The Hotel Environmental Marketing Strategy, Competitive Advantage and Hotel Performance on Koh Samui Surat Thani Province

Monta Aemsawas

Abstract

This study was conducted to develop a model of a resource-based view theory and a theory of competitive advantage based upon the firm’s relationship to the natural environment by Hart (1995). Data collected from 154 the hotel manager’s questionnaires were carried out in the period between September and December 2013. The findings suggested that (1) the hotel environmental marketing strategies (price, distribution, and processes) were increased affecting the hotel performances (market performance, financial performance, environmental performance, and overall performance), (2) the hotel environmental marketing strategies (price, distribution, promotion and processes) were increased affecting the competitive advantage and (3) the relationship between the hotel environmental marketing strategy (price) and the hotel performances (market performance, financial performance and overall performance) were mediated by the competitive advantage and the type of competitive advantage was both perfect and partial mediator variable.

Keywords: Resource-based view of the firm, Environmental marketing strategy, Competitive advantage, Performance, Koh Samui

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กลยุทธ์การตลาดโรงมรเพื่อสิ่งแวดล้อม ความได้เปรียบทางการแข่งขัน และผลการดำเนินงานของโรงแรมบนเกาะสมุย จังหวัดสุราษฎร์ธานี

มณฑา เอมสวัสดิ์

บทคัดย่อ

การศึกษาครั้งนี้ ได้พัฒนากรูปแบบของทฤษฎีของมุมมองบนพื้นฐานทรัพยากรและทฤษฎีความได้เปรียบทางการแข่งขันบนพื้นฐานความสัมพันธ์ระหว่างสถานประกอบการกับสภาพแวดล้อมทางธรรมชาติของ Hart (1995) มีการเก็บรวบรวมข้อมูลจากผู้จัดการโรงแรม จำนวน 154 คน โดยแบบสอบถาม ระหว่างเดือนกันยายน 2556 ถึง ธันวาคม 2556 ผลการวิจัยชี้ให้เห็นว่า (1) กลยุทธ์การตลาดโรงแรมเพื่อสิ่งแวดล้อม (ราคา ช่องทางการจัดจำหน่าย และกระบวนการบริการ) เพิ่มขึ้น มีผลต่อผลการดำเนินงานของโรงแรม (ด้านการตลาด ด้านการเงิน ด้านสิ่งแวดล้อม และรวมทุกด้าน) เพิ่มขึ้น (2) กลยุทธ์การตลาดโรงแรมเพื่อสิ่งแวดล้อม (ราคา ช่องทางการจัดจำหน่าย การส่งเสริมการตลาด และกระบวนการบริการ) เพิ่มขึ้น มีผลต่อความได้เปรียบทางการแข่งขันเพิ่มขึ้น และ (3) ความสัมพันธ์ระหว่างกลยุทธ์การตลาดโรงแรมเพื่อสิ่งแวดล้อม (ราคา) และผลการดำเนินงานของโรงแรม (ด้านการตลาด ด้านการเงิน และรวมทุกด้าน) ถูกแทรกซ้อนจากความได้เปรียบทางการแข่งขันและประเภทของการความได้เปรียบทางการแข่งขันเป็นทั้งตัวแปรแทรกซ้อนชนิดสมบูรณ์และบางส่วน

คำสำคัญ: มุมมองบนพื้นฐานทรัพยากรของธุรกิจ, กลยุทธ์การตลาดเพื่อสิ่งแวดล้อม, ความได้เปรียบทางการแข่งขัน, ผลการดำเนินงาน, เกษตรภูมิ

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Introduction

Corporate Environmentalism

Early literatures about corporate environmentalism are criticized to be exploratory and lack rigor. We had developed a comprehensive model that included both the internal and external factors to explain corporate environmentalism of firms with the complement of three distinct perspectives, i.e. literatures of corporate environmentalism, resource-based view of the firm (RBV) and institutional theory. The tourism industry in Thailand has played an important role in the economic and social development of the country for around four decades. Since 1959, when the Thai Government established the Tourist Promotion Organization to handle the Government's public relations' work, providing information about Thailand and its tourist destinations overseas, the number of tourist arrivals has risen from 7.19 million visitors in 1996, 11.52 million visitors in 2005 to as many as 26.74 million visitors in 2013. The increasing number of tourists resulting in substantial inflows of foreign currency, together with a significant expansion of the tourism industry led the Thai Government to legislate the “Tourism Act” in 1979, in order to provide guidance for tourism promotion and related developments. This also led to the formation of the Tourism Authority of Thailand and the Board of Tourism (Tourism Authority of Thailand, 2014). Thus, hotels on Samui Island, Suratthani province were particularly selected as focus in this study because of the significant influence of her environmental conditions on the entire world due to her fast pace of economic growth, unique institutional structure and her early stage of environmentalism.

The issues of concern for the hotel industry in Thailand have been those related to the utilities. Naturally, the opportunities for improved environmental performance revolve around the utilities areas. Broadly, the opportunities for environmental improvement can be grouped under: Good Housekeeping,
Water Conservation, Solid Waste Reduction and Recycling, Energy Conservation, Green Purchasing, and Training and Awareness. Based on the various issues discussed above, there exist a number of market opportunities in Thai hotel industry for foreign products and services. Rising public concern and pressure on the environmental issues as manifested in the various National Plans will certainly generate new opportunities for environmental service and technology suppliers. Typically, domestic Thai companies have been linking up with international partners. This presents a clear opportunity for international partners to supply technology and service expertise (Canadian University Consortium, 1998). Furthermore, tourist perceptions can be raised by increasing knowledge of consumer values and the relation to other variables, and to be more competitive advantage. Thailand needs to explore and enhance the inherent and distinctive values that maximize tourist’s satisfaction (Maliwan & Majtaba, 2012, p. 24).

The tourism is the hotel industry, in which environmental issues play a unique role for four major reasons. First, hotel operations usually comprise a set of smaller activities, each using limited resources and having only a minimal damaging effect on the environment; Second, in most countries, environmental legislation hotels is relatively rare because of their less visible impact on the environment, thus offering fertile ground for voluntary environmental management actions; Third, customers are directly influenced by the services provided by hotels and therefore are actively exposed to their environmentally friendly practices; and Fourth the natural environment forms part of the tourism product itself, determining in many ways the quality and satisfaction offered to tourists (Ávarez-Gil, Burgos-Jimnez, & Céspedes-Lorente, 2001; Deng & Burnett, 2002; Font, 2002). The uniqueness characterizing the relationship between hotels and the natural environment has received increasing attention in the field (Kasim, 2006). The environmental marketing issues within the hotel industry have only been tangentially tackled (Hudson
& Miller, 2005). The investigation of these issues is critical because in recent years, tourist buying behavior has changed dramatically as demonstrated by the growing involvement in environmental-caring activities, reliance on decisions regarding sustainable issues, and a willingness to pay higher prices for eco-friendly goods (Han, Hsu, Lee, & Sheu, 2011; Lee, Hsu, Han, & Kim, 2010) and the hotel’s eco-marketing activities (e.g., products/services, prices, distribution, communications) are greatly responsible for enhancing business performance, as a result of their direct impact on end users (Leonidou & Leonidou, 2011).

Research Objectives

Our study aims to fill this void in the green hotel literature by proposing and testing an integrated model of the drivers and outcomes of environmental marketing strategies pursued by hotels. Specifically, this study focuses on the mediating role of competitive advantage on the link between hotel environmental marketing strategy and hotel performance.

Importance of the study

The study of corporate environmentalism can be regarded as a field in a continuing stated of emergence (Sharma & Aragón-Correa, 2005). It is expected that in the next 40 years, there will be a significant change in the management field, since the past economic and organizational practices are simply not environmentally sustainable (Hart, 1995). Murphy, Poist, and Braunschweig (1995, p. 4) claim that “corporate environmentalism has been characterized as perhaps that most significant force shaping the economy, as well as one of the most important issues faced by firms in the future”. In fact, corporate environmentalism can no longer be treated as a marginal concern, but rather a matter that will remain at the front line of the discipline in future studies. It is believed that the findings from this research can provide
theoretical, practical as well as methodological contributions to the understanding of corporate environmentalism.

Scope of Research

The mediating role of competitive advantage on the link between hotel environmental marketing strategy and hotel performance in Samui Island hotels, which identifies three scope of research such as (1) the population was 246 hotels on Samui Island, Suratthani province, Thailand, namely, five stars level 25 hotels, four stars level 98 hotels, and three stars level 123 hotels, (2) three main types of variables are discussed in theoretical framework of this study (Figure 1), namely, independent variables as hotel environmental marketing strategy (i.e., product/service, price, distribution, promotion, people, atmosphere, and processes), mediating variables as competitive advantage, and dependent variable as hotel performance (i.e., market performance, financial performance, environmental performance, and overall performance), and (3) 154 the manager’s questionnaires were carried out in the period between September 2013 to December 2013.

Figure 1: Theoretical framework of this study.
Research instruments

Questionnaire survey

Measurement items in the questionnaire survey were developed based on the inputs from the literature reviews. The questionnaire items to measure the constructs are presented in English version and Thai version.

This study identified appropriate scales of the constructs after a careful review of the pertinent management or marketing literature review. This study used the environmental marketing strategy comprised seven sub-constructs, whose scales we derived from Menon, Menon, Chowdhury, and Jankovich (1999), Middleton and Clarke (2001), and Carmona-Moreno, Céspedes-Lorente, and De Burgos-Jiménez (2004). The competitive advantage scale came from Banerjee, Iyer, and Kashyap (2003) study. This study constructed the scales for market performance and financial performance based on input from Moorman and Rust (1999), Vorhies and Morgan (2005), and Zhou, Brown, and Dev (2009). Environmental performance, having eight items, is operationalized from the modification of the items in the study of Judge and Douglas (1998). These items were coded on a seven-point scale ranging from “1 = strongly worse” to “7 = strongly better”. These items were consistent with Russo and Fouts (1997) conception of environmental performance, which emphasized on firms’ compliance and prevention efforts in facilitating environmental protection. Finally, we took the biographical information scale from Leonidou, Leonidou, Fotiadis, and Zeriti (2013).

The questionnaire comprised four parts: the first part asked questions about the hotel’s environmental marketing strategy (i.e., product/services, price, distribution, promotion, atmosphere, people, and processes); the second tackled issues related to the firm’s competitive advantage; the third referred to the firm’s market, financial, and environmental performances; and the fourth part included information of six biographical. The questionnaire
was initially developed in English and then translated into Thai. The effective response rate was about 62.60 percent. Researchers like Man (2010) who conducted paper and pencil questionnaire survey achieved 49 percent response rate with reliable results. Hence, it is acceptable for this study to get a response rate of 62.60 percent.

**Statistics**

The results of the relationship between hotel environmental marketing strategy, competitive advantage, and hotel performance are presented at the descriptive statistics (i.e., percentage, mean and standard deviation), and hypothesis testing by inference statistics (i.e., cronbach’s alpha for test reliability, factor analysis, correlation matrix, and hierarchical regression).

**Cronbach’s alpha for test reliability**

The reliability of measurement in this study was tested using Cronbach’s alpha (Cronbach, 1951). The test is based on the average correlation among items (Nunnally & Bernstein, 1994). The logic behind the test is that if the inter-correlations among the items are high, the items will measure the same underlying construct. This study used a Cronbach’s alpha coefficient of .60 to .70 or higher which indicates that there is an internal consistency in the disclosure scores. Hair, Black, Babin, Anderson, and Tatham (2006), Liouville and Bayad (1998), and Sureshchandar, Rajendran, and Anantharaman (2002) stated that alpha less than .60 is considered poor, .70 is acceptable; meanwhile, alpha over .80 is considered to be good.

**Factor analysis**

Based on factor analysis used to testing of common factor by principal component analysis for component was extracted the solution can be rotated such as Kaiser-Meyer-Olkin measure of sampling adequacy
(KMO) more than 0.50, Bartlett’s test of sphericity measure of Chi-Square is significant at the .05 level (2-tailed), factor loading more than 0.30, communalities values measure of percentage of variance explained between 0 to 1, eigen values more than 1 (Hair, Black, Babin, Anderson, & Tatham, 2006).

**Multicollinearity testing from correlation matrix**

Multicollinearity between independent and mediating variables becomes a problem when the correlation between the variables exceeds .80 or .90 (Field, 2000; Mangena & Pike, 2005), at correlation is significant at the .05 level (2-tailed).

**Hierarchical regression**

To demonstrate mediation for test Hypotheses 1, 2, and 3, one estimate three different models and four conditions (must be met) was adopted from Baron and Kenny (1986); Muller, Judd, and Yzerbyt (2005, p. 853) can be stated as follows:

\[
Y = \beta_{10} + \beta_{11} X + \varepsilon_1 \quad (1)
\]

\[
Me = \beta_{20} + \beta_{21} X + \varepsilon_2 \quad (2)
\]

\[
Y = \beta_{30} + \beta_{31} X + \beta_{32} Me + \varepsilon_3 \quad (3)
\]

In Equation 1, there must be an overall treatment (X) effect on the outcome variable (Y); that is, \( \beta_{11} \) is significant. In Equation 2, there must be a treatment effect on the mediator (Me); that is, \( \beta_{21} \) is significant. In Equation 3, there must be an effect of the mediator on the outcome controlling for the treatment; that is, \( \beta_{32} \) is significant. In Equation 3, the residual effect of the treatment variable on the outcome (\( \beta_{31} \)) should be smaller (in absolute value) than the overall treatment effect in Equation 1 (\( \beta_{11} \)).
Results of Data Analysis

Descriptive statistics

Summary statistics of all the major constructs under investigations are the Cronbach’s alpha value between 0.856 and 0.963 is well above the limit of 0.70 established by Nunnally (1978) to ensure constructs’ internal consistency. Based on factor analysis used to testing of common factor by principal component analysis for component was extracted the solution can be rotated such as Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) more than 0.50, Bartlett’s test of sphericity measure of Chi-Square is significant at the .05 level (2-tailed), factor loading more than 0.30, communalities values measure of percentage of variance explained between 0 to 1, eigen values more than 1 (Hair, Black, Babin, Anderson, & Tatham, 2006). Thus, a complementary measurement has been used to ensure the convergent validity of this factor. Furthermore, the results of the mean scores and standard deviations of the seven kinds of hotel environmental marketing strategy, i.e. product/service (mean = 4.856, s.d. = .857), price (mean = 4.680, s.d. = .907), distribution (mean = 4.878, s.d. = .906), promotion (mean = 4.753, s.d. = .849), people (mean = 4.912, s.d. = .874), atmosphere (mean = 5.109, s.d. = .951), and process (mean = 4.932, s.d. = .928) are indicated in Table 1. In addition, the results of the one kind of competitive advantage (mean = 4.935, s.d. = .852) is shown in the same table. Finally, the results of the three kinds of hotel performances, i.e. market performance (mean = 4.938, s.d. = 1.090), financial performance (mean = 4.894, s.d. = .949), and environmental performance (mean = 4.929, s.d. = .943) are displayed.

Multicollinearity testing from correlation matrix

Table 1 correlation matrixes between independent and mediating variables are shown.
Table 1 Correlation matrixes between independent and mediating variables
(N = 154)

<table>
<thead>
<tr>
<th></th>
<th>PRSE</th>
<th>PRIC</th>
<th>DIST</th>
<th>PROM</th>
<th>PEOP</th>
<th>ATMO</th>
<th>PROC</th>
<th>COAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRSE</td>
<td>1.00</td>
<td>.488**</td>
<td>.669**</td>
<td>.687**</td>
<td>.590**</td>
<td>.628**</td>
<td>.628**</td>
<td>.648**</td>
</tr>
<tr>
<td>PRIC</td>
<td>1.00</td>
<td></td>
<td>.619**</td>
<td>.480**</td>
<td>.589**</td>
<td>.546**</td>
<td>.465**</td>
<td>.611**</td>
</tr>
<tr>
<td>DIST</td>
<td>1.00</td>
<td></td>
<td></td>
<td>.645**</td>
<td>.628**</td>
<td>.629**</td>
<td>.558**</td>
<td>.720**</td>
</tr>
<tr>
<td>PROM</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td>.677**</td>
<td>.686**</td>
<td>.690**</td>
<td>.754**</td>
</tr>
<tr>
<td>PEOP</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.636**</td>
<td>.630**</td>
<td>.692**</td>
</tr>
<tr>
<td>ATMO</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.615**</td>
<td>.650**</td>
</tr>
<tr>
<td>PROC</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.724**</td>
</tr>
<tr>
<td>COAD</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the .01 level (2-tailed), * Correlation is significant at the .05 level (2-tailed).

In Table 1, based on multicollinearity testing from correlation matrix between independent and mediating variables becomes a problem when the correlation between the variables exceeds .80 or .90 (Field, 2000; Mangena & Pike, 2005), at correlation is significant at the .05 level (2-tailed). Thus, these are not a problem of multicollinearity between independent and mediating variables.

Hierarchical regression results

Table 2 to provide hierarchical regression results from the effects of mediator variables on the relationship between independent variables and dependent variables are shown.
Table 2 Hierarchical regression results of the mediating role of competitive advantage on the link between hotel environmental marketing strategy and hotel performance (N = 154)

<table>
<thead>
<tr>
<th>Variables</th>
<th>MAPE</th>
<th>FIPE</th>
<th>ENPE</th>
<th>HOPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1: PRSE</td>
<td>.119</td>
<td>.064</td>
<td>.096</td>
<td>.102</td>
</tr>
<tr>
<td>X2: PRIC</td>
<td>.114</td>
<td>.247**</td>
<td>.212*</td>
<td>.203**</td>
</tr>
<tr>
<td>X3: DIST</td>
<td>.188*</td>
<td>.185</td>
<td>.206*</td>
<td>.209*</td>
</tr>
<tr>
<td>X4: PROM</td>
<td>.123</td>
<td>.105</td>
<td>.046</td>
<td>.101</td>
</tr>
<tr>
<td>X5: PEOP</td>
<td>.002</td>
<td>.020</td>
<td>-.037</td>
<td>-.005</td>
</tr>
<tr>
<td>X6: ATMO</td>
<td>.072</td>
<td>.120</td>
<td>.149</td>
<td>.121</td>
</tr>
<tr>
<td>X7: PROC</td>
<td>.229*</td>
<td>.032</td>
<td>.159</td>
<td>.156</td>
</tr>
</tbody>
</table>

Statistics

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Square Change</th>
<th>F Change</th>
<th>Durbin-Watson</th>
<th>Tolerance Min / Max</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>.483</td>
<td>.459</td>
<td>.483</td>
<td>19.525**</td>
<td>1.798</td>
<td>.336/.534</td>
</tr>
</tbody>
</table>

Note. X = Independent variable; ME = Mediator variable. * p < .05, ** p < .01.
Table 2  Hierarchical regression results of the mediating role of competitive advantage on the link between hotel environmental marketing strategy and hotel performance (N = 154) (continued)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Beta</th>
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<tbody>
<tr>
<td>Equation 2 (Criterion)</td>
<td>COAD</td>
</tr>
<tr>
<td>Expected Sign (+)</td>
<td></td>
</tr>
<tr>
<td>X1: PRSE</td>
<td>-.003</td>
</tr>
<tr>
<td>X2: PRIC</td>
<td>.147*</td>
</tr>
<tr>
<td>X3: DIST</td>
<td>.238**</td>
</tr>
<tr>
<td>X4: PROM</td>
<td>.277**</td>
</tr>
<tr>
<td>X5: PEOP</td>
<td>.097</td>
</tr>
<tr>
<td>X6: ATMO</td>
<td>.004</td>
</tr>
<tr>
<td>X7: PROC</td>
<td>.269**</td>
</tr>
</tbody>
</table>

(β_{21})

Statistics

<table>
<thead>
<tr>
<th>Statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R Square</td>
<td>.733</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>.721</td>
</tr>
<tr>
<td>R Square Change</td>
<td>.733</td>
</tr>
<tr>
<td>F Change</td>
<td>57.359**</td>
</tr>
<tr>
<td>Durbin-Watson</td>
<td>1.798</td>
</tr>
<tr>
<td>Tolerance Min / Max</td>
<td>.336/.534</td>
</tr>
</tbody>
</table>
Table 2: Hierarchical regression results of the mediating role of competitive advantage on the link between hotel environmental marketing strategy and hotel performance (N = 154) (continued)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Beta</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>Equation 3 (Criterion)</td>
</tr>
<tr>
<td></td>
<td>MAPE</td>
</tr>
<tr>
<td>X1: PRSE</td>
<td>.120</td>
</tr>
<tr>
<td>X2: PRIC</td>
<td>.061</td>
</tr>
<tr>
<td>X3: DIST</td>
<td>.103</td>
</tr>
<tr>
<td>X4: PROM</td>
<td>.024</td>
</tr>
<tr>
<td>X5: PEOP</td>
<td>-.033</td>
</tr>
<tr>
<td>X6: ATMO</td>
<td>.070</td>
</tr>
<tr>
<td>X7: PROC</td>
<td>.133</td>
</tr>
</tbody>
</table>

\[ (\beta_{31}) \quad (\beta_{31}) \quad (\beta_{31}) \quad (\beta_{31}) \]

| ME: COAD | .356** | .256* | .115 | .269* |

\[ (\beta_{32}) \quad (\beta_{32}) \quad (\beta_{32}) \quad (\beta_{32}) \]

<table>
<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>R Square</td>
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<td>F Change</td>
</tr>
<tr>
<td>Durbin-Watson</td>
</tr>
<tr>
<td>Tolerance Min / Max</td>
</tr>
</tbody>
</table>

Note. X = Independent variable; ME = Mediator variable. * p < .05, ** p < .01.

As shown in Table 2 when (1) Variations in the hotel environmental marketing strategy (DIST and PROC) as independent variable (\( \beta_{11} = .188, p < .05, \beta_{11} = .229, p < .05 \), respectively) significantly account for variations in the hotel performance (MAPE) as dependent variable. (2) Variations in the
PRIC (Std. Beta = .147), DIST (Std. Beta = .238), PROM (Std. Beta = .277), and PROC (Std. Beta = .269) significantly account for variations in the competitive advantage as mediating variable (COAD). (3) When both the hotel environmental marketing strategy as independent variable and the competitive advantage as mediating variable were entered into the regression equation 3, by adding the seven independent variables and the one mediating variable (COAD), $R^2$ increased to 3.4 percent. This $R^2$ change equal to .034 is significant. There must be an effect of the mediator on the outcome controlling for the treatment; that is, COAD ($\beta_{32} = .356, p < .01$). The residual direct effect of the treatment variable on the outcome; that DIST and PROC are not significant, should be smaller (in absolute value) than the overall treatment effect in (1) such as DIST ($\beta_{31} = .103 < \beta_{11} = .188$) and PROC ($\beta_{31} = .133 < \beta_{11} = .229$). (4) Four conditions must be met, namely, $\beta_{11}$ is significant, $\beta_{21}$ is significant, $\beta_{32}$ is significant, $\beta_{31}$ smaller $\beta_{11}$: The type of mediator as perfect mediator when independent variable ($\beta_{31}$) and the mediator ($\beta_{32}$) are in the equation but $\beta_{31}$ is not significant (Baron & Kenny, 1986) and the type of mediator as partial mediator when independent variable ($\beta_{31}$) and the mediator ($\beta_{32}$) are in the equation by $\beta_{31}$ is significant, (Frazier, Tix, & Barron, 2004). These results provided reject for H3 (PRSE-COAD-MAPE), (PRIC-COAD-MAPE), (PROM-COAD-MAPE), (PEOP-COAD-MAPE), and (ATMO-COAD-MAPE) of the study. In addition, these results provided support for Hypotheses of the study such as (DIST-COAD-MAPE) and (PROC-COAD-MAPE) and the type of COAD is a perfect mediator.

As shown in Table 2 when (1) Variations in the hotel environmental marketing strategy (PRIC) as independent variable ($\beta_{11} = .247, p < .01$) significantly account for variations in the hotel performance (FIPE) as dependent variable. (2) Variations in the PRIC (Std. Beta = .147), DIST (Std. Beta = .238), PROM (Std. Beta = .277), and PROC (Std. Beta = .269) significantly account for variations in the competitive advantage as mediating variable (COAD). (3)
When both the hotel environmental marketing strategy as independent variable and the competitive advantage as mediating variable were entered into the regression equation 3, by adding the seven independent variables and the one mediating variable (COAD), $R^2$ increased to 1.7 percent. This $R^2$ change equal to .017 is significant. There must be an effect of the mediator on the outcome controlling for the treatment; that is, COAD ($\beta_{32} = .256, p < .05$). The residual direct effect of the treatment variable on the outcome; that PRIC is significant ($\beta_{31} = .209, p < .05$), should be smaller (in absolute value) than the overall treatment effect in (1) such as PRIC ($\beta_{31} = .209 < \beta_{11} = .247$).

(4) Four conditions must be met, namely, $\beta_{11}$ is significant, $\beta_{21}$ is significant, $\beta_{32}$ is significant, $\beta_{31}$ smaller $\beta_{11}$ : The type of mediator as perfect mediator when independent variable ($\beta_{31}$) and the mediator ($\beta_{32}$) are in the equation but $\beta_{31}$ is not significant (Baron & Kenny, 1986) and the type of mediator as partial mediator when independent variable ($\beta_{31}$) and the mediator ($\beta_{32}$) are in the equation by $\beta_{31}$ is significant (Frazier, Tix, & Barron, 2004). These results provided reject for Hypotheses of the study such as (PRSE-COAD-FIPE), (DIST-COAD-FIPE), (PROM-COAD-FIPE), (PEOP-COAD-FIPE), (ATMO-COAD-FIPE), and (PROC-COAD-FIPE). In addition, these results provided support for Hypothesis of the study as (PRIC-COAD-FIPE) and the type of COAD is a partial mediator.

As shown in Table 2 when (1) Variations in the hotel environmental marketing strategy (PRIC and DIST) as independent variable ($\beta_{11} = .212, p < .05, \beta_{11} = .206, p < .05$, respectively) significantly account for variations in the hotel performance (ENPE) as dependent variable. (2) Variations in the PRIC (Std. Beta = .147), DIST (Std. Beta = .238), PROM (Std. Beta = .277), and PROC (Std. Beta = .269) significantly account for variations in the competitive advantage as mediating variable (COAD). (3) When both the hotel environmental marketing strategy as independent variable and the competitive advantage as mediating variable were entered into the regression equation 3,
by adding the seven independent variables and the one mediating variable (COAD). $R^2$ increased to 0.4 percent. This $R^2$ change equal to .004 is not significant. (4) These results provided reject for Hypotheses of the study such as (PRSE-COAD-ENPE), (PRIC-COAD-ENPE), (DIST-COAD-ENPE), (PROM-COAD-ENPE), (PEOP-COAD-ENPE), (ATMO-COAD-ENPE), and (PROC-COAD-ENPE).

As shown in Table 2 when (1) Variations in the hotel environmental marketing strategy (PRIC and DIST) as independent variable ($\beta_{11} = .203$, $p < .01$, $\beta_{11} = .209$, $p < .05$, respectively) significantly account for variations in the hotel performance (HOPE) as dependent variable. (2) Variations in the PRIC (Std. Beta = .147), DIST (Std. Beta = .238), PROM (Std. Beta = .277), and PROC (Std. Beta = .269) significantly account for variations in the competitive advantage as mediating variable (COAD). (3) When both the hotel environmental marketing strategy as independent variable and the competitive advantage as mediating variable were entered into the regression equation 3, by adding the seven independent variables and the one mediating variable (COAD), $R^2$ increased to 1.9 percent. This $R^2$ change equal to .019 is significant. There must be an effect of the mediator on the outcome controlling for the treatment; that is, COAD ($\beta_{32} = .269$, $p < .05$). The residual direct effect of the treatment variable on the outcome; that PRIC is significant ($\beta_{31} = .164$, $p < .05$) but DIST is not significant, should be smaller (in absolute value) than the overall treatment effect in (1) such as PRIC ($\beta_{31} = .164 < \beta_{11} = .203$) and DIST ($\beta_{31} = .145 < \beta_{11} = .209$). (4) Four conditions must be met, namely, $\beta_{11}$ is significant, $\beta_{21}$ is significant, $\beta_{32}$ is significant, $\beta_{31}$ smaller $\beta_{11}$: The type of mediator as perfect mediator when independent variable ($\beta_{31}$) and the mediator ($\beta_{32}$) are in the equation but $\beta_{31}$ is not significant (Baron & Kenny, 1986) and the type of mediator as partial mediator when independent variable ($\beta_{31}$) and the mediator ($\beta_{32}$) are in the equation by $\beta_{31}$ is significant (Frazier, Tix, & Barron, 2004). These results provided reject for Hypotheses of
the study such as (PRSE-COAD-HOPE), (PROM-COAD-HOPE), (PEOP-COAD-HOPE), (ATMO-COAD-HOPE), and (PROC-COAD-HOPE). In addition, these results provided support for Hypotheses of the study such as (PRIC-COAD-HOPE) and the type of COAD is a partial mediator; (DIST-COAD-HOPE) and the type of COAD is a perfect mediator.

**Discussion on findings**

To answer the research objective, consistent with expectation, the findings show that the competitive advantage have significant influencing the positive relationship between hotel environmental marketing strategy (i.e., price) with the hotel performance (i.e., market performance, financial performance, and overall performance). Hence, there is suggests that the relationship between hotel environmental marketing strategy (i.e., price) with the hotel performance (i.e., market performance, financial performance, and overall performance) will be significantly smaller when the competitive advantage is included but will still be greater than zero (Baron & Kenny, 1986; Frazier, Tix, & Barron, 2004). The results are consistent with Menon, Menon, Chowdhury, and Jankovich (1999) found that environmental marketing strategy comprises policies, practices, and procedures in the context of marketing that incorporate an ecologically friendly focus, with the aim to create revenue and profit while achieving organizational and individual objectives. Adopting an environmentally friendly strategic stance in hotels can lead to the creation of competitive advantage (Stabler & Goodal, 1997). Such green marketing strategies significantly lower costs in the long run and/or help differentiate offerings from the competition, resulting from the use of cheaper recyclable supplies/materials, energy-saving processes, waste-minimization solutions, and operating process improvements (Porter & van der Linde, 1995). A case in point is the Hyatt Regency Chicago Hotel, which, through its distinct recycling program,
recovered approximately 70% of its products used (e.g., towels, dishes, linen) and saved a large amount of money by reusing them (Enz & Siguaw, 1999). The ability to target the environmentally friendly customer segment also promotes competitive advantage (Banerjee, Iyer & Kashyap, 2003; Manaktola & Jauhari, 2007). Several studies (e.g., Mostafa, 2007; Tantawi, O’Shaughnessy, Gad, & Ragheb, 2009) have noted the increasing size of this segment, while other study (e.g., Laroche, Bergeron, & Barbaro-Forleo, 2001) have reported consumers’ willingness to pay higher prices for environmentally friendly products/services. In addition, firms can significantly improve their current processes and product/service quality by making them greener. All these advantages offer a more attractive, likable, favorable, and acceptable company offering to customers than of the competition (Garay & Font, 2012; Menguc & Ozanne, 2005; Porter & van der Linde, 1995).

In addition, the firm’s superiority over its competitors regarding environmental offerings enables it to benefit from increased customer satisfaction, creation, and retention. This is achieved by communicating the environmental benefits and possible savings to customers, by ensuring the environmentally conscious segment of the market is satisfied with their initiatives, and by promoting their corporate or products environmental friendliness as a criterion of superior product quality (Dechant & Altman, 1994). Consumers will also show a preference to purchase from an eco-friendly firm, resulting in greater financial gains (Banerjee, Iyer & Kashyap, 2003). This superiority enables hotels to charge higher prices, generate more cash, target potentially lucrative consumer segments, increase sales from existing segments, and so on (Claver-Corts, Molina-Azorn, Pereira-Moliner, & Lopez-Gamero, 2007). In one of the few studies to examine the relationship between competitive advantage and performance in an environmental context, Kim and Yoon, (2010) found that firms with a relatively low competitive advantage have significantly weaker business performance than others. In addition, Lpez-

**Implications of the study**

**Theoretical implications of resource-based view of the firm (RBV)**

The results of this study show that the relationship between the hotel environmental marketing strategy (i.e., price) and the hotel performance (i.e., market performance, financial performance, and overall performance) will be mediated by the competitive advantage. These results support that a resource-based view of the firm (RBV), the present study proposes that under the RBV, which emphasizes the firm’s resources as key drivers of competitive advantage and business performance (Amit & Schoemaker, 1993). The study amply demonstrates that certain organizational resources and capabilities can lead to the formulation of an environmental marketing strategy. When this strategy is formed and implemented, a unique competitive advantage will follow. In addition, such an advantage is likely to be even stronger for hotels operating in highly competitive environments because it helps differentiate them from other competitors. In turn, an environmentally based competitive advantage should enable firms to achieve superior market and financial performance, and market performance is expected to affect financial performance favorably.

**Practical implications**

Corporate policy makers must realize that though environmental marketing strategies require the deployment of significant resources and the use of specific capabilities, their proper handling will pay off in the end, while enabling them to operate in an environmentally friendly manner and fulfill
their societal responsibilities (Leonidou, Leonidou, Fotiadis, & Zeriti, 2013). Toward this end, it is important to cultivate an organizational culture centered on principles such as developing eco-friendly products/services, training employees on environmental issues, facilitating customer collaboration on ecological issues, and so on. In light of today’s realities, characterized by cut-throat competition, growing public concern, and strong regulatory systems, the astute manager should adopt a more proactive stance toward environmental issues and implement environmentally friendly marketing strategies. In this respect, demonstrating a long-term environmental commitment through, for example, the allocation of necessary resources/capabilities, the execution of regular environmental audits, and the preparation of environmental marketing plans is of paramount importance. Participating in environmental initiatives, such as those adopted by the Green Hotels Association (e.g., Green Leaf Hotels) which focuses on programs aimed to save water, conserve energy, and reduce waste, would also help boost the firm’s reputation among guests and attract ecologically sensitive consumers. It is also important to adopt schemes that will reward employees who take eco-friendly initiatives. Hotels should also team up with other members of the supply chain, such as suppliers, to enhance environmental protection arrangements, as well as embark on promotional and communication efforts that will highlight their firm’s green marketing efforts.
References


