

Green Concept as The Marketing Strategies: The Case of Royal Princess

Larn Luang Hotel Bangkok

แนวคิดสีเขียวเพื่อกลยุทธ์ทางการตลาด กรณีศึกษาโรงแรมรอยัล プリンเซส ล้านหลวง

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Abstract

The objective of this research was to study the benefits of using green concept as the major competitive advantages for hotel (case of Royal Princess Larn Luang) in city center. The applied research methodology used was a conducting in-depth interview individually with the experts in both hotel business and tourism organization, as well The Green Leaf foundation in Thailand, the result concluded that by being the Green hotel, there were many advantages such as creating good image, having positive reputation environmentally rich and saving hotel's operation cost which were considered as the good marketing strategies and have the effects toward the customer's perspective and experience of their stays.

Keywords: Green concept, Hotel marketing strategies, Sustainable tourism

บทคัดย่อ

จุดประสงค์ของการวิจัยนี้คือ การศึกษาประযุชน์ของการใช้แนวคิดสีเขียว เพื่อให้เป็นข้อได้เปรียบในการแข่งขันทางการตลาดของธุรกิจโรงแรมในกรณีศึกษา โรงแรมรอยัล บรีนเซส หلانหลวง กรุงเทพมหานคร ระเบียบวิธีการวิจัยในครั้งนี้ ใช้การสัมภาษณ์ผู้เชี่ยวชาญในธุรกิจโรงแรม องค์กรการท่องเที่ยว และมูลนิธิ ไปไม้เขียวของประเทศไทย ผลการวิจัยพบว่า การที่ธุรกิจโรงแรมใช้แนวคิดสีเขียวในการบริหารจัดการโรงแรม ทำให้เกิดประโยชน์ต่าง ๆ อาทิ สร้างภาพลักษณ์ที่ดีและชื่อเสียงในเชิงบวกในการอนุรักษ์สิ่งแวดล้อม อีกทั้งยังสามารถลดต้นทุนการบริหารจัดการโรงแรม ซึ่งถือได้ว่าเป็นกลยุทธ์ทางการตลาดที่ดี และมีผลต่อมุมมองของผู้ใช้บริการที่มีต่อองค์กร

คำสำคัญ : แนวคิดสีเขียว กลยุทธ์ทางการตลาด การท่องเที่ยวอย่างยั่งยืน

Introduction

Tourism industry is widely considered as one largest and fastest growing industry in the global economy (Eadington and Redman: 1991 cited in Lee et.al., 1996). Thailand is one of the world success developing countries in tourism industry development. In addition, Tourism is a major economic factor in Thailand, the number of visitors to Thailand rose to 32 million in 2016 and the government was targeting revenue from tourism of 2.3 trillion baht (\$61.02 billion) in 2016 (Jantraprap, 2016). Furthermore, the tourism and hotel industry in Thailand contributes significantly to the economic growth in Thailand (Scowsill, 2015). However, due to the growing trend of environmental impact and global warming condition as the global environment's problem tend to be bigger; the sustainable development concept, therefore, closely focused by several industries including tourism industry. Then sustainable development becomes more important as recognition of global and regional environmental problems grows (Gornert, 2004). For Thailand, the tourism industry is significant, not only in terms of its positive economic impacts, but also in regards to its negative environmental and social impacts. As a key trading partner in tourism, the hotel business also has an important role in environmental responsibility issues. Although many Thai tourism destinations and operations including hotel sector have adopted the principles of sustainable tourism in their daily practice and managerial vision. They are still reluctant to implement the real action in order to preserve the environment which perhaps possibly due to the infrastructure and renovation expenses. Nonetheless, several studies have shown the benefit from doing sustainable development not just only the social benefit but also the hotel business itself in which it can create competitive advantages of the hotel over its rival and it can also be a good marketing strategy of the hotel.

The main objective of this paper is to propose the benefit of city hotel in using green concept as its major competitive advantage by examining the case of Royal Princess Larn Luang Hotel. The paper will summarize some of related literature reviews; provide background of the hotel, interview main policy maker and some specialists. The study will focus on the competitive advantages of being green hotel and attractiveness of destination and recommendation strategies.

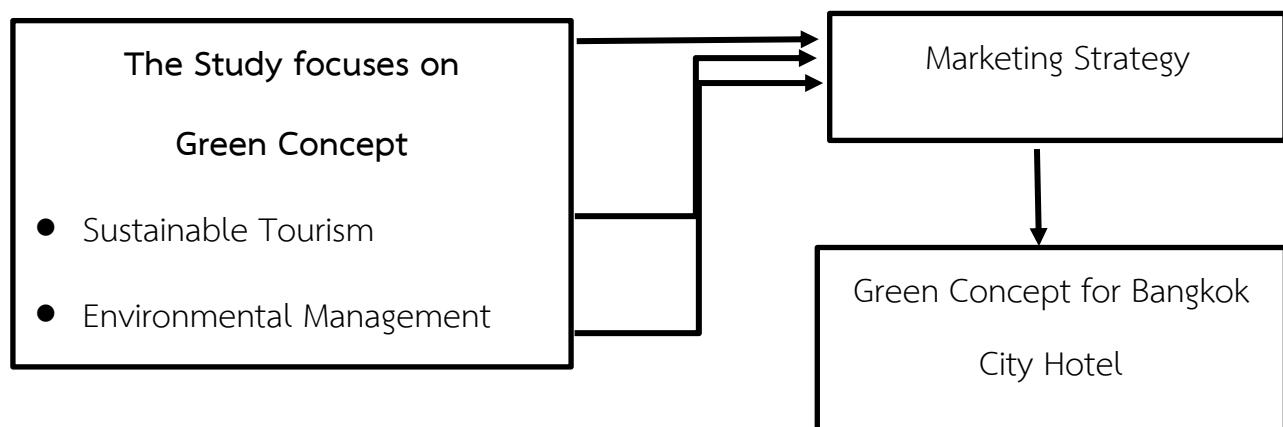
Objectives

To study the benefits of using green concept as the marketing strategies for hotel in Bangkok city center.

Scope and Limitation of the research

This research focuses on the green concept that is used in Royal Princess Larn Luang Hotel Bangkok. The reasons selecting to study this hotel are its location is in the residential area and inconvenience in term of access the hotel by public transport. The targeted interviewees' groups are the employees of the hotel and the secretary of Green Leaf Foundation.

Conceptual Framework



The framework showed the concept of this research; it provided the concept of sustainable tourism and environmental management's linkage of green concept as a marketing strategy for city hotel in Bangkok.

Literature Review

Sustainable tourism is not a new concept. However, few studies have been taken to identify the role of hotel in using its concept as one of the major marketing tools especially in the city area. This section reviews two related studies about the role of hotel in the environmental section.

Masau and Prideaux (2003) completed the study the perception of overseas tourists to Kenya towards the role of the hotel on the environment protection. The research showed that Kenya's Hotel was viewed as one the major impact in the environment. The result of survey indicated that tourists strongly supported the adoption of an environmental code of conduct and were willing to pay a premium to the hotels that they perceived as environmentally friendly. As a result the occupancy rate of the better hotel in environment management practices can be increased. The research suggested that the hotel should prepare, develop, re-price and market sustainable products and services that promote environmental awareness as well as educating the guests. The hotel can develop the sustainable tourism and apply it as one of the powerful marketing tools.

In addition, Graci and Dodds (2008) conducted the study based on the Canadian case and pointed out that the hotel industry should be more concern on the environmental commitment. Being environmental friendly hotel is not just only benefiting the society but also advantage to the business itself. The research closed a gap between attitude and action toward the environmental management of the hotel industry by identifying the benefit of being green in term of business case. The study illustrated that going green is one of the strategic approaches to setting a firm apart from rivals and achieving a sustainable competitive advantage. The hotel can also increase the organizational performance in term of economic, social and environmental benefits both short run and long run. Cost saving, competitive advantage, employee loyalty, being the leaders in the industry, risk management, and social responsibility are beneficial to the hotel. The research also pointed out that the demand of going green is growing. Therefore the hotel should adapt its strategy to match with the demand.

Both studies showed that hotels that are well prepared for the environmental friendly management will have a competitive advantage over its rivals. However, the both researches were conducted based on the general idea of the hotel and not pointed out in the specific area such as the mountain, beach, and city hotel. Nevertheless, many hotels that implementing green concept as one of the strategies normally locate in the area with full of natural resource like wildlife, mountain, or sea. For the case of city hotel, it seems to be less concerned in using green concept which probably due to the location that natural is not the main product of the hotel.

Regarding to the study of Heesup Hana, Li-Tzang (Jane) Hsub and Jin-Soo Lee (2009), the customers who really care for the healthy environment have the tendency to go back and use

the service and product of the hotel that practice the Green Concept program for operating the business. Furthermore, those customers can produce the positive grapevine towards their family, friends and colleagues in which that benefit the hotel sale volume as a whole.

Environmental management and performance and its relation to the marketing

The growing importance of the relationships between the company and the environment, along with the possible existence of certain benefits or losses stemming from this interaction, have created the need for corporations to measure and demonstrate the sustainability of their operations. The presence of environmental aspects becomes one of the competitiveness means that the firms are advised to plan, act, and control. Environmental aspects can be used as competitive advantages of the firm to maintain or implement new marketing strategy. Cramer (1993) pointed out that the emphasis of environmental management is to reduce the environment impact caused by the company's operations. While environmental performance is related to the benefits and damage in term of the natural surrounding that are resulted from the company's activities (James, 1994). From a business point of view, environmental performance also refers to how interaction with the environment affects the company. Therefore, the difference in each hotel environmental practices will result in different hotel performance and play a role in hotel's differentiation.

Thus, the benefits of going green is not just making eco-friendly decisions for the hotel but more than that, can enhance its marketing messages and improve its standing with green consumers which will ultimately benefit the hotel profitability and overall productivity. The hotel can adopt its environmental protection as one of the powerful marketing strategy (Ashrafi, 2014).

Background of the Royal Princess Larn Luang Hotel

Royal Princess Larn Luang is a four star hotel under the operation of Dusit International or the Dusit Thani Groups of Companies. **Royal Princess Larn Luang, one of the 6 hotels under Dusit Princess Brand in Bangkok, was established in 1980.**

The mission of the property itself is “In loyalty to Dusit International Mission, Royal Princess Larn Luang has the responsibility to provide excellent friendly service in a wonderful atmosphere of Thai hospitality, relaxation and with respect for the environment and community.” (Royal Princess Larn Luang, Bangkok, 2012)

The hotel is located at Bangkok Rattanakosin Island, a historic district of Thailand's capital. Designed for business and leisure travelers alike, Royal Princess Larn Luang is situated on Larn Luang Road and close to many of the tourist attractions in Bangkok as well as many government offices and Bangkok downtown. The hotel has 55 superior rooms, 70 deluxe rooms, and 5 suites. There are 6 main meeting rooms for organizing seminar, meeting and convention. The hotel also has 6 restaurants and bars and variety of facilities. In addition, there is one spa outlet, one business center, as well one swimming pool (Royal Princess Larn Luang, Bangkok, 2012).

Competitive strategies and Competitive environment

As the hotel is located near many of government offices, the hotel, therefore, focuses on the meeting and seminar by government agency as well as the United Nations. However, the hotel also focuses on the tourists as its location is closed to many historic attractions in Bangkok. However, there are 5 big hotels operating surround the hotel approximately for 2,200 rooms in total (Green Leaf Foundation, 2007). These hotels are direct competitors especially in the tourists market. The bargaining power of buyers in the meeting section is relatively low due to location of the hotel. The ratio of the Thai customers and foreigner-customers is 25: 75. The hotel in this location is not closed to any shopping center in walking distance which one of the main drawback. Therefore, the hotel has to focus more in quality of product and services to create the differentiation and increase the customer satisfaction. Moreover, as the guests are foreigner tourists, from government office, United Nations. Green hotel is also one to the marketing strategy that the hotel uses in order to maintain its competitive advantage.

Royal Princess Larn Luang Hotel is one of 36 hotels in Thailand and only hotel among 5 direct competitors located in Bangkok that awarded the environmental friendly hotel in the Thailand Tourism Awards organized by the Green Leaf Foundation and Tourism Authority of Thailand in 2007. Moreover, the hotel is one of a few hotel in Bangkok that certified by the Green Leaf Foundation. It is also one of three hotels of the Dusit International Chain that are very concerned in the environmental protection and use it as one of its marketing tool, other hotels are Dusit Resort Pattaya in Chonburi province and Dusit Laguna in Phuket province.

Methodology

This study examined the performance of the hotel for going green and its competitive advantage by conducting in-depth interview individually. Qualitative approach is used for semi-

structured questionnaire and based on sustainable tourism, environmental management and marketing strategies for green hotels. The population is hotel executives and staff and executives from Green Leaf Foundation. Therefore the sample size is 15. The analysis of data used descriptive analysis. From overall interviews, the answers shown the positive impacts of being green hotel by the agreement of the interviewees that applying the green concept made the customers see the hotel in a good way as can be seen from the increased sale volume both the direct booking and travel agents. In addition, the hotel's expenses had reduced since it did not need to spend high amount of money in buying expensive chemicals, as well by reusing hotel's resources such as water, newspaper, office paper, leftover food and amenity's containers.

Results

The benefit of using the Green Concept is motivated by the shifting circumstances in global warming since the agenda 21 in 1995 (United Nations, 2012), hotel sector has increased in environmental friendly practices and sustainable development in both management and operational strategies (Ernst and Young, 2008). Being responsible to the environment can facilitate the hotel to improve its image, local environment, and maintain an acceptable destination for consumers. The result of the study indicates competitive advantage as the benefits of green concept hotel from sustainable practices which are as follow:

Company Image and reputation

The implementation of green awareness can create a competitive advantage to the hotel due to the outcompeting rivals based on such differentiating features as green products with better services and company image and reputation, and the focusing on a niche market and winning a competitive edge by doing better job than rivals of serving the special needs and tastes of niche buyers.

Hotel image and reputation are one of the most intangible assets of the hotel. The customers of the hotel are mainly from European countries which are very sensitive to the impact of the business to the environment and from government agencies which the Thai government launches a policy that the meeting will be held only in the hotel that certified by Green Leaf Foundation. Maintaining a good reputation is very important especially when there is a pressure from the consumers. Having a good image by providing different products and focusing on niche market can lead to the competitive advantage in the markets. By pursuing differentiation and niche market strategy, it allows the hotel to have the opportunity to increase

price premium, improve market share, access to or creation of new market, and improve company image. However, the buyers seldom pay for the value they do not perceive, no matter how real the unique extras will be. Thus the price premium resulting from the image and reputation, commanded by differentiation and niche market strategy reflects the value actually delivered to the buyer and the value perceived by the buyers. It is very necessary for the hotel to be aware of pursuing green strategy that the hotel must take the real action in order to have marketing values.

Cost rationalization

These saving can be brought in many ways by increasing the efficient use of resources such as energy, water, food and chemical product. The efficient use of resource should lead to a cost saving that improves the hotel's productivity and competitiveness. According to various studies carried out, cost saving is the most influential reason for the hotel in implementing environmental protection policy since they can result in significant increases in the establishment's profitability. The Royal Princess Larn Luang also experiences in this circumstance since it adopted the green concept to the hotel. Financial benefits provide the incentive for many hotels to implement environmental protection action. Although the cost of investment is relatively high, the return on investment is also significantly high and outweighs the cost. Moreover, the advantage in cost can allow the hotel to pursue variety of strategy. The hotel can use pricing strategy by employing low-cost strategy to increase the hotel financial performance or to increase the volume. Cost saving also allows the hotel to be more flexible in using product development strategy. The hotel can improve the quality of service which can also increase the level of satisfaction while maintaining the same price.

The market value

The market values a respectful attitude to the environment, reflecting the high social preoccupation for environmental conservation. As the hotel locating in a historic district of Bangkok surrounding by many government offices and United Nations, the result from the survey of Royal Princess Larn Luang conducting by Dusit Thani College in 2009 showed that tourists are willing to pay up to 5.5% more for the trips in which the environment is respected, the United Nations and the government will also organize the meeting and any activities in the hotel that implement environmental initiatives. Moreover, since the hotel has been certified by Green Leaf Foundation, the revenue of the hotel is substantial increased in 2008 and

expected to be increased in 2009 as well. It was also the first time in 10 years that the net income of the hotel was above the average of the Dusit International despite the political crisis in Thailand and mainly locating in Rattanakosin Island.

To sum up, these three points are the possible motives that can give the hotel's competitive advantages over other establishments. The Royal Princess Larn Luang applied the green concept as one of its strategy to enhance the performance of its operation. The hotel positions itself as one of the leading city hotel in the environmental protection. The hotel will continue to maintain its advantage. Being green can be used as one of the marketing technique to increase the sale volume of the hotel.

Discussion

Going green should still be an integral part of hotel marketing plan. Consumers are becoming more aware of green standards, and identifying the business as an environmentally friendly resource will enhance the hotel image.

Therefore, the hotel should promote a word "Green" and explain what the hotel has taken and how they positively impact the environment in order to maintain its competitive advantage. However, it is important to note that the hotel should avoid developing entire marketing plans around the hotel environmental consciousness. Even green consumers are still driven by the classic marketing tools price, quality, and convenience. By giving a choice between two products or services perceived to be otherwise equal, green consumers will choose the one that seems to be more inclined toward their environmentally aware self-image. The hotel still has to maintain its marketing focus on the benefits and quality of services and products. The destination's challenge for the hotel is to join together its offer in excellence friendly service to consumers (those who are looking to visit the historic Rattanakosin Island and organizing seminar and meeting in the city) and its responsibility to environment while the level of competition is going up as the rivals will soon be apply the environmental practices to their operations. The hotel should have the destination objectives in order to create the strategy or strategic action that can maintain or improve its position. Some of the example of objectives are (1) Maximize convention and meeting business for the city of Bangkok and the region while achieve the highest and best use for resources, (2) Continue to work intensively in the green marketing to showcase the hotel as destination and attract businessman, travelers, and government agencies, and (3) Build on hotel's successful image as a premier environmental protection hotel.

One way in maintaining its acceptable destination is to acquire higher Green Leaf Foundation certified. The hotel so far is not yet awarded the highest certified by Green Leaf Foundation. There are many environmental activities that a city hotel can possibly do to improve its operation and competitive advantage.

Conclusion

As the growing concern of the global environmental protection, the environmentally committed can be an opportunity of the hotel in creating the competitive advantages such as image and reputation, cost saving and market value. Going green can be used as a powerful marketing strategy in the hotel business in improving the image of the hotel and maintaining the leader destination as mentioned in the research of Masau and Prideaux (2003), the research showed that Kenya's Hotel was regarded as one the significant impact in the environment. The perception of oversea tourist's study identifies that they pay attention to the role of hotel giving the concern towards environment. The result of survey indicated that tourists strongly supported the adoption of an environmental code of conduct and were willing to pay a higher price to the hotels that they perceived as environmentally friendly. However, it is important to point out that to increase the effectiveness of destination marketing for the hotel by using the green concept, it is necessary to ensure that the hotel environmental activities and its quality of service remain consonant.

Moreover, going green can enhance the hotel marketing messages and improve the standing with green consumers. But more than that, making eco-friendly decisions for the hotel will ultimately benefit the hotel profitability and overall productivity.

Recommendations

The hotels in Bangkok can apply the Green Concept guidelines, for example Reuse, Reduce, and Recycle the resources and waste for their advertisement and Marketing strategy in order to attract more oversea travel agents to support them more customers who give the crucial concern to the environment.

The hotels in Bangkok should be certified the environmental standards for example, Green Leaf, ISO14000 in order to ensure customers' awareness and perspective in supporting green concept hotels.

Applying Green concept in hotels will benefit the environmental protection in term of minimizing Global Warming, hazardous chemical use, and carbon footprint.

Promoting Green concept packages as hotels' marketing strategy can arise the hotels' revenue by promoting local products as a discount or complimentary.

Green hotel concept can be a positive image and reputation that can differentiate the hotel from other competitors in the market.

The challenges of being green concept hotel are high initial investment and maintenance, as well as staff training to follow the green concept guidelines.

Recommend to do the further study in different types of service quality in hotel business in order to recover the perspective of customers whether the level of hotel quality does effect by The Green Concept and it can be used effectively as the marketing strategy.

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