

New world

New skills

# Activity Pack: Sustainability Case Study

Business Case Study Challenges



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# Overview

## Company Overview

Hotels Limited is a large hotel company with 10 large hotels based across the UK.

The company is increasingly aware of the impact of their business on the environment and is looking to save costs in the long term. They are looking for a consultancy company to help them come up with a strategy to make their hotels more sustainable.

They have asked consulting firms to assess ways in which they could think about making their business more sustainable, both in their direct business activities and through their supply chain. They want them to come up with a prioritised list of recommendations of how they can be more sustainable, which takes into account the cost of implementing any recommendations.

## Your challenge

You will develop a sustainability strategy for Hotels Limited, which will assess the **5 key problems areas** where they are not sustainable and provide recommendations on how they could become more sustainable and have the biggest environmental impact.

**In your teams, you will have to prepare a pitch to Hotels Ltd that outlines:**

- The **5 key problem areas** where you think the Hotel Limited company is having the worst environmental impact that they should tackle.
- **What other hotels are doing** to become more sustainable.
- The **3 key priority recommendations** that the Hotel could take forward to improve their sustainability.
- You should convince the CEO about **why** she should make these changes (the strategic business value and the potential environmental impact) and **why** your team would be better to help them than other firms.

# Research and background information

## Hotel Ltd's strategy

The diagram below shows the different areas in which you could think about Hotel Limited's sustainability strategy, which includes the hotel's impacts on the environment, through water, waste and energy use and also on society, such as diversity and inclusion, benefits in the workplace, and impact on local community.



# Global Trends

There are a number of global trends to consider when thinking about the challenges faced by the hospitality industry and making recommendations to overcome these challenges. A few examples are as follows:

- The impact of over-tourism on pollution and the environment
- The impact of rapidly growing technology on hotels and tourism
- Positive impact on branding if hotels are able to demonstrate 'corporate social responsibility' and have business models that are based around green and efficient developments.
- Knowledgeable customers with access to information are holding companies accountable for energy and water use, the healthiness of items used in food preparation, and much more around environmentally friendly measures.

<p><b>Impacts of over tourism on fragile destinations</b> Increased recognition of the impact, by tourists and communities</p>	<p><b>The changing profile of international travellers</b> Increasing Asia outbound, and a growing religious segment</p>
<p><b>Technological disruption</b> Every part of the value chain impacted by new technologies</p>	<p><b>Minimising food waste</b> International commitment to halve food waste by 2030</p>
<p><b>Acting on plastic</b> Reducing waste from single-use plastic</p>	<p><b>Safety and security</b> Protecting guests and employees from health issues and crime, including geopolitical insecurity and terrorism</p>
<p><b>Shifting consumer demographics</b> Rise of the older spender and the conscious buyer</p>	

# Recent News

## Tourism's carbon impact three times larger than estimated

By Matt McGrath  
Environment correspondent

7 May 2018

f t w e Share



A new study says global tourism accounts for 8% of carbon emissions, around three times greater than previous estimates.

Are most of the guests staying at Hotels Limited traveling from abroad or locally? How is the hotel chain contributing to tourism carbon emissions?

A new study says global tourism accounts for 8% of carbon emissions, around three times greater than previous estimates.

The new assessment is bigger because it includes emissions from travel, plus the full life cycle of carbon in tourists' food, hotels and shopping.

Driving the increase are visitors from affluent countries who travel to other wealthy destinations.

The US tops the rankings followed by China, Germany and India.

Tourism is a huge and booming global industry worth over \$7 trillion, and employs one in ten workers around the world. It's growing at around 4% per annum.

Previous estimates of the impact of all this travel on carbon suggested that tourism accounted for 2.5-3% of emissions.

However in what is claimed to be the most comprehensive assessment to date, this new study examines the global carbon flows between 160 countries between 2009 and 2013. It shows that the total is closer to 8% of the global figure.

As well as air travel, the authors say they have included an analysis of the energy needed to support the tourism system, including all the food, beverage, infrastructure construction and maintenance as well as the retail services that tourists enjoy.

"It definitely is eye opening," Dr Arunima Malik from the University of Sydney, who's the lead author of the study, told BBC News.

"We looked at really detailed information about tourism expenditure, including consumables such as food from eating out and souvenirs. We looked at the trade between different countries and also at greenhouse gas emissions data to come up with a comprehensive figure for the global carbon footprint for tourism."

The researchers also looked at the impacts in both the countries where tourists came from and where they travelled. They found that the most important element was relatively well off people from affluent countries travelling to other well to do destinations.

In the leading countries, US, China, Germany and India, much of the travel was domestic.

Travellers from Canada, Switzerland, the Netherlands and Denmark exert a much higher carbon footprint elsewhere than in their own countries.

Web Link to full article: <https://www.bbc.co.uk/news/science-environment-44005013>

## The Most Common Eco-Friendly Hotel Initiatives



Which of these energy saving initiatives could Hotels Ltd adopt?

As environmental concerns and the popularity of eco-friendly practices like green meetings continue to increase, it's important for meeting and event planners to continually expand their own knowledge of sustainability, particularly as it relates to the venues, vendors, and the work of other event services professionals. One such topic is that of eco-friendly or "green" hotel initiatives. Many hotels, from the more budget-friendly to the more luxurious, are taking steps to make their practices and business more sustainable.

Understanding these green hotel initiatives can offer event planners more to consider when selecting hotels for their client's programs, whether as a venue for the event itself or as the choice for overnight accommodations for out-of-town guests.

These 10 initiatives have since become the norm for hotels looking to offer more sustainable services.

### Energy Conservation

From central operations such as boilers to lighting systems, kitchen equipment, and automated energy management systems, hotels globally are working to reduce energy use while sustaining—and whenever possible enhancing—the guest experience.

### Water Conservation

Within guest rooms, laundries, kitchens, pools, and spas, hotels continue to implement efficiencies that reduce water and, in many cases, chemicals that are used to treat water systems and clean facilities. Efforts include the linen and towel reuse programs that are now an industry standard to the installation of low-flow faucets, showerheads, and other fixtures.

### Recycling and Waste Reduction

With the limited exception for domestic hotels, recycling programs for the basics such as newspapers and beverage containers are becoming a basic expectation. In combination with the recycling efforts, hotels are looking for opportunities to reduce the use of paper and other disposables. Hotels and resorts that can go beyond to implement food waste composting programs can demonstrate waste diverted from the landfill upwards of 40–50%.

### Bath Amenities

Many hotels are making a statement by offering guests custom formulated amenities. Resort companies such as XEON have taken it one step further with an all-natural, essential oil-based custom formulated product made without preservatives and artificial ingredients that are packaged in recyclable containers. Other midrange hotel brands are experimenting with bulk dispenser presentations.



## Room Keys

Contemporary plastic key cards are made from PVC (polyvinyl chloride) based plastic which is part of a highly toxic manufacturing process. Many hotel companies are shifting to card options made from paper, wood, and bioplastic that are better for the environment but equally as durable.

## Cleaning Products

Recognizing the importance of safer products for guests and employees as well as the natural environment, many hotels have shifted to cleaning products that are made with bio-based oils and other natural cleaners. By making the switch, they are reducing the use of products with chlorine bleach and petrochemical derivatives. These more natural products have demonstrated performance and are less irritating to guests, employees, and the environment.

## Food Preparation

Integrating local products and using fresh, seasonal produce and other ingredients are emerging as a significant focus of hotel food and beverage programs. A shift to more sustainable and healthier cuisine offers travellers unique opportunities to experience a greater connection to the locations they are visiting in a more sustainable way.

## Bottled Water Alternatives

In support of waste reduction and a higher quality experience, many hotels are moving away from bottled water as the standard and offering unique hydration options for meeting attendees and independent travellers. Look for conveniently located filtered water dispensers, complimentary refillable bottles, and other options designed to offer guests convenient and palatable alternatives to water in plastic bottles.

## Menu Selection

Hotels and resorts are integrating more and more selections in menus of all types that integrate organic produce, hormone-free meats and dairy, and other natural products that offer guests healthier food selections.

## Spas

A growing trend with all types of spas is the integration of treatments that feature local and indigenous ingredients as well as natural and organic products. Similarly, unique brand and resort signature treatments are emerging to truly offer guests a special connection to the destination.

### **Examples of what other competitors are doing:**

- One hotel in east London, decided to implement a number of new initiatives, including switching off underfloor heating in the lobby, switching off guest room heating from 9am to 6pm and trialling low energy LED lighting in meeting rooms. Within 26 days, the team had saved £2,714.93 on gas and within 37 days, they'd saved £1,817.41 on electricity. "It's a lovely example of taking action and getting everyone involved, which led to big savings for the company," Sanders says.
- Measures suggested by an energy provider to lower energy costs in the hospitality sector include occupancy linked controls for when a customer is not in their room; time and temperature controls for areas left vacant for long periods of time; and lighting upgrades.
- Incorporating renewable energy generation measures would help cut energy bills further. Another hotel recently completed a solar panel installation programme across 88 of its hotel sites in the UK, saving the company around £280,000 a year.
- A bed and breakfast, implemented a number of renewable energy sources and energy efficiency measures, including solar panels and an air source heat pump.

Link to full article: <https://www.thebalancesmb.com/sustainability-and-eco-friendly-hotel-initiatives-1223545>

## The Importance of Sustainability in the Hospitality Sector



How could following PwC's recommendations (provided by you) help Hotels Ltd in reducing cost and improving brand image?

Over the past several decades, hoteliers have turned their focus to the importance of sustainability in the hospitality industry as it relates to hotel development and operations, including the environmental, economic and social impact. Sustainability is one of the most important issues currently facing our world.

The hospitality sector has historically had a dramatic environmental impact through energy and water consumption, use of consumable and durable goods, and solid and hazardous waste creation. Hotels consume energy for HVAC operations, lighting, fuel and other power needs. Water is used for bathrooms, F&B, and laundry, as well as other general operations (irrigation, cleaning and maintenance). Waste is generated by the disposal of paper, batteries, bulbs, furniture, equipment, appliances and more.

Economically, myths include the ideas that green operation is more expensive and that guests are not interested in sustainability. In fact, according to [Cornell University's Center for Hospitality Research](#), the reverse is true for both. Recent advances in technology related to renewable sources of energy (solar, geothermal, wind, etc.) have improved the economics of using these kinds of alternative energies at the property level.

On the social front, there has been a remarkable shift in recent times, as demonstrated by [corporate social responsibility](#) (CSR) programs, as well as the green buildings for new development projects. Cornell also offers educational programs to inform and drive discussion and critical thinking around significant industry issues like the global challenges of sustainability.

As hoteliers begin to realize that they can provide an enhanced guest experience by integrating natural elements, there has been an evolution in "green thought" in the community inspired by multiple factors:

- **Cost savings:** Cost is always a driving factor and reducing operating costs provides a compelling incentive for hoteliers. Cost reduction and efficiency strategies can be achieved by investing in better operational procedures and emerging environmental technologies. Many hoteliers now employ a variety of strategies to reduce, reuse, and recycle waste. Other emerging areas include sustainable procurement, indoor environmental quality (focusing on air quality and chemical/cleaning product use), and staff training programs (which can facilitate improved performance and higher levels of employee satisfaction/retention).
- **Economic incentives:** Our government has enacted a variety of economic incentives to encourage the development of environmental retrofits and the construction of "green" buildings. These benefits include tax write-offs, financial grants, insurance premium discounts and expedited regulatory permitting.

- **Regulatory affairs:** Current environmental regulations targeted toward the hotel sector are largely focused on facility operations such as storm-water management, hazardous materials handling, and environmental health and safety. However, a wide range of present and future legislative activities will impact hotel design, construction methods and operational approaches.
- **Guest experience:** A greater number of hoteliers understand that investments in environmental technology can have a direct positive impact on guest experience. Where the rubber meets the road, however, is what the guest thinks and feels about their hotel experience. More than ever, guests want to stay at properties that don't feel like hotels—they want an “at-home” feeling. Lighting, furnishings, cleaners and other front-of-house products combine to leave an impression with the customer, which can affect both occupancy and ADR.
- **Corporate brand image:** Adopting a sustainable corporate culture can provide a distinct advantage in terms of attracting and retaining talent. According to Shelton Group, 55% of the U.S. workforce would choose to work for a socially responsible company, even if they made less money—that number jumps to 76% for Millennials. Furthermore, 70%—83% of Millennials—would be more loyal to a company that helps them contribute to social and environmental issues. These statistics make it clear that sustainability—and a company's commitment to it—is top of mind for employees.
- **Brand image:** Most major hotel brands have incorporated some level of sustainability platform into their brand definition. Several brands have been repositioned to cater to a younger generation of more environmentally and socially active customers. But companies really need to put their plans into action: According to Forbes, younger generations “take pride in knowing which brands aren't just talking the talk, but are walking the walk.” Having sustainable business practices will lead to an enhanced reputation and brand image, which translates to great hotel profits in the long term.

Web Link to full article:

<https://www.danacomunications.com/importance-of-sustainability-in-the-hospitality-industry/>

# Pitch Planning

## Questions to consider

Based on the articles and information above, there is a lot of evidence to suggest that developing an effective sustainability strategy is essential for Hotel Limited's long-term success. There are many ways of achieving this as mentioned in the article 'The Most Common Eco-Friendly Hotel Initiatives'.

It is key to think about the costs involved in any recommendations that you make and be convincing about how your offering is unique- why your team is better to help the client than any other firms.

- 1) **What are the 5 key problem areas?** What are the main challenges that Hotels Limited faces on the front of sustainability and environmental conservation?

<u>Problem area</u>	<u>Why is this a problem?</u>
1) High initial cost of setting up green technologies	
2) Some guests might only care about the quality of their stay and might be wasteful in their use of hotel amenities	
3)	
4)	
5)	

2) **What are 3 key priority recommendations** that Hotels Limited could take forward to improve their sustainability?

<u>Company Name</u>	<u>How will this recommendation help?</u>
1) Installing solar panels	Can lead to a great level of energy saving in the long-run and save the client a lot of money (however, high initial set up cost)
2)	
3)	

3) Think about **what other firms are doing?** Look at the examples in the articles above and think about which of these Hotels Limited could apply?

4) Think about how the PwC Sustainability team could help Hotels Limited with implementing the recommendations? For instance, could you help the client by researching the energy market and finding the most energy efficient bulbs or creating a new plastic conservation strategy that moves away from bottled water to complimentary refillable bottles?

## Presentation Structure

**Introduction:** Introduce your team and what you are presenting about

**Main body:**

1. Outline the main problem areas faced by Hotels Ltd and which one you think they should focus on first
2. Make recommendations that Hotels Ltd could adopt to become more sustainable and environmentally friendly
3. How will you persuade the client to invest in PwC's services?

**Conclusion:** Summarise the biggest problem area and how you intend to help

**Additional tips to consider:**

- Think about who you are presenting to - the CEO of Freshways
- Think about a beginning, a middle and an end (like an introduction, body and conclusion of an essay)
- It is good to split out the pitch and let everyone speak
- Delivery - Think about tone of voice - you want everyone to hear you
- Confidence
- Remember we are in a safe space so feel free to voice yourself
- Being at ease and avoiding speaking too fast
- Know your topic
- Practise
- Final words - have an impactful and convincing conclusion
- **Everyone must speak**
- **Be prepared to answer questions afterwards**



# Glossary

**Sustainability:** meeting the needs of the present without compromising the ability of future generations to meet their needs.

**Customer demographics:** Categories of consumer populations that are relevant to a business' purposes, such as marketing and product design.

**Disruptive technology:** A disruptive technology is one that displaces an established technology and shakes up the industry or a ground-breaking discovery.

**Carbon footprint:** the amount of carbon dioxide released into the atmosphere as a result of the activities of a particular individual, organization or community.

**Corporate social responsibility:** Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental

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