

Readiness to Spend On Green Hotels in Bangkok, Thailand

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Abstract. This research aimed to study consumer readiness to spend for green hotels through the use of questionnaire. The data was collected from 385 consumers who purchased products or services at green hotels in Bangkok. The results showed that their enthusiasm to spend for hotels that have made substantial changes to its structure to mitigate its effect on the natural environment is high. Moreover, the research findings have showed that consumers' level of sex, age and education has a major impact on the readiness to spend for green hotels. The outcome of this research supports hotel operators and academic institutes in order to encourage application of sustainable policies and practices in hotels. In consequence, more environmentally concerned consumers are drawn to green hotels.

1 Introduction

Considering revenues generated from Thai tourism industry, the lodging sector plays a significant role. In 2017, the Kasikorn Research Center reported a total market value of 574,000 million baht for hospitality industry and it was likely to expand by 4.5-7.1 percent the following year, especially in Bangkok which was the principal economic and tourism destination of Thailand [1]. In 2017, the number of travelers staying in Bangkok hotels was 33,950,292 of whom 20,575,172 foreigners and 13,375,120 Thai tourists. According to the Ministry of Tourism and Sports lodging industry in Bangkok alone contributed 947,284.30 million baht of revenues, reflecting a 15.18 percent rise from 2016 [2]. The demand of accommodation is on the rise as Thai tourism industry continues to grow. Consequently, hoteliers need to strengthen and develop a plan to optimize their competitive advantage in order to stand out in the competitiveness of hotel industry [3,4].

Staying in a hotel is considered as a treat, and sometimes expensive, therefore, customers generally expect to feel satisfied, convenient, and comfortable. With respect to hotel operation, consumption of water, energy and resources are high [3]. Hotels produce a large number of wastes which directly and indirectly impacts the environment [5]. Thus, the concern of environmental impact may influence consumers to select a hotel with sustainable policy. According [6] hotel guests are more sensitive to consumption and preservation of natural resources. Due to this fact, hotel operators are more conscious of the shifts in customer behavior therefore adopting sustainable policies and practices in their

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business. According to Green Hotels Association a green project with initiatives to minimize consumption of natural resources, energy and waste production were increasingly implemented in hotels [7]. Becoming sustainable creates competitive advantage and good reputation to hotels [8]. Moreover, the demand to stay in eco-friendly hotels is likely to drive higher room rates [9].

Studying an implementation of eco-friendly policies in hotels and, in particular, the attitude of consumers towards the sustainable policies seems interesting. According to [10] choosing to stay in eco-hotels might be influenced by certain factors. Furthermore [11,12] found that gender could determine buying decision of consumers. Males are unlikely to buy eco-products as compared with females [13].

The finding of [14,15] shows that customers are ready to support environmental cause by opting for eco products and services (2016). In addition, consumers with the belief in sustainable business as well as positive mindset would compromise their comfort for the sake of environment [16]. Having good attitude toward sustainable environment will motivate consumers to spend for eco products and services despite higher price [14, 16]. On the contrary, [17, 18] found that some consumers were reluctant to pay high price. With the belief that sustainable practices will reduce eco-hotel operating expenses, some tourists therefore think that green hotels can offer lower price comparing to non-green hotels. According to [19] consumer's readiness to pay means the pleasure to spend their money for product or service, in consideration of their buying power and value given to those product or service.

Objectives:

1. To study the readiness to spend on green hotels by classifying population characteristic.
2. To study the influence of population factors toward readiness to spend on green hotels.

Research Questions:

1. What is the rate of consumer's readiness to spend on green hotels?
2. Do demographic variations impact the desire to pay for green hotels?

Hypothesis:

H1: The Green-hotel guests of disparate genders have a different level of readiness to spend on green hotels.

H2: The Green-hotel guests of distinct ages have a different level of readiness to spend on green hotels.

H3: The Green-hotel guests of contrasting marital status have a different level of readiness to spend on green hotels.

H4: The Green-hotel guests of contrasting education background have a different level of readiness to spend on green hotels.

Scope of the research:

The researcher has collected data from consumers with experience in green hotels since 2016-2017 from 19 accredited green hotels in Bangkok. The sample group for this study is only Thai citizens with experience in green hotels.

2 Methodology

In an attempt to do this study, the quantitative approach was used through a questionnaire survey of Thai consumers with experience staying in certified green hotels in Bangkok. In addition, the researcher uses references from previous studies for instance books, papers, online articles and past research findings that are relevant to the topic being studied.

The population used in this research is people who used to stay or used to buy products or services from green hotels in Bangkok, where the exact population is not known, the

researcher determined the sample size of 385 people using the Taro Yamane formula. Considering the diversity of the sample group, in term of gender, age, marital status, and educational level, therefore, the researcher chose the quota sampling method by selecting a sample from those who used to pay for products or services of green hotels in Bangkok. The sample groups derive from 20 consumers from each of 19 accredited green hotels in Bangkok, plus one sample who was randomly taken from others five large hotels.

Personal Data, including gender, age, marital status and education background of the sample groups is collected through questionnaires. The questions with rating scale options: most, much, the medium, less and the least are used to discover about attitudes and readiness to spend on a green hotel of the sample groups. The period for data collection, preparation, and data analysis is from June 2018 to August 2018.

3 Result

Section 1: General Information on demographic characteristics of respondents

Based on the general data analysis, out of 385 respondents, 195 were female (50.6%) and 190 were male (49.5%). Considering age, the majority of respondents was 35 years old (52.7%), followed by 25-34 years old (36.1%) and under 25 years old (11.2%) respectively. In regards to marital status, more than a half of the sample group was married (70.1 %), followed by single status (27.8%) and widowed /divorced (2.1%) respectively. In term of educational background, 263 people hold the bachelor's degree (68.3%) whereas 118 people (30.6%) possess higher degree and 4 people (1.0%) are undergraduates respectively.

Section 2: Correlation between readiness to spend and demographic factors that influence spending decision for green hotels

The data analysis on the readiness to pay for a green hotel or support sustainable hotel policy shows favorable result ($\bar{X} = 3.42$). In considering the factors on which respondents are most willing to spend, knowing that part of their spending will support environment activities is the key factor ($\bar{X} = 4.52$), following by having a choice, the consumers will choose to stay in green hotel ($\bar{X} = 4.35$). Others factors are moderately influent consumers to pay for green hotels : respondents would likely to pay for a green hotel if they receive more benefits than the money paid ($\bar{X} = 3.15$), some consumers are ready to pay extra if staying in a green hotel can make them feel proud ($\bar{X} = 3.09$), some consumers are ready to spend their money on supporting sustainable hotel policy($\bar{X} = 2.92$) and lastly some respondents can accept an increase in pricing in exchange for environmental friendly products and services($\bar{X} = 2.90$).

The analysis of correlation between the respondents ' demographic data (gender, age, marital status and educational level) and the percentage of price increment that they accept to pay for the green hotels are as followed.

Gender: The majority of female respondents (58 people, 29.74%) were ready to spend 5 percent extra for green hotels, followed by 2.5 percent extra (46 people, 2.5%) and 10 percent extra (38, 19.49%) respectively. On the other hand, 53 female respondents chose not to pay extra for green hotels (27.18 %).

On the contrary, the greater part of male respondents (105 people or 55.26%) chose not to pay additional for green hotels. For males' respondents, there were 50 males (26.32%) who were ready to spend an extra of 2.5 percent, followed by 24 males (12.63%) who were ready to spend an extra of 5 percent and 11 males (5.79%) who were ready to spend an extra of 10 percent respectively.

Age: Considering the respondents who were below 25 years old, the majority of 43 respondents (62.79%) agreed to additionally pay 5 percent from the original price whereas 16 respondents (37.21%) were unwilling to pay. For the respondents aged between 25-34 years old, it was outstanding that they were not ready to pay more for having green products or services. It's significantly notable that those who are willing to pay more are above 35 years old. The level of percentage price increments that this group were ready to spend more are 2.5 percent (95 respondents or 46.8%), 5 percent (50 respondents or 24.63%) and 10 percent (49 respondents or 24.14%).

Marital status: Out of 107 respondents who were single, 61 people (57.01%), were not ready to pay more than usual for green hotels. On the other hand, the level of percentage price increment that 46 single individuals agreed to pay are as followed: 5 percent (27 people or 25.23%), 10 percent (10 people or 9.35%) and 2.5 percent (9 people or 8.41%, respectively. Considering the married group, 96 married respondents or 35.56% disagree to pay for any higher price. On the other hand, there were also married respondents who accepted to spend some percentage of price increment as followed; 2.5 percent increment (85 people or 31.48%), 5 percent increment (52 people or 19.26%), and 10 percent increment (37 people or 13.7%).

Education level: In consideration of education background, all of respondents with undergraduate degree (4 people or 100%) were not ready to spend additionally for green hotels. Concerning bachelor degree, 129 people or 49.06% were not ready to pay more for green hotels. Nonetheless, there were also 61 respondents or 23.19 % of this group who were ready to spend an addition of 2.5 percent. Moreover, other 54 respondents (20.53%) with bachelor degree accepted to pay an increment of 5 percent and only 19 respondents (7.22%) agreed to pay 10 percent increment. Lastly, in regards to the group of respondents with a master degree or higher education, there were 30 people or 29.66% who were ready to spend 2.5 percent more. The readiness to pay an increment of 5 or 10 percent for this group was quite close: 28 people were ready to pay 5 percent extra and 30 people accepted to pay a 10 percent increment.

Section 3: Hypothesis testing

H1: The Green-hotel guests of disparate genders have a different level of readiness to spend on green hotels.

The results of the H1 hypothesis test shows statistically significant at the .05 level, meaning that disparate genders are ready to spend on green hotels differently ($t_{gender} = -4.529$, $sig. = 0.002$). Based on research, analysis, female consumers are more likely to pay for hotels with sustainable policies than male consumers.

H2: The Green-hotel guests of distinct ages have a different level of readiness to spend on green hotels.

By using the One-way ANOVA to test the hypothesis H2-H4, the results of the H2 hypothesis test shows statistically significant at the 0.05 level, meaning that differences age and education level can affect the readiness to spend on green hotels in various dimensions ($F_{age} = 351.374$; $F_{education} = 10.558$, $sig. = 0.000$). The comparison with the LSD method shows that green-hotel guests under the age of 25 are ready to spend on green hotels than guests who age between 25-34 and those who age above 35. Statistically, it shows significant at level of 0.05 with the mean difference of 1.33 and 0.45, respectively. Green-hotel guests over 35 years of age are more likely to pay for green hotels with sustainable policy than the 25-34 years old category, with an average gap of 0.88.

H3: The Green-hotel guests of contrasting marital status have a different level of readiness to spend on green hotels.

The marital status has no influent on the readiness to pay for hotels with sustainable policy ($F_{marital} = 2.698$, $sig. = 0.069$) which is statistically significant at the level of 0.05.

H4: The Green-hotel guests of contrasting education background have a different level of readiness to spend on green hotels.

The results of the LSD method reveal that green-hotel guests with bachelor degree or above are ready to spend on green hotels than those who have undergraduate education at significant level of 0.05. The difference was at the level of 1.17 and 0.98 respectively. On the other hand, guests with a postgraduate education have more optimistic outlook toward sustainable policy than those with a bachelor's degree at statistically significant level of 0.05 and with a mean difference of 0.19.

4 Discussion

The research finding shows that the green-hotel guest's readiness to spend on green hotels in Thailand is outstanding. The reason they decide to stay or buy products or services from hotels with sustainable policy because guests want the hotels to use part of their money spent on the environmental stewardship of the hotel. It is consistent with the finding of [15, 13] that customers would be willing to pay more if there were sustainability operations in green hotels.

Demographic factors affect the buying decision of the green-hotel guests. According to the research study, female guests are more likely to support environmental policy of green hotels than male guests. Due to the fact that female guests tend to think that supporting sustainable hotels mean supporting environment. This statement is endorsed by [12] as they found that 57 percent of female customers were happy to spend more on green products compared to males, in other words, women are more likely to be concerned with the environment.

In addition, age is another factor influencing the ability to pay for guests at green hotels. Guests under the age of 25 are found to be ready to pay for sustainable hotels more than other age groups. Considering the fact that young generation having more awareness of environment issues, in consequence, they are ready to support green hotels [20,21].

The level of education of the guests influences the readiness to pay, i.e. hotel guests with a bachelor's degree are delighted to pay more for green hotels than those with lower education background. Owing to the fact that higher degree of education allow individual to access to broader sources of knowledge and information, in this case, well-educated consumers are likely to be aware of environmental problems, causes and impacts on living organism, therefore feel concerned and incline to take sustainable approaches such as paying higher prices to stay in green hotels. The findings of this research are in line with the study of [22] who found that hotel staff with contrasting educational levels engaged differently in environmental-friendly activities of Dusit Thani hotel in an aim to minimize impact on global warming. Moreover, [23] also discovered that marital status had no impact on buying decision for sustainable hotels.

5 Suggestion

1. The results of this study indicate a significant positive correlation between green-hotel guests and their acceptance to spend on sustainable products and services at green hotels. However green-hotel guests are ready to pay only at a certain level to support green hotels, therefore green hotels should keep their pricing competitive and affordable comparing to non-green hotels.

2. Hotel entrepreneurs should target their marketing strategies toward women and young generation because they have high awareness of environment and tend to take favorable actions toward sustainable environment such as buying green products and services.

Future Study

1. Future work should concentrate on studying guest satisfaction toward application of green-hotel policies and green products and services, as well as favorable elements that satisfy the hotel customers in order to meet guests' expectation and to promote green hotels in Thailand.

2. On a wider level, future study should be undertaken in the area of medical sector, particularly in hospitals that apply sustainable policies in order to expand the scope of study to encourage green business in all areas.

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