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## The Importance of Sustainable Strategies in Tourism

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### *The Possibility of Establishing a Green Hostel in Thessaloniki*

Thesis for the MSc in Sustainable Development

Author: Kleopatra Iliou - Manomenidi

Supervisor: Agis. M. Papadopoulos

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## **Abstract**

This assignment introduces the reader to the mean of sustainable development and shows the importance of implementing sustainable strategies in tourism, through an extended literature review. More focus is given to the area of Thessaloniki, Greece. By an online survey through questionnaires answered by people around the world, an effort is made to quantify, as well as to qualify at some point, the willingness to pay of potential visitors in Greece, and specifically for a new Green Hostel. The results coming out of this survey provide interesting information as different answers comes based on the nationality (for example the Greeks are less likely to stay in a hostel, than other foreign people). On the contrast of this, it is observed that people though consider themselves being environmentally and socially sensitive, there are not willing at the same level to make an effort for acting more sustainably, especially while being in vacations. A Green Hostel should first of all provide excellent services and then promote sustainability principles and actions. Based on the results of the survey, a business plan is developed in order to make a clear profile of a potential Green Hostel in Greece, and determine the characteristics that will drive this to success, in respect to the environmental and social dimension.

## **Acknowledgements**

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## **Introduction**

This paper will try to introduce the reader to the means of sustainable development and to show the importance of implementing sustainable strategies in the tourism sector. Moreover, the effort will be to quantify, as well as to qualify at some point, the willingness of potential visitors in Greece to pay a new Green Hostel, for which a basic business plan will be developed. The assignment is divided into three parts. The first introduces the reader to the world of sustainable development in the tourism sector through an extensive literature review. The second part focuses on the quantification of visitor's willingness to pay for staying in a hostel, and the potential variation of the price when this is a Green one. The third part focuses on a potential profile of a Green Hostel in Thessaloniki, Greece. A first identification of the internal and external environment will be investigated, and the characteristics that differentiate this Green Hostel by the rest of the industry will be developed.

## **Part I**

### **Introduction to Sustainable Development**

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" [9] is what the Brundtland Commission Report states.<sup>1</sup>

According to Hasna Vancock, sustainability is a process which tells of a development of all aspects of human life affecting sustenance. It means resolving the conflict between the various competing goals of the simultaneous pursuit of economic prosperity, the environmental quality and the social equity, famously known as three dimensions (triple bottom line) with the resultant vector being technology, hence it is a continuously evolving process; the 'journey' of achieving sustainability is of course vitally important, but only as a means of getting to the desired future state, which is a set of wishful characteristics for a future system.

#### **Sustainability and Sustainable Strategies**

What Porter has found, is that countries which decide to invest in strict sustainability regulations concerning the environmental protection finally become more competitive, compared to those that do not. So when a business decides to invest in sustainability by promoting more sustainable strategies and becomes a pioneer in taking actions even before the regulations, or at least being the first to follow, it seems that these businesses will enjoy a great competitive advantage. In an interview Porter explained that by introducing a corporate social responsibility approach and acting sustainably, this is not about cutting the costs, but it is about seizing the opportunities. The idea that a company by taking under consideration social issues will create costs, is totally wrong, as by doing so this action will return benefits, higher productivity and efficiency (James Epstein and Ellen Weinreb, 2013)

Companies should look forward to the future and try to understand the needs that are about to come. Sustainability strategies should be introduced and implemented across entire business models, products and services. The trend shows that in order to reduce greenhouse gas emissions at regulations levels requires that companies will have to move towards to energy efficient technologies, no matter whether their operations have them or not. Moreover, comprehensive strategies that will be communicated throughout the whole business will help for the corporate success. Those companies, which will manage this kind of risks and develop opportunities will benefit. Lubber adds some key components for any successful strategy (M. S. Lubber, 2010), like linking executive and other employees'

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<sup>1</sup> Brundtland report [http://www.uncece.org/oes/nutshell/2004-2005/focus\\_sustainable\\_development.html](http://www.uncece.org/oes/nutshell/2004-2005/focus_sustainable_development.html)

compensation to sustainability goals, board oversight and accountability for sustainability issues by introducing dialogue within the company which will push for results towards sustainability goals and implement systematic performance improvements and sustainability reporting.

Below, there are some key strategic themes that should be taken into account in order to understand why developing sustainable business strategies is so important and beneficial:

Although consumers are not yet very interested in sustainability, the trend which exists in America, because of the climate change and the extreme weather, makes citizens starting considering it while the rest of the world is watching by far. On the other hand, supply chains are becoming more flexible as the risks of not incorporating sustainability strategies can transfer risks to the whole chain. Moreover, planners and strategy makers are taking into account the climate change impacts, in the short as well as in the long term, which attracts more attention of the business community.

When introducing and communicating successfully sustainability within a company, it is more likely to have extraordinary benefits, while on the other hand investors are getting more interested in sustainability strategies as these can minimize costs and gain benefits by better controlling and auditing.

Another issue is that the undeveloped countries are more likely to grow through the sustainability than the developed ones as one.

Finally, although people and companies understand the need for sustainability implementation, as they firstly see the negative impacts in the environment and the latter recognize that the resources needed in order to operate are part of the nature, the actions towards this are not taking place because there are still not many investments in this sector (R. Nidumolu, 2013) or there is no engagement by the employees (S. H. Stevens, 2013).

By the time the importance of developing sustainable strategies is being understood, the next step is finding the way to do it. Here are some key points for successful implementation (M. S. Lubber, 2010):

- Companies should be able to **manage risks and develop new opportunities**.
- **Introduction of comprehensive strategies**, that will incorporate the whole company and all the business units. **Accountability** and **direct board oversight** are important elements of this part.
- **Sustainability reporting** is a very useful tool to easily control and manage goals and plans.



- Last but not least, the **corporate understanding** of the strategies does not mean only to have in mind what exactly these are all about, but also it is about willing to follow and achieve. This includes the operations, products and supply chain, eventually all the stakeholders of the business.

### **The Advantages of Sustainable Development**

Sustainable development in short term seems to be financially less beneficial, while it requires, though not necessarily, investing in new technologies as well as strategic research and reorientation of the use of resources for this reason, which may conflict management resistance and requires intensive education; in long term these costs are investments for a better future, as sustainable development<sup>2</sup>:

- ✓ protects the natural environment and preserves natural services provided by forests
- ✓ suggests differentiated products like non forest wood products, which may sometimes be even better.
- ✓ reflects economic benefits because functionality and diversity of the system is being maintained. .
- ✓ Involves local people and supports jobs, income and education locally.  
Minimize costs of health and invests in a prosperous future.

([www.mongabay.com/10benefits.htm](http://www.mongabay.com/10benefits.htm) and <http://sustainabledevelopment-1bc.wikispaces.com/Advantages-Disadvantages>)

### **How to Invest in a Sustainable Future**

There are many ways to introduce in our everyday life sustainability strategies and practices. There are blogs, articles, discussion and even whole researches focusing on this issue. Most of them focus on the technical practices including the ones within the house and building, while the embracement of the whole philosophy is staying behind as it is more difficult to be fully understood, as even in the universities the subject starts to matter when talking about climate change and environmental issues (Garvey J., 2014). So, most of the academic papers focus on understanding the main philosophy of Sustainable Development and the differences between its definitions (Hector D. C. et. al, 2014).

The truth is that people are not changing their lifestyle, when they not aware of a problem. Even when a problem appears many people also avoid to realize it, because they resist in change. The level of

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<sup>2</sup> <http://sustainabledevelopment-1bc.wikispaces.com/Advantages-Disadvantages>,  
[www.mongabay.com/10benefits.htm](http://www.mongabay.com/10benefits.htm),

change that each person is going to adopt is totally personal issue depending on the values of each person and hopes for the future. Therefore changing people lifestyle calls for experts to promote it as an ongoing process which takes time. It is a gradual learning process which may include little things like changing transportation behavior, practices within home and work, grocery shopping attitude and choosing resources with respect to the environment and the society, and actions that will be linear or periodic based on the motivations of each person (Lorenzen J. A., 2012).

However, there are categories of people that focus on specific practices based on their beliefs. Most of them believe that each little action can make a difference. So, there are those who are focusing on avoiding buying anything new, in the sense that they do not really need it (of course food and medicine is not part of these). In this way they do not spend more resources. Others create little groups of people with same beliefs (like religion does) who focus in reducing consumption and on techniques and practices for respecting environment. Green home owners focus on how their places should be build or renovated in a way which minimize environmental impacts (Lorenzen J. A., 2012).

Giving the opportunity to visitors be environmentally friendly surrounded, they become more environmentally conscious and react relatively. This can help in the long term to influence people and change society's environmental behavior (Wu DW. et. al, 2013). Moreover, the building and property sector is essential for reducing the environmental impacts like greenhouse gas emissions as they can introduce energy efficient buildings (Eichholtz P. et al, 2012).

## **Practical Applications**

While the total contribution<sup>3</sup> of<sup>4</sup> tourism and travel industry<sup>5</sup> is estimated to rise up to 4,3% of GDP globally (WTTC, 2012) and the households and commercial buildings consumes the biggest amount of energy globally,<sup>6</sup> practical applications should be employed for mitigating the impacts of this industry. These techniques are mainly based on the regulations (which in the EU the member states should comply with until 2020) which aim that all new buildings constructed should become nearly zero-energy buildings (NZEB). Each member state has set a goal for reaching the EU regulations, by

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<sup>3</sup> "GDP generated directly by the travel and tourism industry plus its indirect and induced impacts" (WTTC, 2012)

<sup>4</sup> ("relates to the activity of travelers to on trips outside their usual environments\ with a duration of less than one year. Economic activity related to all aspects of such trips is measured within the research" WTTC, 2012)

<sup>5</sup> Not the largest one, as it is cited by many. <http://tourismplace.blogspot.gr/2008/04/tourism-is-not-worlds-largest-industry.html>

<sup>6</sup> Around 40% of energy use (U.S. Department of Energy, [http://apps1.eere.energy.gov/buildings/publications/pdfs/corporate/bt\\_stateindustry.pdf](http://apps1.eere.energy.gov/buildings/publications/pdfs/corporate/bt_stateindustry.pdf) "In Sweden the building sector is the second biggest industry" (Bengt Nymann, 2007. Increased exchange in the building sector: reduction of housing construction costs, Nordic Council of Ministers, Copenhagen) <http://books.google.gr/books?id=YlkFD0f55eIC&printsec=copyright#v=onepage&q&f=false>

promoting renewable energy systems and mitigating measures for reducing pollutants, emissions, and resource use for those buildings. Moreover, policies and measures are promoted to stimulate the renovation of older buildings (ec.europa.eu).

Some practical actions on building industry that can be taken are:

- ✓ Set a goal for improving the performance of facilities within the building towards lowest costs, while the improving environmental, human, and economic outcomes.
- ✓ Set a plan for conservation that will have less building, design with aim to reduce costs, energy and environmental impacts and minimization of the material use, while maximizing as much as possible the utility of the facilities.
- ✓ Ensure that buildings minimize the environmental footprint. This can include design that takes into account noise control, access to daylight, human impacts of the building in productivity, health-being and indoor environment quality, water and wastewater management practices, energy performance and atmosphere protection, material and waste management in order to minimize the material inputs and waste outputs, promote biodiversity in order to restore any kind of natural area damages and sustain its resources, try to improve night sky access by minimizing the light pollution and the sky glow, reduce sedimentation and erosion when constructing new buildings, reduce the heat island phenomenon<sup>7</sup>, introducing systems for minimizing energy use, and even bird-safe practices that will attract birds and support the local biodiversity (MSBGtracking, 2013).

Taking into account the national plan<sup>8</sup> of Greece (YPEKA, 2010) (after the adjustments made based on the European plan), there are actions that can contribute to the plan, through individual or industrial implementation. Those projects developed under the umbrella of a public-private partnership, also having a heritage dimension, will make the public sector focus on the social needs of the community while the private sector will be more supported and profitable as the residents may be more motivated by a recreation project for heritage tourism, rather than for just an economic revitalization (Chang et al. 1996). For those reasons, a partnership within the field of the tourism sector that will enhance and try to achieve the national plan of the country will have great influence in the local society, by reducing environmental impacts, supporting and protecting the cultural heritage and enhancing the economic development that is so important for the country the past few years.

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<sup>7</sup> Heat Islands: thermal gradient differences between developed and undeveloped areas. [http://www.msbg.umn.edu/B3GuidelinesVersion2.2\\_130313\\_3.pdf](http://www.msbg.umn.edu/B3GuidelinesVersion2.2_130313_3.pdf)

<sup>8</sup> Some good practices of other countries based on their national goals can be seen at : <http://www.erec.org/projects/finalised-projects/k4-res-h/key-issue-3/regulations-for-solar-thermal.html>

<http://www.inforse.org/europe/pdfs/eu-EPBD-Good-Practice.pdf>

Huge differences appear between the ones talking about tourism professionals and urban planners, as the first focus on the promotion of the place, and the others focus on the development of it. So there is a totally different perspective between those two categories (Bosley El., 2009) A lot of discussion but with no specific definition has been done for the tourism bubble, which is characterized as the strategy for urban revitalization. (Bosley El., 2009) The development of this strategy can be done by including attractive components like shopping malls, convention centers, atrium hotels and neighborhoods which has been historically restored. The later emphasize on the different identities of locations, which is valuable aspect to attract tourists, and though they visit, the lack of location authentic identity can devalue the whole experience of urban tourism. This is why Selby (2004) supports that tourism can be a very important key for the economic development of a city, as a city that can be attractive for tourists, by the same time can be attractive for living and working there. But as a fact, tourism is just a part of a city with a multifunctional character (Bosley El., 2009). This is why we should focus on developing tourism in a city in a way that will protect the local character and at the same time will promote it.

### **Tourism and Sustainability**

Many have developed a definition for tourism in the past. Mathieson A. and Wall G. (1982) defined it as *“The temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations, and the facilities created to cater to their needs”*, while Macintosh R. W. and Goeldner C. R. (1986) defined it as *“The sum of the phenomena and relationships arising from the interaction of tourists, business suppliers, host governments and host communities in the process of attracting and hosting these tourists and other visitors.”* Later on, another definition appeared which defined tourism as *“a collection of activities, services and industries that delivers a travel experience, including transportation, accommodations, eating and drinking establishments, retail shops, entertainment businesses, activity facilities and other hospitality services provided for individuals or groups traveling away from home.”* (Northern Arizona University, Parks & Recreation Mgmt, cited by Bonarou Ch., 2011)

In this assignment, we will adopt the definition given by the World Tourism Organization which promotes sustainable development and tourism and gives advices on how to implement actions towards those two:

*“Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.”* (World Tourism Organization)

Sustainable Tourism is the *"Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities"* (World Travel and Tourism Council)

The principles of the sustainable tourism are the same with the ones of the sustainable development customized in the needs of tourism, and refer to the economic, environmental and social (including the cultural part) dimensions, for which a balance should exist between those three. The development of sustainable tourism can be applicable in all types of destinations and types of tourism as long as the principles are taken into account.

Here it is important to define culture which is not only processes like way of life of people but it is the results of those processes, like buildings and artifacts (Richards, 1996, ed.).

This means that any action should be done with an optimal environmental resource use, respect the social and the cultural identity of the communities where these are taking place, and aim to the economic viability in long term perspectives, by providing benefits and full information and participation potentials to all the stakeholders being affected by those. Last and the most important, as a subcategory of sustainable development, sustainable tourism needs a continuous improvement, by monitoring impacts, and implementing corrective measures when needed (UNEP and WTO, 2005).

The tourism economy represents 5% of the world GDP, while it contributes to 5,2% of the total employment (European Commission, 2010). By 2020, estimates declare that international arrivals will rise up to 1.56 billion. Europe has the most significant performance and then follows Asia Pacific and Middle East. Europe appears to have a 5% growth of its international arrivals within the first 8 months of 2013, and Central and Eastern Europe had a 7% performance while Southern and Mediterranean Europe a 6% performance. This demand is estimated to be continued, according to the World Tourism Organization (2013). But all this activity, have not only positive impacts in economy, but negative ones at all dimensions of society (excessive water consumption compared with residential water use, extra wastes, discharge of untreated water, damages to local terrestrial and marine biodiversity, and threats to the survival of the identity of the local cultures)

For the sustainability of tourism destinations, the tourism demand depends on different elements as holidays are complex products having tangible as well as intangible assets affected (Laws, E. and Scott N., 2003). In order to understand the effects of tourism consumption, it is important to evaluate the actions taken before arriving at the destination, during the trip and after the departure. Therefore, the holiday package is important in sustainability terms, as a choice which affects the local environment. For example a very crowded place will result to the quality of the water, air etc and will develop environmental risks. The way that a tourist will choose to arrive in the chosen destination will have

similar affects to its sustainability. The transportation and the accommodation of tourists can create environmental risks too, during their stay (Budeanu A., 2007)

Although the effects of tourism in the sustainability of a destination can be many, still tourists are not willing to change their behavior. Budeanu A. (2007), has found in the literature that Dutch people are not interested in environmental protection while being in holidays. On the other hand, 81% of the British tourists are willing to pay up to 3% for this reason. But motivation though is one of many assets; it appears to be a critical one and can help in understanding tourist behavior.

## Types of Tourism

For the purpose of our research we need to identify and distinguish between the various types of the Tourism Industry and their relation with the objectives of our research, namely their potential impact or contribution to a Green Policy in a hotel or a hostel. We can easily find more than one categorizations of tourism industry, like those listed in Wikipedia (2013)<sup>9</sup> or in business websites<sup>10</sup>, which belong to the “major” types of tourism like incentive<sup>11</sup> and business<sup>12</sup> tourism, education<sup>13</sup>, adventure<sup>14</sup>, cultural<sup>15</sup>, eco<sup>16</sup>, leisure<sup>17</sup>, health<sup>18</sup> and religion<sup>19</sup> tourism types. Beyond them one

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<sup>9</sup> Wikipedia, “Types of Tourism”, 16 Mar.13, 1:29 [En.wikipedia.org/wiki/Category:types\\_of\\_tourism](http://en.wikipedia.org/wiki/Category:types_of_tourism)

<sup>10</sup> Hotel & Resort Insider (HRI), Trends, The different types of Tourism industry, [http://www.hotelresortinsider.com/news\\_story.php?news\\_id=139465&cat\\_id=8](http://www.hotelresortinsider.com/news_story.php?news_id=139465&cat_id=8)

<sup>11</sup> “**Incentives** tourists are those... who get a holiday package as a reward from his company... A salesman who is awarded with a nice holiday package for accomplishing the target sales...” (HRI definition and example).

<sup>12</sup> “A proper example of a **business** tourist is a salesman, who makes trips to different places to attend trade shows, to display and promote his own products also” (HRI definition and example).

<sup>13</sup> “**Education** tourists traveling to a particular place in another town, city or country for further study in order to improve his or her educational qualification are termed as education tourist. There are also group of people, who travel to attend workshops to upgrade skills. A clinic nurse, who makes trip to another province to attend a particular workshop, qualifying individual about infectious diseases is an example of an educational tourist” (HRI definition and example).

<sup>14</sup> “**Adventure** tourists look for some unusual or bizarre experience. They seek adventurous activities that may be dangerous, such as rock climbing, river rafting, skydiving, shark cave diving and bungee jumping” (HRI definition and example).

<sup>15</sup> “**Cultural** tourists travel to experience the essence of assorted cultures, such as San rock art, or cultural festivals such as the National Art Festival in Grahams town, or the International Jazz Festival in Cape Town. Cultural tourists also prefer to witness the World Heritage Sites of the traveled country” (HRI definition and example).

<sup>16</sup> “**Eco-tourists** love to go green like traveling to Bonita Gardens in Bloemfontein South Africa or similar destinations are called eco-tourists. They travel throughout the world in search of destinations not affected by pollution or much human intervention.” (HRI definition and example).

<sup>17</sup> “**Leisure** tourists want to rejuvenate and revitalize with comfort, while enjoying a break from mundane routine of life. Examples of this type of tourism are cruising while vacationing or simple relaxing on a beach (HRI definition and example).

can also find other niche tourism categories like sacred<sup>20</sup>, metaphysical travels (Todras-Whitehill Ethan, 2007)<sup>21</sup> or whale watching (O'Connor, S., 2009)<sup>22</sup> tourism etc. could be seen as segments of the previous ones.

In fact, almost all of these types existed in every period of human evolution, since people were travelling for similar reasons such as to trade products (business tourism), also for cultural purposes (cultural tourism)<sup>23</sup>, etc. The main difference is that nowadays, there is a tourism industry which is developing “destinations” (K Hannam et.al., 2013)<sup>24</sup> and although modern marketing concept is employed “to satisfy customer needs” (Ph.Kotler, 2003)<sup>25</sup>, the reality is that if those mobile technologies had been available to them, then, the “best service” as nowadays customers of Tourism Industry, would have been to chose another destination (M.D.Soteriades & V.A.Avgeri , 2007)<sup>26</sup>.

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<sup>18</sup> “**Health or medical** tourist: Those who seek special medical treatment, which is only possible away from home, make trips to other places and are called Health or medical tourist. Some of these tourists avail medical assistance in other countries, for they may be expensive in their own country. Many health or medical tourists also make trips simply to stay for few days in healthier climate. Hoards of medical tourist fly to South Africa from oversee countries to undergo plastic surgery”, see above HRI.”

<sup>19</sup> “**Religious** tourist: Religious tourist travel to sites of religious significance. World is dotted with a number of religious locations like Hajj in Mecca, Jerusalem in Israel, Varanasi in India, and the Vatican in Rome. During Easter, a huge conglomeration of Christian pilgrimage takes place in Zion City”, see above HRI.

<sup>20</sup> For the definition of sacred tourism see.... [http://en.wikipedia.org/wiki/Sacred\\_travel](http://en.wikipedia.org/wiki/Sacred_travel)

<sup>21</sup> “New Age-style sacred travel, or metaphysical touring, is a growing branch of tourism, particularly in countries like Egypt with strong ancient-civilization pedigrees...In Egypt, metaphysical tours are a thriving business, bringing in about 5,000 visitors a year...”, Todras-Whitehill, Ethan, "Touring the Spirit World". *The New York Times*, 29 Apr.2007.

<sup>22</sup> “...a blueprint for sustainable high quality whale watching was developed through the ”Humane Society International...”, O’Connor, S., Campbell, R., Cortez, H., & Knowles, T., (2009), p.285.

<sup>23</sup> “**Cultural** tourists... travel to experience the essence of assorted cultures... prefer to witness the World Heritage Sites of the traveled country”, see above HRI.

<sup>24</sup> "The use of mobile and social technologies has led to augmentation and hybridization of space, as tourists, destinations and business are producing new types of places and spatial experiences through these technologies...allow tourists to be more creative and spontaneous... impacts tourists’ mobilities... ", K Hannam et al., *Annals of tourism research*, pp.10-11, 2013.

<sup>25</sup> “But there is another answer to the “no-need society”—that is, to create new needs. Sony’s Akio Morita, in his *Made in Japan*, said: “We don’t serve markets. We create markets”, Phillip Kotler, “Customer needs: Kotler on marketing”, 2003, <http://www.marsdd.com/articles/customer-needs-kotler-on-marketing/>

<sup>26</sup> "Through new web technology tools and interoperability, Small Medium-sized Tourism Enterprises (SMTEs) can develop an integrated infrastructure and assist each other in providing the customer with a "complete" experience, including the delivery of complementary products”, M.D.Soteriades & V.A.Avgeri , *Promoting tourism destinations - A strategic marketing approach*, *Tourism Review*, 2007, v.55, No3/p.336.

Our question is how tourism industry of various types but being compatible to be served by a hostel service (N.Uriely et.al., 2002)<sup>27</sup>, may be influenced by green policies (Christian Green hostel in Tanzania, 2013)<sup>28</sup>. Sports tourism<sup>29</sup> or backpacking tourism<sup>30</sup>, to take some other examples, are not only more obviously attracted by a hostel accommodation service, but they could also more clearly easily influenced by Green policies, due to the younger visitors they attract.

### **Tourism and green economy**

Tourism can be very beneficial for any community as it is a vital source of income, especially for countries which survive based on this industry. But even when they are supported by other activities, tourism can benefit communities with an extra income and create working places. Moreover, governments get financial support by introducing taxes to these activities.

The trend, nowadays, is that since mobility between the countries is easier, people travel more and more frequently, but this will be for smaller periods at every trip and their choices will be done more carefully. Their activities are more interactive and they are getting more concerned about the environment. (Bonarou Ch., 2011)

Green tourism can support the countries in the same way as the usual tourism (by creating working places etc), but in more tense and in other ways as well. By the classic tourism while having one working place another indirect working place will be created. By the green tourism it is more likely that more than one indirect place may be created. Moreover, tourism contributes with benefits and advantages, by creating more activities. So, by greening the tourism the higher the involvement of the local community is the more the local development exists and therefore tourism supports the community and minimizes poverty. Furthermore, costs are anticipated by protection of biodiversity, ecosystems and cultural heritage which will not be negatively affected (Lawrence Pratt et. al, 2011)

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<sup>27</sup> "...forms of tourism and leisure cannot be independent of cognitive and psychological aspects, but they should not be conceived as being fetemined by them", N.Uriely et.al., Backpacking Eperiences, Annals of Tourism Research, 2002, v.29, i.2, p.537.

<sup>28</sup> "In a world where multi-national chains and corporate giants dominate the hotel industry, the Green Hostels brings a refreshingly personal face to Tanzania.....in a quiet area just 10 minutes walk from YMCA pool... Rooms are comfortable, with ceiling fan and very clean... personal attention..., while offering privacy and calm...", Christian Green hostel in Tanzania <http://www.christiangreenhostel.com/>

<sup>29</sup> "**Sport and recreation** sorts of tourists either take active part in or just watch sports events. Some of such popular sport events are the Soccer World Cup, Wimbledon Tennis Championship, Comrades Marathon, and Fisher River Canoe Marathon", see above HRI.

<sup>30</sup> "**Backpacking or youth** group of tourists is of young age and they travel with minimum luggage and on a limited budget. But they are very passionate and love excitements and adventures, while traveling. They generally have no specific travel schedules and tend to travel independently", see above HRI.



Tourists demand green tourism. It is found that more than one third of travelers are favored to environmental friendly tourism and even pay more for having such an experience. While the usual mass tourism seems to approach its limits, alternative tourism with greening principles (ecotourism, soft adventure, heritage and cultural tourism etc) are increasing in tourists' preferences. Private sector should be encouraged to get introduced to such activities and support sustainable tourism. Larger firms are more familiar with this but with small firms the benefits can be even more. This knowledge and support can be gained by implementing standards for sustainable tourism. At this point, it is important to insist on the need for co-operation between government or local administration and firms. In order firms to achieve green tourism, then destination planning and strategy development are the first actions to be taken in advance. And without capital distribution and mechanisms for coordination this greening tourism is hard to reach the smaller firms. Public – Private Corporation can spread the costs and maximize the benefits. Last but not least, actions in corporation with the governments or the local administration can ensure the practices to be done in an sustainable way, providing the capital needed and gaining extra benefits by taxing actions like that which benefits the whole community and society.

### **The advantages of Sustainable Tourism**

According to an extensive analysis of sustainable tourism, although, there are some disadvantages of tourism, like use of scarce resources and pollution locally as well as globally, environmental pressure and disruption of the wildlife, and at social level affects to the communities that can degenerate their traditionalism/traditions, decimating their character, still tourism is a sector of significance for the communities, as:

- ✓ Tourism can provide opportunities to the enterprises and local people, by promoting the development and minimizing the unemployment.
- ✓ Create economic added value to cultural and natural resources, by bringing visitors, and make market keep moving.
- ✓ Support and promote the cultural understanding and in long terms the world peace.

For this reason tourism should be supported and enhanced its actions. Sustainable tourism is the type of tourism that will minimize the negative effects of tourism while at the same time will maximize the benefits that this industry provides to the communities and the Globe.

Sustainable tourism provides benefits to its stakeholders as in long term tourism enterprises which invest in sustainability principles, they will gain profitability and charming corporate image when supporting the protection of the environment. Moreover, as communities looking for prosperity, their life quality will be improved and the exploitation of the local resources will be minimized. Furthermore, in a world that keeps getting dangerous (by environmental catastrophes or by social

instability), tourists are more likely choosing a destination that will suggest a safe experience in an attractive environment. Governments pay a great contribution to sustainable tourism, but by the same time they gain benefits that support the prosperity of their communities without exploiting natural resources and damaging their life quality (UNEP and WTO, 2005).

### **Tourism in Greece**

Tourism industry is one of the most significant industries of the country contributing to the GDP of the country by 16,4% in 2012, and employing the 18,3% of the work force in Greece (which is equal to 689 thousands of jobs). The contribution of tourism in to the income of the country exceeds 10 billion euros in 2012, grapping the 23rd place concerning the tourism income (ICAP Report, 2013). The market share of Greece is 1,5% globally, and 2,5% in Europe, catching the 32nd out of 140 countries place of competitiveness. The main competitors of the country concerning Tourism are Spain, Turkey, Portugal, Egypt, Croatia and Cyprus, while the countries that prefer the most coming to Greece are Germany, U.K., F.Y.R.O.M., France, and Russia, while in the past couple of years Italy and Holland were also choosing Greece for their holidays ([www.sete.gr](http://www.sete.gr)) Although the statistics present a good situation for the tourism in Greece, in long terms tourism has a decreasing demand (see appendix 1). This continued until 2012, a year that the arrivals in Greece exceeded the 1 billion international arrivals. In 2013, [sete.gr](http://sete.gr) reports that the tourism in Greece will have an increase of international arrivals by 3-4%.

On a world base, the majority of the arrivals are at first place from Europe, and then from Asia. Then, America takes the next place, followed by Africa and Oceania. Then most usual transportation methods that visitors choose for coming to Greece with are the by air and by road ([sete.gr](http://sete.gr))

Concerning the Central Macedonia, there is an continuous increasing demand since 2003, fact that shows that the locals promote better their “treasures” (see appendix 12 for more information). An extensive analysis will be presented later on, while the airport of Thessaloniki is takes the 4rth place concerning arrivals ([sete.gr](http://sete.gr)), which is equal to 8,3% for the period January – March 2013 (press release, 23/07/2013). By road, the most common entrances area Promachonas and Eyzonoi, with a percentage of entering the country for those two areas 8% and 7,3% each.

## **Part II**

### **Research Discussion**

#### **Methodology**

At the beginning it is important to understand the meaning of willingness to pay and how this can be measured. Then questionnaires for Greeks and foreigners will be developed and forwarded in order to be answered respectively by people around the world. The focus will be given at the willingness to pay, but questions concerning personal characteristics of the responders as well as their personal philosophy related to travelling conditions and environmental preferences will be included in order to help me investigate how close their answers are close to reality.

#### **Willingness To Pay**

Willingness to pay (WTP) can somehow determine a price of a product or a service. Specifically, according to ADB (2007), WTP shows how willing and prepared are consumers to pay for a good or service (ADB, 2007, cited in Sadmin Z., 2008), and helps managers estimating how much their customers are willing to pay for their product or service (Voelckner F., 2006). The calculation of an unknown price is hard to be done, especially when social costs and externalities cannot be easily seen. An important issue when trying to determine the price of a product or service is to calculate the maximum costs and minimum benefits, and estimate the sum.

There are many methods mentioned in literature concerning the way of estimating the WTP, but studies has no specific answer on which one is right or not, as consumer WTP cannot be truly observed (Voelckner F., 2006). There are methods that estimate this willing by eliciting real WTP, through real experimental purchasing, and by hypothetic WTP (Voelckner F., 2006). The first measurements come out via revealed preferences, which is actual examination of the market data or experiments (Braidert C.et al, 2006) that can be proceeded, even through data coming out by lotteries etc (Voelckner F., 2006), while the second is mostly known as the stated preference, through direct and indirect surveys that asks potential consumers to state a price for a product or service (Braidert C.et al, 2006).

In this study, a direct survey to potential customers of a Green Hostel is thought to be more appropriate. The research is being done in order to understand how people are thinking about hostels, and especially about green hostels. The point of the research was to evaluate the willingness to pay for a green hostel and the possibility of investing in holidays in Greece.

Two questionnaires, one in Greek and one in English, with same questions were developed. The one was focusing on the Greek and the other on international people. The target group was for ages between 20 up to 35, since this is the most frequent target group for hostels . But the questionnaires include younger and older responders as well, in order to possibly understand the future trend as well as how the older people think about green hostels (as an alternative target group in the future).

The distribution was addressed randomly, with the questionnaires being online. They were sent at first place to past Erasmus and international students who are the most likely to travel and have a more clear opinion about hostels, while these people forwarded it to other citizens of their countries. Since, it was forwarded to other people randomly; answers came up from around the world and in many cases did not reach or got responses from some countries. Moreover, this way was considered being workable as the aim was the questionnaire to travel far away and reach people not relatively to my close environment. This is one of the main difficulties of this survey as it was impossible to follow up and request more than one times the potential responders to answer it. The questionnaires were open to receive answers for three months.

An extra focus was given to countries that are within the top nationalities that choose Greece as a tourism destination the most. This information was selected by tourism agents and organizations in Greece. An extended presentation of the current arrival status in Greece is given in a following part of this work. At this part, an analysis of the results of the questionnaires is going to be presented.

## **Results**

### **Greek questionnaire**

The responders from Greece, within the period that the questionnaire was open for submitting answers, have been 89 persons. The females are 48 and males 41. The answers were submitted online through Google forms. Almost 70% of the responders are between 23-30 years old (46% are 23-26, and 21% are 27-30). 57 persons (64%) travel every year 1-2 times, 25 persons (28%) travel 3-5 times, and 7 people (8%) travel more than 6 times.

The people that travel more than 6 times per year, have a possibility to pick Greece 5 out of 10 times more than 85%, and these people only 42% earn 1000€ (or less). All of them have at least a university degree and 71% are men.

People who have answered that they travel 3-5 times per year are half men and half women. Only 16% have only basic education. The 68% of the respondents answered that they are travelling more than 50% in Greece, while the 40% of them earns less than 500€.

The 52% of those who travel 1-2 times per year and earn less than 500 € per month, The 71% of these respondents answered that they are travelling more than 50% in Greece . The majority of these people (71%) travel mainly on weekends or for less than 4 days brakes

69% of the whole sample would agree to stay with 3 unknown persons or less at the same room, while the 31% would never accept staying with unknown people at the same room. The latter would pick Greece for travelling 7 out of 10 or more times by 85%. Most of the people consider themselves being environmental sensitive and likely to stay at a Green Hostel in a scale 1-5 an average of 4,3 but they would make an effort for staying there with an average of 4. The 44 out of 89 people would choose the building design instead of the energy performance of the building of the hostel. More information concerning the characteristics of the Greek responders through graphs you can find at the Appendix 2.

### **International questionnaire**

The responders from foreign countries, within the period that the questionnaire was open for submitting answers, were 142 persons. The females are 76 and males 66. The answers were submitted online through Google forms, as well. The overall picture shows that foreign people are more open-minded and willing to connect with people. Almost 78% of the responders are between 23-30 years old (60,6% are 23-26, and 17,6% are 27-30). 77 persons (54% of the sample) travel every year 1-2 times, 49 persons (34,5%) 3-5 times, and 16 people (11,3% of the sample) travel more than 6 times per year. The first and the second group would choose Greece for one of their next trips in average 7 out of 10, while the last 8 out of 10.

51,4% of the whole sample would agree to stay with 3 unknown persons or less at the same room, while the only 18%% would never accept staying with unknown people at the same room. The latter would pick Greece for travelling in average 8 out of 10 but 8 or even more times by 61,5%. The people willing to stay in a room with 6 and up to 14 people would pick Greece in one of their next trips in average 9 out of 10. Most of the people consider their selves being environmental sensitive and likely to stay at a Green Hostel in a scale 1-10 an average of 8 and they would make an effort for staying there with an average of 4 in a scale 1 to 5. The 24 out of 142 people would choose the building design instead of the energy performance of the building of the hostel. More information concerning the characteristics of the foreign responders through graphs you can find at the Appendix 2.

## **The evaluation of responders' willingness to pay**

At the questionnaire, the responders were asked to give a price for staying at a hotel, a hostel and a green Hostel. This was done in order to understand how easily the responders would spend money for staying somewhere while travelling. Through these questions, an analysis concerning the relation (sensitivity and elasticity) between choosing a hostel instead of a hotel would be interesting to be done. But this was not in the purpose of this research.

It is impressive that 59 people out of the 89 responders changed the price that they suggested for staying in a Green Hostel instead of a Hostel in Greece, while less people (42) changed the price they suggested for staying in a Green Hostel instead of a hostel in Europe. This latter group of people had a preference on the hostels in Europe (compared to the Green Hostel), though the average willingness to pay for a hostel in Europe and a Green Hostel was the same (24 €). Another conclusion that came out of the results is that the Greeks are not likely to stay in a Hostel and they are less willing staying in one in Greece, which is also observed by the price suggested (20 €, 4 € less the rest of the hostels). Another interesting observation is that there is no chance for 28 Greek people to be willing staying in a hostel, because they would never share a room with unknown people. This is not because of the age, as the average was still almost the same with the whole sample (26,1 years old the whole sample and 26,9 years old the unwilling people), as well as not because of a possible higher income, or choosing to make too many trips per year and make saving (their average answer concerning the importance of making savings was 4 out of 5) maybe for this reason, but is a characteristic of the Greek society and philosophy (24 out of 28 had never stayed in a hostel before).

Seven people are likely to stay from 10 to 14 people at the same room, and they like travelling for meeting people, while their average age is 24,1 years old. 6 out of them have stayed before in a hostel and they have a medium 201-500 € income. They would pay up to 50 € for a hotel in Europe even up to 50 € (4 out of 7 and up to 30 € the rest of them), fact that makes them not being tightfisted, while in Greece up to 30 € (6 of them and 1 up to 50 €). The same trend exists for the hostels, having a less willingness to pay for a hostel in Europe 25 €, in Greece 20 €, while in a Green Hostel 23 €. In a six people shared room would stay 11 responders at the price of 21 € in Europe, 16 € in Greece, and 19 € in a Green Hostel. By these, 81% have already stayed in a Hostel and they would pay much less when staying in a Hotel and they focus a lot in saving strategy. In a 8 people shared room would stay 9 people, who generally pay even less for staying in a hotel, without falling from the category of up to 30 € per person, while for a hostel in Europe they would pay in average up to 18 €, in Greece up to 15 €, and in a Green Hostel up to 16 €.

On the other hand, as it is already been told, the foreign people seem more open in staying in a hostel with more people. Moreover, only 37 people did not change their willingness to pay for a Green Hostel instead of a hostel in Europe. On this questionnaire though it is observed that 11 people decreased their willingness to pay for a Green Hostel. These people had almost no same characteristics that could give us a conclusion concerning what made them answer negatively.

Concerning their price ranges, the average prices show that the responders are willing to pay more for staying in a Green Hostel, with a increase of less than 10 percent for sharing a room with up to 3 people, and with more that 10% (an average of 5%) and with more than 10% for up to 14 people (an average of 11%). Depending on the people that the responders would be willing to share with a room, the answers have a decline trend while the roommates are increasing. So, for up to 3 people their willingness to pay would rise up to 30 € for staying in a Hostel in Europe and 32 € for staying in a Green Hostel, while the opposite side (up to 14 people) would be willing to pay 17 € for a hostel in Europe and 19 € for a Green Hostel.

Another point that I was to search was to try to determine the willingness to pay for staying in a Green Hostel of people living in Countries that the last years are visiting Greece for vacations. These countries are Germany, Russia, France, United Kingdom and F.Y.R.O.M. By these countries there are 59 responders.

The Cypriots travel quite frequently (50% more than 3 times per year) are very possible to pick Greece for vacations (8 out of 10 in average), and are willing to pay for staying in a hostel in Europe 20 € and in a Green Hostel up to 23 €. They have most preferences on sharing with 6 people their room. The claim being environmentally sensitive and willing to try a Green Hostel, but they would not make a great effort on staying in it. The Germans travel for longer time and most of the times 1 to 2 trips per year.(75% of the responders claimed so).they do not feel pretty confident about their environmental sensitivity, compared to the rest of the responders, but their decision would be influenced when choosing their accommodation for their final decision if they had a choice of a Green Hostel (38%). They are willing to pay less for all types of accommodation (up to 30 € for a Hotel, while for a hostel in Europe 18, and for a Green hostel up to 20 €) and they would pick Greece for vacations in average 7 out of 10. The Russian travel 1 to 2 times per year (65%), but there are also some having even more than 6 times per year. They prefer 6-8 roommates by 41% but by the same percentage they are not willing to accept more that 3 people (17,6% are not willing to share at all). They believe they are environmental sensible but they prefer building design and they are willing to pay 23 € for a Hostel in Europe and 25 for a Green Hostel. The French, travel 50% 1-2 times per year and 50% 3-5 times per year. They are willing to share a room with 6 people (75%) and pay 34 € for a Hostel in Europe and 35 € for a Green Hostel. Generally they do not have a great trend to one direction or another, but they

show an interest in supporting green initiatives. The UK responders present heterogeneity without specific preferences in sharing a room with specific number of people, but they have a trend on supporting environmental initiatives, too (91% prefer energy performance of the building instead of the its design in a Hostel). They are very positive staying in a Green Hostel and visiting Greece while they claim that they are willing to pay for a hostel in Europe 28 € and for a Green Hostel 33 €. Finally F.Y.R.O.M. do not seem to be very positive in stay at a Hostel and the characteristics provided have a huge heterogeneity. For this reason it is not possible to have a clear opinion for the preferences of people in F.Y.R.O.M.

Find more information for responders' answers concerning their willingness to pay at appendix 3.



## Part III

### What a business plan should include

A business plan is a document that is rewritten by you in order to clarify the business idea, identify problems that may appear, set goals and help a manager measure the progress of them. It is a document that describes the whole business and covers all objectives, strategies and actions that you are going to make. (<http://www.gov.uk/write-business-plan>, 27/12/2013)

There are many written advice on how to compile a business plan, the majority of which suggests including the following main parts:

- ✓ An Executive summary, which will highlight the main ideas and key point of it.
- ✓ A description of the business (mission statement, short and long term goals), or at least should at least when talking about a start-up should include the basic characteristics of the business, like name, type, owners
- ✓ A description of its activity, and the what differentiates it by other competitors (benefits and solutions that provide to the market and its customers etc)
- ✓ A marketing plan, which should contain the market conditions and a SWOT analysis, as well as a description of the industry that the business represents and a benchmarking of the stakeholders if possible or at least an analysis of the competitors and suppliers, and potential customers.
- ✓ A section which will describe how management will work (what kind of resources are available, including the management team)
- ✓ A financial plan that will include a full summary of the needs of the business for capital, what amount of this is available by the owners, and how the rest of it will be raised.
- ✓ And finally, a timeline that will provide a potential time schedule at least until the business will start operating.

Others, suggest to include further information, like risk management and operation characteristics (Cranfield University, n.d.). Others suggest an even more descriptive business plan that will include spotless information about financial management (cash flow forecast, profit and lost forecast, projected balance sheets) what-if scenarios, realistic sales forecast and even who the first consumer might be (startupdonut.co.uk, n.d.). But all of them conclude that a business plan should be professional as well clear and short.

## **Profile of a Green Hostel**

### **Basic Characteristics**

In this paper, a green hostel should be a hostel that will invest in sustainable principles by promoting the environmental and social consciousness without compromising its financial sustainability.

This hostel will attract young people with alternative thinking of how tourism and travelling should be, while will drive the rest of the people to this direction by promoting and encouraging businesses that invest in sustainability principles.

### **Business Plan of a Green Hostel in Thessaloniki**

#### Executive Summary

The Green Hostel should be a hostel that will invest in sustainable principles by promoting the environmental and social consciousness in Thessaloniki, as well as in long term in Greece, without compromising its financial sustainability.

This hostel will attract young people with alternative thinking of how tourism and travelling should be, while will drive the rest of the people to this direction by promoting and encouraging businesses which invest in sustainability principles.

The hostel will be designed with sustainability consciousness, which means that materials and its architecture will be chosen with respect to the environment.

People that will visit this hostel will have the chance to get to know well the cultural characteristics of the city and their influences from the past, by having an advising direction of how this can be done. Moreover, the hostel will promote the city's activities by giving a follow up to its visitors of the latest news around. All these will be in full compliance with respect to the environment. This means that since this hostel has as a goal to bring sustainable development to Thessaloniki, its staff will inform its visitors of the effects of actions taking place with environmental benefits, encouraging them to follow.

Below there is a full business plan with the most important information for the Green Hostel in Thessaloniki and the information, and the local activities of the industry.

## **BUSINESS BACKGROUND**

### Fields of Action

The Green Hostel of Thessaloniki will be promoted within the year 2014, an important year for Thessaloniki as the city will be the European Youth Capital 2014.

The Green Hostel of Thessaloniki will be working in the tourism industry, by promoting the local and general Greek culture and activities. Moreover, it will be support the community by promoting its activities and possibly hosting some of them. The aim is to make a community willing to participate in its city while the tourists will have the chance to understand the characteristics of the city by being fully enrolled with respect to the locals (the local culture and environment).

### Facilities and Operations of the enterprise

Ideally, the Hostel will be set at a heritage building close to the coastal area and the center of the city. The building will be fully recovered. No aspect will change its characteristics of the past, with an exception of the introductions of technological equipment for the lighting, cooling and heating system with respect to the environment.

The Hostel will host customers that are visiting the city for one night or longer. The longer period could be up to 6 months in case of a long term contract for youth people who visit the city via a study program. The rooms for this category will be no more that ½ of the hostel capacity.

The technological equipment that will be used is planning to be the latest high tech concerning the renewable energy systems and will be chosen based on the needs of the building. It will provide thermal comfort with the least energy demand and CO2 emissions. An extended analysis based on a building scenario is available at the part of the financial management – pricing policy.

## **ANALYSIS OF THE EXTERNAL ENVIRONMENT**

### External Conditions

#### ***Industry Activity***

Thessaloniki is located in the Northern part of Greece, at the region of Central Macedonia. It is the second largest city in Greece and It is 520km away from the Capital of the country, Athens. The arrivals are estimated to be around 1.5 million tourists every year, by which the majority of them are Germans, Russians, French, Italians people from Israel and Turkey as well as UK. The Cypriots are

basically arriving to Thessaloniki for visiting friends and families. Last but not least, Balkan countries, like Serbia and Bulgaria and F.Y.R.O.M., are an important source market for Thessaloniki, as well. The city is a metropolitan academic area as there are four universities (two within the centre of the city) with all kind of specialties, and diversity. Youth students are approximately 100.000 per year (Thessaloniki Hotel Association, n.d.)

According to a survey (Ikkos A.2012), concerning the satisfaction of tourists in Thessaloniki, tourists choose to arrive to Thessaloniki by air (42,1% in 2012) or by car (37,2%). The most common attractions and sightseeing are the:

- ✓ White tower
- ✓ The seaside (paralia) of the city
- ✓ The Church of S. Dimitrios
- ✓ The Archaeological Museum of Thessaloniki
- ✓ The Byzantine Museum
- ✓ The Rononta Church
- ✓ The Music Hall of Thessaloniki
- ✓ The Macedonian Museum of Modern Art

The focus of government is to have a clear image of Greece as a tourism destination around the world. This focuses on the tourism resources, characteristics of the destination (Greece), benefits that the visitor gains, emotional values, experiences, visitor images. The aim is to re-design a destination that will have unrivaled, alternative and not easy to found around the world experiences, including sun and sea, marine tourism, cultural and countryside options, with ideal circumstances for the human health and nature. Moreover, it includes the urban tourism, with cultural exaltation and environmental perspective through its local landscape features. Last but not least, conference and luxury features are included in the profile that Greece is willing to promote (EOT, n.d)

## ***Competitors Analysis – Benchmarking***

The existing information concerning hotel units are available mainly for the whole country, while few are those that can be related to hostels and backpacking. The information provided by ICAP for the sector study investigates the biggest and most visited ones around the country. Some of them are based on Thessaloniki. The amount of hotels that are category B or less are very few. This was a fact that did not help me to evaluate the current financial position of these units. On the other hand it is not necessarily helpful to have a clear view of these as they are a lot different compared to the character of the Green Hostel. Some information helpful for this paper coming from ICAP is that the hotels categorized as B have the least percentage of income for the industry. This means either people do not prefer these categories when coming to Greece or the cost of a room is much cheaper. Dividing the rooms of the hotels category B with the total sales brings a result that is much higher of the costs that the Green Hostel is about to offer. Having in mind this and the totally different services these cannot be competitors.

Since this paper focuses on this part on the possibility of a Green Hostel in Thessaloniki, the names and details information are not going to be fully given, but the focus will be on those information important for stating an opinion on the issue.

The hotel units that are likely to have characteristics of backpacking and hostels are few, basically are characterized as hostels in the booking agents (in number found 4 units) and one as low cost hotel. Their characteristics are pretty much the same.

### Hostel No1

The first hostel has 4 and 6 bed dorms, plus an extra private room possibility (with private bathroom), with a potential utility of 22 people. Provides a lot of comfort and has a lot of services that are free and possibly makes visitors satisfied (free coffee within the reception hours, which are 16 hour per day.) This hostel is at the old town, fact that makes it a bit difficult to access, but people that are willing to walk up there should have no problem. The prices are 17 € for staying in a 6 bed dorm, and 19 for the 4 bed dorm, while other some other services are under payment (breakfast – 2 €, but it does not provide a personal possibility of using the kitchen).

### Hostel No2

The second hostel is also located at the old town, but closer to the city centre. It has less free services but there is a kitchen available. It does not provide information for the reception desk, but it has earlier check ins and outs. It provides private twin room (shared bathroom) and triple room (with private

bathroom), plus 5 beds dorm room. Prices are a bit lower, starting by 13 € for the 5 bed dorm room, 15 € for the triple and 19 € for the twin room, a hostel that could be chosen by a company of three persons in order to save some money out of the conservative hotels. This hostel might have more than 30 beds.

### Hostel No3

This one is more like a company of renting rooms. It provides a lot of option (single, twin, triple, for 4, 6 and 8 persons, rooms with private bathrooms for each room). The prices start from 17,5 € rising up to 48 €. The earliest check in is at 13:00 (later than the rest) and is close to the universities, and provide pretty much the same services, but it has no kitchen and provides bike hiring services.

### Hostel No4

Having the same check in and out hours, and almost same options for rooms, the prices of this hostels starts at 15 € and rises up to 32 €. The location is not defined, but the special thing about this hostel is that it operates at an almost heritage building, with special characteristics.

### Hostel No5

Last but not least, there is a Hotel that operates with low prices (triple room with private bathroom at 24 €), which though it provides totally different background it can bit the rest when the visitors are not very comfortable with the idea of staying in a hostel.

## ***Competitive Pressures of the Industry***

### Threat of new entries

Entering the industry of tourism has not a smooth way of doing it. The capital needed for constructing and operating a hotel unit Greece is usually big and the bureaucracy is even bigger. The location of the new hotel unit is an important factor for its sustainability, while owning a valuable location is not always possible. Also, there is a need for expertise Human capital while the promotion abroad needs to be focus and successful are all expenses that cannot be neglected. The actions for founding a new hotel unit must be smart enough to understand alternative motivations for the tourists in order to pick one new hotel instead of the current ones, and at the same time to be able to depreciate the capital used at first place.

### Competition between the current/existing Competitors

Existing competitors with the same characteristics in Thessaloniki are few, though there are many existing in the market that are not Hostels but also Hotels (1 to 5 stars) but also rooms to let and apartments that are willing to provide comfortable vacations to its visitors with less facilities but with more privacy and potential for the visitors to act on their own and adjust their vacations on their needs for costs and preferred activities. Last but not least, there are alternative choices, like yachts and cruises that are preferred from different kind of tourists.

### Power of Customers

The most common category of customers in the industry of tourism is the one of the tourism agents. These are really powerful companies for negotiating prices, as they can bring high numbers of visitors in one country, by booking early enough while they have a very good sense of the market and the general conditions around the world. ICAP insists that this is the main structural problem of this industry in the country many years now. Another category of customers that can affect the industry are associations that focus on special activities, like sports, conferences, social activities, festivals, other hobbies etc which can also negotiate a price for a whole group of people. Of course, there are individual actions taking place in the industry, but these have much less power on negotiating their potential conditions.

### Power of Suppliers

The most common units for supplying a hotel unit are basically firms for hotel equipment and firms for food and beverages. Since, these kinds of companies are too many their power is low, especially if a big hotel unit is willing to arrange a huge delivery.

### Threat of substitute products

The substitute in the market of tourism are many (hotels, hostels, apartments, rooms to let, event nowadays couches, and alternative ways of travelling by swapping for a while places etc). All of these are trying to maximize their quality that provide and earn more and more market shares, within the country but abroad as well fact that enlarges this threat.

## S.W.O.T. Analysis

SWOT analysis is the most important part of introducing a competitive strategy. By this analysis the strategic planners evaluate the internal and external environment of a company/organization or a region. The word SWOT is actually an acronym of Strengths, Weaknesses, Opportunities and Threats (Harvard Business review, 2005). The strength and weaknesses characterize the internal environment of the company, while the opportunities and threats the external. The strengths describe the advantages of the company and what is thought that the company does in a successful way. The Weaknesses include characteristics of the company that could be improved. On the other hand, the external environment of the company can be evaluated by the opportunities and the threats that are existed or are about to come. Opportunities can be interesting trends that can help the company's efficiency and results, while the threats can be any obstacles that reduce or can stop a performance of the company. The point of this analysis is to give an overview of the overall company and its major issues that may affect it. This will help the managers to introduce a successful and sufficient strategic plan, order to reduce or even minimize the weaknesses while focusing on the strengths, taking into account the current external environmental, by which gain as greater as possible advantages, while overcoming the possible obstacles (European Commission - JRC – IPTS, 2005-7 )

Below a SWOT analysis for the Green Hostel in Thessaloniki is being completed:

### *Strengths and Weaknesses Determination*

Strengths	Weaknesses
Low cost Accommodation	Our low cost promise – Disability to react in instability of the country.
Different profile	People that are not willing to share will not attend



High quality of services

Slower earning – More difficult to find investors.

Alternative services

Investing in Youth, future coming back travelers

Good Management of Technological equipment – Minimization of our costs

Full pack of a different product in the city

Possibility to organize events for the community and organizations

Seasonality

### *Opportunities and Threats of the External Environment*

<b>Opportunities</b>	<b>Threats</b>
Thessaloniki - European Youth Capital 2014	High Competitiveness by other countries next to Greece
Projection of strong increase of visitation in the region because of the	Possible political unwillingness

marketing actions taking place by the municipality	No good tourism information
Emerging source market	
PATHE – Egnatia (a way to connect the city with the rest of the Europe by car)	Problems with the airport and the airlines scheduling (few routes in the winter)
Better financial situation in the rest of Europe.	Crisis – Prolonged economic downturn and decrease of the available income.
Possibility of new cruise arrival	Thessaloniki - Unknown destination
Close to Chalkidiki	Instability of the country, because of the crisis
Close to archaeological attractions (Vergina, Dion etc)	Decrease of the internal tourism within the country, because of the crisis
Three universities locates in the city – youth demand	Decrease of the financial flow-ability, because of the crisis
Greece having the 17th place Globally in Arrivals	Bureaucracy
Political Instability at other competitive destinations (Egypt, Syria etc)	Dependence to the Tourism Agents
The commercial focus and tension of the ministry for promoting the country, and making destinations city breaks.	New competitive hotel units, and rooms/beds Long Term experienced successful existing Hotel units and resorts.

## **MISSION AND GOALS OF THE GREEN HOSTEL**

### **Mission**

The mission of the Green Hostel in Thessaloniki is to provide excellent services in an alternative way to its visitors, that ensure that these will be based on sustainable principles and visitors will have a full cultural life experience in a relaxed way.

### **Goals**

The goals of the Green Hostel in Thessaloniki are:

To provide excellent hospitality services to its visitors in respect to their needs and personality.

To ensure its operation be done in respect to the environment and without underestimating the local culture, by minimizing the negative effects on the natural environment, and ideally make actions for improving the current situation with participation of the local community and the its visitors (encourage more stakeholders to participate)

To support its visitors into their everyday life in Thessaloniki by providing information for activities as long as they will be in Greece, by ensuring that the most traditional and characteristic ones will be mentioned, without neglecting the trends of the current period.

To create new events in the city that will bring visitors and promote the year round happenings.

To ensure the transportation of the visitors will have the minimum emissions possible, by promoting mass transport services or providing alternative transportation.

To promote bio food and work with supply chain companies that respect these principles.

To minimize garbage and compost as much as possible.

To minimize energy needs of the hostel and its visitors by introducing alternative energy systems and promoting relating practices.

## Business Strategy

### ***ACTION PLAN***

#### MARKETING AND SALES

The Green Hostel of Thessaloniki will try to satisfy its visitors. The visitors will be possibly 20-35 years old from around the world. The focus will be given to the most frequent countries, but through the promotion of the local event, people around the world may be willing to visit. Since, the Green Hostel will provide services, and therefore visitors are not able to “have an actual taste” of them before pursuing (Grönroos C, 1993) the marketing mix will include (Grönroos C, 2007):

*Human Resources:* People are really important part for the Green Hostel, as they are the producers and the sellers of our “product”, where here this is any hostel service we provide (Grönroos C, 2007). For this reason, the employees that are going to work in the Hostel should be inspired by the special character of this hostel and be able to give inspiration to our customers. It is not only about satisfying our customers (which is our first aim as a company), but it is about inspiring them for changing lifestyle (Lorenzen J. A., 2012).

*Process:* The way that all services and action will be performed is a crucial issue for our service company, the Green Hostel (Bitner Mary Jo, n.d.), cited in S. W. Brown et al., 1991). This is why all processes should be clearly defined before the starting point of the Hostel and all circumstances be thought. Moreover, at the first time of operating evaluating forms for the hostel will be available for the visitors to fill out. An awarded system for the participants should help accept important information and extraordinary ideas that have not been put on the table.

*Physical Evidence:* the surroundings concerning the inside and the outside of the hostel are also a serious issue to consider. Characteristics of the environments (like music, voices, as well as the way that a menu or a list is presented will influence the customer as he or she will interact within it (S. W. Brown, et al., 1991)

The content of the marketing mix is designed to create synergies between them as well as with the rest of the business units and strategies.

## Business Administration

The Hostel will have at first place 6 people to service the visitors at the reception desk and a cleaning staff of three people for keeping the place clean. The rest of the operating services (accounting, law issues etc) will be getting complete by external partners. The staff should be able to speak excellent English and Greek, but people that will do their internship will have a less demanding background, with the perspective of helping them be developed in every way.

Moreover, a management information system will be and enhance the procedures, while automatic cards and systems will minimize leakages on services and needs for overnight payments. The payments of the employees will be according to the current laws in Greece, but extra benefits will be given as long as this is possible.

External collaborators for procurements and materials will be evaluated and the aim will be each year to make both sides more and greener, in processes and products/services.

## Promotion Policy

### Exhibitions and Shows

The Green Hostel will participate in the big exhibitions of tourism within the city, but mainly will invest in shows in corporation with the governance. This will make possible to come closer to public authorizations and give a clear message that a corporation within the society is the most important for making a change.

### Sales Promotion

In the first two years that the hostel is not going to be so known, its sales is going to be based on the students that are willing to rent a place for a semester. Three months before the beginning of the academic year (June), students may apply for a long term accommodation in the Green Hostel of Thessaloniki. There will be a discount with services included. Same application can be submitted in October when new students will know their arrival in city by the beginning of the year.

The rest of the Hostel the first two years will operate 50% by short term visitors (backpackers etc). Their booking will be proceeded online via the site of Green Hostel in Thessaloniki.

Last but not least, at that period the hostel will promote activities planning to be organized in the city in order to achieve mass bookings (in discount) for promotional reasons as well as via tourism agents that promote similar events. The events and activities should be in accordance to the principles of the Hostel.

The next three years, based on the performance of the Hostel the percentage of the long term visitors will change.

### Public Relations

The Green Hostel of Thessaloniki will handle all PR internally. The aim of PR is that people will get to know about its existence, to understand its principles and in long term to induce the rest of the community to endorse them. This will be achieved through events and activities within the Hostel, or under the support of the hostel (organizationally).

### Sustainability Policy

According to the latest regulations (Directive 2010/31/EU is related to the energy performance of buildings) and the encouragement of the European Union to introduce and implement sustainability principles, it is more obvious to understand the advantages of doing so. This directive make you consider for your new building at least the thermal capacity, passive heating and heating installation, cooling system, insulation, solar systems and solar protection, indoor climate conditions, lighting installation, water supply and orientation of the building (for better management of all above). This directive aims to create nearly zero energy buildings<sup>31</sup>.

There are two options for our Green Hostel. One is the construction of a Bulding right from the beginning, and the second is renovating an existing building. At a manufacturing phase, it is important to follow a minimizing raw material strategy, as well as energy reduction through transportation and building or renovation activities. At the use phase, heating and cooling, ventilation and air conditioning (HVAC), reduction of energy for hot water supply, lighting and appliance power should be succeeded (T. Ramesh, 2010). Moreover, concerning the building, the

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<sup>31</sup> A nearly zero-energy building is defined in Article 2of the EPBD recast as “*a building that has a very high energy performance. The nearly zero or very low amount of energy required should be covered to a very significant extent by energy from renewable sources, including energy from renewable sources produced on-site or nearby*”. [31/2010/EC]

way that the rooms are going to be set up is very important. Principles of thermal, comfort, enough lighting, aural and visual issues are going to be taken into account. A research has shown that having these under consideration while the visitors will have a specific expectation, finally their satisfaction will be higher. The opposite result in that research was concerning the hygiene and communication, issues that administration will focus on it by marketing and administration policies. In the rooms, responders had the highest expectation for the thermal comfort, and visual aspect (J. H.K. Lai, 2013). S. Dhaka et al., found that a neutral temperature is between 25,9 to 33,8 Celsius degrees, air velocity and humidity at 0,51 m/s and 36%. The outdoor temperature was at that time 35,7 Celsius Degree, which is a summer temperature for Greece, while the humidity is always much higher, so the thermal comfort should be at least at the smallest point. Different preferences are also observed for females and males, the first like lower temperature and higher humidity while the second the opposite. Radiant temperature should be considered, since this can influence the indoor temperature (S. Dhaka et al., 2013). In case of constructing a new building, passive houses<sup>32</sup> are the one with the highest performance at the overall results and have the maximum life cycle (I. Sartoni et. al, 2006). On the other hand, this demands a huge capital, so a solar house<sup>33</sup>, that is the next more sustainable building, or at least low energy<sup>34</sup> building, which is encouraged by the regulations, would be more appropriate, at least at first place.

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<sup>32</sup> A type of low energy building during; design is oriented to make maximum exploitation of passive technologies (eventually adopting also some active solar technology – I. Sartoni et. al, 2006)

<sup>33</sup> A type of low energy building; design is oriented to make maximum exploitation of solar energy (with both passive and active technologies, (I. Sartoni et. al, 2006)

<sup>34</sup> Refers to a building built according to special design criteria aimed at minimizing the building operation energy (I. Sartoni et. al, 2006)

Other policies that will focus on the sustainability of the Green Hostel are sustainability transportation through promoting bicycling, and public transportation with special offers for the customers of the hostel. Water conservation and recycling and waste disposal management, eco-friendly use products and alternative furniture (outdoor and indoor) as a recycling way of using second handed materials, solar hot water, energy efficiency appliances, like solar chargers – see example at [www.batterystaff.com](http://www.batterystaff.com) – that can be put even on window glass and reduce energy consumption (T. Firth et. Al, 1999) Find more eco-friendly practices that hostels implement around the world in appendix 4. Other, actions which came up by the questionnaire are to include or promote bio-food, sustainable materials for furniture, and green products. Last but not least, based on the building, sustainable energy systems will be located on the area of the hostel, in order to maximize energy efficiency and minimize costs and energy loads.

The most important issue coming up by literature shows that the guests should not feel pressed on making a sustainability effort, but to enjoy their staying while supporting a hostel which implements relating policies. On the other hand, customers that will be willing to act more sustainably will have the encourage of the environment and the staff of the hostel (O. Berezan et. Al, 2013)

Coming to the social part of sustainability policies of the Green Hostel, Greece is a country with a high unemployment. People do not participate a lot to any services, do not have the will to do so, and finally turn out to be unable to be part of an organization, support it and be supported by it. Actions for social sustainability are found within the literature, like the one written by M. Wearing, in 2011. The Hostel would be a great contributor on reducing this approach, by promoting and supporting youth programs for internships and participation. Workshops for personal development and other themes will be part of the agenda of the hostel, while the interaction with the foreign people will enhance the team spirit and reduce the racism that tries to arise lately in the country. Through its effort to promote the local enterprises, business and organizations, it will contribute to the cultural understanding for the foreign people and enhance the one within the local people. Team Actions for making a better future (like cleaning the coastal area of the city) will get closer locals as well as foreign, while workshops will influence their wrong way of thinking or at least give other perspectives. All these activities will be free or with operating cost coverage, in corporation with the local governance or organizations and individuals that will have same beliefs. Youth centers will be supported, and students will be able to have an affordable place to stay, or interact with others.



Of course, all above, cannot be implemented without a good financial management that will make the Green Hostel to be financially sustainable.

**Financial and Pricing Policy** The financial analysis is based on the study of JN+A & HVS Design in 2013 (the latest version) that tried to estimate the renovating costs of a hotel depending on the category that is characterized. Though the Green Hostel may provide services that could make it be as an A class hotel, I chose to estimate the costs based on economy category as the trend there is no need for expensive and over-exaggerating materials. The only questionable issue is whether green-products and materials may cost higher than conventional in the current market in order to include them in the analysis. According to W. Bradshaw et. al (2005), these costs may even be less than the conventional ones. On the other hand, having in mind that there are always some materials that are more expensive, and Greece is an area that the costs on this field are still higher than other countries, I have considered of calculating these costs taking into account the mid prices (averages) that the study of Bradshaw et. al, but I observed that a lot of materials and objects can be found much cheaper in Greece. On the other hand construction cost may vary based on the workers that will carry out the work. So, I kept these prices, by excluding some unnecessary, as I believe, costs while I included costs from environmental friendly systems, like renewable energy systems. Moreover, I adjusted the size of the building and number of guestrooms based on what I think is more possible to take place, and on the potential arrivals (the availability of rooms in Greece do not extent 60%, based on the ICAP study).

So based on a Green Hostel that will have 3 floors with a total of 30 rooms, and for each floor will have 2 bathrooms for a utility of 3 persons, and one Kitchen area and a common spare place/area for gathering, plus renewable energy and IT systems for better management, the total cost will be around 466.000 €.

One scenario is to have 1 floor for students to be able to rent a room for a semester or more. This in this case, 15000 will be added in the total amount for having one bathroom to each dorm room. The two other floors will have half rooms with 5 beds, as this is a pretty acceptable number of sharing people. Total amount of beds is 100, plus the dorm rooms.

Having a standard income by the dorm rooms for each month (200 €) there is a total of 24000. Although, the Green Hostel will try to promote the city and its activities all round year, I should be considering the fact that there is usually a 40% of empty rooms in Greece. I decided to calculate this income with much lower price of this that the responders gave, in order to have an overview on what extend the operation costs should exist, as well as to see how quickly the

capital will be depreciated. With the price of 17 € for one night, the total income will be 372.300 per year. This is a total income of around 396.000 € per year. Having in mind the low needs for servicing the first floor, 6 people in the reception and 3 cleaning staff will cost around 130.000 € per year. It is calculated that the rest of the operating costs will be less than 150.000 €, which means that around 116.000 will be a return of equity, making this project more than successful.

Considering a percentage of forward rate of around 3% given by the banks the last three months, it means that a person who would like to invest in one of those will get in 8 years its capital back with equity of at least 8%. Last but not least, this action will contribute to the local community of Thessaloniki, and invest in the local development, and this return can continue for more than 8 years (with the scenario of having a building for at least next 50 years).

More information about the way that the costs have been measured, and a potential scenario for an investor/creditor, see appendix 5.

### Certification Proposals

In order to name a Hostel green, and at the same time to gain credits by not only certifying itself through its actions, but also being able to control and evaluate them it is important to introduce and achieve some certification at least related to its characteristics. There are many certificates that can enhance its operations and performance while emphasizing on its character. I here I focused on ISO, since the Green Hostel will have a global promotion, and not just European. Some of these are the following:

The ISO 14000 family addresses various aspects of environmental management. The Hostel can introduce to its management tools for controlling its environmental impacts and improve its performance concerning its actions for the environment. ISO 14001:2004 and ISO 14004:2004 focus on environmental management systems, while ISO 14006:2011 focuses on the eco-design of the organization ([www.iso.org](http://www.iso.org))

Moreover, ISO 26000:2010 provides guidelines for supporting an organization social responsibility. In Greece there is only one company that has already been certified by this ISO (Responsibeerity, 2014. and global sustain, 15/01/2014), but there is a lot of room for the future ones. The Green Hostel will gain the advantages of this tool; while at the same time will gain a competitive advantage to the rest and certify its social character. ISO 26000:2010 will assist Green Hostel to contribute to sustainable development. “It is intended to encourage them to go

beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility” ([www.iso.org](http://www.iso.org))

Furthermore, there are specific evaluation tools, for the comprehensive environmental evaluation of a building and its operation, the most widespread one being:

BREEAM: Being the most popular European rating system, it is available for countries in Europe, but not bounded to those, with measurable evaluation characteristics.

LEED: Though this system was developed in North America, it is available for other countries as well. It is online and provides measurable evaluation characteristics in a very practical and user-friendly way.

Both systems examine parameters like the previous land use, the site potential, energy efficiency, the energy use and criteria for sub-metering, CO<sub>2</sub> impact of systems, the water conservation including criteria for metering, leakages detection, reduction of consumption, the use of material use targeting at asbestos mitigation, recycling facilities, reuse of materials for structural, facade elements, use of crushed aggregate and sustainable timber, as well as the indoor air quality (including criteria for dehumidification, ventilation, , lighting, and thermal comfort), the provision of public and alternative alternate transport, the pollution detection systems, the use renewable energy sources and many more. (Papadopoulos A.M., Giama E., 2009)

The use of such an environmental evaluation and certification tool is an interesting option that has to be considered.

Last but not least, eco-labeling (Green Key) is a program that aims to turn a tourist unit into “green”. It encourages the implementation of environmentally friendly practices that will ensure environmental protection and promote sustainability. In Greece, it is mainly adopted by hotel units, but it run in 17 countries Worldwide. The focus is given to the following categories which should be organized for staff, visitors, collaborators and suppliers:

Energy consumption.

The consumption of water.

- The management of waste.
- Use of environmentally friendly cleaning products and detergents.
- The quality of food and drinks.
- The conversion of free spaces into green areas.
- Environmental Education.

Velissariou E. and Gerolymos V., 2012)

#### Degradation Policy

If this Green Hostel takes place via the help of local government (by providing the appropriate building, which come be one of those that are empty many years now in the city) in a period of 50 years from now (in case of assigning the building for this reason for this period), at the end of the period, the goal is to be able to recycle or re-use all equipment, and have a remaining building that will be a beauty for the city, and within the period an educational change agent for the local community.

### **Conclusions**

This assignment aimed to introduce the reader to the meaning of sustainable development, to show the importance of implementing sustainable strategies, to estimate the willingness to pay of potential visitors in a Green Hostel, and finally investigate whether or not a Green Hostel in Thessaloniki can be profitable and sustainable. A further important aspect that emerged in the process is the necessity to focus on a broader review of the business articles and opinions published by the scientific community, as there appears to be quite a gap.

The importance of Sustainable Development for tourism worldwide is has been mentioned and practices for succeeding it have been developed. Concerning the business plan, an interesting issue that is made clear to me, is that current hostels in Thessaloniki focus on covering their costs, rather than creating needs to its visitors, and accept visitors that are willing to stay in any hostel which might have the exact same services. The Green Hostel, apart from the sustainability philosophy that promotes, achieves to create new needs and expectations from a destination. This

has as a result to have gain an advantage compare not only to the competing hostels, but to the whole hotel industry, which as means that a company like this will be chosen not only by backpackers but by open-minded people who want to taste this experience and environmental and sensitive groups that would like to support it, while travelling. This is an important issue that Hotels and Hostels around the world should consider.

Coming to the questionnaires, the fact that the collection of the data were done online, at first place it was thought to be effective as it was pretty much possible to have more responders from all around the world in less time. Unfortunately, because it was hard to have a follow up to which people the questionnaires arrived it was not easy to motivate them to respond. The responders show that they are willing to pay more for staying in a Green Hostel but they are not so willing to make more effort for acting more sustainably. It is made clear that though they have environmental sensitivity, as customers it is more important for them to have a comfort instead of giving it up for sustainability actions. This brings us to the conclusion that the Green Hostel will be successful in case it is firstly a great hostel with excellent services, and then it can motivate people to change behavior concerning the green initiatives, without pressing them to do so. Moreover, it was clear from the questionnaire that the Greeks are less motivated staying in a Hostel, so the focus should not be on them, unless the hostel works with private rooms as well.

Although the questionnaires aimed to focus on quantitative information rather than qualitative information, they finally brought interesting information by focused not only on the quantification of the willingness to pay of potential visitors of a Green Hostel, but also investigated the most willing services that visitors would like to have. The questionnaire did not specify what a Green Hostel actually is in order to detect whether or not the responders had a clear view of what a Green Hostel. The results had shown that the responders had a pretty good opinion about it, but still its definition is vague for them. Moreover, It is clear that most of the travelers choosing to stay in a hostel have specific needs for staying there, which was detected by the most frequent answers concerning their top 5 choices for services in the hostel (“Wi-Fi”, “Clean Environment”, “Urban location” (the Greeks were indecisive for the location), “Visitors of my age” and “breakfast” (which is ranked by the foreign as having the same importance with the “Visitors of my age”, but was not at the top 5 of the Greeks. Moreover, it is clear observed that the foreign people are more likely to share a room and stay in a hostel, while the Greeks are more scared of that and miss value a possible hostel in Greece compared to others in Europe.

Through the analysis, it is found that the competitors (Hostels) in Thessaloniki are few and work with low prices but they do not have a lot of rooms. It was not possible to find information about

their availability around the year, fact that it would be interesting to investigate in a future study, in order to have a better result for the utilization in the Green Hostel. For this reason the availability was based on the national percentages that are provided by research organizations (ICAP Group and El.Stat.) in Greece. Moreover, it was hard to estimate the installation and operation costs, as there was no specific building. For this reason I worked on assumptions, and estimated these based on previous studies for Hostels abroad that I adjusted on these the profile of the potential Green Hostel. The proposed building is a 3 floor building with the ability to fit 10 rooms per floor with a capacity of 6 beds, plus the public spaces. The first floor will work as single dorm rooms for students, and the rest for Hostel services. That is suggested in order to have a standard income every year, though in case there are higher arrival demands this will be a loss for the hostel. It is believed that having a good promotion and marketing policy while providing an interesting service, there will be at least 60% bookings around the year without falling down the 17 € per night (while the prices suggested by the responders are much higher). Though it is usual to have a depreciation at 5 years period, I thought that for safety reason it would be proper to investigate it for a period of 8 years, by the end of which the capital will be earned back, and a profit of more than 3% which is the current bank rates - it is estimated that the Green Hostel will be able to return a rate around 8%, which will be given to the potential investor/creditors, while the rest may stay in business for further development. Then the whole company will be continuing operating. The renovation option was picked instead of constructing a new building as it has less needs for capital investment, and is more likely to be implemented, especially if all these empty (even heritage) buildings in Thessaloniki are taken into account. The hardest part of the business plan was to find information about the current hostels, as well as financial information of the potential competitors as the most of the hotel units in Greece for which information were found are categorized as Luxury, A and very few for B, and no financial information concerning existing hostels. So there no clear view of the potential earnings of the hostel, and that was the reason why the focus was given into the installation costs, rather than in the operating costs (although an extended estimation has been included in the work).

Last but not least, it should be mentioned that all previous are based on assumptions concerning issues like the building, the marketing and sales policy, and the generally the whole strategy of the Green Hostel. Data show that the project should be more than profitable, and provide sustainability to the company and the local community, but in future a review of a business plan based on the actual information should be done. The analysis is focusing on the potential visitors' expectations rather than on the actual satisfaction, which can be measured basically by selecting information after the experience, rather than before. It would be interesting to examine the

sensitivity of the responders choosing a hotel instead of a hostel, and the opposite. Moreover, an interesting analysis would be to examine how the elder people would be willing to pay for a relative service, since this target group is getting more popular. Finally, An interesting future research should be to have an extended analysis of how this Green Hostel will operate concerning energy and water consumption, indoor microclimate conditions and how this could affect the satisfaction of the visitors.

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## Appendix 1 – Market Share of Greek Tourism

### MARKET SHARE OF GREEK TOURISM 2000-2012

Έτος Year	Αφίξεις Ελλάδα Greece Arrivals	Αφίξεις Ευρώπη Europe Arrivals	Αφίξεις Κόσμος World Arrivals	Μερίδιο Ελλάδας στην Ευρώπη Market Share of Greece in Europe	Μερίδιο Ελλάδας στον Κόσμο World Market Share of Greece
2000	12.378.282	385.100.000	674.000.000	3,2%	1,8%
2001	13.019.202	388.000.000	684.100.000	3,4%	1,9%
2002	12.556.494	397.000.000	702.600.000	3,2%	1,8%
2003	12.468.411	399.000.000	691.000.000	3,1%	1,8%
2004	11.735.556	424.400.000	764.000.000	2,8%	1,5%
2005	14.388.182	448.900.000	807.000.000	3,2%	1,8%
2006	15.226.241	461.600.000	842.000.000	3,3%	1,8%
2007	16.165.265	482.900.000	898.000.000	3,3%	1,8%
2008	15.938.806	484.400.000	916.000.000	3,3%	1,7%
2009	14.914.537	463.500.000	885.000.000	3,2%	1,7%
2010	15.007.493	485.600.000	949.000.000	3,1%	1,6%
2011	16.427.247	516.400.000	995.000.000	3,2%	1,7%
2012	15.517.622	534.200.000	1.035.000.000	2,9%	1,5%

Σημείωση: Τα στοιχεία των ετών 2005-2012 προέρχονται από την Έρευνα Συνόρων της ΤτΕ και γι' αυτό διαφέρουν από τα στοιχεία της ΕΛΥΕ των προηγούμενων ετών. Βάσει της μεθοδολογίας της έρευνας της ΕΛΥΕ, λαμβάνονται υπόψη οι διακρίσεις των επισκεπτών είναι ανεξαρτήτως των αλλοδαπών, από βάση της Έρευνας Συνόρων λαμβάνεται υπόψη η διακρίση μόνο των μη-κατοίκων, δηλαδή των επισκεπτών που δεν έχουν μόνιμο τόπο διαμονής στη Ελλάδα. Το φαινόμενο αυτό παρατηρείται επίσης στα έτη που προέρχονται από Αλβανία και Βουλγαρία, λόγω του μεγάλου αριθμού μεταναστών που βρίσκεται στη χώρα μας. Ο ΣΕΤΕ είχε υπαχθεί να ελέγξει και να επεξεργαστεί τα δεδομένα της μεθοδολογίας που ακολουθεί η ΕΛΥΕ και γι' αυτό ανακάλυψε στοιχεία διεθνών αφίξεων αφίξεων της Αλβανίας και της Βουλγαρίας (κατονομαστές μετακινήσεις, κάτι που δεν είναι τίτλος αναφοράς με τα πιο ακριβή στοιχεία της Έρευνας Συνόρων.

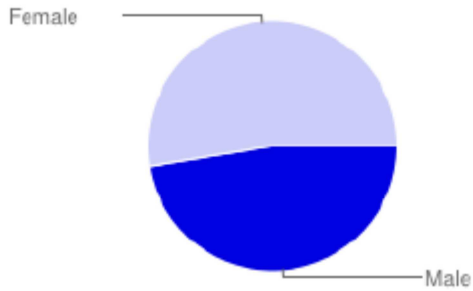
Note: Data regarding years 2005-2012 come from the "Border Survey" of the Bank of Greece and that is why there is discontinuity with the data provided by the Hellenic Statistical Authority in previous years. The "Border Survey" is methodologically and practically the best method for accurate estimations of non-resident arrivals. Therefore the method used by the Hellenic Statistical Authority to collect data about "arrivals of foreigners" (including residents and non-residents) was abandoned.

Πηγή: ΣΕΤΕ, επεξεργασία στοιχείων Ελληνικής Στατιστικής Αρχής, Παγκόσμιου Οργανισμού Τουρισμού και National Statistical Institute of Bulgaria

Source: SETE, based on data provided by the Hellenic Statistical Authority, the UNWTO and the National Statistical Institute of Bulgaria

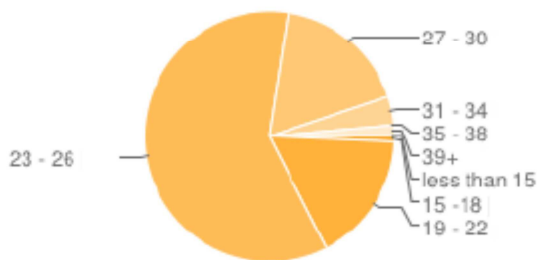
## Appendix 2 – Results of Questionnaires

### Sex



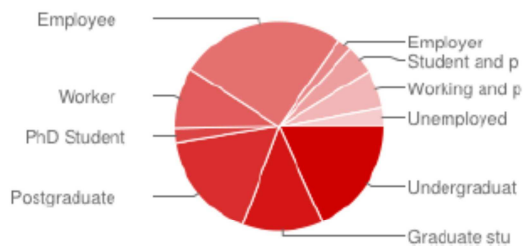
		Greek
Male	47%	46%
Female	53%	54%

### Age



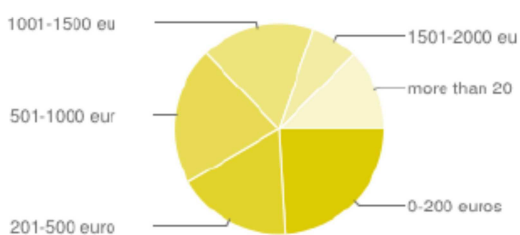
		Greek
less than 15	0%	0%
15 -18	1%	2%
19 - 22	17%	12%
23 - 26	60%	46%
27 - 30	18%	21%
31 - 34	4%	10%
35 - 38	0%	6%
39+	1%	2%

### What is your current status..?



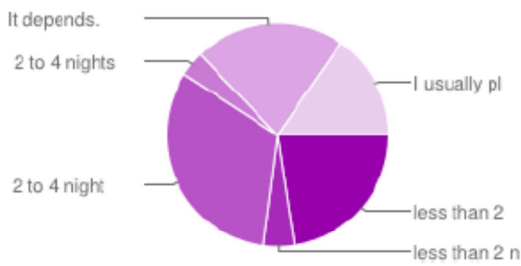
		Greek
Undergraduate student	18%	0%
Graduate student	12%	10%
Postgraduate student	17%	2%
PhD Student	2%	20%
Worker	9%	2%
Employee	26%	36%
Employer	2%	7%
Student and part time employee	4%	6%
Working and part time studying (second degree)	6%	7%
Unemployed	3%	10%

### What is your income (net salary in euros/pocket money)?



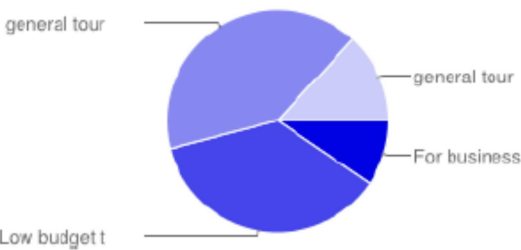
		Greek
0-200 euros	24%	26%
201-500 euros	18%	18%
501-1000 euros	21%	31%
1001-1500 euros	18%	13%
1501-2000 euros	7%	7%
more than 2000 euros	12%	5%

### How many nights do you mostly stay in your trips?



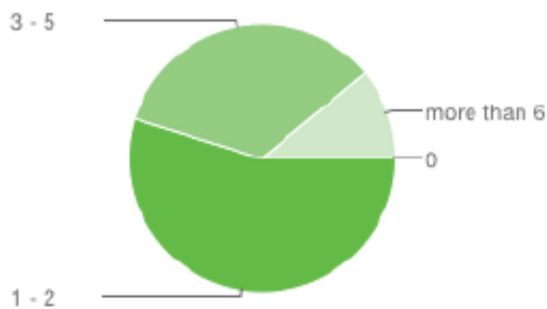
		Greek
less than 2 nights. Usually weekends	23%	27%
less than 2 nights. Usually within the week	4%	2%
2 to 4 nights. I like traveling around and meeting new people.	32%	43%
2 to 4 nights. Basically for business reasons	4%	3%
It depends. Usually around a week. I have a lot of spare time and I like looking around at the place I visit	22%	11%
I usually plan my trips early enough to be able to book everything in good price (bigger trips - more than a week)	15%	13%

### How may the most of your trips be expressed?



		Greek
For business reasons	9%	7%
Low budget trips (backpacker etc)	36%	25%
general tourism - express trips	41%	62%
general tourism - long trips	13%	3%

### How many trips do you approximately do per year..?



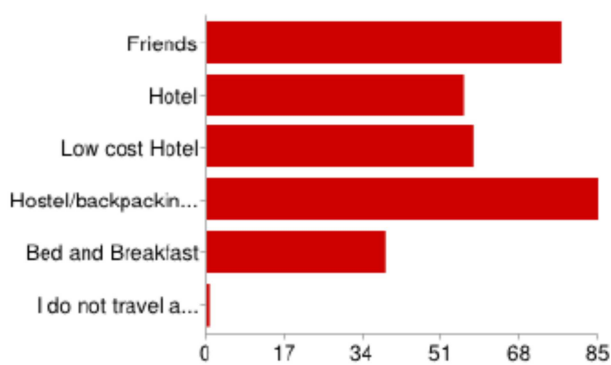
		Greek
0	0%	0%
1 - 2	55%	64%
3 - 5	34%	28%
more than 6	11%	8%

### Have you stayed in a Hostel before?



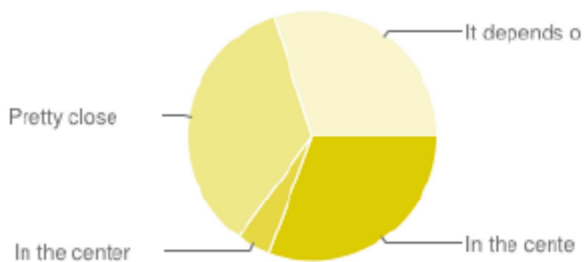
		Greek
Yes	84%	56%
No	16%	44%

### When do you usually stay when travelling abroad?



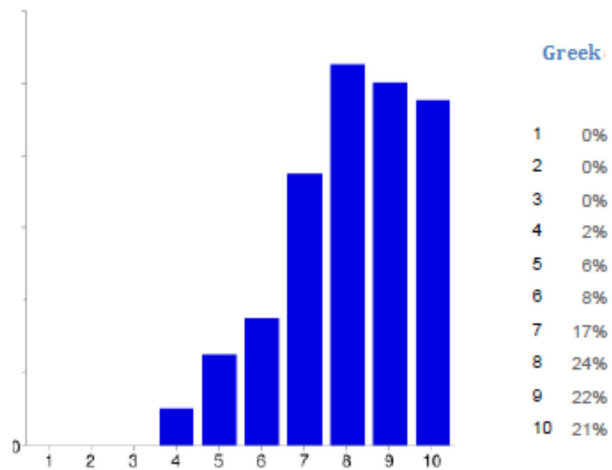
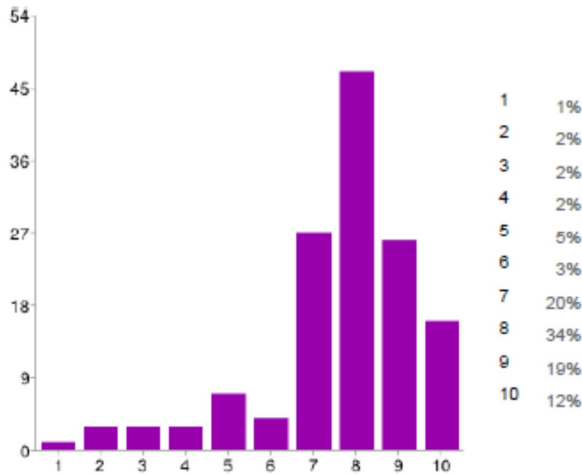
		Greek
Friends	24%	32%
Hotel	18%	31%
Low cost Hotel	18%	23%
Hostel/backpacking accommdation	27%	14%
Bed and Breakfast	12%	
I do not travel abroad	0%	

### What is the best location for your accommdation when traveling?

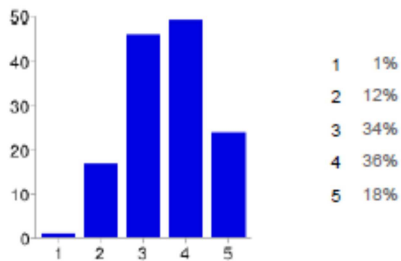


In the center of the city. Everything is close and I can enjoy the night life of the place	31%
In the center of the city. Everything is close and I can be on time on my business meetings.	4%
Pretty close to the center, but at an area that I will not need to pay a lot.	35%
It depends on the trip and the local choices provided	30%

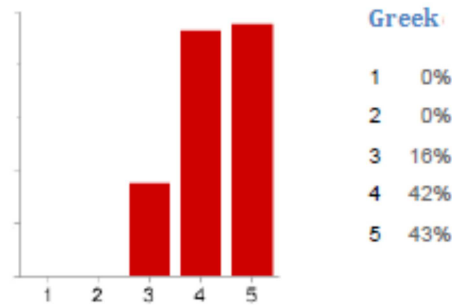
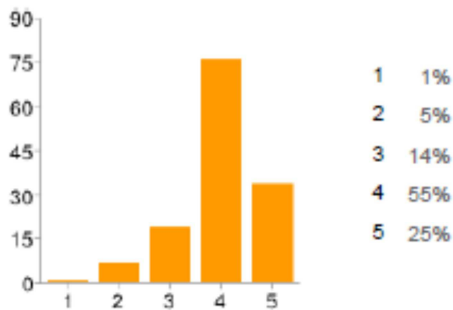
You consider yourself being socially and environmentally sensitive:



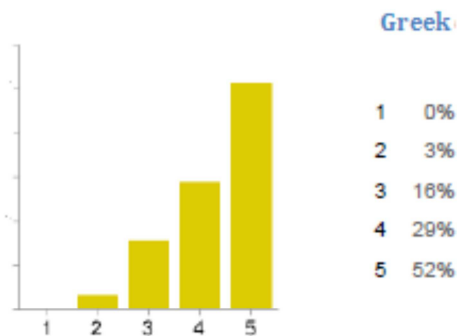
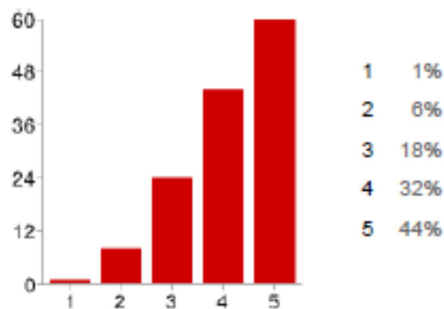
Not spending money and making savings is for you:



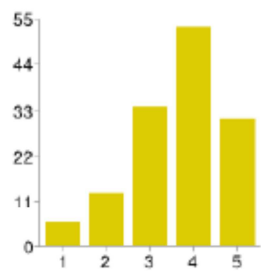
How important is protecting the environment for you?



You would like to stay in a hostel that is socially and environmentally sensitive



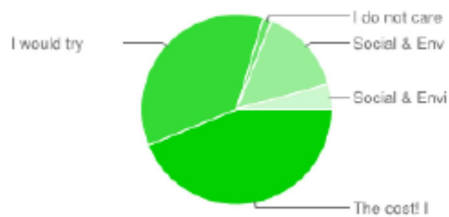
I would make a great effort staying in a green hostel, which promotes socially and environmental sensitivity, through its actions, activities and partners



Greek

1	4%	1%
2	9%	7%
3	25%	22%
4	39%	29%
5	23%	40%

What is most important for your decision when selecting your accommodation?



The cost! I always try to minimize my travel budget

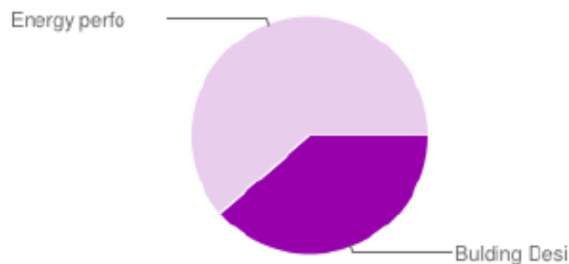
I would try to have a balance between environmental & social consciousness and cost

I do not care about the cost, neither about the social and environmental consciousness of the hostel

Social & Environmental Consciousness would have a great influence on my final decision

Social & Environmental Consciousness would have the greatest influence on my final decision. I would take it under positive consideration even changing my

What would you prefer the most your hostel to have:

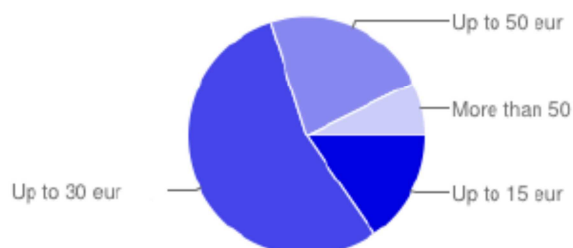


Greek

Bulding Design	39%	46%
Energy performance of the buidling	61%	54%

How much do you usually pay for staying a night in a Hotel ni Europe the most?

Greek



Up to 15 euros/person	15%	3%
Up to 30 euros/person	55%	44%
Up to 50 euros/person	23%	46%
More than 50 euros/person	7%	7%

**By this price what do you have in mind that a Green Hostel would include?**

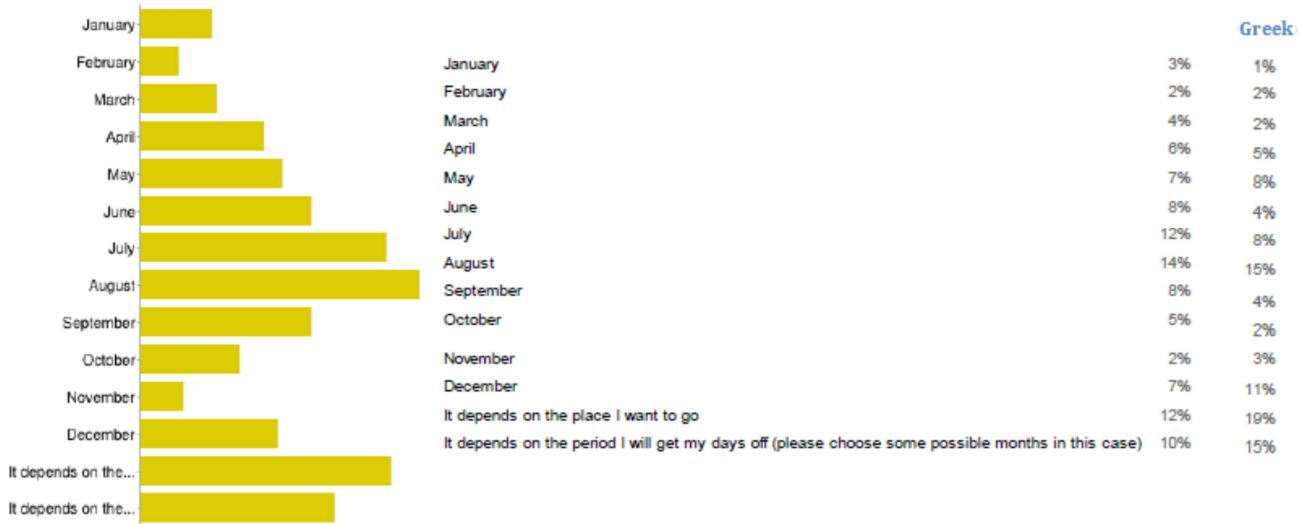




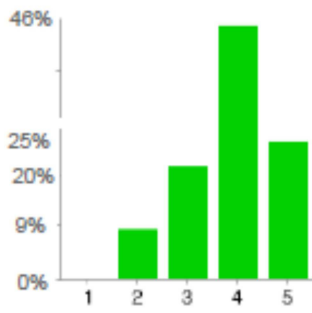
Select 5 most important elements for staying in a hostel, no matter if this is green or not.



When do you usually prefer travelling?



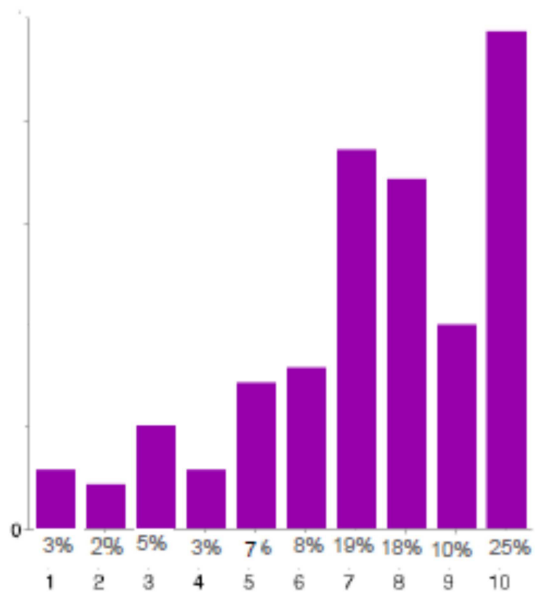
I choose Europe for making trips



Have you been in Greece before?

Yes	51	37%
No	85	62%
Do not remember	1	1%

I will pick Greece for one of my next trips



Greek

## Appendix 3 – Willingness to Pay: Answers by the Responders

Greek Responders:

Age	How much would you pay for a Hotel in Greece	How much would you pay the most for a Hostel in Europe per person	How much would you pay the most for a Hostel in Greece per person	How much would you pay the most for a Green Hostel
"23-26"	Up to 50 euros / person	35	35	35
"23-26"	Up to 50 euros / person	35	35	35
"23-26"	Up to 30 euros / person	25	20	20
"23-26"	Up to 30 euros / person	20	10	20
"23-26"	Up to 50 euros / person	30	30	50
"27-30"	Up to 30 euros / person	30	20	30
"23-26"	Up to 50 euros / person	20	20	30
"19-22"	Up to 30 euros / person	30	25	20
"23-26"	Up to 30 euros / person	30	20	35
"23-26"	Up to 50 euros / person	25	20	20
"31-34"	Up to 30 euros / person	13	11	15
"23-26"	Up to 30 euros / person	30	20	20
"27-30"	Up to 30 euros / person	20	15	20
"23-26"	Up to 50 euros / person	65	50	75
"23-26"	Up to 50 euros / person	35	35	35
"23-26"	Up to 30 euros / person	15	15	20
"35-38"	More than 50 euros/ person	0	0	0
"23-26"	Up to 30 euros / person	20	15	20
"23-26"	Up to 50 euros / person	20	20	20
"23-26"	Up to 30 euros / person	25	20	25
"23-26"	Up to 50 euros / person	30	30	30
"27-30"	Up to 30 euros / person	20	10	20
"27-30"	Up to 50 euros / person	30	25	30
"23-26"	Up to 30 euros / person	36	20	25
"23-26"	Up to 50 euros / person	15	15	20
"23-26"	Up to 50 euros / person	30	30	40
"23-26"	Up to 30 euros / person	25	20	25
"23-26"	Up to 30 euros / person	30	25	35
"23-26"	Up to 50 euros / person	50	35	70
"27-30"	Up to 50 euros / person	20	20	20
"23-26"	up to 15 euros/ person	15	12	15
"23-26"	Up to 50 euros / person	25	20	25
"39+"	Up to 30 euros / person	20	15	20
"31-34"	Up to 50 euros / person	25	25	25
"31-34"	Up to 30 euros / person	15	15	20

"27-30"	Up to 50 euros / person	20	15	20
"35-38"	Up to 50 euros / person	30	20	30
"23-26"	Up to 50 euros / person	25	20	25
"19-22"	Up to 30 euros / person	10	10	15
"19-22"	up to 15 euros/ person	20	10	15
"19-22"	up to 15 euros/ person	15	10	15
"19-22"	up to 15 euros/ person	50	30	35
"23-26"	Up to 30 euros / person	13	10	10
"27-30"	Up to 30 euros / person	20	15	25
"27-30"	Up to 50 euros / person	50	50	50
"27-30"	Up to 30 euros / person	20	20	20
"27-30"	More than 50 euros/ person	30	9	15
"23-26"	Up to 50 euros / person	25	20	25
"23-26"	Up to 50 euros / person	30	30	30
"23-26"	Up to 50 euros / person	30	20	30
"23-26"	Up to 30 euros / person	20	15	15
"27-30"	Up to 50 euros / person	20	15	25
"23-26"	Up to 30 euros / person	12	10	15
"23-26"	Up to 30 euros / person	15	12	15
"27-30"	Up to 30 euros / person	20	15	20
"39+"	Up to 30 euros / person	15	15	15
"19-22"	Up to 30 euros / person	20	15	17
"15-18"	up to 15 euros/ person	15	10	15
"23-26"	Up to 30 euros / person	20	14	18
"23-26"	Up to 30 euros / person	25	15	18
"27-30"	Up to 30 euros / person	15	15	15
"27-30"	Up to 50 euros / person	25	15	20
"23-26"	Up to 50 euros / person	30	30	35
"27-30"	Up to 30 euros / person	30	30	35
"23-26"	Up to 30 euros / person	30	30	30
"31-34"	Up to 50 euros / person	20	20	20
"19-22"	Up to 50 euros / person	30	30	30
"35-38"	More than 50 euros/ person	30	30	30
"31-34"	Up to 30 euros / person	20	20	20
"31-34"	Up to 50 euros / person	20	20	25
"19-22"	Up to 50 euros / person	15	15	20
"35-38"	Up to 50 euros / person	10	10	15
"23-26"	Up to 30 euros / person	20	20	25
"27-30"	Up to 30 euros / person	20	20	22
"35-38"	More than 50 euros/ person	30	30	35
"31-34"	More than 50 euros/ person	30	20	30
"23-26"	Up to 30 euros / person	20	18	18
"23-26"	Up to 30 euros / person	15	15	15
"31-34"	Up to 50 euros / person	25	20	25
"27-30"	Up to 30 euros / person	15	15	17
"23-26"	Up to 30 euros / person	20	20	20
"15-18"	Up to 30 euros / person	20	20	20

"19-22"	Up to 30 euros / person	30	20	20
"27-30"	Up to 30 euros / person	18	15	18
"19-22"	Up to 30 euros / person	20	15	20
"27-30"	Up to 30 euros / person	15	13	15
"19-22"	up to 15 euros/ person	15	10	10
"23-26"	up to 15 euros/ person	15	10	15
"31-34"	Up to 30 euros / person	20	13	13
	<b>average price:</b>	<b>24</b>	<b>20</b>	<b>24</b>

30 out of 89 same price  
for both hostels

## The international responders:

Where are you from?	Age	"How much do you usually pay for staying a night in a Hotel in Europe the most?"	"How much would you/do you usually pay for staying a night in a Hostel the most? (in euros/In Europe)"	"How much would you be willing to pay for staying a night in a green hostel (in Euros/in Europe)?"	Price of Hostel (-) Price of Green Hostel
FRANCE	23-26	"Up to 50 euros/person"	35	50	-15
GERMANY	27-30	"Up to 50 euros/person"	25	28	-3
Turkey	27-30	"Up to 30 euros/person"	100	100	0
Portugal - Lisbon	23-26	"Up to 15 euros/person"	20	22	-2
The Netherlands	23-26	"Up to 30 euros/person"	30	30	0
United States	23-26	"Up to 50 euros/person"	30	40	-10
TURKEY	23-26	"More than 50 euros/personB "	40	50	-10
Latvia - Ventspils	23-26	"Up to 15 euros/person"	15	15	0
Spain	27-30	"Up to 15 euros/person"	20	12	8
Italy	23-26	"Up to 50 euros/person"	20	30	-10
Spain	23-26	"Up to 15 euros/person"	12	13	-1
Portugal	23-26	"Up to 30 euros/person"	30	35	-5
Germany	23-26	"Up to 30 euros/person"	17	25	-8
Mexico	23-26	"Up to 30 euros/person"	15	20	-5
Germany	27-30	"Up to 30 euros/person"	30	35	-5
Germany- Stuttgart	27-30	"Up to 30 euros/person"	20	25	-5
Italy	27-30	"Up to 50 euros/person"	30	30	0
Mexico	23-26	"Up to 30 euros/person"	22	26	-4

Holland	27-30	"Up to 30 euros/person"	35	35	0
Australia	23-26	"Up to 50 euros/person"	25	30	-5
Spain	23-26	"More than 50 euros/personB "	30	40	-10
United States	23-26	"Up to 30 euros/person"	30	40	-10
America	27-30	"Up to 30 euros/person"	20	30	-10
CYPRUS	23-26	"Up to 30 euros/person"	10	15	-5
ARGENTINA	23-26	"Up to 30 euros/person"	20	20	0
Barcelona	23-26	"Up to 50 euros/person"	80	90	-10
Italy	27-30	"Up to 15 euros/person"	15	15	0
CYPRUS	23-26	"Up to 30 euros/person"	30	30	0
Australia	23-26	"More than 50 euros/personB "	25	35	-10
Singapore	23-26	"Up to 30 euros/person"	35	30	5
Canada (Quebec)	19-22	"Up to 50 euros/person"	40	40	0
PERU	27-30	"Up to 30 euros/person"	50	50	0
FRANCE	23-26	"Up to 30 euros/person"	20	9	11
Romania	23-26	"Up to 50 euros/person"	30	40	-10
The Netherlands	23-26	"Up to 30 euros/person"	19	24	-5
ROMANIA	23-26	"Up to 30 euros/person"	20	20	0
Moldova	23-26	"Up to 15 euros/person"	25	25	0
CYPRUS	23-26	"Up to 15 euros/person"	12	15	-3
PERU	27-30	"Up to 30 euros/person"	50	50	0
FRANCE	23-26	"Up to 30 euros/person"	20	9	11

Romania	23-26	"Up to 50 euros/person"	30	40	-10
The Netherlands-A	23-26	"Up to 30 euros/person"	19	24	-5
ROMANIA	23-26	"Up to 30 euros/person"	20	20	0
F.Y.R.O.M.	23-26	"Up to 50 euros/person"	20	30	-10
F.Y.R.O.M.	23-26	"Up to 50 euros/person"	30	20	10
Portugal	23-26	"Up to 30 euros/person"	15	15	0
Switzerland	23-26	"Up to 30 euros/person"	20	20	0
USA	23-26	"Up to 30 euros/person"	40	40	0
Netherlands	19-22	"Up to 30 euros/person"	30	24	6
ITALY	23-26	"More than 50 euros/personB "	20	20	0
Italy	23-26	"Up to 30 euros/person"	20	20	0
Italy	19-22	"Up to 30 euros/person"	15	15	0
ITALY	19-22	"Up to 15 euros/person"	15	20	-5
Italy	23-26	"Up to 50 euros/person"	20	20	0
Italy	23-26	"Up to 30 euros/person"	20	30	-10
RUSSIA	31-34	"Up to 50 euros/person"	40	40	0
RUSSIA	27-30	"Up to 30 euros/person"	20	20	0
Italy	23-26	"Up to 30 euros/person"	15	15	0
SWEDEN	39+	"Up to 30 euros/person"	20	25	-5
Sweden	39+	"Up to 30 euros/person"	30	40	-10
Italy	23-26	"Up to 30 euros/person"	20	20	0
Portugal	31-34	"Up to 50 euros/person"	20	25	-5



FRANCE	23-26	"Up to 30 euros/person"	60	70	-10
CYPRUS	23-26	"Up to 50 euros/person"	25	35	-10
CAMEROON	23-26	"Up to 30 euros/person"	100	50	50
CYPRUS	23-26	"Up to 50 euros/person"	40	40	0
China	23-26	"Up to 15 euros/person"	15	20	-5
Slovakia	23-26	"Up to 30 euros/person"	15	15	0
Turkey	27-30	"More than 50 euros/personB "	80	50	30
Czech Republic	19-22	"Up to 30 euros/person"	1	1	0
Germany	23-26	"Up to 30 euros/person"	10	10	0
AUSTRALIA	19-22	"Up to 15 euros/person"	20	20	0
BULGARIA	23-26	"Up to 30 euros/person"	20	30	-10
INDIA	23-26	"Up to 30 euros/person"	30	40	-10
CZECH REPUBLIC	23-26	"Up to 15 euros/person"	15	15	0
SERBIA	27-30	"Up to 15 euros/person"	10	11	-1
U.S.	23-26	"Up to 50 euros/person"	25	30	-5
Serbia	31-34	"Up to 30 euros/person"	30	50	-20
Russia	23-26	"Up to 30 euros/person"	20	20	0
RUSSIA	19-22	"Up to 30 euros/person"	20	20	0
Ecuador	23-26	"Up to 30 euros/person"	35	30	5
Germany	23-26	"Up to 30 euros/person"	20	35	-15
Czech Republic	19-22	"Up to 30 euros/person"	10	10	0
Ecuador	23-26	"Up to 30 euros/person"	45	45	0
India	23-26	"Up to 15 euros/person"	15	20	-5

CHILE	23-26	"Up to 15 euros/person"	15	15	0
SLOVAKIA	27-30	"Up to 15 euros/person"	9	8	1
Canada	27-30	"Up to 15 euros/person"	15	20	-5
NICARAGUA	23-26	"Up to 15 euros/person"	20	15	5
PH	31-34	"Up to 15 euros/person"	50	50	0
ROMANIA	23-26	"Up to 30 euros/person"	15	20	-5
MEXICO	23-26	"Up to 50 euros/person"	50	50	0
ROMANIA	23-26	"Up to 30 euros/person"	28	28	0
Latvia	19-22	"Up to 30 euros/person"	50	50	0
Italy	23-26	"Up to 50 euros/person"	30	40	-10
MEXICO	23-26	"Up to 30 euros/person"	20	27	-7
Uk	27-30	"Up to 30 euros/person"	20	39	-19
ESTONIA	23-26	"Up to 15 euros/person"	15	15	0
India	31-34	"Up to 50 euros/person"	25	30	-5
Pakistan	27-30	"Up to 15 euros/person"	5	4	1
Latvia	23-26	"Up to 30 euros/person"	20	30	-10
Brazil	23-26	"Up to 30 euros/person"	20	20	0
Portugal	23-26	"Up to 30 euros/person"	30	20	10
Portugal	23-26	"Up to 30 euros/person"	18	18	0
UK	23-26	"Up to 50 euros/person"	30	40	-10
UK	27-30	"More than 50 euros/personB "	30	45	-15
UK	19-22	"Up to 30 euros/person"	30	30	0

Russia	23-26	"More than 50 euros/personB "	40	45	-5
Russia	19-22	"Up to 50 euros/person"	35	40	-5
Russia	23-26	"Up to 50 euros/person"	25	30	-5
Russia	23-26	"Up to 30 euros/person"	20	20	0
CYPRUS	23-26	"Up to 30 euros/person"	15	18	-3
Russia	23-26	"Up to 50 euros/person"	25	25	0
CYPRUS	27-30	"Up to 30 euros/person"	12	15	-3
Russia	27-30	"Up to 50 euros/person"	20	20	0
CYPRUS	19-22	"Up to 15 euros/person"	15	15	0
Russia	19-22	"Up to 30 euros/person"	20	20	0
Russia	19-22	"Up to 30 euros/person"	18	20	-2
Russia	23-26	"Up to 50 euros/person"	25	35	-10
CYPRUS	19-22	"Up to 30 euros/person"	20	20	0
CYPRUS	27-30	"Up to 50 euros/person"	20	25	-5
Russia	27-30	"More than 50 euros/personB "	20	20	0
Russia	19-22	"Up to 30 euros/person"	15	18	-3
Russia	23-26	"Up to 30 euros/person"	15	18	-3
Russia	23-26	"Up to 30 euros/person"	12	15	-3
UK	23-26	"Up to 30 euros/person"	25	25	0
UK	27-30	"More than 50 euros/personB "	40	40	0
Germany	23-26	"Up to 50 euros/person"	20	20	0
UK	19-22	"Up to 30 euros/person"	25	25	0

Germany	19-22	"Up to 30 euros/person"	20	20	0
Germany	19-22	"Up to 50 euros/person"	20	20	0
Germany	19-22	"Up to 30 euros/person"	15	15	0
Germany	19-22	"Up to 30 euros/person"	15	15	0
Germany	23-26	"Up to 30 euros/person"	15	15	0
Germany	23-26	"Up to 30 euros/person"	15	15	0
Germany	19-22	"Up to 30 euros/person"	15	15	0
Germany	23-26	"Up to 30 euros/person"	15	15	0
Germany	27-30	"Up to 30 euros/person"	14	14	0
UK	19-22	"Up to 30 euros/person"	25	25	0
UK	15 -18	"Up to 50 euros/person"	20	25	-5
UK	23-26	"More than 50 euros/personB "	35	40	-5
USA	23-26	"Up to 50 euros/person"	35	40	-5

Below are the given average prices for the previous questions categorized as follow:

<b>Based on the dates</b>			
more than 6	29	31	euros
3 to 5	25	28	euros
1 to 2	23	25	euros

**Based on the**

**roomates**

more than 10 people	17	19	euros
less than 3	30	32	euros
2 to 3	26	30	euros
up to 6	23	25	euros
up to 8	27	27	euros
no way	32	33	euros

**Based on nationality**

Cyprus	20	23	euros
Germany	18	20	euros
Uk	28	33	euros
France	34	35	euros
Russia	23	25	euros

## Appendix 4 – Sustainable Practices in Hostels

*T. Firth, N. Hing / Tourism Management 20 (1999) 251–254*

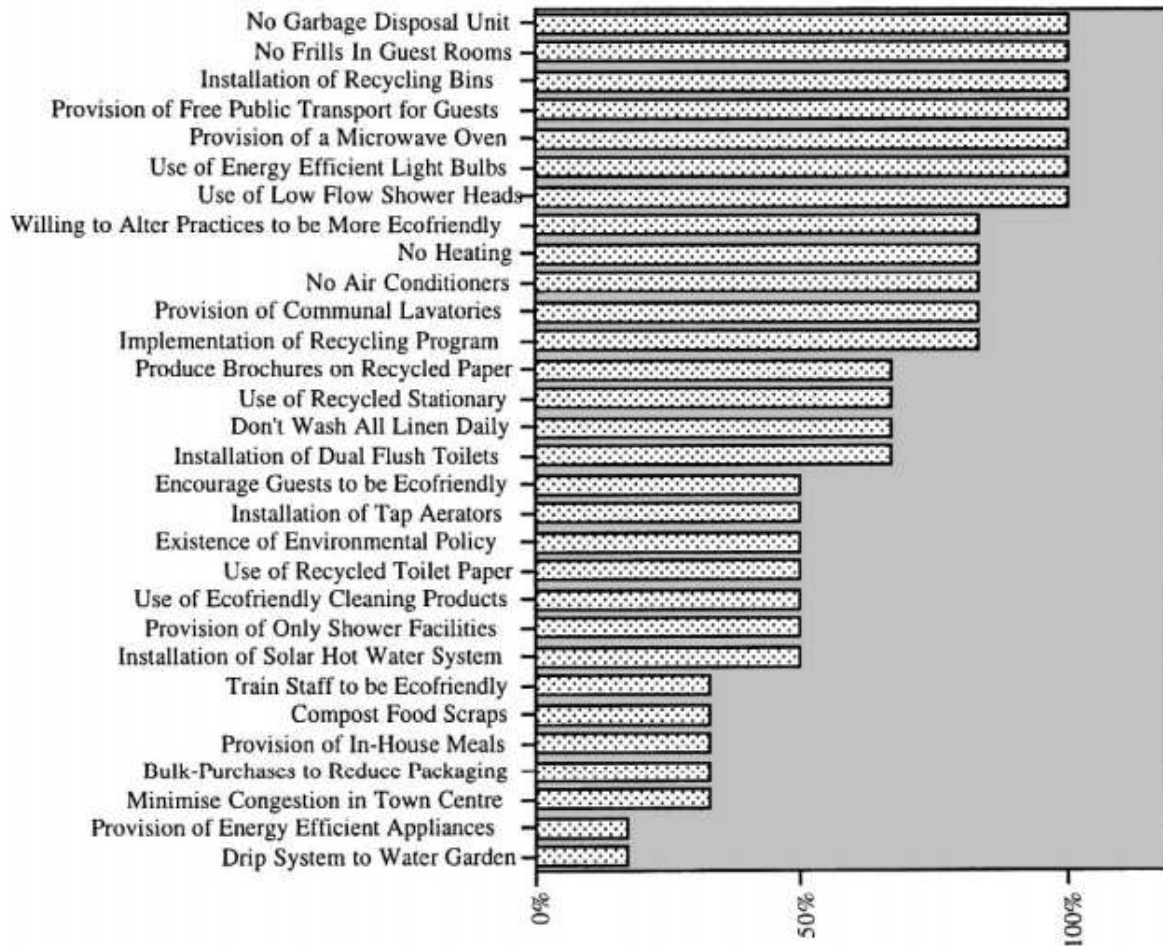


Fig. 1. Percentage of hostels implementing each ecofriendly practice.

## Appendix 5 – Financial Management, Pricing Policy

<b>From to and average</b>	<b>average costs</b>	<b>average cost for 30 rooms total</b>	
Demolition \$145.00 to \$305.57 \$240.24	240,24	7207,2	
Artwork & Accessories (installed) \$45.56 to \$106.58 \$74.96	74,96	2248,8	
Carpet and Pad \$414.53 to \$627.42 \$520.19	520,19	15605,7	
Carpet Base \$55.91 to \$129.31 \$92.96	92,96	2788,8	
Desk Lamp \$40.74 to \$75.00 \$54.36	54,36	1630,8	
Nightstand or Bracket Lamp (2) \$58.78 to \$127.50 \$86.98	86,98	2609,4	
Welcome Light (in existing location) \$96.76 to \$166.86 \$125.88	125,88	3776,4	
Desk Chair (incl Fabric) \$76.36 to \$123.25 \$99.68	99,68	2990,4	
Paint Existing Knockdown-finish Walls \$182.40 to \$348.35 \$249.81	249,81	7494,3	
Paint Textured or Drywall Ceiling \$113.40 to \$154.01 \$133.52	133,52	4005,6	
Paint Entry Doors, Closet Doors, Frames and Grilles \$65.00 to \$101.86 \$90.35	90,35	2710,5	
Window Treatments (Shear, Blackout, Hardware, installed) \$203.71 to \$315.75 \$271.36	271,36	8140,8	<b>61208,7</b>
<b>Guestroom - Add for a Full Renovation</b>			
Additional Demolition \$147.69 to \$305.57 \$236.22	236,22	7086,6	
Casegoods Installation \$195.00 to \$356.49 \$288.02	288,02	8640,6	
Bedsets (Box Spring, Mattress and Frame) \$458.35 to \$792.56 \$645.73	645,73	19371,9	
Headboard \$168.06 to \$324.86 \$254.53	254,53	7635,9	
Nightstands (2) \$190.98 to \$389.83 \$300.49	300,49	9014,7	
Dresser \$152.78 to \$312.82 \$233.26	233,23	6996,9	
Desk \$129.68 to \$381.96 \$219.15	219,15	6574,5	
Closet Rack \$45.84 to \$152.74 \$76.15	76,15	11422,5	multiplied my 5 because of the beds per rooms multiplied my 5 because of the beds per rooms
Luggage Rack \$ 20.37 \$ 50.00 \$	50	7500	<b>84243,6</b>
<b>Guest Bathroom - Add for a Full Renovation</b>			
<b>Two Big Bathroom for each floor</b>			

Additional Demolition \$267.37 to \$374.32 \$314.16	314,16	1884,96	
Architectural Lighting \$101.86 to \$152.78 \$122.23	122,23	733,38	
Replace Bathroom Door & Hardware \$356.49 to \$476.68 \$422.44	422,44	2534,64	
Electrical Upgrades (GFI) \$50.93 to \$79.45 \$67.21	67,21	403,26	
Shower Valve & Head, Tub Diverter, Tub Drain \$250.00 to \$360.57 \$313.14	313,14	1878,84	
Tub Surround \$407.42 to \$509.28 \$451.98	451,98	2711,88	
Shower Pan \$381.96 to \$700.00 \$535.28	535,28	4282,24	
Lavatory \$110.00 to \$160.93 \$137.31	137,31	823,86	
Faucet (and connections) \$152.78 to \$239.36 \$197.09	197,09	1182,54	
Vanity Top \$161.34 to \$244.45 \$201.47	201,47	1208,82	
Toilet Accessories \$117.13 to \$203.71 \$164.88	164,88	989,28	
Tile Flooring \$448.16 to \$672.25 \$560.21	560,21	3361,26	
Toilet \$305.57 to \$356.49 \$332.94	332,94	2663,52	<b>24658,48</b>

### Corridors

Per room with each unit 12' long by half of a 5'-wide corridor; 30 rooms per floor

3 floors with 10 rooms

Demolition \$42.02 to \$58.82 \$50.42	50,42	1512,6	
Artwork (installed) \$2.55 to \$11.87 \$5.16	5,16	154,8	
Carpet and Pad \$98.23 to \$148.20 \$122.89	122,89	3686,7	
Carpet Base \$18.31 to \$30.59 \$24.76	24,76	742,8	
Ceiling Mounted Lighting \$2.21 to \$7.53 \$4.23	4,23	126,9	
Elevator Lobby Furniture (allowance) \$152.78 to \$328.48 \$244.45	244,45		
Paint Ceiling \$16.88 to \$32.47 \$23.70	23,7	711	
Signage (room numbers) \$40.74 to \$68.75 \$54.75	54,75	1642,5	
Vinyl Wall Covering (LY 54") \$109.23 to \$268.22 \$169.71	169,71	5091,3	
Window Treatments (with hardware and installation) \$3.40 to \$12.83 \$8.09	8,09	242,7	

for every floor 2 bathrooms with 4 showers

**13911,3**

### Lobby Softgoods Renovation

The reception area costs and quantities are based on a 180 SF area, ceiling 8' AFF.

the Lobby will be double of this

Demolition of Vinyl & Carpet \$183.34 to \$311.68 \$247.51	247,51	495,02	
Artwork and Artifacts (installed) \$152.78 to \$900.00 \$471.74	471,74	943,48	
Carpet and Pad \$377.19 to \$564.69 \$469.34	469,34	938,68	
Millwork (refinish) \$305.57 to \$662.06 \$483.81	483,81	967,62	



Paint Drywall Ceiling \$81.00 to \$155.84 \$113.76	113,76	227,52	
Paint Doors & Trim \$130.00 to \$376.87 \$215.59	215,59	431,18	
Vinyl Wall Covering (LY 54", 40% openings) \$352.66 to \$806.02 \$517.28	517,28	1034,56	
Window Treatments (with hardware and installation) \$152.78 to \$458.35 \$290.75	290,75	581,50	
Seating Groups \$763.92 to \$1,400.52 \$1,124.23	1124,23	2248,46	
Admin/BOH Office Finishes (Carpet, Paint only) \$611.13 to \$1,364.87 \$1,006.80	1006,8	2013,60	9881,62
	4940,81		

### Lobby - Add for a Full Renovation

Additional Demolition \$733.36 to \$990.04 \$861.70	861,7	1723,40	
Decorative Lighting \$944.47 to \$1,400.52 \$1,178.60	1178,6	2357,20	
Electrical \$770.03 to \$1,732.56 \$1,106.92	1106,92	2213,84	
Hard Surface Flooring \$366.68 to \$550.02 \$458.35	458,35	916,70	
HVAC \$366.68 to \$495.02 \$430.85	430,85	861,70	
Life Safety \$504.19 to \$632.52 \$568.35	568,35	1136,70	
Architectural Lighting \$1,375.05 to \$2,337.59 \$1,856.32	1856,32	3712,64	
Front Desk (new, in existing location) \$4,583.51 to \$5,652.99 \$5,118.25	5118,25	10236,50	
Front Desk Equipment \$3,055.67 to \$3,768.66 \$3,412.16	3412,16	6824,32	
New ACT & Grid \$540.85 to \$916.70 \$727.00	727	1454,00	
Casegoods \$611.13 to \$1,171.34 \$900.03	900,03	1800,06	
Drywall Partitions \$1,620.00 to \$3,300.12 \$2,413.96	2413,96	4827,92	
Admin/BOH Office - add FF&E \$229.18 \$500.00 \$338.20	338,2	676,40	
Lobby Full Renovation Additional Cost Subtotal \$15,700.80 to \$23,448.08 \$19,370.68	19370,68	38741,36	
Lobby Full Renovation Cost Per SF \$87.23 to \$130.27 \$107.61	107,61	215,22	77697,96
	38848,98		

### Common Additives

New Electronic Key System \$381.96 to \$488.91 \$435.43	435,43	435,43	
Tub to Stall Shower Conversion \$1,800.00 to \$4,227.01 \$2,942.10	2942,1	2942,1	
Elevator Cab Finishes \$6,111.34 to \$9,676.29 \$7,893.81	7893,81	7893,81	
<b>Elevator Modernization</b>			
Hydraulic, per Cab \$36,668.04 to \$46,293.40 \$41,480.72	41480,72	41480,72	
PTAC Unit Direct Replacement, NIC finishes \$763.92 to \$977.81 \$870.87	870,87	870,87	

**Laundry Equipment (Direct equipment replacement with access)**

75# Washer \$20,371.13 to \$31,065.98 \$25,718.56	25718,56	25718,56
125# Dryer \$30,556.70 to \$41,251.55 \$35,904.12	35904,12	35904,12
Ironer / Folder \$101,855.67 to \$116,115.46 \$108,985.57	108985,57	108985,57

**Guestroom ADA Modifications**

Bathtub room \$13,750.52 to \$23,324.95 \$17,020.00	17020	17020	
Roll-in Shower room \$15,278.35 to \$30,556.70 \$23,186.75	26186,75	26186,75	
Exterior Signage - Monument - new graphics on existing sign \$5,092.78 to \$8,657.73 \$6,875.26	6875,26	6875,26	
Exterior Signage - Highway - New graphics on existing sign \$20,371.13 to \$31,065.98 \$25,718.56	25718,56	25718,56	
Exterior Signage - New Exterior Brand sign in existing location \$20,371.13 to \$25,718.56 \$23,044.85	23044,85	23044,85	
Dumpster enclosure - CMU walls, Wood Gate, Bollards, Concrete pad) \$10,500.00 to \$18,334.02 \$14,733.85	14733,85	14733,85	
Power operated bi-parting entrance doors (inner and outer at a vestibule) \$21,000.00 to \$35,649.48 \$28,828.93	28828,93	28828,93	366639,38

sum

463091,27

<b>638241,04</b>	<b>638241,04</b>	<b><u>return of equity</u></b>
subsidized (50%)	319120,52	
inverstors (50%)	319120,52	
<b>In euros</b>	<b>465915,96</b>	
subsidized (50%)	232957,98	
inverstors (50%)	232957,98	

Below there are the total costs that are taken into account for estimating the installation costs for the Green Hostel. The estimated are based on the average prices of 2013 Hotel Cost Estimating Guide, by JN+A & HVS Design. I picked the costs that are more likely to be needed for the Green Hostel in Thessaloniki. Of course, these are assumptions as there is no specific building for which I can work on it. The costs are on USD, so at the end the total amount is transferred in Euros. The whole installation costs is estimated to be 465915,96 €, by which it is suggested 50% to be subsidized and 50% to be invested by interest parts.

## Estimations for the Operating Costs

Apart from the installation costs, operation costs should be considered in order to have a clear opinion about doing or not this investment. This part is based on the existing assumptions, so the rates might change when having a real building and operating period.

Assuming that there are 6 people standing for the reception duties and 3 persons for the cleaning duties, their total salary, based on the current Greek regulations is estimated to be 128700€.

6 reception persons	1200	6	13	93600
3 cleaners	900	3	13	35100
Total:				128700

The next most important expenses within the Hostel should be these coming from the energy and water demand. It is found that the average energy consumption in the Hotels is approximately 330 KWh/m<sup>2</sup> per year (Hotel energy Solutions, 2011)<sup>35</sup>. Velissariou E. and Gerolymos V. (2012), states that in the Greek Hotels the average energy consumption is approximately 273 Kwh/m<sup>2</sup>. But in order to take into account the biggest amount of potential costs (though the Green Hostel will have much less consumption), I decided to consider in the research the biggest amount. Taking into account the current energy prices (home price 0,09 €/Kwh:

<b>energy consumption</b>	
average consumption	
330	KWh/m <sup>2</sup> /year
700	m <sup>2</sup> the building
0,09	euros/KWh (home price)
20.790	euros/year

For the water consumption estimation, I take into account that the average water needs for a guess in a Hotel per year is 819 lt. Based on current EYATH prices (local water supplier) we get:

<b>Water Consumption Data</b>	
819	lt/guest/year
110	beds
0,81	euros/m <sup>2</sup> for industry

<sup>35</sup> <http://hes.unwto.org/sites/all/files/docpdf/hestrainermanualfinal.pdf>

72,9729 euros/month
<b>875,67 euros/year</b>

So the total amount for the water and energy demands of the Green Hostel should not exceed 21665,67 €.

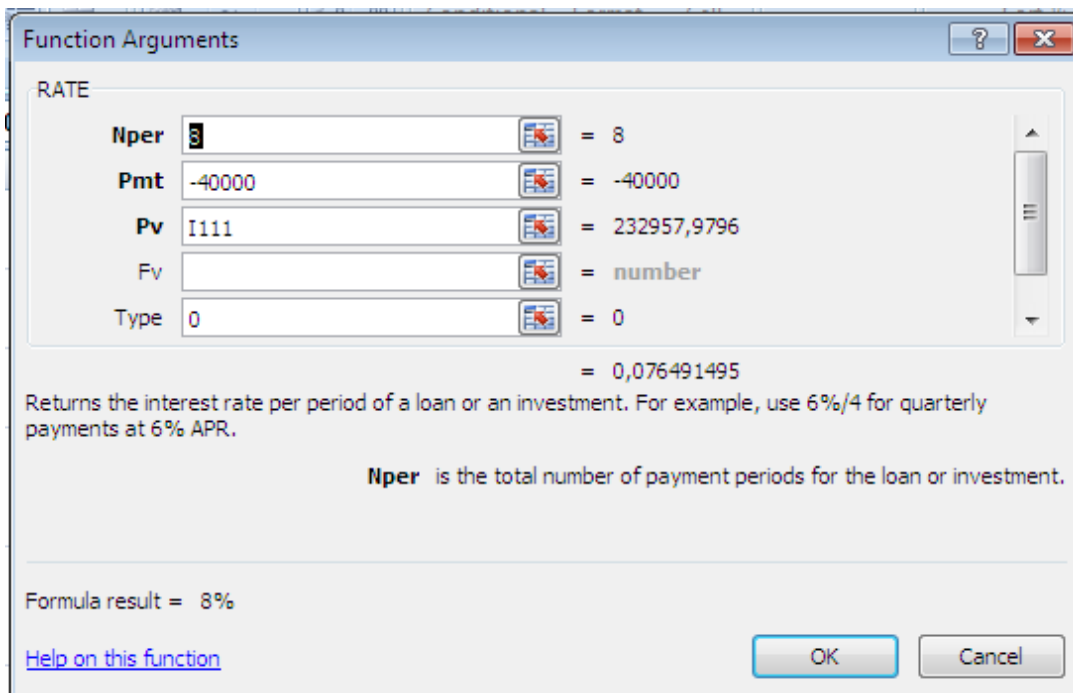
Assuming that the rest of the expenses for the managing the operating costs of the Green Hostel should not exceed 150.000 € (including payments for external partners like accountants and lawyers, as well as food and toiletries) we have the following information:

<b>income</b>						130000	employees' salary
	No	price	days/ months	utility		150000	rest of operating costs
beds	100	17	365	0,6	372300	396300	<b>280000</b>
							<b>116300</b>
dorm rooms	10	200	12	1	24000		
							<b>total expenses</b>

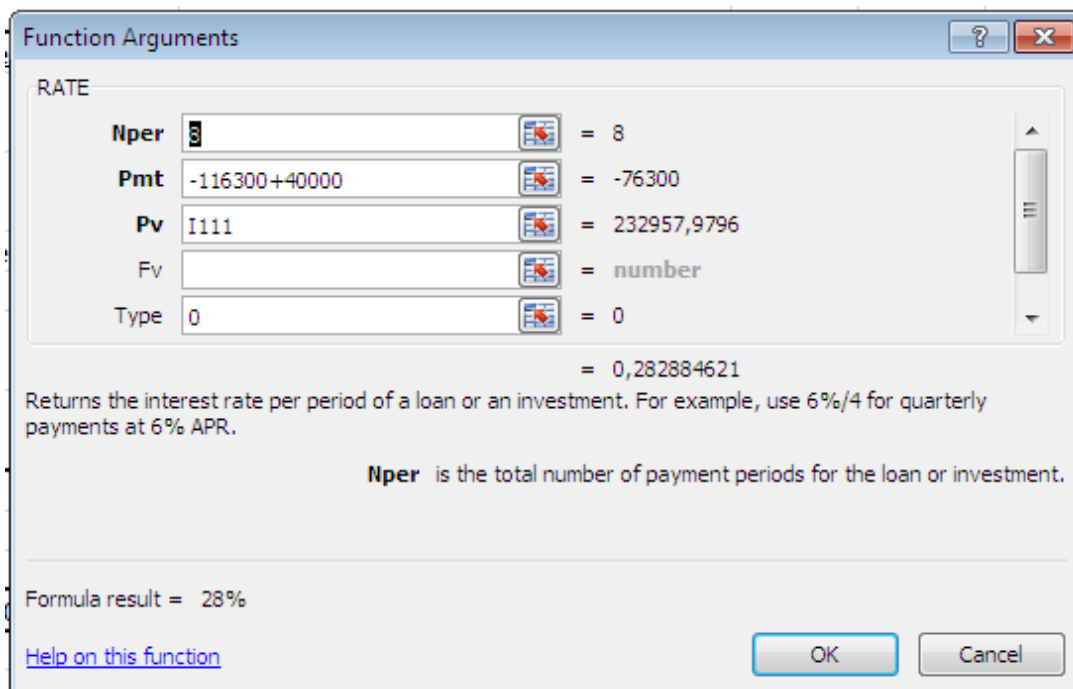
Having all these estimated, we can now have a proposal for an investment. In the case of a 50% subsidy, around 233000 € needed to make real the Green Hostel. An investor who would have this capital and is would be willing to invest them will have a proposal for a maximum 3% given by the Greek Banks.

If he has a credit character, this capital to the Hostel he will have a return of 40.000€ per year for 8 years, while the Green Hostel will 76.300€. The creditor's return of Equity will be 8%, and the Green Hostel's return of Equity will be 28%, in a period of 8 years. The whole investment has a return of equity 19%. At the end of this period, in case of stopping the operations or selling the business, the present value of its price by then is estimated to be at least 816.390,2€. Below the calculations done with excel are provided:

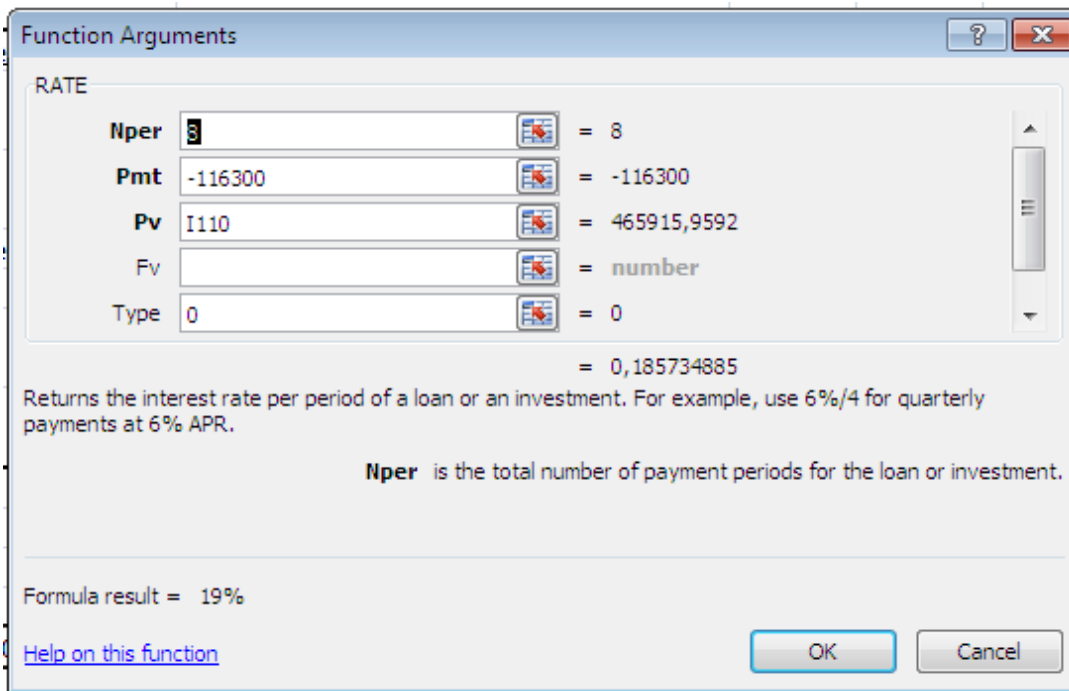
This is the return of equity for the creditor:



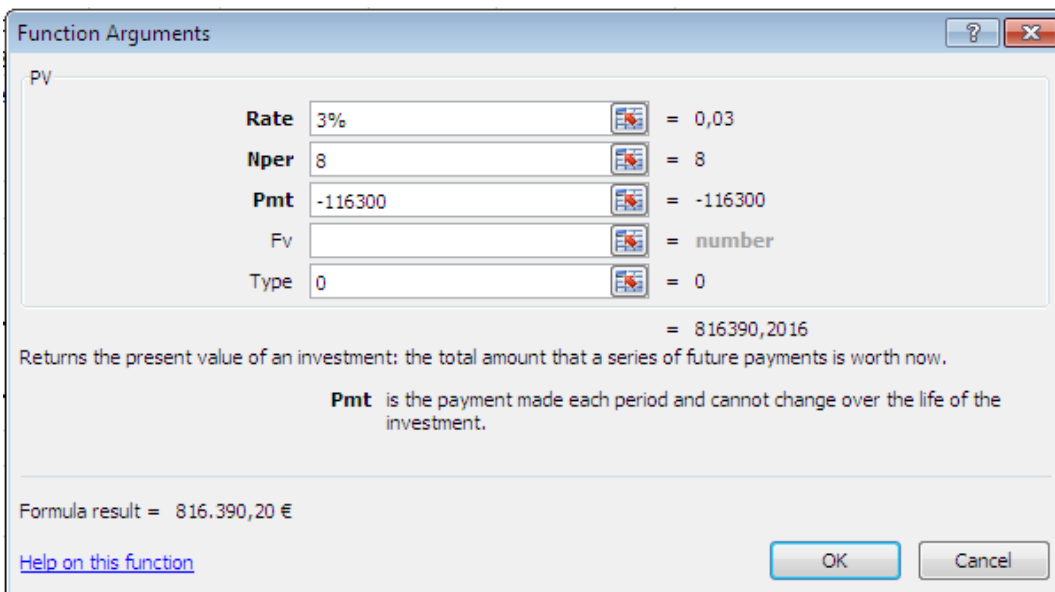
This is the Return of equity for the Green Hostel:



And this is the return of equity for the whole investment, including the subsidized capital:



Finally, here is the least price that the Green Hostel would have today if someone would be willing to buy it at the end of the 8 years:



To sum up, a creditor who would like to invest its capital should seriously consider the project of the Green Hostel as this will have a return of 8% at least, while banks offers nowadays a rate of 3%.