

Impact of Environmental Sustainability Practices on Customer Loyalty in Hotel Industry with the Moderating Effect of Customer Environmental Consciousness

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Abstract

The concept of environmental sustainability is important to the hotel industry and one of the motives of customer loyalty. With sustainability becoming a central concern for businesses and consumers, hotels face growing pressure to adopt environmentally friendly practices that conserve natural resources while enhancing their market competitiveness. Nevertheless, there is a dearth of research in the Sri Lankan hotel industry that examines the role of such practices in customer loyalty, especially when moderated by customers' environmental consciousness. In addressing this gap, the paper in question examines how environmental sustainability practices, namely energy efficiency, waste management, and sustainable local sourcing, impact customer loyalty in the hotels that are functioning in the Matale District of Sri Lanka, with particular attention to the moderating role of environmental consciousness. This study employed a quantitative research approach, with data collected through questionnaires from 384 hotel guests using a convenience sampling method. Both a direct effect and a moderating effect were tested to analyse the relationships through SPSS and the PROCESS macro by Andrew F. Hayes. The analysis showed energy efficiency, waste management, and sustainable local sourcing were strongly positively correlated with customer loyalty ($r = 0.652-0.674$, $p < 0.001$) and had significant positive effects ($\beta = 0.291-0.302$, $R^2 = 0.648$). Customer environmental consciousness further strengthened these effects ($\beta = 0.176-0.187$, $p < 0.01$). This study is unique in demonstrating how sustainability practices within Sri Lanka's hospitality industry not only support environmental goals but also play a vital role in shaping green consumer behaviour and strengthening long-term customer loyalty. The study provides recommendations for hotel managers, policymakers, and stakeholders to invest in credible sustainability practices.

Keywords: customer loyalty, environmental consciousness, environmental sustainability, green consumer behavior, hotel industry