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Green Hotel as a Competitive Product: A Case Study at 5-Star Hotel in Bali

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Abstract. Today, tourists tend to choose hotels that consistently implement environmentally friendly practices. In accordance with this phenomenon, the concept of sustainable accommodation needs to apply the principles of environmental conservation, ecology, community empowerment, and the use of local products. Therefore, this study aimed to analyze Green Hotel as a Competitive Product. The problem of this study is “What green aspects do the hotel have that differentiate them from other competitors”? The population was 57 of five stars hotel in Bali that received THK Tourism Award. Meanwhile, 10 percent of the sample was determined by purposive sampling, and the data analysis method used was qualitative descriptive technique. The results showed that the product was developed from an ordinary characteristic to a greener specification. In response to green business practices, 100 per cent stated that adopting the practices can maintain the image of the hotel brand, serve as a competitive advantage, and make the company and employee performance more effective and efficient. Furthermore, the results showed that implementing environmentally friendly business practices are achieved by adopting local wisdom values.

Keywords. Green hotel, Green product, Competitive product, Experience traveller

1. Introduction

Today, tourists tend to choose hotels that consistently implement environmentally friendly practices. In accordance with this phenomenon, the concept of sustainable accommodation needs to apply the principles of conservation, ecology, community empowerment, and the use of local products, as well as minimizing environmental damage. Meanwhile, Rahmafritria [1]

showed that accommodation with environmentally friendly concepts and management is one of the parameters that encourage tourists to choose a facility. The President of Indonesia, Joko Widodo asked that the development of 10 new tourist centres needs to be realized. It was also requested that tourism centres should be differentiated into the 10 new Bali developments.

This is a term to say that Bali is the most popular and important region in the country. Also, tourists have more means to choose a destination, such as Kompas.com. The hotel industry is highly competitive and is extensively driven by customer demand. Moreover, their preferences and expectations are changing from time to time. Therefore, to gain the attention of tourists, the business owners have to adjust to the changes that take place in the market [2].

ASEAN Standard [3] defined Green Hotel as an establishment for the promotion of friendly environment and energy conservation. Meanwhile, the main management consists of engineering, housekeeping, front office, and facilities department. In Indonesia setting, the building which is also a public facility needs to obey the code rules and regulations relating to environmental protection set by the government. Therefore, without such compliance, a hotel that cannot fulfill the administrative requirements automatically does not meet the Green Hotel criteria.

The ASEAN Standard sets out the criteria of a Green Hotel and the conditions for achieving these requirements. A hotel is said to be Green when it meets some criteria, which include environmentally friendly site management, the use of raw materials, absorption of local content, management and conservation of energy. Furthermore, it includes management and conservation of water and air quality (indoor and outdoor), green team policies and organization, building of space, as well as solid waste and water management. In addition, it includes the management of land around buildings, control of noise pollution, management of storage of chemicals and materials, collaboration with local communities and organizations, as well as development of human resource capacity.

In response to the consumer's change of preference towards green products and services, the hotel industry is adopting sustainable practices and advertising towards potential customers [4]. Also, environmentally friendly hotels can be categorized as those that offer sustainable services and focus on minimizing its negative impacts on the environment through reusing, reducing, and recycling. One of the long-term solutions to safety problems is environmental safety and operational security [5]. This is achieved by an eco-friendly use of water and energy [6]. Also, going green is important to attract new conscious consumers, and to stay competitively relevant to the targeted market. In fact, it is also financially beneficial for the related tourism industry. Making strategic changes is a very difficult task. The difficulty in making decisions is mainly due to the fact that any change will face resistance [7]. Based on the description and support from the results of previous research, the problem to be examined in this study is related to what green aspects the hotel has which differentiating it from its competitors.

2. Literature Review

The concept of green products is related to sustainable manufacturing and supply chain management, which involves environmental, planet, and people friendly standards, technologies and practices. Furthermore, the concept of green is extended to almost every process steps of procuring raw materials, producing, storing, packaging, shipping, and distribution [8]. Meanwhile, green products are eco-friendly resources that have less impact on the environment, even in the production, distribution, and consumption process [9]. Therefore, they are defined as products that use fewer resources, have lower impact and risk on the environment and prevent waste. An environmentally friendly product seems a new growth

paradigm for a higher quality of life through the creation of wealth and competitiveness. In line with this, some consumers choose green products by virtue of their consciousness about environmental and economic benefits, reliability, and appearance [10].

Green tourism is something different within the boundaries of this field, therefore aspects of the analysis also use things that are different. The aspects of green discussed in tourism showed that there are certain scientific tools that can be used to solve these problems. Therefore, this study used a competitive advantage theory, especially differentiation from Porter to analyze the aspects of tourism, as shown in Figure 1.

		STRATEGIC ADVANTAGE	
		Low Cost Position	Uniqueness Perceived by the Customer
S T R A T E G I C T A R G E T	Industry wide	OVERALL COST LEADERSHIP	DIFFERENTIATION
	Particular segment only	COST FOCUS	DIFERENCIATION FOCUS

Figure 1 Michael Porter's Three Generic Strategies

The competitive advantage described in this study combines the choice based on differentiation and focus that leads to it. Also, the market segment is experienced travellers that care about environmentally friendly services, which refers to Porter's tree generic strategies and Ansoff product-market expansion grid (Figure 2).

		Existing products	New products
Existing markets	1. Market penetration	3. Product development	
New markets	2. Market development	4. Diversification	

Figure 2 Ansoff Matrix

In growth strategy, new products are introduced into existing markets. Meanwhile, product development can differ from new introduction in an existing market or it can involve modification of an existing product. By modification, one would probably change a product's outlook or presentation, increase its performance or quality. By doing this, it can appeal more to the already existing market.

3. Research Methodology

The study population was 57 of 5-star hotel in Ball. Meanwhile, the sample size was determined by 10 percent of Tri Hita Karana (THK Award) recipients. The technique used was purposive sampling with a size of 36 respondents and 6 hotels. Furthermore, the respondents were F and B, Purchasing, Learning Development, Public Area, and CSR Managers, as well as Director of Engineering. These respondents are from 6 sample hotels, which are Melia, St. Regis, Intercontinental, Conrad, Mandapa, and The Royal Pita Maha Resort, Bali. Also, the primary data were obtained through observations, questionnaires, interviews, and Focus Group Discussion (FGD). Furthermore, secondary data were obtained from Learning and Development, literature through the internet, newspapers, reading books, and articles relating to this research. The variables are the green aspects of the hotel and the differentiating factors from competitors. The variables were identified through environmentally friendly business practices and the uniqueness of the application of green hospitality. This was analyzed by adopting generic competitive strategies [11] and Ansoff product-market expansion grid [12]. Also, the basic elements used in identifying the uniqueness of green hospitality implementation was the ASEAN Standard and EarthCheck. In addition, the data analysis method used was a qualitative technique which is an analytical means to describe a phenomenon and explain the relationship among the variables.

4. Result and Discussion

Discussion on Green Hotel as a competitive product begins with exposure to the responses of sample respondents such as in Table 1.

In response to green business practices, 100 per cent stated that adopting it can maintain the hotel brand image, serve as a competitive advantage, and make the company and employee performance more effective and efficient. This is supported by the commitment of hotel management in implementing green practices in services ranging from reservation, reception, check-in, room supply, and check-out.

There are a few cultural constraints faced in the application of the practices, initially due to habits, for example against the use of new tools with new technology, the use of certain products with less risk of pollution. Meanwhile, the sample hotels have fully implemented green business practices through the use of environmentally friendly raw materials, optimizing processes to reduce solid and liquid waste, minimizing wasteful use of water, reducing air emissions, and reducing noise. Furthermore, it is implemented through the use of clean technology to save energy, water, and waste, recycling of internal materials for the company, use of alternative energy sources, and return packaging to suppliers for reuse.

Green hospitality is implemented with a varied approach, and St. Regis applied it through a social and environmental responsibility model. Furthermore, Mandapa fully adopted the value of local wisdom, Melia adopted it with the community involvement program (CIP) and corporate social responsibility (CSR) approach, by planting a rare tree in the hotel area and recruiting disabled employees. The Royal Pita Maha Resort adopted it by combining traditional (puri-royal house) and modern (villa) fusion concepts in organic themes. Furthermore, Conrad

implemented green with an approach to the integration of local and global values standardized by internal Certification Institutions. In addition, the Intercontinental hotel fully adopted the value of local wisdom as the competitiveness and uniqueness of its products.

All the properties include elements of social capital in shaping the core value of each hotel. Ronald & Daromes [13] found that CSR has a significant influence on increasing firm value and reducing risks. This finding is in accordance with Chen and Chang [14]. The benefit of implementing a green hotel is to reduce operational cost, which results in the elevation of added-value to boost revenue.

An interesting finding in this study is that most respondents strongly agree that hotel needs to build a network with others who are implementing the green business practices. Besides that, local, government, and private sectors, as in the last two years have implemented the green practices. This showed that the practice is used as a tool to improve hotel competitiveness.

Table 1 Response to Green Business Practices, 2019

Question	Response	Hotel					
		Melia Bali (%)	St. Regis Bali (%)	Intercontinental Hotel (%)	Conrad Bali (%)	Mandapa Bali (%)	The Royal Pita Maha Resort (%)
Do you need to adopt the green business practice to maintain the hotel brand image?	Yes	100	100	100	100	100	100
	No	0	0	0	0	0	0
Do you need to adopt the green business practice as a competitive advantage?	Yes	100	100	100	100	100	100
	No	0	0	0	0	0	0
Do you realize that hotel management has committed to implement green business practices?	Yes	100	100	100	100	100	100
	No	0	0	0	0	0	0
Is the green supply chain applied to the entire supply chain starting from: Reservation - Reception - Check-In - Room - Check-out?	Yes	100	100	100	100	100	100
	No	0	0	0	0	0	0
Do green business practices make your hotel more effective and efficient?	Yes	100	100	100	100	100	100
	No	0	0	0	0	0	0
Is there any cultural barrier in the implementation of green practices?	Yes	33	17	33	0	0	17
	No	67	83	67	100	100	83

Sample hotels explore innovation by utilizing local products and value. In fact, *loloh* (Balinese herbal drink) is served as a welcome drink with the ingredients of *cemcem*, *biduh*, *kayu manis* and *sembung* leaves. This welcome drink is served using straw from paper or bamboo. Meanwhile, at check-in, the guests are also given tridatu yarn (3 threads: white, red and black) as a welcome blessing.

Other innovative products are presented using the concept of "afternoon Balinese wine" to introduce Nusantara drink in addition to herbs. Also, other products that is environmentally friendly are used, such as carpets from water hyacinth and bed covers from ikat weaving. The initiatives to make tourism more inclusive can be seen as attempts to improve the quality of human interaction and to ensure that it delivers benefits to those who have been or marginalized from its production and consumption [15].

The certificate is used as a basis for positioning hotel to practice green hospitality. The application is with the proportion of 40% for buildings and 60% for supporting land as a park. The hotel also took the initiative to collect and maintain rare plants.

Also, the environmentally friendly certificates as references vary, such as THK, EarthCheck, Master and Gold Travel Life, Healthy Hotel Certifications from Marriott & Cobalt Winner 2018, Proper and Marriott's Environmentally Sustainable Hub (MESH).

Furthermore, the willingness for social culture and the community can be seen from attending the temple festival ceremony, *mepeed* (parade), making *gebogan* (offering), adopting Balinese style ornament (Figure 3), and welcome drink accessories.



Figure 3: Bale Kulkul at Mandapa Ritz-Carlton, Ubud

The indicators of social welfare are the extent to which economic activity can provide benefits to the local community. The result showed that the hotel sample (Mandapa Bali) mostly employ local people. Meanwhile, about 91% of staff are Balinese (235 people) of the total (259 people), 8% (20 people) are Indonesian which are not Balinese, and only 2% (4 people) are foreign employees.

St. Regis employs local people, in which about 81% staff are Balinese (348 people) of the total (431 people), about 17% (73 people) are Indonesian which are not Balinese, and only 2% (10 people) are foreign employees. Even though most of the staffs are Balinese, the top management is foreigners. This condition is challenging for the local people to improve their ability and skill to compete and reach a better position in tourism management.

Meanwhile, the better the position of local people in hotel management, the more the direct effect on tourism. Another contribution to local people is through purchasing their fruits, recipes, and flowers, as well as the use of local chefs.

The discussion on tourism is generally related to industries which are perceived as something that is mass (mass product and mass tourism). The results of this study showed that the product was developed from ordinary to a greener specification.

The new product is targeting the same market, meaning that the market could be the same (domestic and foreign tourists), but their interests and needs are greener. Also, nature (green) as a product becomes sustainable, hence the community can run a business to make profits, which is then used to help the society, for instance the CSR programs. For the sake of a

sustainable nature, business can run well (get profit) and people get something for happiness and prosperity. This condition is described in Figure 4 which is combined with the local wisdom value of THK. Also, it has a role in supporting environmentally friendly business practices, and is relevant to forms of tourism development.

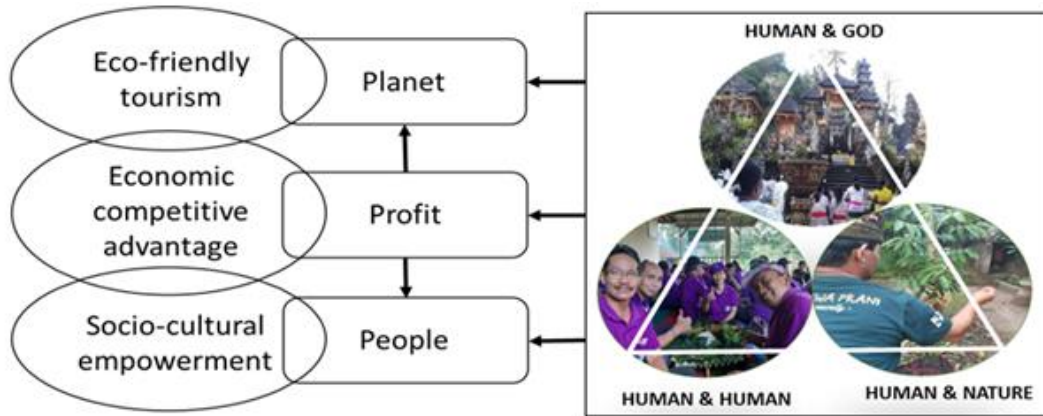


Figure 4. Proposes of a green product development model

Green commitment is manifested in the inauguration of a team. Although most of the staffs are Balinese, top management is foreign. It is clear here that THK is manifested where there is no latent conflict. This is because *pawongan* (harmonious relationship between humans) values are well preserved, especially those carried out by Balinese hotel workers.

Bali has a uniqueness that is well known internationally. Therefore, tourists come to seek peace and tranquility, all of which can be found in this region. Also, there is a combination of art, nature, and the ritual life. This activity has become an attraction for Bali and Balinese lovers who are scattered in various parts of the world. Therefore, this tourism uniqueness and quality needs to be maintained. The quality in question is to bring in tourists who can appreciate Balinese cultural customs.

The response to Green Business Practices after taking environmentally friendly actions in the last two years are presented in Table 2.

Table 2. Response to Green Business Practices After Taken Environmentally Friendly Actions In the last two years, 2019

Question	Response	Hotel					
		Melia Bali (%)	St. Regis Bali (%)	Intercontinental Hotel (%)	Conrad Bali (%)	Mandapa Bali (%)	The Royal Pita Maha Resort (%)
Environment-friendly raw materials	Strongly disagree						
	Disagree						
	Neutral						
	Agree			17			
	Strongly agree	100	100	83	100	100	100
Environmentally friendly substitution material	Strongly disagree						
	Disagree						
	Neutral						
	Agree			17			
	Strongly agree	100	100	83	100	100	100
	Strongly disagree						
	Disagree			17			

Choice of suppliers by environmental criteria	Neutral						
	Agree		17	83			100
	Strongly agree	100	83		100	100	
Use of cleaner technology to save energy, water, and wastes	Strongly disagree						
	Disagree						
	Neutral						
	Agree						100
	Strongly agree	100	100	100	100	100	
Recycling materials for the company	Strongly disagree						
	Disagree						
	Neutral						
	Agree			17	100		
	Strongly agree	100	100	83		100	100
Eco-labeling	Strongly disagree						
	Disagree						
	Neutral		67				
	Agree			17	100		100
	Strongly agree	100	33	83		100	

Most of the sample hotels practices are strongly agreed in the category of environmentally friendly raw materials and the use of clean technology to save energy, water, and waste. This activity supports maintenance of the hotel brand image and also serves as a tool of competitive advantage. Meanwhile, Khoiruman & Haryanto found that green perceived value have positive and significant effect on trust, which in turn have effect on purchase [16].

5. Conclusion

This research helps to discover innovative hotel efforts that should be recognized, which can benefit the society. The green practice at the operational level is positive and has resulted in supporting sustainable tourism. Meanwhile, implementing the practices as a competitive advantage is carried out with harmonious interactions between management and operational staffs. Also, green hotels are ecologically conscientious subjects that promote and practice energy efficiency, conservation, and recycling while providing their guests healthy, sustainable and clean services. The results of this study showed that the product was developed to a greener specification. The results also showed that implementation of environmentally friendly business practices is mutually supportive and achieved by adopting local wisdom values. This plays a role in supporting the practices and is relevant to the form of tourism development. Furthermore, it showed that the practice is used as a tool to improve hotel competitiveness by collaborating with others. This is why Bali becomes sustainable and remains a major centre for both domestic and foreign tourists. Nevertheless, a further research needs to be conducted to support green-based tourism activities to stimulate the economy of local communities that serve as hosts.

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