Spring 2012

A Green Marketing Guideline for the Cruise Industry in North America

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A Green Marketing Guideline for the Cruise Industry in North America

by

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2006

A professional paper submitted in partial fulfillment
of the requirements for the

Master of Science Hotel Administration
William F. Harrah College of Hotel Administration

Graduate College
University of Nevada, Las Vegas
May, 2012 (Spring 2012)
Chair: Dr. Carola Raab
PART ONE

Introduction

In the last few decades, sustainable development has been strongly emphasized by corporations as a principle of business operation. The hospitality industry has seen a significant achievement of environmental protection by conducting different kinds of green practices. The term “green” simply indicates the concern with the physical environment.

There are mainly three factors that lead to the fast increasing of environmental responsibility. First, governments put much pressure on the hospitality industry to make handbooks, operational manuals, frameworks, eco-labels of environmental protection. Meanwhile, corporations are under the monitor of non-governmental organizations of environmental protection, who disclosure corporations’ environmentally unfriendly activities to public, which can damage corporation reputations and brand images. Second, in the consideration of financial benefits, green practices, such as recycle and reuse practices, can help to reduce corporations’ operational costs.

Third, more and more people have become to green consumers/customers, who consider green practices as a necessary and essential element of products and services that they purchase. Therefore, in order to attract those green customers and build customer loyalty, it is urgent for hospitality mangers to carry out green practices, and to quickly build green reputations in the marketing process. Moreover, violent marketing competitions force corporations to either reduce products price or increase costs by adding more functions and doing more commercials. Compare with these malignant and
hurtful competition methods, green practices and green reputations can bring
corporations growing customer volume as well as avoid profit shrinking.

The cruise industry has experienced prosperities in the North America during the
past few years. Developing sustainable practices are currently on the agendas of cruise
managers to meet the requirements of industrial regulations and the needs of corporation
development and marketing expanding. However, there is a big gap between knowing
the importance of sustainable development and exploring a best way to put sustainable
ideas into practice.

To get out of this dilemma, cruise managers have to conquer two challenges: what
are the primary green practices that should be developed? How to effectively attract and
retain green customers with these green practices and rapidly build green reputations in
the industry? The feature of good green practices should be on the balance of the
business financial profits and the preferences of green customers. The research in green
attributes and customers’ preferences in the cruise industry is very limited. On the
contrary, many researchers have contributed in the studies of sustainable development
and customer behavior in the hotel and restaurant industry.

Therefore, to solve the first problem, cruise managers can refer to the sustainable
achievements in the hotel and restaurant industry. To solve the second problem, cruise
managers have to conduct green marketing. Many hotels and restaurants have their own
green marketing strategies, which dramatically enhance their brands recognitions and
market competiveness. However, in the cruise industry, the research of green marketing
in the cruise industry is still a blank.
Purpose

The purpose of this professional paper is to develop a guideline of green marketing strategies for cruise managers in North America.

Statement of objectives

This paper will develop a customer relationship model according to the literature review of customer behavior and customer relationships in the hospitality industry. Meanwhile, the characteristics of green customers and the most popular green practices in the hotel and restaurant industry, and current sustainable achievements in the cruise industry will be investigated respectively. The green marketing guideline will be explored basing on the customer relationship model and the investigations of green customers and green practices from the literatures.

Justification

The number of serving cruise ships is increasing year by year. The annual cruise customer volume is also keep growing in recent years. The cruise industry has put much more pressure on global environment than before. Cruise managers have realized this problem and try to carry out all kinds of green practices to minimize cruise ships’ negative influences on local environment. It is necessary to know what green practices should be developed and how to develop.

Moreover, cruise managers need an effective advertising method to announce achievements of green practices to public and more potential cruise customers. By conducting green marketing strategy, cruise companies can build valuable green reputation and brand image. In other words, a good green marketing strategy can help a cruise company to be a winner in the violent marketing competition.
Constraints

The characteristics of green customers and their sustainable preferences based on the research of hotels and restaurants will be investigated in this paper. Meanwhile, the features of targeted customers in the cruise industry will be also identified through literature review. By comparing the green customers in the hotel and restaurant industry and the customers in the cruise industry, a big overlap has been found. Therefore, the analysis of target and potential customers and their green preferences in the cruise industry is basing on the investigation of green customers in the hotel and restaurant industry. Without primary data collection and sufficient reference of customer behavior in the cruise industry, the conclusions of this paper is only build upon on the theoretical analysis and induction, and have not been practically applied and examined.

Nowadays, the volume and proportion of international travelers, especially Asian traveler keeps growing in North American cruise market. These foreign travelers may have different attitude and preference to sustainable practices. Therefore, the green practices and green marketing strategy that aimed at North American customers may not applicable and effective to some international customers.

Glossary

Green Marketing: Green marketing, also known as environmental marketing and ecological marketing, is the marketing of products that are presumed to be environmentally safe (American marketing association, 1975)
PART TWO
LITERATURE REVIEW

Introduction

Consumer behavior has long been discussed by researchers and marketers in the hospitality industry. Environmentally conscious customers and their behaviors began to generate attentions in the marketing field with people’s growing awareness of environmental protection. According to previous research and investigations on green customers, it was concluded that this group of consumers has specific demographic characteristics and unique purchasing preferences, which distinguish them from other consumers.

In comparison to other industries, the core products and services of the hospitality industry are less differentiated. Since the “green” movement has swept across North America, begun to influence people’s lifestyles, hospitality managers have been strongly motivated to seek a way to develop green practices, build green reputations, and carry out green marketing programs to meet the need of these customers. Therefore, to some extent, green practices are highly related to hospitality corporations’ survival and development.

The first section of this literature review will begin with an overview of basic studies and theories of customer behavior, followed by an extensive exploration in customer behavior in the hospitality industry. The second section includes review of sustainability, green consumption, and green customer in the hospitality industry. The cruise industry history and the current situation of the cruise industry in North America will be first reviewed in the third section. Then green attributes in North American cruise
lines will be examined. At last, the fourth section of the literature review part, green marketing and green marketing in the hospitality industry will be discussed respectively.

**Customer behavior**

**Customer behavior**

Consumer/customer behavior has usually very tightly relationships with each stage of marketing management. In other words, customer behavior and corporation’s marketing activities have mutual effects on each other. Consumer behavior was defined as those acts of individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts” (Engel, Blackwell & Miniard, 1986).

Customer behavior models also investigate customers’ behavior in the pre-purchasing processes (Nicosia, 1966; see also Howard & Sheth, 1969; Lennon, 1987; Millar, 2009). According to the Model of Customer Motivation and Behavior (EKB Model), customer behavior plays a decisive role that affects customer decision making (Lennon, 1987). External variables, such as geographic and demographic factors, and internal variables, such as psychological factors, personalities and life styles, together affect customer behavior in the pre-purchasing stage (Nicosia, 1966). On the other hand, the purchasing decisions also depend on the attributes that make up, or the characteristics of, the product or service (Lancaster, 1966).

Customer satisfaction was defined as “a post-consumption evaluative judgment concerning a specific product or service” (Gundersen, et al., 1996, p. 72). Because customer satisfaction leads to repeat purchases and positive word of mouth, therefore knowing how to satisfy customers is extremely important for product or service providers
It was estimated that 60% of sales to new customers can be attributed to word of mouth referrals (Reichheld & Sasser, 1990).

It has been tested and proved by numerous researchers that customer satisfaction has tight relationship with service quality, especially in the hospitality industry. A case study of a hotel-rating system as a service quality mechanism was presented in Yu’s (1992) research. Reid and Sandler (1992) examined the use of technology to improve service quality in the hotel industry. The positive influence of a high service quality to customers’ satisfactions was also been investigated by Morgan (1993) in the restaurant industry. However, Gundersen, et al, (1996) claimed that managing quality is difficult without knowing what aspects the guests consider to be important when they evaluate the experience. Besides, the current measuring instruments for customer satisfaction are too general, not very reliable.

Loyalty has been defined as “the likelihood of a customer’s returning to a hotel and that person’s willingness to behave as a partner to the organization” (Shoemaker & Lewis, 1999, pp.345-370). Oliver (1999) presents what is perhaps the most comprehensive description of customer loyalty: “a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior”. Similarly, other researchers described loyalty as a customer’s repeat visitation or repeat purchase behavior, while including the emotional commitment or expression of a favorable attitude
toward the service provider (Backman & Crompton, 1991; Day, 1969; McAlexander, Kim, & Roberts, 2003).

In early studies, measurement of loyalty was limited to customers’ repeat purchase behavior, with many studies emphasizing the significant value of repeat customers. Existing patrons tend to visit the property more frequently with their spend increasing as the number of visits increase. Repeat customers also recruit new customers through positive word-of-mouth which offers the ability to save a large amount of marketing resources that would have been used for advertising (Brown, 1952; Cunningham, 1956; Haywood, 1989). Furthermore, Petrick (2004) argued that repeat customers often act as information channels who informally connect their friends, peers, relatives, colleagues, and others to a property or destination. Therefore, repeat patrons are valuable in that they may provide positive word of mouth, and may be less expensive to retain than recruiting new ones. This is significant when considering that it can cost a company up to six times more to attract new customers through marketing than it would to retain the existing clientele as loyal customers (Mittal & Lassar, 1998). For example, all types of information pass from businesses to new consumers, such as commercials and promotions, are the cost of time, effort, and money.

Numerous studies have suggested that the customers’ psychological attachment to the service provider or the brand is also an important aspect of the customer loyalty. They argue that loyalty is composed of a customer’s repeat purchase behavior followed by a positive attitude (Jacoby, 1971; Jacoby & Kyner, 1973; Jarvis & Wilcox, 1976). Customer loyalty therefore includes both behavioral (e.g. repeat purchase and repeat visits) and attitudinal (positive feeling or attitude towards the brand) dimensions
Customer loyalty comes from customer retention, and is considered to be better predictor of actual customer behavior than satisfaction itself (Markovic, Raspor, & Segaric, 2010). Customer loyalty causes repetitive same-brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Skogland & Siguaw, 2004).

**Customer behavior in the hospitality industry**

Many researchers have investigated customer behavior according to customers’ decision making process. Schmoll (1977) believed that before reaching a final decision, customers normally experience four steps in their decision making process: travel stimuli, personal & social determinants, external variables, and characteristics of destination. Mayo and Jarvis (1981) argued that there are three types of decision makers basing on different customer behaviors: extensive decision maker, limited decision maker, and routine decision maker. Customers who neither have been to a destination or hotel, nor
have little knowledge and information about it are classified into the type of extensive
decision maker. This group of customers has to spend more time and do more research to
know and collect information about the destination or hotel. Therefore, these customers’
decisions deeply rely on other customers’ experiences and reviews. Customers who have
been to and are very familiar with a destination or hotel, and make on a regular basis
decisions that they do not even have to think about, are routine decision makers. They
make decisions independently, and are hardly influenced by other’s experiences and
reviews. Limited decision maker falls in between the two. Van Raaij and Francken
(1984) investigated customer decision making pattern according to traveler’s purpose.
They divided travelers into two types: business travelers and leisure or vacation travelers,
and their research focused on the decision making process of vacation travelers. Instead
of individual decision making, vacation travelers make joint decision -- socio
demographic, individual and household are three influences of their travel planning. In
other words, vacation travelers are not single persons, but families or groups. Other
family or group members’ preference or opinions also affect final decision making.

**Green customer**

**Sustainability**

Sustainability has been investigated and discussed by researchers from
perspectives of ecology, economics and social science dimensions (Dasgupta, Levin, &
Sustainability was defined as “the need to ensure a better quality of life for all, now and
into the future, in a just and equitable manner, while living within the limits of supporting
ecosystems” (Knowles-Yanez, 2004). The widespread research, debate and application
of the sustainable development concept have many benefits, including the recognition of ethical aspects of humankind’s impact on natural environment with the consideration of future generations’ rights; the distribution of wealth within the current generation with the respect of other species’ living rights.

**Green consumption**

The issue of sustainable consumption first emerged as the topic of political and research after the Rio Earth Summit in 1992. Over the last 20 years, green consumption has been raised as a core issue on the international environmental agenda (Biller, 2002). Green/sustainable consumption was defined as “continuous economic and social progress that respects the limits of the Earth’s ecosystems, and meets the needs and aspirations of everyone for a better quality of life, now and for future generations to come” (DEFRA, 2003b, p. 10). Green consumption has been investigated mainly from the following three theoretical areas (Kletzan, Koppl, Kratena, Schleicher, & Wuger, 2002): The first theory refers to human behavior within a social context. “Homo economicus” believes that the consumption decisions are affected by social, emotional, and nature related skills (Siebenhuner, 2000). A hierarchy of needs model has been used to demonstrate these components that influence people’s consumption. The need of sustainability and green consumption is at a higher position of the hierarchy. In addition, Ropke (1999) carried out a comprehensive analysis on the dynamics of consumer behavior. The variety of driving forces that push the consumption patterns towards a more sustainable path has been explored from three fields in his theory: economic, socio-psychological, and historical and socio-technical. The third theory is the modeling behavioral heterogeneity within economic-ecological models. Under this theory, Vindigni, Janssen, & Jager
(2000) developed a multi-agent simulation model. The interrelationship between humans and the environment dependents on different behavior processes was quantified in the simulation. In this model, the survey data of organic food consumption was translated into behavioral rules.

Green customer in the hospitality industry

Growing awareness and concerns of environmental deterioration and healthier lifestyle have enabled more people to be engaged with green consumption ideas. Green customer can be defined as anyone whose purchase behavior is influenced by environmental concerns (Shrum et al, 1995).

According to Nicosia’s (1966) research in green customers in hotel industry, customer green behaviors are influenced by both external variables, such as demographical factors (age, education level, income level, etc.), and internal variables, such as psychological factors (attitudes, values, behaviors influence). Although many researchers found that psychological factors are more important than demographics in explaining customers’ green behavior and activity (Banerjee & Mckeage, 1994; Webster, 1975), demographic variables still have strong effects on particular environmentally friendly behaviors (Firat, 2009). To be specific, significant and positive relationships have been found between age and environmentally friendly behavior (D’Souza, Taghian, Lamb, & Peretiatko, 2007). Firat (2009) found that women are more environmentally conscious than men; people performing environmentally friendly behavior earn a higher income than those who do not engage in environmentally friendly behaviors. Furthermore, customers’ education levels have a positive relationship with their levels of environmental consciousness.
Jeong & Jang’s (2010) research concentrated on the food service industry. Their research shows that customers’ perceived ecological image (PEI) also positively affects customers’ ecological behavioral intention (EBI) to the restaurant. They pointed out that “the integration of the mediation effect of customers’ perceived ecological image of the restaurant (PEI) leads to a stronger relationship to ecological behavioral intention (EBI) than the direct relationship of perceived green practice (PGP) does.

Green in the Cruise Industry

Cruise history

Cartwright and Baird (1999, p. 6 & 23) defined a cruise, as an inclusive or package holiday, was defined as “a multi-centre holiday where you take your hotel with you from centre to centre.” Travel agents, aircraft operators, hotels, cruise ship operators, local excursion companies and food and beverage suppliers are linked much more closely in the cruise industry than when a tourist travels independently (Cartwright & Baird, 1999, p. 6).

In 1818, Black Ball Line, operating out of New York, became the first shipping company to offer a scheduled passenger service from the US to England. In 1844, the first pleasure cruise appeared, and a new industry was born. The cruise industry began to develop from a single transportation industry into a tourism and hospitality industry. By the early 20th century the concept of the “superliner” was developed, which was designed, as is done today, to make the cruise as smooth and enjoyable as possible. This includes the addition of elegant accommodations and scheduled on board activities. The 1960s witnessed the beginnings of the modern cruise industry. Cruise ships concentrated
on creating a casual environment and providing extensive on-board entertainment (Goey, 2007).

**The cruise industry in North America**

According to Cruise Lines International Association (CLIA), the cruise industry is the fastest growing segment of the North American hospitality and tourism industry. Approximately 20% of the U.S. population has taken a cruise. In the next three years, over 50 million North Americans indicate that they intend to travel by cruise. By maintaining historical occupancy levels, the passenger volume of the cruise industry was 14.44 million and 12.72 million in 2010 and 2011 respectively. The growth of the North American cruise industry is reflected not only in the increasing number of domestic and international customers, but also in the annually expansion of cruise ship guest capacity. Nearly 40 new ships were built in the 1980s and in the 1990s, nearly 80 new ships debuted. During the 10 years from 2000 to 2009, over 100 new ships were put into use [CLIA].

According to the statistical data from Florida-Caribbean Cruise Association (FCCA), the top three popular cruise destinations worldwide are Caribbean, Alaska and Bahamas, with the popularities of 43%, 25% and 25% respectively. The states producing the most cruise passengers are Florida, California, Texas, Massachusetts, New York, Pennsylvania, New Jersey, Illinois, Arizona and Georgia (CLIA, 2009).

Cruise customers have the following characteristics: Cruise target markets are adults 25 years or older, with household earnings of $40,000+; Cruisers spend, on average, approximately $1,770 per person, per week for their cruise and other vacations as compared to non-cruise vacationers who spend an average of $1,200; Cruisers average
age is 50 years old with a household income of $109,000. 69% of passengers are college graduates and post-graduates. 86% are married and 62% work full-time. Besides, the cruise passenger profile indicated that 74% of all cruise customer book at least some of their cruises through travel agents. The major influences of their choices and decisions are travel agents (74%), destination websites (39%), word of mouth referrals (33%), spouses (32%), cruise line websites (28%) (“Profile of the U.S. cruise industry”, 2011).

According to Cruise Market Watch, Carnival Corporation and its 10 sub-brands occupied half of the North American cruise market, followed by Royal Caribbean Cruises (RCC, estimated market share 26%), and Norwegian Cruise Lines (NCL, estimated 8%).

**Green attributes of North American cruise lines**

Green attributes and practices of North American cruise lines can be summarized as “Five Rs”: reduce, reuse, replace, recycle, and reinvent. For example, to reduce fuel consumption, some U.S. ports are installing equipment to allow ships to use shore-based power sources when in dock, called “cold ironing”. Waste water recycling is a sustainable practice, which also helps fuel efficiency. Every day, cruise ships generate hundreds of tons of waste water, including black water from sewage system and grey water from sinks, shows and the kitchen. Black water is separated, and the solid portion is off loaded in ports. The remainder is treated in the water plant and pumped into the ocean with grey water. To pump the treated water out, cruise ships must slow down and activate the stabilizers if the sea is rough, which increases the fuel consumption. By reducing the time that it takes to pump the treated water out, it could achieve the goal of saving a large amount of fuel.
Five kinds of environmentally friendly practices are carried out by Carnival, including air emissions, water emissions, waste emissions, energy consumption and water consumption (Carnival Corporation, 2006). Each of Carnival’s operating lines sets their own objectives and targets of improvement of their environmental performance. These objectives and targets are reviewed at the Operating Lines’ management review meetings. Typical objectives set includes:

- reduction of fuel consumption,
- reduction of on-board water consumption,
- minimization of hazardous and solid waste generation,
- enhancement of recycling programs,
- reduction of invasive species in ballast water discharges,
- reduction of garbage quantity produced per person per day,
- study process for optimization of sewage treatment management,
- study process for optimization of incinerator management,
- reduction of perchloroethylene (PERC) consumption,
- reduction of refrigerant gas consumption,
- creation of work groups for effective itinerary planning.

(Carnival Corporation, 2006)

As one of the leading sustainable cruise lines, Holland America line has been recognized with worldwide awards for its sustainability achievements. For Holland America, sustainability is not an isolated company action, guests, crews and agents are also involved into its green practices. The sustainable achievements, such as virtual contact center, paperless Customer Relationship Management (CRM) systems, and
environment officers onboard have distinguished Holland America from other cruise lines.

Virtual contact center changed all agents into telecommuters, eliminating the need for a physical office and avoiding unnecessary carbon emissions from agent travel. According to Michael Mckinney, Holland America’s manager of call center quality assurance, the green aspects of the call center also involve saving paper. Paperless has been practiced in correspondence with guests, removing the need for mailing of printed materials to prospects and customers. The environmental management system requires an environmental officer onboard of each Holland America ship to provide training and to oversee shipboard compliance with environmental laws, regulations, industry standards, and company policies.

**Green Marketing**

**Green marketing**

According to Murthy (2010), American Marketing Association (AMA), green marketing, also known as environmental marketing and ecological marketing, is the marketing of products that are presumed to be environmentally safe. The assumption of green marketing is that potential consumers will view a product or service’s “greenness” as a benefit and base their buying decision accordingly. For companies, green marketing is not only actions to produce goods that have reduced their detrimental impact on the environment, but also, more importantly, a way of looking at how marketing activities can make the best use of limited resources while meeting corporate objectives. Green marketing is almost inevitable as the market for socially responsible products is greatly increasing (Murthy, 2010).
The idea of green marketing emerged in the late 1980s, when early academic treatments of green marketing rapid increase, and consumption shifted to greener products (Peattie & Crane, 2005). This new subject soon attracted many researchers as a new marketing phenomenon. Green products experienced a fast grow in the early 1990s at an average growth rate of 12.4% (Ottman, 2000). However, this optimistic trend did not last very long, a significant gap between green concern and actual purchasing was found, and green products and green claims lost their prevalence. The past decade saw the process that the U.S. customers were steadily becoming more environmental concerned, which was called the “green consumer” movements.

Institutions also focus on green customer behaviors in conducting the marketing research. The survey in the study of the impact of green marketing on consumer behavior indicated that many consumers in the United States tend to purchase green products from companies that they perceive to be environmentally friendly and responsible (Murphy, Graber, & Stewart, 2010). In this study, it was estimated that consumer expectation of spending on green products and services could reach $500 billion annually. 82% of consumers believe that being green is crucial for a business. However, an understanding gap still exists between the use of the term “environmentally friendly practices” and consumers’ understanding. For example, according to the survey of Murphy et al. (2010), many consumers remain bewildered and confused by media terminologies, and unable to determine a distinction between energy efficiency, smart energy, and energy conservation.
**Green marketing in the hospitality industry**

The hospitality industry has achieved great success in carrying out green practices. For example, many big hotels in Las Vegas, such as Hilton and Imperial Palace, have sustainable programs. Customers can involve in environmental protection activities by pressing “go green” button on the room phones. The table below shows typical green marketing methods (or green practices) in hotels and restaurants currently (Table 1).

Table 1

**Typical Green Practices in Restaurants and Hotels**

<table>
<thead>
<tr>
<th>Restaurant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Recycling and composting:</td>
<td>3. Eco-friendly cleaning supplies:</td>
</tr>
<tr>
<td>a. Recycle paper, plastic, cardboard, glass, and aluminum at the back of the house</td>
<td>a. Use of environmentally friendly cleaners for dishes, and linen</td>
</tr>
<tr>
<td>b. Provide recycling bins in stores (Self-service restaurant setting)</td>
<td>b. Use of environmentally friendly cleaners for tables and floors</td>
</tr>
<tr>
<td>c. Conduct food waste composting programs</td>
<td>4. Serving ware and packaging:</td>
</tr>
<tr>
<td>2. Energy and water-efficient equipment:</td>
<td>a. Use of take-out containers that are biodegradable (paper) or recyclable instead of using Styrofoam</td>
</tr>
<tr>
<td>a. Use flow restrictors on faucets, low-flow toilets, and water-less urinals</td>
<td>5. Menu sustainability:</td>
</tr>
<tr>
<td>b. Only serve customers water upon request</td>
<td>a. Offer local ingredients on the menu</td>
</tr>
<tr>
<td>c. Replace incandescent light bulbs with longer lasting CFL light bulbs or LED</td>
<td>b. Offer organic food on the menu</td>
</tr>
<tr>
<td>d. Replace exit lights with LED's</td>
<td>c. Offer fish and seafood harvested sustainably and free of harmful pollutants</td>
</tr>
<tr>
<td>e. Use of motion detectors for lights in the restroom</td>
<td>d. Avoid genetically modified foods</td>
</tr>
<tr>
<td>f. Use of a system which monitors and controls comfortable temperatures efficiently with the HVAC (Heating, Ventilating and Air Conditioning) system</td>
<td></td>
</tr>
<tr>
<td>g. Keep the entrance door closed or use a double entrance door</td>
<td></td>
</tr>
<tr>
<td>Hotel</td>
<td>4. Waste Management</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>1. Paper</td>
<td>a. In-room recycling bins (First boutique hotel group to include these bins)</td>
</tr>
<tr>
<td>a. Hotel in-room materials and bills are printed on recycled copy paper</td>
<td>b. Hotel-wide recycling of cardboard, paper, glass, cans, plastic, batteries, phones, computers and peripherals, in-room electronics televisions, DVDs, radios, bins in place at business centers, meeting rooms, and fitness centers, boxes/bins at all employee work stations</td>
</tr>
<tr>
<td>b. Centralized printers are set to double-sided default printing, where duplex printing is available</td>
<td>c. Donating partially-used shampoos and conditioners, used linens and towels to local charities</td>
</tr>
<tr>
<td>c. Phone book &quot;by-request&quot; policy implemented, eliminating phone books from all guest rooms</td>
<td>d. Providing washable/reusable mugs during morning coffee service; providing washable/reusable mugs and glasses in back of house break rooms</td>
</tr>
<tr>
<td>d. Check out envelopes offered by request only</td>
<td>e. Eliminating any use of Styrofoam cups</td>
</tr>
<tr>
<td>2. Water</td>
<td>f. Towel and linen reuse option encouraged through signage and eco-benefit explanation</td>
</tr>
<tr>
<td>a. Implementation of water-efficient shower heads, faucets and water-efficient toilets</td>
<td>g. Toilet paper wraps replaced with stickers (such as Palomar &quot;P&quot;) or twine wrap</td>
</tr>
<tr>
<td>b. Above water efficient products are audited to ensure water efficient apparatus and products remain in place and functioning</td>
<td>h. C-Fold towels made with recycled content for public and employee restrooms (where C-Folds are used)</td>
</tr>
<tr>
<td>3. Energy</td>
<td>5. Toxics</td>
</tr>
<tr>
<td>a. Implementation of energy efficient T8 and T5 fluorescent lighting in back of house areas</td>
<td>a. Guest room soaps, shampoos and conditioners use natural ingredients and come from environmentally responsible companies</td>
</tr>
<tr>
<td>b. Implementation of motion sensors in low occupancy storage areas</td>
<td>b. Low/No VOC Paints for back of house areas</td>
</tr>
<tr>
<td>c. Implementation of LED lights on all exit signs</td>
<td>c. Carpet cleaning uses non-toxic and low VOC chemicals, and spot carpet cleaning uses non-toxic product</td>
</tr>
<tr>
<td>d. Check-in policy: maximum of one light and radio on only</td>
<td>d. Break room napkins are unbleached and/or made with recycled content</td>
</tr>
<tr>
<td>e. All guest room have CFL lighting (not available in hotels using dimmable/3-way bulbs)</td>
<td>6. Organic Products</td>
</tr>
<tr>
<td>f. Hallway lighting 100% energy efficient lighting—CFLs and/or LEDs (where dimmable lights are not in use)</td>
<td>a. Use of organic beverage and food products</td>
</tr>
</tbody>
</table>

The hotel industry is highly affected by customers’ increasing awareness of environmental and ecological protection. In a survey by Deloitte, of 1,155 business travelers surveyed, 34% of them “seek out hotels that are environmentally friendly, and 38% have researched green lodging facilities” (Clausing, 2008, p.22). In the survey of customer reaction to green practices in luxury hotel, over two-thirds of the respondents noted that they were aware of sustainable practices before their stay and of those respondents. Almost half indicated that green practices influence their decision to stay there. Almost all of those surveyed said they would consider another stay at the hotel if they were visiting the same area again (Becker, 2009).

It is impossible to provide all the possible attributes, so it is important to at least understand the preferences that are relatively most important to customers (Verma & Thompson, 1997). In Millar’s (2009) research of customer environmentally friendly practices preference to hotels, the green practices that travelers prefer most are refillable shampoo dispenser, energy efficient light bulbs, and towel and linen re-use policies. Green certification, an extrinsic attribute, which is an attribute that is intangible to the customer (Olson & Jacoby, 1972; Veale & Quester, 2009), is the most influential attribute on overall customer preference for the environmentally friendly hotel room (Millar, 2009).

In the restaurant industry, recyclable take-out containers, recycling waste, and energy efficient lighting are concerned to be the most important green practices to green customers. Furthermore, the green practices of recycling waste and energy efficient lighting can affect green customers’ ecological behavioral intention (EBI). At last, result
of the research test shows that the practice of using recyclable take-out containers has the most significant impact on the less green customers (Jeong & Jang, 2010).

Jeong and Jang (2010) suggested that restaurant operators should focus on improving the restaurant images to show the company cares about the environment by conducting green practices, such as using mugs or glasses instead of disposable cups or using recyclable napkins or cup sleeves. In coffee houses, offering recycling bins for cups and sleeves is the most important aspect in customers’ evaluation of green practices. Thus, restaurant managers are advised to establish such green attributes to offer direct green experience opportunities to customers (Jeong & Jang, 2010).

**Summary**

Despite the considerable amount of studies contributed to customer behavior, sustainable practices and green marketing in the hotel and restaurant industry, there is a lack of research investigating “green” practices in the cruise industry, which is a relative new industry. Since more people have become environmentally conscious, and more companies want to attract and retain these green customers by researching them through green marketing strategies, the understanding of green customer behavior and effective green marketing programs are essential to cruise companies. Therefore, there is a need of developing a guideline to assist cruise managers in effectively implement a green marketing strategies.
PART THREE

Introduction

Based on the literature review, this part provides a guideline of green marketing programs for cruise managers to effectively develop green marketing in a customer focused perspective. There are two agendas in part three: green marketing and recommendations for cruise managers.

In the green marketing section, the characteristics of green customers in the hotel and restaurant industry and target customers in the cruise industry will be reviewed and compared, followed by a discussion of the features of the most popular green practices. Two points can be highlighted: 1. the importance and necessity of green marketing in the cruise industry, 2. how to identify green practices that customers prefer most. Then, summarized from the customer behavior research in the literature review, a customer relationship model (CR Model) in the hospitality industry will be constructed, which will be the foundation of the green marketing guideline. Following the structure of this model, the green marketing guideline will be composed in the following three stages: pre-purchase, the experience stage, and post-purchase.

Green Marketing Guideline

Analysis of green customers and cruise customers

It is known that female, and people with a higher income and education levels are more environmentally conscious (Firat, 2009). Most of cruise passengers travel with their families, meaning that the rate of onboard female is high. The average annual income of cruise customers is over $40,000, and 69% of them have an education level of college or above. Therefore, from the demographical overlap of green customers in
research of the hotel and restaurant industry and cruise customers, it can be concluded that a large portion of the target market of the cruise industry are considered to be green customers.

**Analysis of the most popular green practices**

The literature investigated the green preferences of green customers in the hotel and restaurant industry. The most popular green practices in hotels are refillable shampoo dispenser, energy efficient light bulbs, and towel and linen re-use policies (Millar, 2009). The most influential green attribute is green certification (Olson & Jacoby, 1972; Veale & Quester, 2009). In the restaurant industry, the most popular green practices are recyclable take-out containers, recycling waste, and energy efficient lighting (Jeong & Jang, 2010).

From above mentioned research results, the most popular green practices in the hotel and restaurant industry can be concluded to be visible, tangible, and have direct involvement by customers. For example, customers can help to conserve water by reusing towels and linens. Customers can help to preserve the environment if they refuse to use disposable meal containers.

**The Customer Relationship model**

According to the research in customer behavior, customer relationships are composed by three stages in products or services: pre-purchase, during, and post-purchase (Lennon, 1987; Howard & Sheth, 1969; Oliver, 1999; Reynolds & Mark, 2000; Bowen & Chen, 2001; Davis, 2006). A successful customer relationship circle is built when a customer goes through all the three stages with positive feedbacks, and is willing to come back to the first stage in the future. The core issues of each stage, from the
marketing perspective, are customer decision making, customer satisfaction, and customer loyalty. Figure 1 presents the customer relationship model to demonstrate these core issues and the important factors in each stage.

Figure 1. Customer Relationship Model

**The pre-purchase stage**

For customers, this is a stage of information collection, comparison and selection. Their decision making is a complicated process that is influenced by the features of products or services and people’s individual purchasing behaviors. To contain all the principle features that customers need is the prerequisite of a product or service to be selected.

Customer behaviors are decided by both external (geographic, demographic, etc) and internal variables (personality, psychology, etc). General speaking, external variables are objective characteristics of a customer, such as one’s living area and education level. Internal variables are subjective characteristics, such as one’s personal preferences. Compare to the internal variables, external variables keep stable in a
relatively long period. On the contrary, internal variables are full of contingency and can be influenced by lots of factors, such as moods and prevalent trends, and can fluctuate in a short time.

**The experience stage**

Customer satisfaction is the ultimate goal that all cruise managers want to achieve. Customer satisfaction is the unity of achievement of customer experience and expectation. To further enhance positive and memorable experiences, customers should be given special surprises or new experiences that exceed their expectations. For return customers, customer satisfaction is mainly based on the comparison between previous and current experiences. For new customers, their anticipations or expectations are mainly formed based on two resources: other people’s feedbacks and reviews, such as word of mouth (WOM), online reviews, and cruise companies and cruise lines marketing efforts. In summary, the narrower the gap between expectations and real experiences is, the higher satisfactory level customers will achieve.

**The post-purchase stage**

According to the literature review of customer loyalty, there are three types of customer loyalty: behavioral loyalty, attitudinal loyalty, and the composite loyalty (Reynolds & Mark 2000; Bowen & Chen, 2001; Davis, 2006; Jones & Taylor, 2007). Accumulated customers with behavioral loyalty benefits cruise companies directly from the increasing customer volume and business profit margins. Attitudinal loyalty benefits cruise companies indirectly. In other words, although a customer will not travel by cruise in a long time, or a cruise company does not provide a specific cruise route that can meet a customer’s need, his/her previous good impression and satisfaction could become to
positive WOM and E-WOM. The attitudinal loyalty can be expressed by a company’s positive image and brand influences. A positive company image and positive WOM are very important in market expansion. The composite loyalty benefits cruise companies most, directly and indirectly, by increasing business profit margins and customer volume increasing.

**Green marketing guideline**

**Pre-purchase**

According to the customer relationship model, customer decision making processes relies on two essential factors: features of product or service, and individual customer behavior. However, the features of product and service in the cruise industry are undifferentiated. More specifically, for the ship grades, most of cruise companies differentiate their products in to three target markets (luxury lines, premium lines, and resort & contemporary lines) to meet the various needs of customers in different income levels. However, travel schedules, cruise destinations and routes are very similar among cruise lines. It is quite normal to see two or three cruise ships of different companies leave a port and come back at the same time. Therefore, it is important for a cruise company to have a good marketing strategy that builds its programs on brand influence and enhancement of a company’s positive image.

According to the statistical data (“Profile of the U.S. cruise industry”, 2011), public channels, including travel agents (74%), destination websites (39%), and cruise websites (28%), are the persuading factors and main channels that most customers use to make their decisions. For this reason, implementing green marketing in these platforms will help to attract more potential customers.
In the CR Model, the other essential factor of decision making is customer behavior, which is decided by customer preference. Since the internal variables are varied, and are hard to be tracked and controlled, cruise managers can extract green marketing methods that customers prefer according to external variables. Aimed at female customers and people with high education level and high income level, green marketing is an effective way to meet their preferences and therefore win favorable impressions. Table 2 shows some detailed strategies of green marketing targeted to the above mentioned target market in the pre-purchase stage.

Table 2

*Green Marketing Strategies in Pre-purchase Stage*

<table>
<thead>
<tr>
<th>Platform</th>
<th>Strategies of green marketing</th>
<th>Features of the strategies</th>
<th>Visible</th>
<th>Tangible</th>
<th>Customers’ direct involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel agents</td>
<td>1. Paperless communication with customers</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>2. Environmental protection logo in each email and formal letters</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Hyperlinks to institutions or organizations of environmental protection</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Destination websites</td>
<td>1. Descriptions of cruise line's sustainable achievements in the cruise introduction, including statistics.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Hyperlinks of e-reward green programs</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cruise websites</td>
<td>1. Environmental protection logo in each email and formal letter</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Rolling news update for sustainability news on the home page</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Add a module named &quot;sustainability&quot;, including three sub-modules: regulations &amp; policy, annual green reports, and community relations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>4. Hyperlink on the home page to &quot;e-reward green programs module&quot;</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>5. $1 donate option to environmental protection programs in the payment process</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>


**During the experience**

According to the customer relationship model, whether customers are satisfied during the cruise experience mainly depends on the relationship between their current cruise experiences and their expectations before cruise activities. Specifically, customers will feel satisfied if their current experience is equal or above their expectations, unsatisfied if it falls below. For the repeat customers, their satisfaction levels are mainly based on their previous cruise experience and their anticipations of the new trip. For the new customers, their expectations are mainly based on the companies’ marketing efforts, WOM and their resulting anticipations, and imaginations of a cruise trip.

In order to satisfy both new and repeat customers, on one hand, cruise managers are suggested to continue to carry out more green practices that are visible, tangible, and customers can directly be involved in. Also, green practices that have proved to be popular in the hotel and restaurant industry should definitely been included, such as towel and linen re-use program and using of recyclable napkins or cup sleeves. On the other hand, new onboard green activities are welcomed according to the development of new technologies and innovations in sustainability. Finally, it is an effective way to inform customers about green practices that are invisible, intangible, and if they are indirectly involved through different kinds of onboard activities, such as mini sustainability lectures, games, and shows. Satisfied customers may engage in repeat purchases in the future, and their favorable experience can be transformed to positive word of mouth, which will bring more customers to a cruise company or cruise line.

The suggested green practices and marketing strategies are displayed in table 3. Some of them are existing green practices, which should be communicated to customers.
through an effective marketing strategy. Other suggested green practices, including the implementing departments and reasons to be selected that listed in the table are new to both cruise managers and customers.

Table 3

*Some Onboard Green Marketing Strategies*

<table>
<thead>
<tr>
<th>Classification</th>
<th>Green practices</th>
<th>Front (F)/Back of house (B)</th>
<th>Green marketing strategies</th>
<th>Reasons of selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce</td>
<td>1. Towel and linen re-use program</td>
<td>F In room</td>
<td>Visible, customers direct involve in</td>
<td>One of the most popular green practices in the hotel industry</td>
</tr>
<tr>
<td></td>
<td>2. Reduction of fuel and water consumption</td>
<td>B</td>
<td>Onboard mini lectures, in-room TV programs</td>
<td>Show customers the invisible and intangible green contributions in back of house in visible ways and tangible numbers</td>
</tr>
<tr>
<td></td>
<td>3. Encourage customers to decline housekeeping services</td>
<td>F In room</td>
<td>Offering customers a $10 onboard voucher per day. Customers can use this voucher anywhere onboard, or deduct from total balance after finish the trip.</td>
<td>Incentive is an effective way to push customers to involve in the green practices</td>
</tr>
<tr>
<td>Reuse</td>
<td>1. Refillable shampoo dispenser</td>
<td>F In room</td>
<td>Visible</td>
<td>One of the most popular green practices in the hotel industry</td>
</tr>
<tr>
<td>Classification</td>
<td>Green practices</td>
<td>Front (F)/Back of house (B)</td>
<td>Green marketing strategies</td>
<td>Reasons of selection</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-----------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Replace</td>
<td>1. Energy efficient light bulbs</td>
<td>F In room, public areas</td>
<td>Visible</td>
<td>One of the most popular green practices in the hotel industry</td>
</tr>
<tr>
<td></td>
<td>2. Using mugs or glasses instead of disposable cups</td>
<td>F In dining areas</td>
<td>Visible, customers direct involve in Onboard mini lectures, in-room TV programs</td>
<td>One of the most popular green practices in the restaurant industry</td>
</tr>
<tr>
<td></td>
<td>3. Low carbon gasoline in port and close areas instead of regular gasoline</td>
<td>B</td>
<td></td>
<td>Show customers the invisible and intangible green contributions in back of house in visible ways and tangible numbers</td>
</tr>
<tr>
<td>Recycle</td>
<td>1. Using recyclable napkins or cup sleeves</td>
<td>F In dining areas</td>
<td>Visible, customers direct involve in Onboard mini lectures, in-room TV programs</td>
<td>One of the most popular green practices in the restaurant industry</td>
</tr>
<tr>
<td></td>
<td>2. Onboard water harmless treatment and recycle &amp; reuse program</td>
<td>B</td>
<td></td>
<td>Show customers the invisible and intangible green contributions in back of house in visible ways and tangible numbers</td>
</tr>
<tr>
<td></td>
<td>3. Using classification garbage bin in public areas and in guest rooms</td>
<td>F In room, public areas</td>
<td>Visible, customers direct involve in</td>
<td></td>
</tr>
<tr>
<td>Reinvent</td>
<td>1. Art and hand craft gallery onboard with recycled materials</td>
<td>F Gallery</td>
<td>Visible</td>
<td>Strengthen customers' awareness of sustainability</td>
</tr>
<tr>
<td></td>
<td>2. Music shows with recycled items, such as recycled percussion music show</td>
<td>F Showroom</td>
<td>Visible</td>
<td>Strengthen customers' awareness of sustainability</td>
</tr>
<tr>
<td></td>
<td>3. Art and hand craft competition with recycled materials</td>
<td>F Ballroom</td>
<td>Visible, full of fun, customers direct involve in</td>
<td>Strengthen customers' awareness of sustainability, interact with customers</td>
</tr>
</tbody>
</table>
Post-purchase

According to the customer relationship model, customer satisfaction leads to three kinds of customer loyalty: behavioral, attitudinal and composite loyalty. Behavioral loyalty is reflected from repeat purchase activities, and can directly bring cruise companies increasing customer volume and profit margins. E-reward green program is a loyalty program of green marketing to promote customer’s behavioral loyalty. This program can improve customers’ enthusiasm to green practices since it has many good incentives, such as free room upgrade and free onboard internet service. Furthermore, customers who benefit from this program are likely to share it with their friends and provide positive reviews in order to gain more points. This information is passed on and positive WOM can bring a cruise company more potential customers as well as increase companies’ public image and brand influence.

Here are some details of the e-reward green program:

1. All the onboard customers are welcomed to participant this program.

2. E-reward green cards are paperless cards, which are sent to customers through emails. Customers can only check their card status and accumulated points online. Each customer will have one card number, which is linked with his/her phone number.

3. Points can be earned by any environmentally friendly activities during cruise time. Different activities can be exchanged for different points. The points can be accumulated and have no expiration date.

4. The list of green activities and related points can be checked on the in-room TV and “go green” button on the room phone.
5. Customers can use points to exchange products and services during their next trip in the same cruise company, such as beverage, free Wi-Fi, free room upgrade, free casino games, etc. The exchange policies will be posted on the cruise company’s official website.

6. Customers can also use points to deduct the expenses of hotel accommodation, connecting flights, port excursions in route. Hotels, airline companies, excursion providers have to be the contracted with the cruise company. The participating companies’ list can be found on the cruise company’s official website.

7. Customers who successfully refer this program to others will earn equal points together with the customers that referred.

**Recommendations**

This green marketing guideline provides practical instructions of green marketing programs, suitable to all cruise companies and cruise lines in North America. Today, other than price and room availability, other contributing factors, such as “green” factor, will also strongly influence a customer’s decision to select a cruise line. Cruise companies can build their green images by following this green marketing guideline. Carrying out green marketing programs can dramatically improve customers’ satisfaction and loyalty levels in the marketing perspective as well as reduce the operational costs of cruise companies in the financial perspective. What’s more, in the consideration of environmental protection, the cruise industry can reduce energy consumption and carbon emission if cruise managers adopt and follow the green practices and programs in the guideline.
Because the investigations of demographical characteristics of green customers and their preferences are confined in North America, therefore, the green marketing guideline is mainly applicable to customers who come from the United States and Canada. Cruise managers are advised to use more traditional marketing methods in the communication of international travelers, such as price promotions. In the future research, onboard surveys of most popular green practices of cruise customers can be done to test this green marketing guideline.
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