


Chapter 6

Sustainable Hospitality: Reinventing Business Management Practices and the Overall Customer Experience

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ABSTRACT

The hospitality industry is undergoing a transformative shift toward sustainability, driven by the urgent need to reduce environmental impact and adopt circular economy principles. This chapter explores how innovation and circular business models address environmental, economic, and social challenges in the sector. It highlights the industry's intensive use of natural resources and significant waste generation, noting a persistent gap between sustainability goals and actual practice. Key barriers include striking a balance between eco-friendly operations and service quality, as well as prioritizing long-term sustainability over short-term profits. The chapter calls for systemic change, positioning the hospitality industry as a model for sustainable development. By embracing circular innovation and aligning with the Sustainable Development Goals (SDGs), the sector can transition toward business models that conserve resources, strengthen ecosystem resilience, and generate lasting value.

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1 INTRODUCTION: INNOVATION AND CIRCULAR ECONOMY IN THE HOSPITALITY SECTOR

This introduction highlights the increasing significance of innovation and circular economy principles in the hospitality industry, emphasizing how the transition from linear to circular business models addresses environmental and social challenges, and sets the stage for exploring the role of sustainable practices in enhancing the overall customer experience.

This chapter aims to explore how hospitality firms could apply sustainable business practices through innovation and CE practices to enhance customer experience and reduce environmental impacts. In the context of hospitality, sustainability refers to directing and managing all aspects of the hotel in a way that balances the triple bottom line: environmental, social, and economic performance, without compromising the needs of future generations. This chapter focuses on both large international hotel chains and small- to medium-sized hotels, drawing from global case studies to illustrate how circular business models can be implemented in real-world settings.

Innovation is now essential for achieving operational excellence in today's rapidly evolving hospitality sector. As noted by Avasiloaei (2022), process innovation is vital within the hospitality industry, not only to achieve operational excellence but also to empower firms to consider new business models based on the CE by introducing sustainable practices and reducing harm.

Transitioning to a circular economy from the traditional linear one is a significant milestone for hospitality firms. Currently, people are facing health, social, economic, and environmental problems primarily due to unsustainable business models. When implemented, the principles of the CE direct the courses of action and tactics taken by hotels, for example, to maximize long-term value creation and preserve resources. In this context, European countries consider transforming to CE from the traditional linear economy a priority, as it is regarded as a driver of innovation.

As a result of the COVID-19 pandemic and its effects, several technological developments have altered people's perspectives and led to the emergence of new business models that prioritize sustainability and the CE (Avasiloaei, 2022). In our era of advanced systems and practical marketing tools, the hospitality and tourism industry is becoming a significant contributor to each country's economic situation (Thommandru et al., 2023). In addition to raising awareness of health, social, financial, and environmental issues—many of which are caused by unsustainable business practices—the pandemic revealed weaknesses in international systems.

It is important to note that the hospitality and food service industries are among the highest consumers of energy, water, and other natural resources. To satisfy the needs of their customers, the hospitality industry consumes a vast amount of energy and natural resources (UNWTO, 2019). Due to the significant amounts of waste

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