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## Article

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## A STRAIGHTFORWARD X-RAY ON APPLYING THE ECOLABEL TO THE HOTEL BUSINESS AREA

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### Abstract

The ecolabel is a voluntary European initiative for certifying products and services. This study focuses on identifying the perception of persons benefiting of hotel services by designing a research and applying it to the clients of a hotel that acquired the license to use the ecolabel. Identifying the reaction of clients to the ecolabel and the manner it influences the purchase behavior as part of the objectives pursued, were implemented by drafting and applying a questionnaire to the clients of that hotel. Processing the acquired responses was made by the specific applications for data processing, the results confirming only in part the initial assumptions. At a general level, most clients believe that acquiring the ecolabel should be seen in prices, but most of them are unwilling to pay extra for hotel services holding this certificate. Considering that only three accommodation facilities hold this certification in Romania, the research we initiated can be the starting point for developing other more detailed studies concerning the opinion, reasons and purchase behavior of the clients.

**Keywords:** ecolabel, sustainable development, hotel management

**JEL Classification:** D12, M14, Q50

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### Introduction

At international level, the most encountered environment tools used by hotels are the codes of conduct, good practice examples in that area, ecolabels, environment management systems (EMSs), and the ecologic performance indicators. All these tools are relatively recent; the range of different codes of conduct began has been emerging since the 1990s. A series of initiatives meant to promote incorporation in activity management of the best ecologic practice in that area added to this. Towards the end of the 1990s and in the beginning of the next decade, various ecolabels and EMS standards appeared. The main initiatives in the domain of ecologic certification of hotel business are synthesized in the next table no. 1.

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Table no. 1. Voluntary environment tools applied to the hotel industry

Tools	Purpose	Examples
Codes of conduct	In order to show observance of the basic principles by a sustainable and environment friendly business	Agenda 21 for the tourism and travels industry; WTTC environment Guidebook
Best environment practice in this area	In order to take actual steps for improving the company's ecologic performance	Electricity and water saving approaches; diminishing the quantity of waste and its adequate management
Ecolabels	In order to ensure the ecologic performance of business in close connection to the set out criteria and for informing the client	European ecolabel, Green Globe 21, Öko-Proof-Betrieb, Spanish ecolabeling systems
Environment Management Systems (EMSs)	In order to guide the company's environment performance and for its continuous improvement in close connection to the planned strategy	ISO 14001; European Regulation EMAS
Ecologic performance indicators	In order to set out and communicate the company's ecologic performance	Total electricity and water consumption; resulting quantities of waste per type

Source: Ayuso, S., 2006. Adoption of Voluntary Environmental Tools for Sustainable Tourism: Analyzing the Experience of Spanish Hotels. *Corporate Social Responsibility and Environmental Management*, p. 209

This paper focuses on the European ecolabel as part of the set of tools presented above, and on researching the attitude of hotel service consumers within the Crowne Plaza Hotel, Bucharest.

The system was implemented by Regulation (EEC) no. 880/ 1992 and altered by Regulation (EC) no. 1980/ 2000 of the European Parliament and of the Council on the revised EU scheme on the award of ecolabel. According to the Regulation no. 1980/ 2000 transposed to the Romanian legislation by the Decision of the Government of Romania no. 189/ 2002, replaced subsequently by the Decision of the Government of Romania no. 236/ 2007, 24 categories of products in various activity domains and two activities in the services sector (tourist accommodation and camping services) have been identified. Given the passing of a new European regulation on the Community ecolabel, under no. 66/ 2010, the Decision of the Government of Romania no. 661/ 2011 on setting out some measures for ensuring the national implementation of that regulation was passed, as well as the Order of the minister of environment and forest no. 2129/ 2011 on approving the nominal making up of the EU Ecolabel Commission.

From the point of view of the subject approached next, ecolabel for accommodation services, the applicable legislation is made up of Decision of European Commission no.

287/ 2003/ EC on setting out the ecologic criteria for awarding the Community ecolabel to the accommodation services for tourists, and Decision of the Government of Romania no. 1855/ 2005 on setting out the criteria for awarding the ecolabel to accommodation services for tourists.

The ecolabel is a facultative scheme created to encourage the companies to sell goods / services with low impact on the environment and to support the European consumers, public and private clients, to identify them easily. No matter the group of products / services, the environment requirements refer to the quality of air, quality of water, protection of soil, diminishing the generated waste quantity, saving electricity, preserving the natural resources, preventing the global warming phenomenon, protecting the ozone layer, environment security, noise, and biodiversity. Ecolabeling is meant to limit the use of substances having negative effects on water, air, and soil and / or posing a high risk of producing cancer, allergy, etc. effects. Practically, the criteria that are the basis of granting the European ecolabel encourage the applying of the best practice for environment and human health protection, as well as products recycling. The ecologic criteria for a group of products are valid for a period between 3 and 5 years, and revising them takes place according to the technical progress of products.

From the perspective of accommodation services, the ecolabel refers mainly to four major aspects: electricity, water, waste, and other services. It is attempted the stimulation of diminishing the electricity and water consumptions, as well as the waste quantity resulting from the operational activity. At the same time, using environment friendly substances and developing an efficient activity are supported. For example, the water and electricity consumption for each tourist is above the regular household consumption. Thus, according to the data collected from several hundred tourism accommodation units in Central and Western Europe, the average water consumption for an occupied room was calculated to 394 liters, as against an average of the highest performance 25% of the business in the analyzed domain of 213 liters (EEA, 2007). These values show that there is a high potential for diminishing the resources consumption without affecting the quality of services provided, thus decreasing also the impact of tourism activity on the environment.

## **1. Research methodology**

At international level, studies were made that show the connection between the ecolabel and the clients' consumption behavior. After staying in hotels holding Green Key Eco-Label certificates, 69% of the Dutch tourists would be willing to pay more for benefiting of the services of hotels that implemented the ecolabel (Chafe, 2005). Also among Dutch tourists, 86% would prefer a star classification system that would combine the ecologic performance and quality of services. Over 62% of the Italian tourists and 42% of the German tourists believe that the ecologic performance is a key factor for a successful vacation. At the same time, over 90% of the Italian tourists are in favor of an ecolabeling system of hotel business. The data above emphasize the close connection between the number of ecolabels awarded at European level, on countries, and the acknowledgment level among tourists. Thus, according to the information of the European Commission, in Italy 9067 ecolabel licenses are active, which is less than half the total number of licenses issued. The new social and economic conditions seem to favor an attitude shift towards the sustainable environment friendly business, in all activity domains. The accommodation

facilities are no exception to this; many attempt to diminish consumptions due to economic and ecologic reasons.

In 2012, 17754 licenses to use the ecolabels had been awarded in Europe, of which 356 for accommodation services, which represents 2% of the total number of licenses awarded. In Romania, in 2013, 23 licenses had been issued, of which three for accommodation services. The three hotels that received them are Saturn Hotel of Saturn that received its license in 2008, Crowne Plaza Hotel of Bucharest that received its license in 2009, and Piatra Soimului Villa of Sinaia that received its license in 2011. Like this, from the point of view of interest for acquiring the ecolabel, Romania is on one of the last places, but the weight of licenses granted for accommodation services surpasses by far the European average.

We performed the research among the clients of one of the three hotels holding an ecolabel, Crowne Plaza Hotel of Bucharest. The purpose was to study the perception of clients concerning the ecolabel for accommodation services, as well as the manner in which the ecolabel influences the choice of hotel. In these circumstances, a series of objectives were pursued:

- Knowing the general opinion of clients in connection to the ecolabel;
- Identifying the reaction of clients in connection to the ecolabel of the hotel chosen;
- Determining the manner in which the ecolabel influences the behavior of clients and their purchase decision;
- Identifying all reasons for which a certain hotel is preferred to others.

The working assumptions, which were formulated according to the purpose of the research and pursued objectives, are:

**H1:** The most important factor when choosing a hotel is the quality of services;

**H2:** Most clients never heard of the ecolabel;

**H3:** Minimum 30% of the subjects believe that the ecolabel enhances the confidence in the services provided by the hotel;

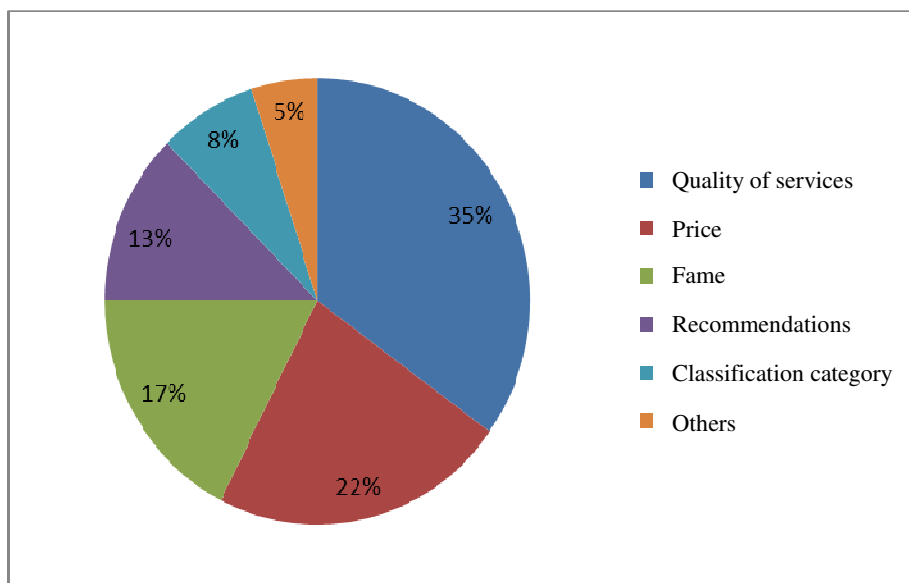
**H4:** Most clients believe that acquiring the ecolabel should be seen in prices and would pay more for such hotel services.

The research was made by a structured questionnaire relying on questions having a preset formulation and order. The poll was unhidden, the respondents being aware of the purpose of research. According to the time criterion, the research was transversal, offering the possibility to study the connection between certain selected variables. In this case, this was a classic research according to the communication manner with the respondents, the questionnaires being administered in person. Because we wanted it to be an exploratory research that would ensure better knowing and understanding the main aspects considered, we chose a mainly qualitative approach. From the perspective of marketing researches, upon considering the size of market, it can be said that a pilot study was made on a semi-representative small size sample: 40 questionnaires were applied after considering a representative sample of 385 persons. Next to their intrinsic value, the results can be deemed as having a preliminary character and that is why, they can be the basis for designing future research.

## 2. Results, discussions and implications

After collecting all data and processing them statistically, contradicting results were acquired, which confirm only some of the working assumptions.

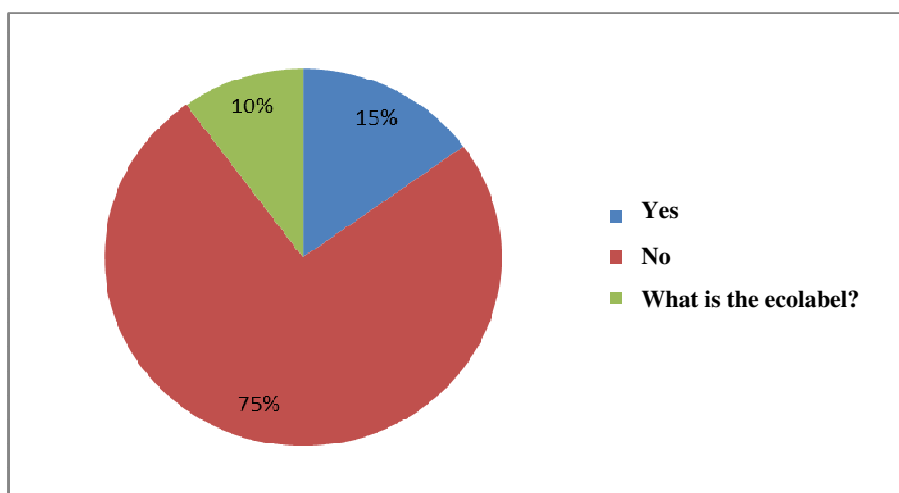
The main reasons for choosing a hotel are quality of services (35%), followed by price (22%) and reputation of the hotel (17%), provided that the respondents were given the possibility of multiple response (figure no. 1). Given the limitation of options to a response variant, the quality of services is the determining factor for choosing a hotel, with 70% of the responses, the 30% difference being represented by the rate level. Crowne Plaza, as a five star hotel located in the capital city of Romania, focuses on the business segment, which is much more sensitive to quality than to the level of room rates. Clients are willing to pay more for image, comfort, prestige, as determining factors of business success (Lupu, 2010).



**Figure no. 1: Importance granted to factors of choosing the accommodation facility**

Source: original, based on the research

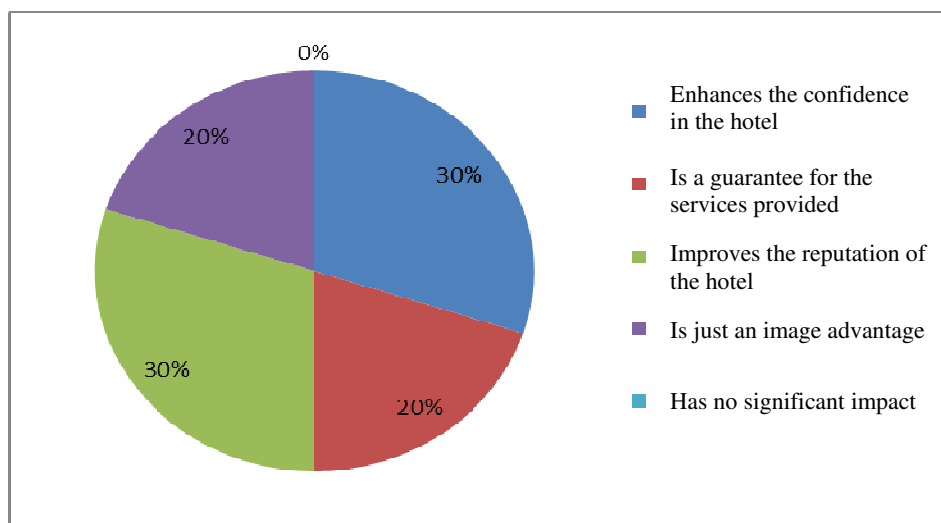
In order to verify the second working assumption, the respondents were asked if they had ever heard of the ecolabel indicated by the European Parliament for hotel service and subsequently, if they knew that Crowne Plaza Hotel was the only one in Bucharest holding such a certificate. Most of the respondents did not hear of the ecolabel (75%) or were unaware of what it was (10%). The remaining 15%, who knew what the ecolabel was, were aware that the hotel under analysis held a license to use it (figure no. 2). Considering this, it could be stated that the level of knowing the ecolabel is very low, on one hand due to the small number of licenses granted in Romania and, on the other hand, due to the low interest showed by clients to environment matters. Still, it is encouraging that the 15% who heard of the ecolabel were also aware that Crowne Plaza Hotel held a license to use it. The result confirms the second working assumption.



**Figure no. 2: Level of acknowledging the ecolabel**

Source: original, based on the research

After supplying minimal explanations in connection to the ecolabel and the corresponding measures, the subjects had to indicate the effects of applying it on their relation to the hotel, in one response. By 30% of the responses, two attributes were equal: “it improves the hotel’s reputation” (working assumption 3) and “it enhances the confidence in the hotel”, being followed by traits such as “it is a guarantee of the services provided” and “it is only an image advantage”, with 20% for each (please refer to figure no. 3).

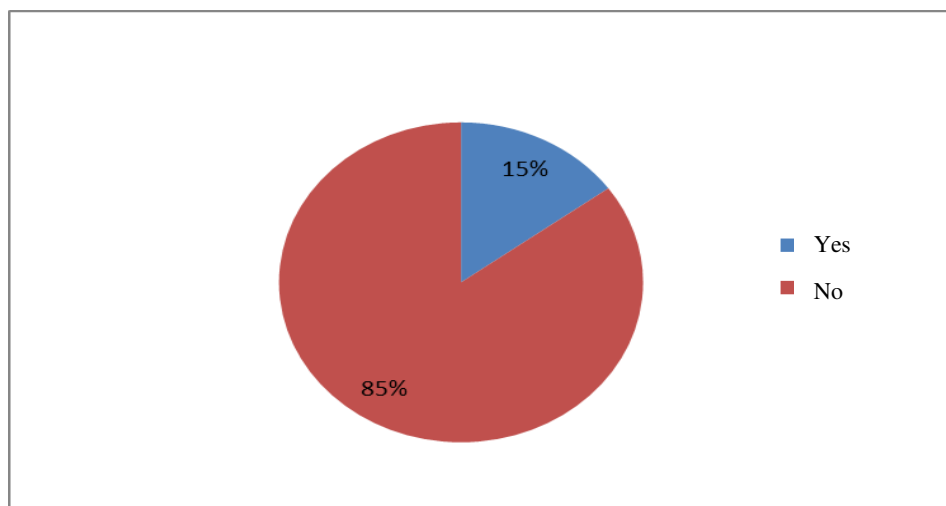


**Figure no. 3: Attributes of ecolabel impact**

Source: original, based on the research

By analyzing all the results, it can be seen that the overwhelming majority of respondents tends to associate the ecolabel to the general image of the hotel and not to the quality of services. Confidence, fame, and image are defining aspects for building the loyalty of clients on a long term. Ecolabel contributes to acquiring the loyalty of clients, as part of a continuous and diversified public relations process. Considering the economic point of view, the ecolabel stands out as part of the public relation activities and it is one of the cheapest means of building the loyalty of clients, by comparison to a series of advertising and public relation-specific activities. The costs involved for acquiring the license to use the ecolabel are EUR 300-1,300, exclusive of the costs for testing or checking the product in the process of assessing its performance. An annual charge of 0.15% of the sales volume of product or service that acquired the European ecolabel adds to this.

It can be deemed that, although it is a viable marketing tool, the ecolabel is insufficiently advertised among clients. That is why the actions of companies holding the ecolabel should focus on advertising it to clients, as well as on informing them in connection to the advantage of purchasing products and services holding ecologic certificates. However, the purchase decision does not depend only on economical arguments, but also on some clear ones concerning price and / or quality. In connection to the ecolabel – price ratio, although half of the respondents declared that holding the certificate should be seen in the rates of the hotel, only 15% would be willing to pay 5% more for such services (please refer to figure no. 4).



**Figure nr. 4: Reaction to the 5% increase of rates of hotel services by the ecolabel**

Source: original, based on the research

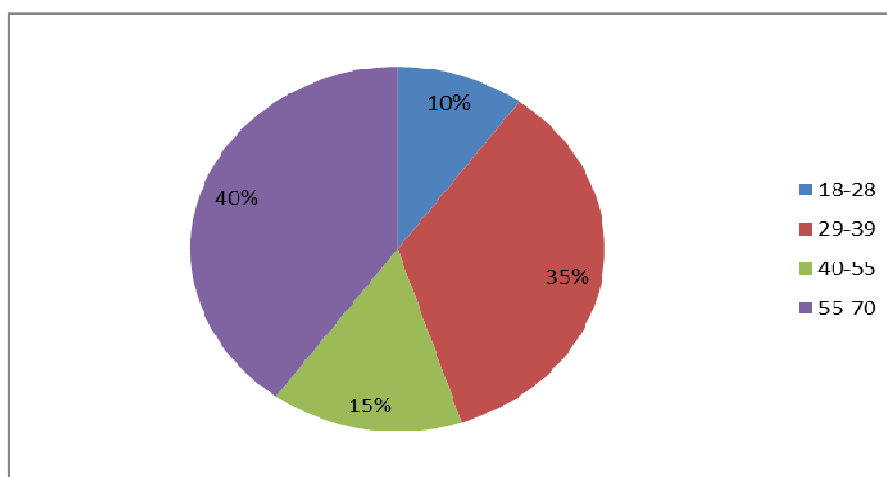
The finding is that the working assumption 4 is not confirmed. On one hand, the opinions in connection to the ecolabel being seen in the prices are equally shared, the respondents having opposite opinions. On the other hand, only 15% would be willing to pay a 5% higher rate. This is the same percentage as that of subjects, who know what the ecolabel is and that the Crowne Plaza Hotel holds a license to use it. Given this, two types of clients can be identified: some, who are informed, know more about the topic under scrutiny, are



aware of the advantage to use some certified services and are willing to pay a rate slightly higher, and most clients, who are not informed on this topic.

Due to the existence of these conditions, the importance aspects on the ecolabel shift from the advantage of holding it to the importance of communicating this differentiation issue to clients. Although the clients are gradually more interested in the environment matters, only holding the ecological certification, without efficient communication, solves just minimally the matter of differentiation of the competitor companies and building loyalty for clients. Orientation towards efficiently communicating the advantage of using not only the accommodation services with ecolabel, but also all products and services having such certification will increase their reputation in time.

In the demographic distribution of subjects on genders, we chose a 50 – 50 ratio, and we attempted to cover all age segments in the 18 – 70 years old interval among the clients of Crowne Plaza Hotel (please refer to figure no. 5).



**Figure no. 5: Distribution of respondents on age segments (years old)**

Source: original, based on the research

Those presented previously indicate a low information degree on the ecolabel of the clients of a hotel already holding a certificate, despite that a “green corner” was arranged, flyers were put in rooms, and the employees were trained to present the significance of the approach made by the hotel. Certainly, the communication efforts concerning this advantage must be expanded as duration, upon considering the period prior to the arrival of the client to the hotel, and multiplied by various actions, such as the next: newsletters sent to the addresses of clients in the database, using the ecolabel logo on all documents printed by the hotel, information in connection to adopting some precise ecologic measures included in the file from each room, and presenting brief information on the company’s website. As indicator of the flawed communication in this domain, Crowne Plaza Hotel did not advertise that it won 3<sup>rd</sup> place in the “Green Business Index 2012” general classification that assessed the environment-related responsibility of all companies in Romania.

## Conclusions

The results of the research confirm the situation existing not only in Romania, but also in most countries of the European Union. Except for Italy that holds over half of the licenses to use the ecolabel, in most countries the level of knowing it is relatively low. After a hesitant start, even if the number of licenses awarded in the recent years grew, a long period is necessary for reaching satisfactory results.

The ecolabel can be an advantage for a company's image and a differentiation element between rival companies. Gradually, as it will expand and become general, these advantages might diminish, but the loyalty component built on this basis will remain. However, for now, many Romanian companies, mainly the small and medium ones, lack the orientation towards building a long-term relation with clients. Confidence and meeting the clients' expectations are key elements for the business of the third millennium.

Although the costs connected to the ecolabel are not high, when compared to other environment tools, and are much lower than the expenses involved in the sale promotion and building the clients' loyalty activities, the ecolabel seems to remain the attribute of large companies having a healthy environment policy. And it appears, for the time being, that only they have a long-term vision on business. It must be remembered that the long-term vision and implementation are the vital elements of the sustainable development. The attempts to limit the negative impact on the environment must not be seen in an undemanding manner, as an expense element. The savings made, as well as building the loyalty of certain client categories, can become a source of income on a long term. The business profitability, which is closely connected to correctly approaching the environment issues, is the key to sustainable development at macro-economic level.

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