

## Can Sustainability Really Add Customer Value? The Case of Hotel Ermitage, Evian-Les-Bains, France.

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### Abstract

The purpose of this paper is to assess if environmental sustainability can add value to the hospitality experience. Using Green and Peloza's Consumption Value Model (2011), the study adopts qualitative approach. Primary data was collected through semi-structured interviews with clients and managers of Hotel Ermitage. Findings indicate that sustainability results in symbolic and functional value, though the impact on customer value can be positive and negative. Value perceptions are heavily influenced by price, indicating that the potential to add value through sustainability might be limited. It is recommended that managers invest in educating consumers about sustainability, as greater awareness results in higher value perceptions. It is vital that sustainability does not interfere with hedonic aspect of the experience.

Keywords: Sustainability, CSR, and Customer Value.

The modern business world is often, and very rightly typified with hyper consumption, globalisation, increased competitive pressures, and in the more recent times, financial crises all across the Eurozone and beyond (Moulds, 2012). These global developments have forced business enterprises of all types and sizes rethink their strategies, focusing even more on opportunities for sustained competitive advantages. Karmarkar (2004) advocates a proactive approach, focused on customer value and innovative thinking to address these challenges. Creating and delivering added value is widely acknowledged as a source of customer satisfaction, resulting in superior organisational performance (Sanchez, Callarisa, Rodriguez and Moliner, 2006). This argument is valid in the tourism and leisure industry, as the market demographics are swiftly changing. Travellers are now far more aware, educated, experienced as tourists and hence demanding. It is therefore unsurprising that creating superior customer value is at the heart of business strategy in all successful leisure enterprises, and is seen as a prime source of sustained competitive advantage (Ryan, 2002, cited in Sanchez *et al.*, 2006).

Over the last two decades, the significance of sustainable business management and corporate social responsibility (CSR) has been much debated, and CSR is increasingly being viewed as the new mantra for superior organisational performance (Stearns, 1997). The tourism industry has a dual role in this regard, as the industry not only exploits resources heavily, but also relies on them for its own survival (Office for National Statistics, 2011). A review of current literature within organisational strategy domain reveals that an increasing number of organisations are focusing more and more on 'softer' aspects of their business such as CSR to effectively manage their stakeholders' expectations (Bonini, Koller & Mirvis, 2009). Customers, collectively as a powerful external stakeholder group are not only expecting, but also are exerting significant pressure on businesses to manage themselves responsibly. Many recent studies (most notably Berns *et al.*, 2009; Green and Peloza, 2011; Peloza and Shang, 2011) have taken this discourse further and attempted to establish if CSR can also serve as a source of added customer value. Walley and Whitehead (1994: 50) support this approach and note "only a focus on value rather than compliance, emissions, or quarterly costs can provide managers with the information to set priorities and develop appropriate business responses". Given these developments, we argue that it is crucial to understand how and whether CSR initiatives impact value attained by customers, especially in the hospitality context where this study area remains underexplored. The aim of this paper therefore is to address this gap and establish if CSR can serve as a source of added customer value. To achieve this, the study

adopts and applies Green and Pelozo's Consumption Value Model of CSR Effectiveness (2011). Qualitative data was collected from guests and managers of Hotel Ermitage, Evian to identify convergence and divergence in their opinions. Based on our conceptualisation and analysis of primary data done through summarising and categorising, the study proposes a modified conceptual model, the final outcome of this study. We argue that the salience of CSR as means of added value may be limited. This research also indicates that sustainability can also impact customer value negatively when it detracts customers from their hedonic experience.

## LITERATURE REVIEW

### Sustainability and CSR

Both sustainability and CSR are very abstract and broad concepts, chiefly introduced to address environmental concerns. The Brundtland Commission extended the scope of sustainability, through its paradoxical statement highlighting the need for simultaneous resource conservation and exploitation and also intergenerational equity (WCED, 1987). John Elkington (1997) famously coined the Triple Bottom Line (TBL) – People, Profits and Planet, arguing for the need for a balanced approach to development. CSR, as a business strategy applies and extends the principles of TBL. For the purpose of this paper, CSR is defined as 'operating the business in a manner that at least meets, and exceeds the ethical, legal, commercial and public expectations the society has from the business' (BSR, 2000 in Kalisch, 2002). As is evident, the business philosophy of CSR is grounded in sustainable management. Hence, for the purpose of this study, these two terms will be used interchangeably. Mowforth and Munt (2009) note that environmental concerns have been associated with sustainable development the longest, although societal and economic issues are gaining prominence. Environmentalists such as Mother Nature Network (2012) to this date advocate the significance of environmental concerns over others through their highly publicised campaigns such as The Eighth Continent. According to Bonini *et al.* (2010), environment will become the most important socio-political issue in the next five years. In the leisure services context, environmental dimension of sustainable management is also the most widely marketed and easily identified by consumers. This study therefore will focus exclusively on the environmental aspect of sustainability. Earlier studies have established business benefits of CSR, ranging from increased profits and employee commitment to improved investor relationships and enhanced image (Bonini *et al.*, 2010). Bhattacharya and Sen (2004) suggest that CSR contributes to consumer's sense of well-being, and therefore may also act as a source of customer value, hence this study aims to test this.

### Customer Value

Though the concept of customer value itself is vague and multi-faceted (Zeithaml, 1988), the value construct is very central to marketers and is loosely based on the 'exchange theory' (Eggert and Ulaga, 2002), implying that both parties involved in the transaction are looking for some benefit from the exchange. Value is a customer-directed business orientation, and is defined as the trade-off between benefits received and sacrifices made to acquire a product or service (Monroe, 1990). A benefit can be understood as a bundle of service quality and a set of other psychological gains (Zeithaml, 1988); hence quality is inherent in value evaluations. This one-dimensional articulation is effective and objective, but does not justifiably establish the complex nature of customer value. Subsequently, this simplistic approach to conceptualising value was critiqued and studied by Sheth, Newman and Gross (1991) and others (notably Sweeney and Soutar, 2001 and Sanchez *et al.*, 2006) established multiple dimensions of customer value. Sheth *et al.* (1991) divided the unitary value construct into functional value (mostly understood as quality / benefits, product features and attributes), emotional (feelings and aesthetics), social (acceptance by others, esteem), conditional (associated with circumstances of purchase) and epistemic value (novelty factor). Holbrook (1999) commented on the relationship between these value dimensions, and postulated that these are not independent of each other. The debate about value construct was further extended as it was observed that value is not absolute but very subjective to the individual. Grönroos & Voima, (2011: 6) agree and note, "Value is treated as a concept that may be perceived differently and constructed differently". Gounaris *et al.* (2007) explore this subjectivity further, and put it down to individual perceptions, easily explained given the highly intangible nature of services. Within the CSR context, customers tend to evaluate such initiatives in relation to their own personal morals, values and priorities (Rowley and Moldoveanu, 2003). Their own interests clearly are moderated through their cultures (Endacott, 2003). As perceptions play a key role in the evaluation of customer value, we use the term customer perceived value (CPV) throughout this study, defined as the overall assessment of the utility of a product based on *perceptions* of what is received and what is given (Zeithaml, 1988).

## CSR & CPV – Exploring the Link

Few have attempted to explore linkages between CSR and CPV in the hospitality context. Kang *et al.* (2011) postulate that CSR can result in social value such as esteem while Bhattacharya and Sen (2004) argue that it can add emotional value such as general sense of wellbeing. Likewise, many current trends such as adoption of organic foods, generally perceived as nutritious and healthier is associated with functional value (Essoussi and Zahaf, 2008). Manaktola and Jauhari (2007) do not view sustainability as a core part of the hotel services, but an important ancillary capable of adding intangible benefits, and hence value. Koller *et al.* (2011) and Lee *et al.* (2010) agree that green consumption is linked to both cognitive and affective values. Millar, Mayer and Baloglu (2012) emphasise that the added value is independent of the market segment, as both business and leisure travellers achieve value through hotel's green initiatives. A review of recent research papers establishing direct links between CSR and CPV reveals two highly quoted articles – Pelozo and Shang (2011) and Green and Pelozo (2011). Pelozo and Shang's study is based on Holbrook's (1999) typology of value, the reliability of which has been heavily challenged in recent marketing literature (Boksberger and Melsen, 2011). Their study therefore was not considered valid for our paper. Hence, this research paper adopts Green and Pelozo's Consumption Value model (Figure 1 presented below), establishing that the value received by customers from CSR initiatives is variable, and so will their cognitive response to such initiatives be.

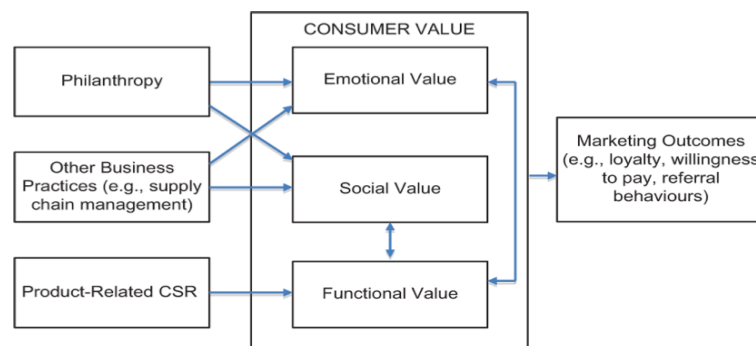


Figure 1: Consumption Value Model of CSR Effectiveness, adopted from Green and Pelozo (2011)

It has been widely reported that product performance plays a vital role in customer adoption, and is valued highly compared to sustainable features of the product (Pelozo and Shang, 2011; Bhattacharya and Sen, 2004). Green and Pelozo's findings resonate, as consumers attach great value to product features, and CSR is essentially viewed as a 'bonus'. Their study links various aspects of CSR to functional, social and emotional value. Social value is created as one at least satisfies the social norms and community expectations of them (Goldstein, Cialdini and Griskevicius, 2008). Emotional value essentially results from 'traditional CSR' initiatives such as donations and philanthropy, as consumers feel the moral responsibility to do good. Despite this, functional value takes priority over all other forms of value created through CSR, establishing functional dimension as the key value driver. Their study also found these value dimensions to be correlated. It is noteworthy here that Green and Pelozo's conceptualisation fails to link product related CSR to emotional value, contrasting Klinger's (1971) findings who notes that product features can evoke feelings of enjoyment and pleasure (emotional value). Likewise, their study also discounts the link between product related CSR and social value, in contrast to Sheth *et al.* (1991: 161)'s findings who note that 'products are frequently selected based on their social value'.

The conceptual model depicted in Figure 1 has been adapted to accommodate the characteristics and unique context of the hotel industry, as hospitality sector is known for its dominant service component. As explained earlier, this study focuses exclusively on the environmental aspect of CSR. The management of 'natural capital' may be manifested as sustainable business practices such as recycling, reduced packaging, local sourcing, carbon offsetting, reducing pollution and managing energy consumption (Shang and Pelozo, 2011). At the same time, these often are operationalised through low-flow showerheads, linen usage practices, type of amenities offered and menu choices. In essence, from a consumer's perspective, these collectively can be understood as 'the product' itself. Additionally, within the service industry's context, the distinction between products and services itself is often blurred. Shostack (1977) describes the key features of services and notes that 'service is not a thing, but a process; and the process is the product itself'. Palmer (2008) concurs and

argues that any product is in fact a combination of goods and services component. Likewise, Woodruff and Gardial (1996) note that when evaluating value, customers explore the interaction between products and services; in other words, the impact of company's 'total offer' to its customers. We therefore use terms such as product and service related features interchangeably here. To sum up, this study seeks to holistically explore the linkages between sustainable business practices and product / service related CSR and added value dimensions as the distinction (between products, services and business practices) is less clear than when evaluating physical goods, *per se* (as seen in Figure 2, presented later).

Despite the common usage of multi-value dimensions as proposed by Sheth *et al.* (1991), our conceptualisation views emotional and social values collectively as 'symbolic value' (Chen and Hu, 2010), as depicted in Figure 2. Earlier studies by Holbrook (1994) and Sanchez-Fernandez *et al.* (2009) have similarly captured the multi-construct value dimensions into two broad categories – cognitive (functional and economic) and affective (social and emotional). Others, such as Holbrook and Hirschman (1982) articulate the same as utilitarian and experiential values, based on objective and subjective customer evaluations respectively. Batra and Ahtola (1990) agree and adopt a more commonplace terminology – naming these as 'thinking' and 'feeling' aspects of CPV. The relative importance of cognitive and symbolic value dimensions is highly contested too, with Sanchez *et al.* (2006) placing the emotional dimensions of value before cognition. It has also been widely accepted within consumer behaviour scholarship that multiple dimensions of value are interlinked (Osgood *et al.*, 1957). Holbrook (1994) argues that all consumption experiences involve more than one type of value simultaneously. Likewise, Sweeney and Soutar (2001), Holbrook (1999) and Sheth *et al.* (1991) articulate these value dimensions to be inter-related. These empirical findings also resonate with Green and Peloza's (2011) study. We therefore rationalise that symbolic value is linked to, and will impact functional value.

## RESEARCH METHODOLOGY

The design of this paper is correlational and exploratory as the study aims to investigate relationship between CSR and CPV, and the research is conducted in a field of study where little was known (Kumar, 2005). The paper adopts a qualitative approach as social sciences, particularly hospitality, has been challenged as being too quantitative and not providing enough insights into the issues (Riley & Love, 2000), crucial for a study of this nature. Furthermore, Walle (1997) asserts that the scientific rigor often confines the researcher to strict guidelines, which is incomprehensible when dealing with subjectivity in tourism. The French resort town of Evian was chosen as the geographical location, as Evian is renowned for its unspoilt environment, and therefore the preservation of natural capital is central to tourism in this area. Hotel Ermitage is the only luxury resort in the area focusing on environmental sustainability, making it ideal choice for this paper. The research strategy hence is case study, used extensively in tourism research (Beeton, 2005), as it focuses on the complexities of social facts, enabling the researcher to gain a deeper understanding of the context, the phenomena and the relationship between variables. It must be acknowledged here that this limits the external validity of the study, and the results may be only indicative of any links between CSR and CPV.

Qualitative data was collected from two distinct groups of respondents. A total of 30 semi-structured interviews were conducted with the clients of Hotel Ermitage. The respondents were chosen based on self-selection sampling, and requested to participate in the interview lasting about 30 minutes. This sampling technique is deemed as appropriate based on the assumption that willing participants will be aware about sustainability discourse and the environmental initiatives at Hotel Ermitage. This was confirmed through general 'screening' type questions at the beginning of the interview. Collection of primary data was spread over summer and winter months of 2012 to ensure representativeness and diversity of the sample population. In addition, two key property managers (Sustainability & Service Quality Manager and Rooms Division Manager) of the hotel were judgementally selected and interviewed, as they play a critical role in strategic planning at this organisation. Semi-structured interviews were chosen as the data collection method as the questions prepared offered a framework/guideline, but provided a possibility for further inquiries and a better understanding (Denscombe, 2010). This also allows for high level of validity as it is possible for the researcher to offer clarifications, probe responses and discuss the topic from a variety of angles (Saunders, Lewis and Thornhill, 2012). Questions asked were mainly based on Green & Peloza's interview question guide (available with the original article), with some modifications to adapt to specific context of hospitality industry. The use of pre-tested data collection instrument increases the reliability of the findings. As the case study hotel is positioned as a luxury spa resort, a preliminary pilot study with customers of luxury hotels was conducted in order to further substantiate the claims of validity and reliability. All interviews were audio recorded and transcribed. Primary data was analysed through summarisation and categorisation (Saunders *et al.*, 2012), as this allows for a

structured framework for qualitative analysis and assists in identifying relationships between variables. Appropriate categories were developed based on the responses from participants. Views from the managers are integrated with responses from the clients to seek convergence or divergence in their opinions on the issues. The analysis of primary data reflects limited applicability of the original model, as new themes emerge and relationships develop. To address these gaps, and to highlight emerging issues, a modified conceptual model is presented (Figure 2, presented later in this paper). The analysis is presented in the form of narrative text, with direct quotes where necessary to effectively capture the respondents' voices, thereby limiting researcher bias, and further increasing reliability of the results.

## FINDINGS

Hotel Ermitage is part of the larger Evian Resort. The property was renovated in 2010, in an effort to minimise its impacts on the natural environment (Hotel Ermitage, 2013). The hotel invests significant resources into managing its environmental impacts – from recycling water to minimising chemical use and reducing carbon footprint of its overall operation. These initiatives have been duly recognised, as the resort is now Ecocert certified. However the impact of these developments on consumers is unclear. This is the gap this study aims to fill, and aims to establish if environmental sustainability can also serve as a source of added customer value.

### The Significance of Sustainability

The guests were first asked about the level of importance they attached to sustainability and CSR related issues in everyday life to assess their attitudes and awareness. Although there were some minor differences in their responses, they overall demonstrated a high level of awareness and concern. Interestingly, their attitude seems far more relaxed when asked about hospitality services as is evident from quotes below:

‘When I go to a hotel, this is not the first thing I think about. But I wouldn’t say it bothers me, quite the contrary’

‘What people do at home is more for economic reasons, rather than ecological. But when we arrive at a hotel, and paid dearly; I would say it (excesses and luxuries) is a part of the service’.

The above statements highlight that although there is a general concern about sustainability (Bonini *et al.*, 2009), the same concern is not shown when booking a hotel as other factors such as comfort, location, levels of services offered drive the decision (Manaktola and Jauhari, 2007). Hospitality industry therefore presents a unique and valid case; as favourable attitudes towards environmental sustainability does not correspond with purchase intentions or consumption patterns. This anomaly might be explained through various lines of reasoning – highly hedonic nature of hotel services, lack of awareness of the issue or (lack of) perceived control compared to daily life. It can thus be inferred that sustainability does not create CPV at the pre purchase stage of the overall consumption experience. This also raises questions if CSR can be a source of CPV at all, given that sustainability is not seen as a matter of great concern in the hospitality services context.

### Environmental Sustainability and Symbolic (Emotional and Social) Value

The clients were then asked to reflect on their ‘feelings’ when patronising a hotel known for its green initiatives. Two key themes emerged from their responses. Firstly, a vast majority of respondents confirmed that they do derive positive emotional value from such experiences, as the ‘feel good factor’ dominated their evaluation of such purchases (Bhattacharya and Sen, 2004). Secondly, these positive emotions were stronger when sustainable initiatives were judged to be sincere, as is evident from the first two statements:

‘I always see this in a positive way. There is a desire, a will. I like it’.

‘I think it gives a feeling of quality, seriousness and the hotel’s management’.

‘In fact, I will be quite adverse if I find a hotel not doing anything about it’.

‘In my opinion, it is less enjoyable. These little papers telling us to reuse towels make me feel guilty’.

The third statement further supports the strength of emotional value and establishes that the same can be negatively impacted when the hotel is not seen as sustainable. A total of 8 out of 30 respondents also argued that such initiatives can lead to negative emotions such as frustration when principles of sustainability detract them from their overall hedonic experience or caused an inconvenience (Demeritt, 2005), as is evident from the

last quote. The guests' points of view are highly supported by the managers too; who note that sustainability can be a source of emotional value, although they indicate that functional value is dominant compared to emotional value (Bhattacharya and Sen, 2004). They also stress the need for customer education, as this might impact the emotional value obtained positively:

‘Those guests who are aware are more appreciative of efforts made’.

‘I do not believe that the guest will remember a few days later (about supporting sustainable initiatives during their stay). In contrast, they will remember the beautiful rooms, good service and magnificent views’.

The quotes above indicate that although managers do not believe sustainability is a part of the core ‘experience’, it can add value, as it is perceived as a bonus (Green and Peloza, 2011). The value obtained positively correlates with awareness, and hence, customer education and engagement could be strategic issues in the near future. The guests are in agreement as far as education about sustainability and CSR is concerned, and strongly opine that this will create a win-win partnership. This calls for effective collaboration between clients and management, creating a genuine platform for sustainable development in the future.

Subsequently, the guests were asked if they shared their experiences of patronising a green hotel with friends and social contacts and most replied in the negative. Only 4 clients felt it was important, and that they achieved social acceptance by supporting green organisations (Goldstein *et al.*, 2008), as ‘it is a way to represent my values to others’. Others did not see this as a relevant discussion topic. In fact, one respondent argued otherwise stating that although he follows all principles of sustainability; he did not wish to ‘show off’ to others. It can therefore be inferred that sustainability does impact emotional value both positively and negatively (Figure 2), but this link is far stronger than social value. This implies that within the symbolic value dimension, emotional value is the salient component.

#### Sustainability and Functional Value

To assess the link between sustainability and functional value, guests were asked if they believed sustainable hotel initiatives impacted the quality of products and services. All the respondents agreed that there is a positive correlation. It is evident from their responses that they associate sustainable products with ‘better health’, ‘a guarantee of high quality’, ‘natural’ and ‘general wellbeing’ (Essoussi and Zahaf, 2008). On the other hand, functional value could also be negatively impacted as is clear from the following statements:

‘We like to spoil ourselves during the vacation, and this was simply not possible’

‘We live real paradoxes. There are things I cannot compromise on, even for the sake of the planet’.

The quotes above indicate that hospitality experience is grounded within hedonic consumption. It is evident that sustainability is strongly linked with functional value (perceived quality being the mediating factor), both positively and negatively, and this is largely dependent on the type of products and services (Inoue and Lee, 2011). Sustainable initiatives create functional value, but the same can impact negatively too, if it interferes with the hedonic experience. The discussions also indicate the dominance of functional value compared to symbolic ones, as the guests are unwilling to sacrifice quality for the ‘feel-good’ emotional value sustainability can offer, thereby confirming Peloza and Shang (2011)’s findings but contrasting others such as Sanchez *et al.* (2006). The managers were then asked if they believed that sustainability could impact functional quality (product and service features) and offered a somewhat paradoxical reply. Although they do not articulate a clear link, environmental sustainability is certainly seen as a bonus (Manaktola and Jauhari, 2007), capable of enhancing value perceptions, if not quality in absolute terms:

‘It is not clear, sometimes there isn’t any, sometimes negative and other times positive. It all depends on the product. It is a delicate balance – trying to integrate sustainable measures and maintain the same quality’.

‘I do not see a specific correlation (between sustainability and quality). But when they are assured of the quality, customer often seem excited about it (sustainable initiatives)’.

#### Price – The Key Mediating Factor

All respondents were then asked if they would be willing to pay a price premium for green products and services. The question itself evoked discomfort and strong reactions and the respondents seemed divided in

their opinions. 12 of 30 clients answered in the negative, arguing that the hotel saves money, and they instead would expect these cost savings to be passed on to the customers (Kasim, 2004). Others who responded favourably also exercised a lot of caution and showed willingness to accept only a fair price increase within a reasonable bracket. These findings contradict some of the earlier studies such as Kang *et al.* (2010). The responses indicate a lot of scepticism, as customers seem well aware of many prevalent unethical practices such as green-washing (Greer and Bruno, 1996). The clients in fact seek tangible benefits in return for such price rise. In other words, clients willing to pay a higher price are expecting even better quality in return, seen as fair compensation. Few guests were accepting, stating that higher prices are only reflective of higher quality achieved through CSR, indicating that functional value can in turn impact economic value. Hospitality guests strongly oppose price rise (15 of 30 respondents) and instead note that a drop in perceived service quality (such as low-flow showerheads or infrequent changing of linen) should instead be coupled with a drop in prices. It is evident that the price (or economic value) directly impacts perceived functional value obtained through sustainable initiatives (Figure 2). The analysis also highlights that value is enhanced when such organisational practices are perceived as genuine and consumers are willing to reward organisations seen as ethical (Creyer and Ross, 1997). Our analysis also indicates a direct link between price and emotional value, as any changes in price can result in positive and negative emotions. Likewise, respondents who attain higher emotional value are more accepting of a higher price. This interdependence between economic value and symbolic (predominantly emotional value) is evident through the following quotes:

‘Should the price be marked-up for simply being fake-green, I will be offended’  
‘I find this approach (of price increase) incorrect and upsetting’  
‘I will certainly pay more, as it makes me feel good about myself’.

#### Are These Value Dimensions Independent?

Having established that sustainability strongly impacts both symbolic (predominantly emotional) and functional value, both in positive and negative terms; guests were asked if their emotional responses to environmental initiatives affected their perceptions of quality (and hence functional value). The purpose was to establish possible linkages between these value constructs. A total of 13 participating patrons noted that their positive emotions did not affect their evaluation of value in terms of quality (Zeithaml, 1988). Others, however argue that objective assessment of functional value is impacted as:

‘My perception is more favourable, as I believe I am doing good’  
‘Sustainability does not always mean better quality, but I would perceive it to be higher’  
‘Sustainability does mean higher quality, and hence more enjoyable. It may also mean low flow showerheads, which I do not enjoy, even though I am conscious of the ecological benefits’.

The analysis presented here indicates a clear relationship between symbolic and functional value dimensions, and confirms findings from many previous studies (Green and Peloza, 2011; Sweeney and Soutar, 2001; Koller *et al.*, 2011) suggesting a strong relationship between these two value constructs. The managers, who argue in similar vein as the guests and reflect their divided opinion, confirm:

‘If it makes them feel better about helping the environment, it can be an added benefit’.  
‘It depends on the type of product and customer’.

## DISCUSSIONS AND CONCLUSIONS

Sustainability as a source of CPV was analysed in the preceding section, and the study establishes many points. Firstly, environmental initiatives were found to impact perceived quality, and hence functional value, both positively and negatively. Depending upon the type of product or service, emotional value was similarly impacted. We therefore found CSR to be correlated with both functional and symbolic values, in positive and negative terms (Figure 2 below). This contrasts Green and Peloza’s findings, establishing a uni-dimensional link between CSR and CPV. Secondly, it is evident that customer value is a highly subjective and individual evaluation of benefits received vs. sacrifices made (Grönroos and Voima, 2006). It is therefore possible to segment the market, based on their green values, and match these to the product offering (Dolnicar and Leisch, 2008). This could be an effective way to achieve greater value and hence customer satisfaction through sustainable management. Thirdly, price is a key-mediating factor, and although value can be generated

through CSR, consequent price rise may greatly affect the cognitive evaluation of CPV negatively. Likewise, offering cost reductions owing to lower operational costs achieved through sustainable business practices can enhance value perceptions. Given the salience of monetary costs in the overall evaluation of value received (Monroe, 1990) through CSR, we extend Green and Pelozo's work and price has been depicted as a key variable in our conceptualisation, and linked to functional and emotional values (Figure 2). Lastly, it needs to be highlighted that customers as well as hospitality managers only view CSR as a 'bonus', and therefore a source of added value. The sustainability discourse is not seen as a serious issue, and the hotel industry is a long way from being sustainable in the true sense (Oberseder, 2011). Based on the analysis, and acknowledging newly emerging relationships, we present the modified conceptual model.

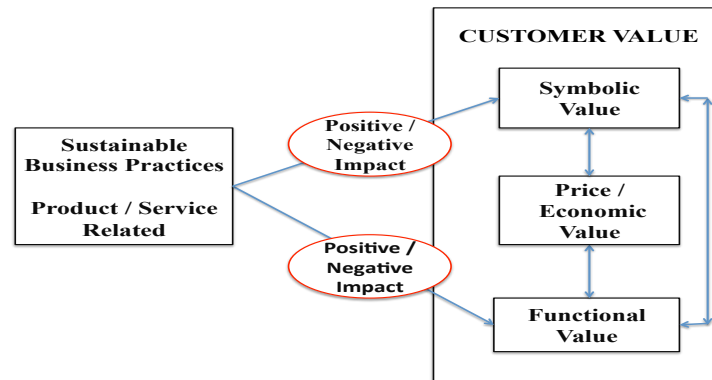


Figure 2: Modified conceptual model, based on Green and Pelozo's (2011) Consumption Value Model of CSR.

This paper only partly confirms Green and Pelozo's findings, and argues that the potential to add value through CSR might be limited and overstated in previous studies, especially given that sustainability can also influence CPV negatively. Therefore, careful management of all CSR related issues and practices is required. The study confirms that functional value is salient from the consumer perspective; as perceived drop in quality resulting from sustainable resource management is not well received by hospitality guests (Pelozo and Shang, 2011; Bhattacharya and Sen, 2004). This is concerning, as there is a clear need for us to rethink our priorities if we are to take a step forward in the sustainable direction. We must re-evaluate our needs, desires and consumption if we are to achieve genuine sustainability. The ancient Latin philosophy '*Primum Non Nocere*' (literally: first, cause no harm) has more relevance today than ever before. This is a pressing issue, requiring greater commitment from all concerned. Hospitality consumers are happy to follow sustainable initiatives, but it is time to take collective responsibility. Customer education can play a significant role not only in achieving that, but can also serve to add emotional and social values. The hotel sector therefore needs to rethink strategic policies and practices and create awareness within this powerful group of stakeholders. Furthermore, sustainability can only result in successful outcomes and added value if it is sincere and embedded in all aspects of the organisation's operations and management, and this calls for a highly collaborative approach on part of all stakeholders involved. This is our opportunity to create strategic partnerships between the management and customers, informing and helping each other achieve genuine sustainability. This will not only lead to positive organisational outcomes, but also allow customers to remodel their values, and find true value in sustainability.

## MANAGERIAL IMPLICATIONS

Added value resulting from CSR does not equate with willingness to pay more. All pricing decisions must therefore be carefully evaluated, as an increase in price might negatively impact or even outweigh the value derived. Hospitality services also present a unique case, as consumers are willing to embrace sustainability as long as it does not affect their luxury and comfort. This must be an important consideration when developing products and services with sustainable resource management at their core. It is absolutely critical that CSR and related efforts are seen as sincere. Sustainability can only add value, when it is perceived as genuine.



## IMPLICATIONS FOR FUTURE RESEARCH

The authors can identify some limitations of this paper, mainly concerning generalisability as a sample of 30 guests is limited. Additionally, this paper adopts a case study approach and the results are only indicative of customer perceptions of value derived through CSR. The same could be further verified through a broader quantitative research with a larger sample population. The study also highlights the subjectivity given individual's perceptions, as the value achieved is conditioned through various personal factors such as culture, personal ethics, education and age. The relevance of these mediating variables could be examined. The research also indicates that customer value transparency of information pertaining CSR, as guests are very suspicious as far as sincerity of such initiatives is concerned. The significance of non-financial reporting within the hospitality context therefore needs to be studied further. Lastly, this paper indicates that CSR can be a source of both negative and positive CPV, and the relative strength of each is worth investigating.

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