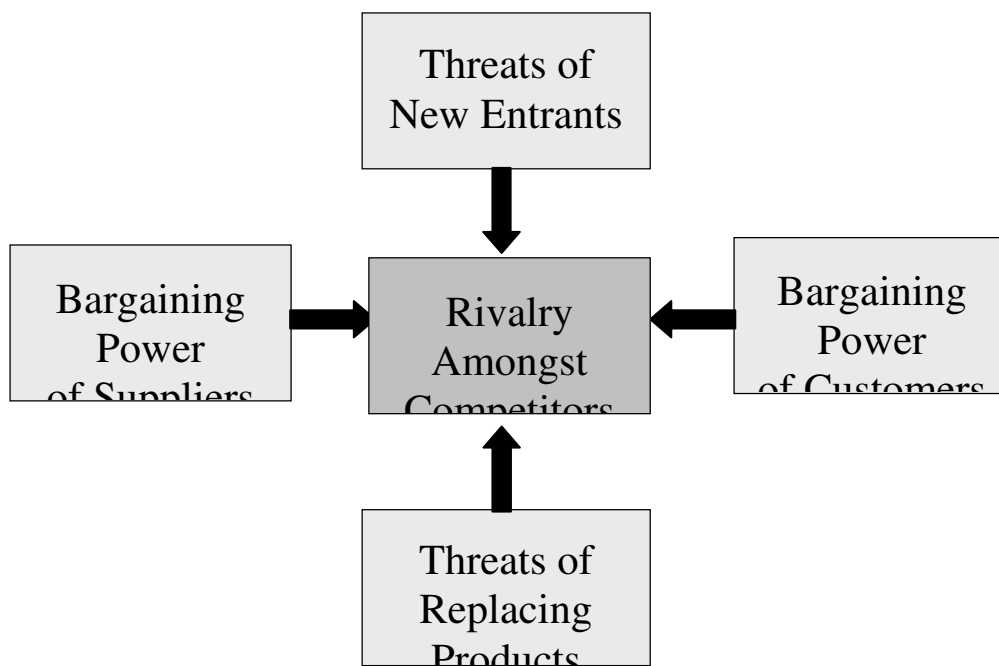
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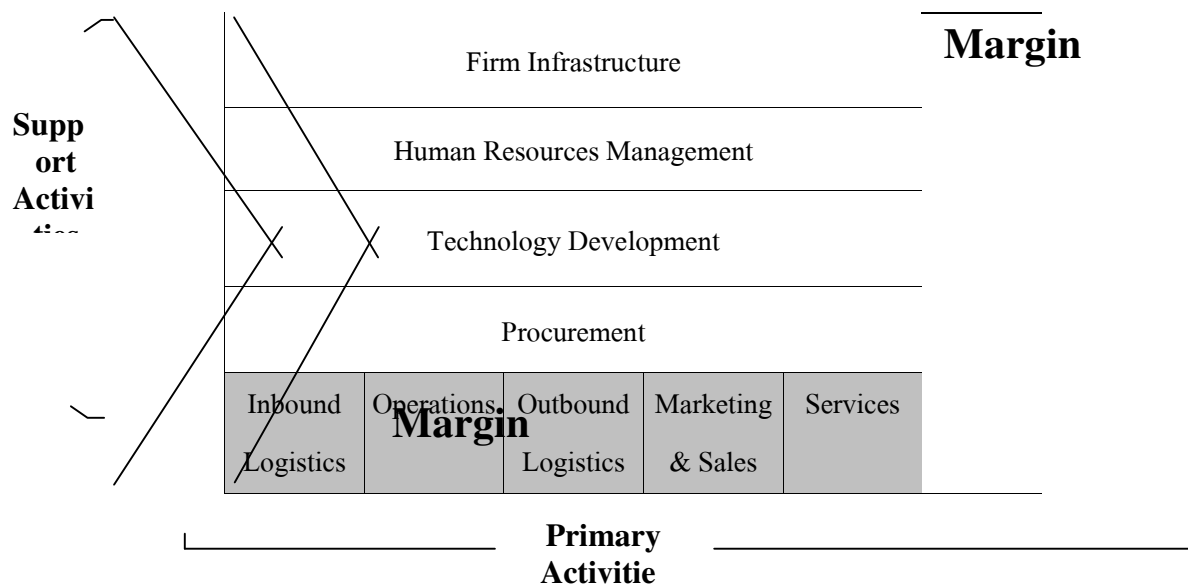
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Appendix A. Porter's Five Forces

Source: Porter (1980)

Appendix B. Value Chain



Source: Porter (1985)

Appendix C. Competitive Advantage**Competitive Scope**

	Lower Cost	Differentiation
Broad Target	Cost Leadership	Differentiation
Narrow Target	Cost Focus	Differentiation Focus

Source: Porter (1985)

Questionnaire

Questionnaire



This questionnaire is conducted as part of a research for an MBA thesis on “Gaining competitive advantage through ecologically friendly development” by Mr. Arnfinn Oines, a student at Prince of Songkla University, Phuket Campus. The information given in this questionnaire will be treated strictly confidentially and your information will not be used in any commercial way. Your time and effort in completing the questionnaire as well as possible is very much appreciated.

Q1. Please name the hotel/resort you stayed in?

Q2. Name *three* major factors for choosing this particular hotel/resort?

- | | |
|--|---|
| <input type="checkbox"/> Reputation of hotel/resort | <input type="checkbox"/> Recommendations |
| <input type="checkbox"/> Price | <input type="checkbox"/> Location |
| <input type="checkbox"/> Environmental practices of hotel/resort | <input type="checkbox"/> Past experiences |
| <input type="checkbox"/> Appearance/design of hotel | <input type="checkbox"/> Service provided |

Q3. How important are the following factors for you when choosing accommodation?

<i>Factors</i>	<i>Very Important</i>	<i>Important</i>	<i>Indifferent</i>	<i>Not Important</i>	<i>Not at all Important</i>
Ease of booking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reputation of hotel/resort	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service of hotel/resort staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional facilities (such as spa, kids club, swimming pool, shops)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recommendations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hotel/resort being eco-labelled (indicating environmentally friendly)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q4. Before going to hotel/resort did you read any additional information (other than price, date of stay, location) about the hotel?

Yes No

Q5. If “Yes” in Q4, where did you obtain this information?

- Travel agent / tour operators Hotel/resort's own web-site
- Magazines Other web-sites
- People who have stayed there before Other, please specify:

Q6. If “Yes” in Q4, was some of this information related to environmental practices?

Yes No

If yes, please specify:

Q7. Did you notice any environmental practices in your hotel/resort (during your stay)?

Yes No

If yes, please specify:

Q8. In a hypothetical case, if you had the choice between two equal hotel/resorts (appearance, service, location, price etc.) with the only difference that one of them is eco-labelled (indicating environmentally friendly operations), which one would you choose?

Hotel/resort with eco-label Hotel/resort without eco-label Not make any difference

Q9. Would you be willing to pay a premium for the eco-labelled hotel/resort in Q8 and by how much?

1. Not willing to pay premium 5% higher price 10% higher price
2. 15% higher price 20% higher price 30% higher price
- More than 30% (please write by how much)

.....

Q10. What type of accommodation did you stay in this time?

- Less than 500 baht (less than US\$ 12.50) 500 - 1,499 baht (US\$ 12.50 - 37.49)
- 1,500 - 2,999 baht (US\$ 37.50 -) 3,000 - 5,999 baht (US\$ 75 -)

- 74.99) 6,000 - 11,999 baht (US\$ 150 - 299.99)
- 149.99) 12,000 baht or above (US\$ 300 or above)

Q11. What region do you come from?

- Europe Asia America Oceania Africa & Middle East

Q12. Level of education?

- High school or less University Diploma Bachelor Degree Master PhD

Q13. Level of yearly household income (approximately converted to US \$)?

- Less than US\$ 25,000 US \$ 25,000-49,999 US \$ 50,000-74,999
- US \$ 75,000-99,999 US \$ 100,000 or above Do not wish to answer

Q14. With whom are you travelling?

- Alone Family Friends Colleagues

Q15. Gender?

- Male Female

Q16. Age?

- Less than 18 18-29 30-44 45-59 60-74 75 or above

Q17. Comments on environmental practices in your hotel/resort?

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Q18. Overall, do you think Phuket is an environmentally friendly destination?

- Yes No To some extent

Comments:



Thank you very much for taking your time answering this questionnaire.
Have a nice day hoping your stay and travels will give you smiles and
happy memories.

Bon Voyage