Influence of sustainable hospitality supply chain management on customers' attitudes and behaviors

Xun Xu, Dogan Gursoy

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Abstract
This study aims to identify the impact of the environmental, social and economic dimensions of sustainable hospitality supply chain management actions on customers' attitudes and behaviors including satisfaction, loyalty and willingness to pay a premium for sustainable hospitality goods and services utilizing data collected from U.S. consumers who frequently stay at hotels. Findings suggest that while both environmental and economic dimensions' actions of sustainable hospitality supply chain management have positive influences on customer satisfaction, loyalty and willingness to pay a premium for sustainable hospitality goods and services, the social dimension actions are found to have a positive influence on customer satisfaction and a negative influence on customer willingness to pay a premium. Results also indicate that customer satisfaction fully mediates the relationship between social dimension actions and customer loyalty. In addition, customer satisfaction positively influences customer loyalty, which ultimately increases customer willingness to pay a premium. The implications of the research findings are provided.

1. Introduction

Sustainability issues have been receiving an increasing attention from both practitioners and researchers in the hospitality industry in recent years (Berezan et al., 2013). One of the reasons for this increase is that an increasing number of travelers pay close attention to sustainability actions of companies (U.S. Travel Association, 2009) and hold positive attitudes toward companies implementing sustainability actions (Xu and Gursoy, 2015). Sustainability practices have become one of the most important factors influencing customers' perceptions and decision making process (Berezan et al., 2013). Studies suggest that sustainability practices have become significant determinants of customer loyalty and their willingness to pay a premium (Teng et al., 2012).

While several studies have examined the sustainability practices of hospitality companies and the impacts of those practices on travelers buying behaviors (Teng et al., 2012), most of the previous studies have only focused on a single dimension of sustainability such as environmental aspect including environmental management and green practices (e.g., Rahman et al., 2012), or social aspect such as corporate social responsibility (e.g., Paek et al., 2013). Furthermore, most of the previous studies in hospitality have focused on sustainability efforts of hotels or restaurants. However, true sustainability cannot be achieved by the efforts of only hotels or restaurants; it requires a long-term collaboration among all stakeholders involved in a hospitality supply chain (HSC), which involves various suppliers and retailers of all hospitality goods, services, and customers to whom the goods and services are delivered (Xu and Gursoy, 2015). Therefore, a thorough understanding of the impacts of sustainability practices on travelers buying behavior requires an examination of sustainability practices of all supply chain members in environmental, social, and economic dimensions as suggested by the triple-bottom line framework. Furthermore, it is also important to examine the effects of the trade-offs companies have to make in the sustainability practices among three dimensions because of the resource limitations and the effects of virtues cycle that can be generated by sustainability practices in all three dimensions because of the positive interaction effects in the long run. Considering the fact that previous studies exploring sustainable supply chain management practices mainly focus on manufacturing sectors rather than the service sector (Xu and Gursoy, 2015), it is important to...
explore the sustainability issues and practices of hospitality supply chain members in all three dimensions because those companies sustainability practices in each dimension are likely to influence travelers decision making and buying behaviors.

As the triple bottom line reporting (3BL) approach indicate, sustainability collaboration among the organizations in a supply chain can ensure successful implementation of three objectives of sustainable development: environmental, social, and economic sustainability while improving customers' positive perceptions and attitudes toward companies involved in the supply chain (Seuring et al., 2008). However, a comprehensive view of the influence of all three dimensions (including environmental, social, and economic dimensions) of sustainable supply chain management on customers' perceptions and attitudes has not received much attention from hospitality scholars. Therefore, this study attempts to examine the influences of hospitality businesses' sustainable supply chain management practices on customer satisfaction, loyalty and willingness to pay a premium for the goods and services provided by the members of a sustainable hospitality supply chain. This study specifically focuses on the impacts of environmental, social, and economic sustainability actions of a hospitality supply chain members on customer satisfaction, loyalty and willingness to pay a premium for their products and services.

The rest of the current study is organized as follows. Section 2 reviews the related literature. Section 3 introduces the research framework and develops the hypotheses. Methods in this study are explained in Section 4 and the results of data analysis are presented in Section 5. Findings of the study are discussed in in Section 6. Implications are discussed in Section 7. Conclusions, limitations and further extensions are presented in the last section.

2. Literature review

2.1. Supply chain management in hospitality industry

Although studies of supply chain management are not rare, the examination of hospitality supply chains is burgeoning. While the hospitality supply chain was discussed in a broader framework of tourism supply chain management by Zhang et al. (2009) and Huang et al. (2012), the conceptual framework provided by Xu and Gursoy (2015) is among the first to discuss the hospitality supply chain management systematically. This study utilizes the conceptual framework developed by Xu and Gursoy (2015). Xu and Gursoy (2015) define a hospitality supply chain (HSC) “as a network of hospitality organizations engaged in different activities including the supply of various components of hospitality products and/or services such as raw food materials, equipment and furniture from various suppliers; distribution and marketing of the final hospitality products and/or services to the customers for a specific hospitality business such as a hotel or a restaurant.” Hospitality supply chain delivers both products and services from initial suppliers to end users with a value incremental process (Kothari et al., 2005). It incorporates the characteristic of both manufacturing supply chain and service supply chain.

2.2. Sustainable hospitality supply chain management

Sustainable supply chain characteristics incorporate the concept of sustainability, which is defined as a development that meets the needs of contemporary generations without sacrificing the ability and opportunity of future generations to meet their needs (World Commission on Environment and Development, 1987), into supply chain (Ashby et al., 2012). As suggested by the triple bottom line reporting (3BL), sustainability actions have three dimensions. The environmental sustainability dimension focuses on minimization of negative effects on environment caused by operations of a supply chain (Hassini et al., 2012). The social dimension refers to maximization of the social-welfare of related stakeholders in the supply chain such as employees, customers, suppliers and anyone else who is affected by the operations of the supply chain (Gopalakrishnan et al., 2012). The economic dimension focuses on generating and keeping long-term profits (Kleindorfer et al., 2005) while minimizing the negative environmental and social consequences.

Sustainable business practices of supply chain members can have positive impacts on survival and profitability of all members (Molina-Azorin et al., 2009). Studies suggest that sustainable business practices attract more consumers and enhance businesses' image and reputation (Han et al., 2011). Customers' attitudes and behaviors including satisfaction, loyalty and willingness to pay a premium are likely to be positively influenced by sustainable hospitality supply chain management actions and efforts because customers are being more conscious about businesses' reputation and their products and services' environment-friendly and socially responsible features (Cronin et al., 2011). Therefore, it is important for companies to be part of a supply chain that focuses on sustainable practices in environmental, social and economic areas as recommended in the triple bottom line approach.

3. Research framework and hypotheses development

3.1. The influence of sustainable hospitality supply chain management on customer satisfaction

Customer satisfaction can be defined as an evaluation resulting from the cognitive processes corresponding to a comparison between customers' experience and their initial reference base (Aurier and Evrard, 1998). This study explores customers' overall satisfaction as in the previous studies (e.g., Kim et al., 2009; Caber et al., 2013; Lee et al., 2014). Studies suggest that the environmental dimension of sustainable hospitality supply chain management is likely to have positive influences on customer satisfaction (Berezan et al., 2013) because environmental conscious businesses would address both the economic and social interfaces within the natural environment and, therefore, be considered as a more balanced and complete organizations. The environment-friendly actions taken by a business could be seen as an integral part of a service offer and therefore, increases customers' overall satisfaction (Berezan et al., 2013). More specifically, since the hospitality industry is an energy-intensive, natural resource consuming, and waste generating in great quantities type of industry, it has always been under pressure from environmentalists and other grassroots organizations to become more environment friendly (Cetinel and Yolal, 2009). This pressure resulted in the adoption of certain environment-friendly initiatives in order to reduce hospitality industry's "environmental footprint," which proved to be an effective way of increasing customer satisfaction (Prud’homme and Raymond, 2013). Studies further suggest that customer tend to be more satisfied with companies that are engaged in relatively more environment-friendly practices in the service delivery process compared to other companies (Gao and Mattila, 2014). Therefore, hotels' green practices are likely to have a significant impact on guests' satisfaction (Berezan et al., 2013).

In addition, the social dimension of sustainable hospitality supply chain management can also have positive influences on customer satisfaction. The socially responsible actions toward both internal and external stakeholders can enhance customer satisfaction. On the internal stakeholder side, customers nowadays are paying more attention to employees' welfare and working
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