

5. Hotels: A Budding Green Market

Hospitality remains a building sector without a true green identity, mostly because the industry has been unable to define what constitutes a green hotel.

Some in the business define green hotels as facilities that emphasize infrastructure improvements—a tight building envelope, or energy- and water-saving features—while others base their definition on operations, such as providing hypoallergenic rooms.

While the hotel industry at large is struggling to define how sustainable design and construction applies to its sector, a small group of innovators has laid sufficient groundwork to suggest that there may be a sound business case for greening at least a piece of the hospitality industry. More recently, a second wave of innovators has been advancing the concept of green hotels, and there's been a trickle of consumer interest in the idea of healthier hotel rooms. Given the industry's track record on sustainability thus far, however, it is clear that any transformation will be evolutionary at best.

Trimming the hotel light bill

Not surprisingly, the motivating force for sustainability in the hotel market is the potential energy savings. That's where the industry, with its more than 54,000 U.S. facilities, can anticipate significant and almost immediate returns. Hotels are energy hogs, and energy consumption is eating away at the industry's bottom line. The hotel sector spends \$3.7 billion a year on energy, according to the American Hotel & Lodging Association, with electricity contributing to 60-70% of hotel utility

costs. Guest lighting alone accounts for 30-40% of hotel electricity consumption.

Experts at the EPA's Energy Star for Hospitality program note that a 10% reduction in energy use (aided, of course, by the use of EPA Energy Star-rated appliances) would save the industry \$370 million a year, which translates to \$83 per room per year. Cutting electricity use 10% industrywide would save \$285 million annually, or \$64 per room each year.

The hospitality industry has had some small victories in trimming energy costs. One tried-and-true way involves replacing incandescent light fixtures with compact fluorescents, which saved Philadelphia's Sheraton Rittenhouse Square 78% in energy costs, with a payback period of just two years. Guest room lighting systems that operate with a room key and systems that automatically turn down HVAC systems and lighting in empty rooms can cut energy costs by 40%, according to one automatic systems manufacturer. Westmont Hospitality Group, which has used such techniques in several of its Comfort Inn and Holiday Inn properties, reportedly saved \$2.2 million a year on its energy bills and cut its carbon dioxide emissions by 12,500 metric tons. (The EPA says that the hospitality industry is the nation's fifth-largest contributor to CO₂ emissions.)

Hotels also take a big hit on water: the average hotel guest uses 218 gallons of water a day, according to the California Integrated Waste Management Board. Installing water-efficient fixtures can reduce water bills by 25-30%, according to the board.

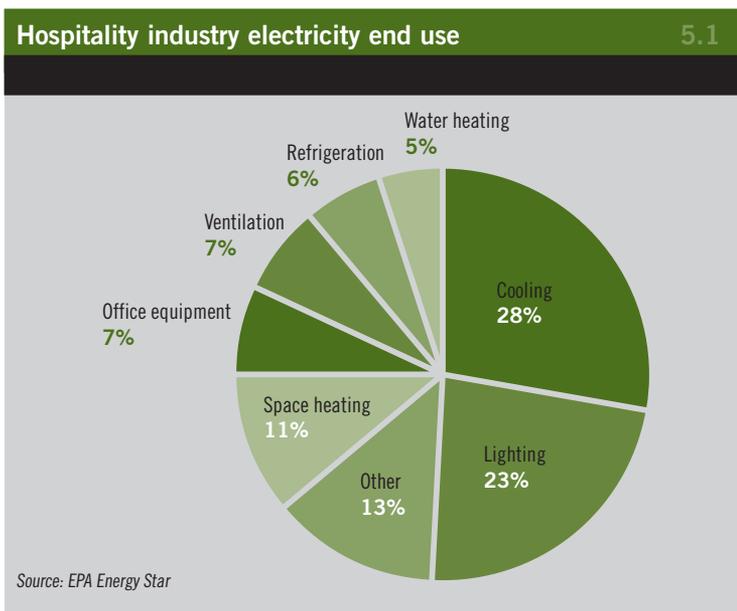
As for renewable or alternative energy sources, most chains are finding that, based on current technology, these sources are too pricey compared to conventional sources. Wind energy, for example, can cost 8% more than what the local utility charges. Hotels utilizing wind energy typically purchase small amounts, enough to produce about 5% of a hotel's energy, mostly for supplemental energy or emergency backup.

According to industry reports, a few Starwood properties are bravely experimenting with 250kW and 500kW fuel cell energy systems (subsidized by local utility incentives) that can support up to 25% of the hotel's energy needs.

Health-conscious travelers want green rooms

If cutting energy costs is the hot button du jour for green hotels, look for consumer interest in healthy hotel accommodations to be the next trend.

Until recently, most hotel operators saw little evidence of consumer demand for green hotels, according to industry experts consulted by BD+C. Now, with con-



sumers exposed to green concepts at places like Starbucks, Whole Foods, and Wal-Mart, green is beginning to resonate with them, in great part due to health-related concerns.

Consider these facts: more than 70 million Americans suffer from allergies, 12 million from asthma, and 10 million from environment-related illnesses or chemical sensitivity, according to Pure Solutions, a Buffalo, N.Y., firm that supplies the hospitality industry with allergy-free guest rooms. (The firm currently contracts with 19 hotels and most recently signed a deal with the new NYLO Hotel brand to incorporate at least one floor of Pure Rooms in each new hotel.) Then consider that 58% of travelers surveyed by the Study Research Institute at Cornell University said they would be willing to pay slightly more for an allergy-free room. When the price premium was removed, 83% of travelers with allergies and 81% of non-sufferers said they would prefer an allergy-free room.

Based on these statistics alone, it would appear that the hotel industry may be missing an opportunity here. Hotels offering a perceived health benefit—the EPA says indoor air can be 70-100% more contaminated than outside air—may be able to obtain a 5-10% rate premium from guests. Improved air quality in hotel rooms can be achieved at fairly reasonable costs through the use of environmentally safe cleaning products (even for swimming pools); green housekeeping policies; organic bedding; and low-VOC upholstery, furniture, and carpeting.

While the Cornell study showed that a majority (58%) of those surveyed would be willing to pay extra for such a room, it may be difficult at first to charge a “green premium.” One solution, experts say, may be to “bury” the green experience into the room rate, just as trendy boutique inns like the W charge a premium for the “experience” of staying in a hip environment.

Aside from the health-conscious, there are 43 million travelers who say they prefer to do business with companies that share their concern about the environment, according to the Travel Industry Association of America.

There are also indications that corporations are looking at sustainability in their lodging choices. For example, Marriott International reports that 40% of its corporate clients ask about environmental issues in their RFPs for corporate rates. Green hotels are also being placed on lists of recommended places to stay for traveling government employees.

In what is becoming an increasingly crowded hospitality market, green hotels will need to create awareness of their sustainment efforts to generate word-of-mouth referrals from satisfied guests. They will need to play up the use of environmentally preferred products, such as bamboo flooring, recycled stone tile, and post-consum-

er recycled paper for menus and stationery. Starwood's new “aloft” brand announced its “See Green” program in September, which promotes indigenous landscaping, shampoo and soap dispensers that eliminate all those little bottles, and even reserved parking spaces for guests driving hybrid vehicles. The aloft team is also in talks with a number of car companies to provide a hybrid “house car” at each location.

Is there a payoff for free publicity and goodwill? Industry experts say it can translate into extra bookings and may help green hotels to become profitable in less than the industry average of three years.

Guidelines for establishing an energy management program are available on the Energy Star Web site as part of the Energy Star for Hospitality program. (www.energystar.gov)

Allergy-free room demand

5.2

31	Percentage of surveyed travelers who have allergy issues themselves or traveled with people who did.
83	Percentage of all surveyed travelers with allergy issues who reported a preference for an allergy-treated room.
81	Percentage of all surveyed travelers without allergy issues who reported a preference for an allergy-treated room.
59	Percentage of all surveyed travelers who said they would pick a particular hotel because of allergy-free rooms.
90	Percentage of surveyed business travelers who expressed an interest in allergy-free hotel rooms.
82	Percentage of surveyed pleasure travelers who expressed an interest in allergy-free hotel rooms.

Source: Cornell Survey Research Institute. View the complete Cornell Survey Research Institute study at www.pureroom.com/PDFs/CornellSurvReport.pdf

Certifying the ‘Green Hotel’

A few Building Teams have followed LEED guidelines in designing and constructing hotel projects, but there is no formal LEED program for the hospitality industry, nor is one on the horizon. Only a handful of hotels have been certified through LEED.

To date, sustainability certification has not been a big selling point for the hospitality industry. The benefits of LEED are not yet on the radar screens of most developers and operators, some of whom worry that the program's requirements could add to costs. But the same experts also expect that sometime in the future, perhaps 10 years down the road, certification under LEED or a more hotel-specific rating program could become the market standard. With hotels averaging a life span of 50 years, owners and operators will not want to be stuck with a non-certified inn competing in a market where green certification of one kind or other is valued.

For sustainability to take off in the hospitality sector, an industry leader—or maverick—will have to step up and push for a certification system that speaks to the unique needs of the hotel industry. Without a clear definition of what makes a hotel green, hoteliers will have no idea how to get there.

Hotel certification systems

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Audubon Green Leaf	www.terrachoice.ca/hotelwebsite/indexcanada.htm
Ecotel	www.concepthospitality.com/ecotel/ECOTEL.htm
Energy Star	www.energystar.gov
Good Earthkeeping	www.ahla.com/good_earth_overview.asp
Green Globes	www.greenglobes.com
Green Seal	www.greenseal.org
LEED	www.usgbc.org