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Sustainability in Portuguese Hotels:

Is the Circular Economy Coming to the
Hospitality Sector?

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Católica Porto Business School
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Is the Circular Economy Coming to the Hospitality Sector?

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Abstract

In 2022, Europe witnessed a substantial contribution of over 1.9 billion US dollars to the Gross Domestic Product from travel and tourism, with Portugal ranking as the third European Union country most reliant on tourism. These significant figures not only manifest in the economic returns to the destination but also in the consequential waste and emissions generated by the activity. The sector's impact on natural resources and the environment raises concerns, especially given the current climate emergency and the demand for resources that exceeds the planet's capacity. It has become clear that there needs to be a better use and allocation of resources.

Addressing this challenge, the concepts of sustainability and Circular Economy (CE) emerge as a potential solution to mitigate the negative impacts associated with the tourism industry and its players.

Considering this, the thesis explores the perception and integration of sustainability practices and CE principles in some of Portugal's best examples of sustainable hospitality, drawing from interviews conducted with industry professionals. The primary finding of this thesis reveals that Portuguese hoteliers perceive these practices and principles as necessary and are already adopting them, mainly making use of the recycling, reusing, reducing, and repairing principles. Other relevant notions that arise from this thesis regard topics such as market differentiation, staff resistance, and the growth of "green certificates".

Keywords: Sustainability, Circular Economy, Tourism, Hospitality Sector, Portugal.

Resumo

Em 2022, a Europa testemunhou uma contribuição substancial de mais de 1.9 mil milhões de dólares americanos para o Produto Interno Bruto proveniente de viagens e turismo, com Portugal a ocupar o terceiro lugar entre os países da União Europeia mais dependentes do turismo. Estes números significativos manifestam-se tanto nos retornos económicos para o destino, como nos consequentes resíduos e emissões gerados pela atividade. O impacto do setor nos recursos naturais e no ambiente levanta preocupações, especialmente dada a atual emergência climática e a procura por recursos que excede a capacidade do planeta. Tornou-se claro que é necessário um melhor uso e alocação de recursos.

Ao abordar este desafio, os conceitos de sustentabilidade e da Economia Circular (EC) surgem como uma potencial solução para mitigar os impactos negativos associados à indústria do turismo e seus intervenientes.

Tendo isto em consideração, esta tese explora a perceção e integração de práticas sustentáveis e dos princípios da EC em alguns dos melhores exemplos de hotelaria sustentável em Portugal, com base em entrevistas conduzidas com profissionais do setor. A principal conclusão desta tese é que os hoteleiros portugueses têm a perceção que estas práticas e princípios são necessários e já os estão a implementar, em especial a fazer uso dos princípios da reciclagem, reutilização, redução e reparação. Outras noções relevantes que surgem desta tese dizem respeito a tópicos como a diferenciação no mercado, resistência do pessoal e crescimento dos “certificados verdes”.

Palavras-chave: Sustentabilidade, Economia Circular, Turismo, Hotelaria, Portugal.

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List of Abbreviations

CE – Circular Economy

CEAP - Circular Economy Action Plan

EU – European Union

GDP – Gross Domestic Product

KPI – Key Performance Indicator

SDG – Sustainable Development Goal

UN – United Nations

UNWTO – United Nations World Travel Organisation

Introduction

The environment is an important factor for life on Earth and it affects all its aspects, including travel and tourism. According to Masterson & Shine (2022), due to climate change and the droughts, floods, rise of temperature and sea levels that accompany it, tourism destinations have already taken a toll. Some examples of these effects are having to delay flights, ending trips sooner than expected, and having to evacuate tourists. The authors also state that “the tourism sector creates around a tenth of the greenhouse gas emissions that are driving the climate crisis (...) Practically half of all transport emissions stem from global tourism”.

In addition to emissions associated with transportation, the tourism sector significantly impacts the environment through essential infrastructure (such as hotels and airports), the generation of solid waste, and its considerable utilization of natural resources. As per Santos-Peñate et al. (2023), the tourism and hospitality industries present an intense strain on resources (energy, water, land, and materials like fossil fuels, minerals, metals, and biomass). These can lead to substantial negative impacts, including traffic jams, biodiversity loss, CO₂ emissions, and environmental degradation. As per the World Economic Forum (2022), experts claim that the way we currently live requires 60% more resources than the planet is able to generate.

Tourism, as emphasized by the United Nations (UN) Secretary-General António Guterres on the celebration of World Tourism Day in 2023, stands at a critical point, “the climate emergency is threatening many travel destinations and

the very survival of communities and economies that depend on tourism” (UNWTO, n.d.-b). Guterres also said, “tourism brings progress (...) As one of the biggest sectors in the global economy, it has great power to bridge cultures, generate new opportunities and promote sustainable development” (UNWTO, n.d.-e). Recognizing this, the UN declared 2017 as the International Year of Sustainable Tourism, underscoring the urgent need for tourism and sustainability to converge (Turismo de Portugal, n.d.-d).

It has become evident that tourism has a considerable impact on the environment, however, it is equally crucial to recognize its economic significance. For instance, Vargas-Sánchez (2018) emphasized the sector’s importance, affirming that tourism stands as “the third largest socioeconomic activity in the EU”. In Europe, the tourism sector holds significant economic influence, having contributed over 1.9 billion US dollars to the Gross Domestic Product (GDP) in 2022 alone (Statista, 2024b). Focusing specifically on Portugal, as per the same source, (Statista, 2024a), the country ranked as the third European Union (EU) country most reliant on tourism, behind Greece and Croatia.

According to the latest data from Instituto Nacional de Estatística (Statistics Portugal) (Instituto Nacional de Estatística, 2023), in 2022, non-resident tourist arrivals in Portugal reached approximately 22.3 million, and the majority of tourist accommodation recorded 28.9 million guests, resulting in 77.2 million overnight stays. It is estimated that the tourism activity generated a direct and indirect contribution of 29.2 billion euros to the GDP in 2022, representing 12.2%. As can be seen in the graph below (Figure 1) provided by Eurostat (2023), in 2022 Portugal ranked among the top 10 countries worldwide in terms of the highest number of nights spent by international tourists. The statistical evidence and data further stress the key role of the tourism sector in the country’s economy.

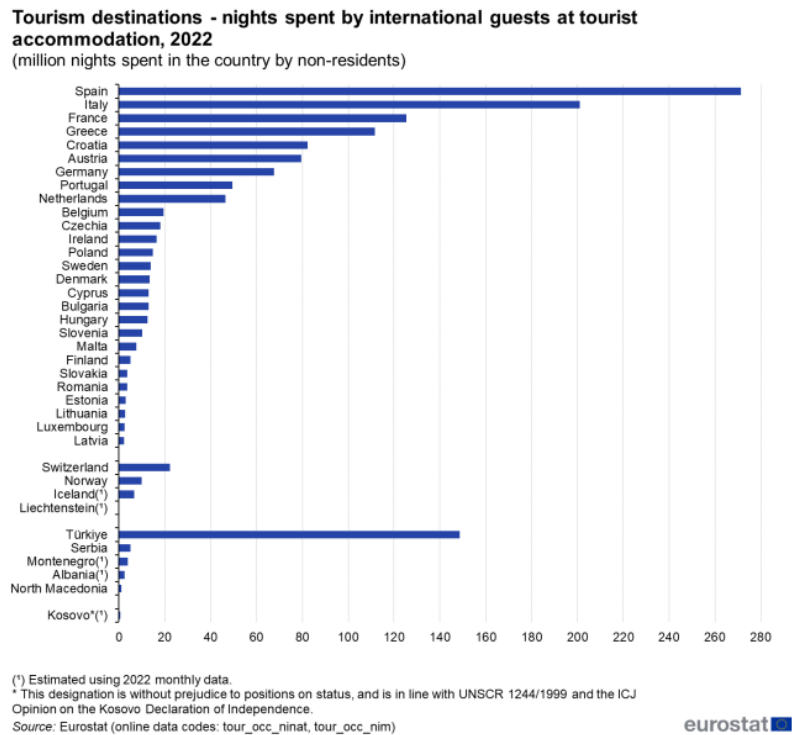


Figure 1 - Tourism Destinations - Nights Spent by International Guests at Tourist Accommodation, 2022 (Million Nights Spent in the Country by Non-residents), 2023 (Source: eurostat)

Having recognized the economic relevance of the tourism industry, particularly in Europe and Portugal, alongside its environmental impacts, it is clear that there are challenges to be addressed. Adopting Circular Economy (CE) principles emerges as a potential solution to minimize adverse effects and ensure the sustainability of tourism activities and the preservation of the planet.

Several authors concluded that there is not nearly enough research done on the topic of CE and its effects on tourism (Fernandes Costa et al., 2022; Manniche et al., 2021; Rodríguez et al., 2020; Soares Martins, 2021; Vargas-Sánchez, 2018). Thus, this thesis seeks to address this gap by seeking to answer the following research question “How do hotels in Portugal perceive and integrate circular economy principles and sustainability practices?”. To explore this question more effectively, the research is divided into five objectives. These objectives encompass understanding tourists’ perceptions of sustainable practices, examining staff engagement, identifying common sustainability practices,

exploring the economic implications of transitioning to a CE, and attempting to forecast future trends for the sector.

The structure of this thesis comprises of four chapters: literature review, methodology, examination of sustainable Portuguese hotels, and results and discussion. Chapter one delves into the literature surrounding sustainability and CE, focusing on their relevance in the EU and particularly in Portugal, as well as their implications for the tourism sector. Chapter two outlines the chosen methodology, followed by the exploration of the case studies in chapter three. The fourth chapter presents the data analysis, divided into results and discussion. The thesis is then finalized with the conclusion, a summary of the findings and reflections.

Chapter 1

1. Literature Review

1.1 Sustainability

Sustainability was defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” by the UN Brundtland Commission in 1987 (United Nations, n.d.). On the Greenpeace website (Greenpeace UK, n.d.), it is referred to as, ultimately, a resource-preserving strategy. Meaning that a sustainable activity has the ability to continue without depleting resources or harming others.

As stated by Piila et al. (2022), there is a growing societal concern regarding global sustainability challenges, and consequently, there is an increasing expectation for the corporate sector to offer solutions. In addition to environmental considerations, businesses are increasingly motivated to embrace sustainability to mitigate risks linked to the continuous reliance on primary raw materials¹. These risks encompass challenges related to availability, price fluctuations, and dependence on imports (European Parliament Research Service, n.d.). Notably, the EU currently imports more than half of its resources in the form of raw materials.

¹ According to Marschallek & Jacobsen (2020), ““Primary Raw Materials” are substances obtained directly from nature by extracting natural deposits, “Secondary Raw Materials” are reused “Materials”” (p. 4).

It has become evident that the perception that the consumers have of a company's environmental responsibility is a priority. Since the perception is of utmost relevance, and the actual environmentally friendly actions are not always easy to consult and verify, greenwashing was born. Given its multifaceted nature, the phenomenon lacks a universal definition, however, Delmas & Burbano (2011) defined it as the practice of misleading customers about a company's environmental policies or the environmental benefits of a product or service. Through their research, Freitas Netto et al. (2020) established that environmentalist Jay Westervelt was the originator of the term "greenwashing" in 1986, during discussions about the hospitality sector's efforts to encourage towel reuse.

1.1.1 Sustainability Pillars

Across the literature, there is a general agreement that sustainability can be categorized into three pillars: environmental, economic, and social sustainability. Geissdoerfer et al. (2017) for example, defined sustainability as "the balanced integration of economic performance, social inclusiveness, and environmental resilience, to the benefit of current and future generations". Some authors consider additional pillars, however, as stated by Purvis et al. (2018), these three pillars have the most consensus and are more commonly used throughout the literature even though their origin is unknown.

According to the United Nations World Travel Organisation (UNWTO) (n.d.- c), the "sustainability principles refer to the environmental, economic, and socio-cultural aspects (...) and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability". As per the Santander Open Academy (2022), environmental sustainability focuses on the conservation of biodiversity and on reducing the environmental impact humans have on nature. Economic sustainability refers to an organisation's ability to

remain active in the long-term, with profits. Lastly, social sustainability aims at strengthening a community and its social groups. Giddings et al. (2002) stated that the three pillars rely on each other, more explicitly there is a mutual dependence and changes in one element would affect the others, so these separate entities can be viewed as a whole system.

1.1.2 Sustainability in Tourism

The World Counts (2024) shares that, just in 2024, there have already been over 240 million tourist arrivals all over the world. To put it into perspective, back in 1950 the international tourist arrivals stood at 25 million, jumping to 2018 when they reached almost 1.5 billion, and the projections suggest a continued rise, with an estimated 1.8 billion anticipated by 2030. According to the same source, in terms of environmental impact, this sector contributes to over 5% of total global greenhouse gas emissions, having transportation as the main cause (constituting 90%). Projections indicate a 25% rise in CO₂ emissions from tourism by 2030, reaching almost 2 billion tons. With the climate crisis, it becomes crucial to find a way to diminish the industry's negative impacts on the environment.

Kularatne et al. (2019) mentioned that excessive consumption has been directly linked to 75% of hotels' adverse environmental effects. Rodríguez et al. (2020) concluded that "a tourist generates twice more garbage than a resident". The overconsumption by tourists, frequently in areas where resources are already scarce, often puts pressure on natural resources. The local land use is severely strained by the sector, which also increases the risk of pollution, soil erosion, loss of natural habitat, and stress on endangered species. This accentuates the importance of the tourism industry adopting sustainable practices.

The tourism sector frequently follows a take-make-use-dispose process, meaning it not only uses enormous amounts of finite natural resources but also produces vast sums of waste (Larsen et al., 2019; Rodríguez et al., 2020). Some of

its activities, as per Bux & Amicarelli (2022), include “heating and cooling, ventilation, air conditioning, lighting, hot water use and electricity, washing activities and others”.

According to the UNWTO (n.d-c), sustainable tourism is “tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities”. The entity stated that sustainable tourism ought to: maximize the use of natural resources, which are essential to the growth of the industry, by preserving important ecological processes, biodiversity, and natural heritage; respect local communities’ sociocultural identities by preserving their historical and cultural resources, maintaining their traditional values, and promoting acceptance and understanding among people from different cultural backgrounds; assure long-term, secure economic activity that provides equitable socio-economic benefits among all stakeholders, including steady jobs, revenue streams, and community services, all of which decrease poverty.

Malheiro et al. (2020) outlined the goals of sustainable tourism across the three types of sustainability. Economically, it seeks to stimulate local economies by creating jobs, boosting income at both local and national levels, and ensuring a fair distribution of wealth. Environmentally, it aims to preserve natural resources, encouraging their protection and conservation. Socially, sustainable tourism endeavours to safeguard communities, their cultural and historical heritage, maintaining authenticity, and promoting social and health equity, community development, human and labour rights, social responsibility, and justice.

Rodríguez-Antón & Alonso-Almeida (2019) noted that a few authors have referred to the term “circular tourism”, including Vargas-Sánchez (2018), but there is still limited research available on this particular subject. Having said that, Rodríguez et al. (2020) mentioned that for “circular tourism” to take place, there

needs to be an involvement from every participant in tourism. This means tourists, destination management organisations, suppliers (such as hotels and restaurants), and the local population, all need to embrace environmentally sustainable practices.

1.1.3 Sustainable Tourists

Several authors acknowledged the growing environmental awareness among consumers, noting that it results in an appreciation for eco-friendly alternatives and a willingness to pay a premium for environmentally sustainable hotels (Fernandes Costa et al., 2022; Freitas Netto et al., 2020; Kularatne et al., 2019; Nelson et al., 2021; Soares Martins, 2021).

According to Doran et al. (2017), people who prioritize biospheric values — values that represent a concern for life on earth as a whole, including humans, animals, and the environment — are more likely to select environmentally sustainable travel options. Freitas Netto et al. (2020) mention the Nielsen Media Research which showed that “66% of global consumers are willing to pay more for environmentally friendly products”. Furthermore, Kularatne et al. (2019) and Soares Martins (2021) refer to a study by the International Hotels Environment Initiative that revealed that 90% of guests favour establishments that embrace green practices and prioritize environmental care. This highlights the pressure exerted on the hotel industry to align with sustainable initiatives, signalling a discernible trend towards an increased preference for sustainable accommodation options. A good example of this shift is the so-called “eco-tourism”, which is experiencing rapid expansion. According to The World Counts (2024) data there have been registered more than 17 million “eco-tourist” arrivals just in the first two months of 2024.

1.2 Circular Economy

In the contemporary economy, as per Rodríguez-Antón & Alonso-Almeida (2019), the prevailing model remains linear, characterized by the production, consumption, and disposal of products as non-recyclable waste, adhering to a “take-make-consume-dispose” pattern. The authors see the CE as a way to combat this wasteful trajectory since its main goal is to maximize resource use while cutting greenhouse gas emissions and waste. This economy is based on the core idea that nothing should be wasted and that all resources can be given new life or use.

According to the Ellen MacArthur Foundation (n.d.), a CE is an economy in which resources never go to waste and the environment is replenished. In this economy there is a deliberate promotion of resource efficiency, aiming to extract maximum value and extend their circulation through intentional design, recycling, composting, refurbishing, reusing, repairing, and maintenance (Ellen MacArthur Foundation, n.d.; Geissdoerfer et al., 2017; “Leading the Transition [Action Plan for Circular Economy in Portugal: 2017-2020]”, 2017; Rodríguez et al., 2020). Opting for the concept of CE would mean a “closed-loop system” (Ellen MacArthur Foundation, n.d.), that would transform waste into a resource, ensuring a better outcome for both the environment and the businesses implementing those measures. Menegaki (2018) summarizes this as a designed cycle of a product, that has in view a “minimum input and minimum production of waste”.

In agreement with the European Parliament Research Service (n.d.), a CE is a model that aims at retaining materials and products within the economic cycle whenever feasible, being, as stated in the Sustainability Guide (n.d.), “restorative and regenerative by design”.

Consistent with Leitão (2020) and Rodríguez et al. (2020), a CE also seeks to increase the proportion of renewable resources in the economy, including

renewable energy. Menegaki (2018) asserts that, with the increased implementation of renewable energy in hotels, accompanied by energy-efficient measures such as LED (Light-Emitting Diode) lighting and higher-grade appliances, CE is “implemented at a higher level” given that it does not pollute. The author also highlights that it is crucial to have “inter-sectoral dynamics and cooperation” so that the waste generated by one sector can serve as a new input in another.

As per the Circularity Gap Report 2023 (n.d.), there is a significant “circularity gap” demonstrated by the drop in worldwide circularity from 9.1% in 2018 to 7.2% in 2023. Nearly 90% of materials are lost, discarded, or immobilized in durable stocks like machinery and structures, emphasizing reliance on new resources. According to the Ellen MacArthur Foundation (n.d.), by disconnecting economic activity from the consumption of finite resources, the CE addresses climate change and other global concerns such as biodiversity loss and pollution.

1.2.1 Circular Economy in the EU and Portugal

According to the Circle Economy Foundation. (n.d.), “the Ellen MacArthur Foundation identified that a global circular economy could offer a net annual benefit of €1.8 trillion in the EU alone”.

According to the European Commission (n.d.-c), the Circular Economy Action Plan (CEAP) was initially approved in 2015, and it featured initiatives aimed at facilitating Europe’s transition to a CE, fostering cross-border competitiveness, promoting sustainable economic growth, and creating employment. This comprehensive plan outlined specific and bold measures addressing every aspect of the life cycle, spanning from waste management and the secondary raw materials market to manufacturing and consumption, accompanied by a new proposal for waste-related legislation. In 2020, the European Commission endorsed the new CEAP, which emphasizes product design, supports CE

principles, encourages sustainable consumption, and strives to ensure waste avoidance while maximizing resource utilization within the EU economy.

The CEAP is “one of the main building blocks of the European Green Deal” (European Commission, n.d.-a). The European Green Deal is the EU’s commitment to addressing the existential threats of climate change and environmental degradation by shaping the EU “into a modern, resource-efficient, and competitive economy” (European Commission, n.d.-b), with goals including achieving carbon neutrality by 2050, detaching resource consumption from economic expansion, and ensuring inclusivity and resilience.

According to the report “Leading the Transition [Action Plan for Circular Economy in Portugal: 2017-2020]” (2017), by 2030 the global population is projected to be 8.5 billion. Remaining with a linear economy that, according to the report, extracts 65 billion tons of materials annually and projected a doubling of this extraction by 2050, is only going to degrade the planet - the alarming pace of resource consumption suggests that, by 2050, we would require the equivalent of three Earths to sustain our current lifestyle. As stated in the report, Europe, facing a dependence on imported raw materials, can only meet 9% of the demand for 54 essential materials domestically. This escalating demand, coupled with the limitations of a linear model, poses a strategic risk, leading to the depletion of natural, social, and financial capital.

Portugal mirrors the broader trend within the EU, where it acquires and imports a larger quantity of raw materials than the volume of finished goods it exports (“Leading the Transition [Action Plan for Circular Economy in Portugal: 2017-2020]”, 2017). This results in an accumulation of materials, notably in sectors like real estate which include infrastructure. Coupled with the trend seen in 2015 in the report “Leading the Transition [Action Plan for Circular Economy in Portugal: 2017-2020]”(2017), it revealed an increase in emissions attributed to

economic growth, these factors underscored the imperative for a strategic shift towards sustainability.

The Council of Ministers of Portugal approved the CEAP to be implemented in the country in 2017 (Diário da República, 2017). In the document, they mention that the CE is seen as a key element in promoting the decoupling between economic growth and the increase in resource consumption. And that it aims to develop new economically viable and ecologically efficient products and services, rooted in ideally perpetual cycles of reconversion. The outcomes include minimizing resource extraction, maximizing reuse, and increasing efficiency.

More recently, Turismo de Portugal, the National Tourism Authority, has specifically created two plans to change the current sectoral landscape. One is the Tourism + Sustainable 20-23 plan, aimed at making Portugal one of the most sustainable tourism destinations in the world, and one of its guiding principles was the promotion of the CE agenda for tourism businesses (Turismo de Portugal, 2023b). The other is Portugal's Tourism Strategy 2027, which incorporates the three sustainability pillars and provides a framework for the creation of business strategies and governmental policies within the tourism industry during the following ten years (Turismo de Portugal, n.d.-c).

1.2.2 Circular Economy and Sustainability

CE is often associated with environmental sustainability because of its emphasis on reducing waste and protecting natural resources. Nevertheless, this should not overshadow the significant economic and social aspects that it also embraces. CE initiatives play a crucial role in addressing environmental sustainability by emphasizing the preservation and conservation of natural resources, including waste reduction, recycling, and minimizing ecological footprints of production and consumption among many others (Ellen MacArthur

Foundation, n.d.; Malheiro et al., 2020). Economically, CE advocates for a shift from the linear “take-make-dispose” model to foster a more resilient and resource-efficient economy. This transition not only creates job opportunities, such as in product design, repair, recycling, and maintenance but also benefits local communities by increasing their income (Leitão, 2020; Malheiro et al., 2020). Moreover, CE initiatives play a vital role in fostering social sustainability by improving a community through education related to job creation, integrating minorities, and overall, conserving a communities’ cultural and historical heritage (Malheiro et al., 2020).

The concept of a CE recognizes the crucial interdependence between environmental, economic, and social sustainability, and aims to establish a sustainable and regenerative system that positively impacts all three dimensions. The CE is an effective tactic that helps achieve the Sustainable Development Goals (SDGs) by concentrating on waste reduction and resource use. As mentioned in the report “Leading the Transition [Action Plan for Circular Economy in Portugal: 2017-2020]” (2017), “pursuing a circular economy contributes to many of these goals, especially Goal 12: Responsible consumption and production”.

Geissdoerfer et al. (2017) argue that CE is often viewed as the prerequisite for sustainable development, while Rodríguez et al. (2020) categorize CE as an economic framework intricately linked with sustainability. In line with Kirchherr et al. (2017), the concept of CE aims, much like sustainability, to benefit both present and future generations, striving to create “environmental quality, economic prosperity and social equity”. Menegaki (2018) asserted that sustainability is “the base for circular economy”, whereas Larsen et al. (2019) state, in simpler terms, that “sustainability is the goal, circularity a way”.

1.2.3 Circular Economy in Tourism

According to Tomassini & Cavagnaro (2022), the CE can have many benefits for a tourism location. For example, it can contribute to the revitalization of monocultural farmlands by promoting biodiversity enhancement or reintroduction. It can also rejuvenate local heritage and abandoned properties, benefiting both residents and visitors. Furthermore, it can transform hotels into beacons of social inclusion by involving members of the neighbourhood in recycling and waste collection programs. Additionally, it can support green mobility initiatives that involve local stakeholders and encourage environmentally friendly travel.

In line with Obersteiner et al. (2021), some promising initiatives with substantial potential to decrease the carbon footprint of tourism involve installing drinking water fountains and switching to refillable toiletry containers, both commonly implemented practices in hotels.

As reported by Rodríguez et al. (2020) and the UNWTO (n.d.-d), the tourism sector, as a major driver of the economy, may help achieve the UN SDGs. The UNWTO specified that this can happen through the creation of jobs, encouragement of sustainable agriculture, as well as boosting inclusion and advancing water security and access. It could likewise accelerate the transition to renewable energy sources, empower women, and promote the sustainable use of marine resources and the ocean. Stated differently, this industry can contribute, directly or indirectly, to any of the SDGs.

1.2.4 Circular Economy in Hotels

Developing a CE strategy involves several considerations, the most crucial of which is deciding on a course of action that fits the company's resources and capabilities while also considering operational limitations (Atasu et al., 2021). Keeping in mind that the implementation of a CE is only feasible when it is

economically sustainable in the long-term, this is because the costs required when first implementing mean that the financial benefits will not be felt immediately (Malheiro et al., 2020; Atasu et al., 2021). The transition may pose a challenge, yet it also presents various opportunities for adaptation, innovation, and overall value creation, for example in terms of infrastructure, energy, and production. If well implemented, the CE can be of great interest to companies, in the words of the European Parliament Research Service (n.d.), “the circular economy could bring EU companies annual net material cost savings, ranging from €250 to €465 billion – or from 12% to 23% of their material costs”.

Kularatne et al. (2019) confirmed that the first attempts to implement green practices in hotel management were focused on ways to reduce expenses and government regulation. Over the years the adoption of green practices has become more than just a cost-saving strategy due to the growing demand for sustainable hotels. It is now also closely linked to customer expectations, corporate image, and willingness to pay a premium price. Overall, when a hotel applies these practices, it enhances its reputation and social responsibility in addition to increasing profitability and customer retention.

Furthermore in their research, Kularatne et al. (2019) and Soares Martins (2021) highlighted that, while the initial implementation of eco-friendly practices in a hotel may involve significant upfront costs, the long-term advantages include cost savings through not only reduced energy and water consumption but also by implementing effective management systems (such as light sensors and faucet aerators), as well as improved waste management, thereby saving on recycling and waste disposal expenses. The authors also emphasized the significance of involving consumers in adopting sustainable practices endorsed by hotels, encompassing waste recycling, respect for nature and biodiversity, and constrained water and energy usage.

Kularatne et al. (2019), Malheiro et al. (2020), and Soares Martins (2021) all noted that adopting sustainability actions can assist companies in cultivating a positive brand image, appealing to environmentally conscious customers, and ultimately serving as a differentiating factor, enhancing competitiveness.

Bonilla-Priego et al. (2011) and Piila et al. (2022) concluded that there are two primary motivations for companies to engage in sustainable practices: internal and external. Internal motivations are typically driven by the want to optimize resource usage and involve saving costs on materials, avoiding fines, and complying with legislation. External motivations are normally driven by the societal view, reputation, and corporate image. Piila et al. (2022) also concluded that previous research has acknowledged that drivers associated with resources and economic gain, as well as trends, serve as motivators for the implementation of CE in a company.

However Vargas-Sánchez (2018) went a step further and identified three pressures as to why a hotel ought to implement CE principles, them being: 1) coercive pressures, arising from regulations imposed by the law; 2) normative pressures, resulting from the necessity to adhere to industry standards or meet consumer expectations; 3) mimetic pressures, stemming from the desire to imitate successful practices observed in competitors.

1.3 Green Certificates

Larsen et al. (2019) assert that “certification is the ultimate form of industry or government-based self-regulation”. The Sustainable Hospitality Alliance (n.d.) emphasizes that “following a certification process will help hotel properties to identify and implement ways to improve their impact across a range of sustainability criteria”. Bonilla-Priego et al. (2011) support this notion, noting that firms initially attracted to certification due to external funding find that their practices remain unchanged, instead, certification provides valuable

management and control systems. This suggests that, for some companies, certification may be a procedural requirement, while for others, it serves as a learning process, offering insights not only in practical terms but also culturally.

Sustainability certificates are voluntary, meaning they are not legally required. It is a choice an establishment makes, to follow a set of criteria proposed by the issuing organisation (Larsen et al., 2019). Nelson et al. (2021) corroborated the idea that hotels with “green certificates” differentiate themselves from competitors and become more attractive to clients. The authors also conclude, as stated previously, that guests are keen and prepared to pay a higher price for sustainable hotels, and that these certifications could be beneficial for marketing purposes, notably if the hotel works with travel agencies or tour operators. As per Vargas-Sánchez (2018) the market is changing for tourism companies, “operators and tourists are increasingly demanding socially and environmentally friendly behaviour”, which could be signalled by these certificates. Fernandes Costa et al. (2022) mention that sustainability certification programs are gaining notoriety in the tourism sector, with many establishments incorporating them to address environmental considerations.

According to Larsen et al. (2019) companies face some obstacles when it comes to “showcasing” their environmental practices through certifications, which could inhibit them from being certified. These included, for example, insufficient awareness of the sustainable tourism concept, concerns about the perceived cost associated with obtaining said certification, limited time for completing the application process, and the perceived workload associated with compliance.

In line with a recent study by Mabrian (2024) on sustainability certification in Portuguese hotels, “52% of hotels in Portugal show some level of sustainability certification, which is a significant percentage, higher than in other countries”. Additionally, the study indicates that “generally, the higher the hotel category, the greater the commitment to sustainability. 71% of 5-star hotels have some

certification, while in 4-star hotels it is 61%, and in 3-star establishments it is 41%". Moreover, the study analysed the average nightly rates charged by these establishments and concluded that "hotels with some type of sustainability certification, regardless of category, offer, on average, prices 19% higher than those accommodations without any certification", information that reinforces the previously mentioned notions.

Some of the most common sustainability certifications for hotels, as well as the ones mentioned in this thesis, are: Green Globe, Green Key, Travelife, and Green Leaders (by TripAdvisor). Please note that these certifications have levels that will not be discussed in this thesis.

- **Green Globe:** established in 1994, the certification has "grown to become the world's leading certification for sustainable operation and management of travel & tourism worldwide" (Green Globe, n.d.-b). This certification includes 44 criteria that cover four groups, those being sustainable management, social economic, cultural heritage and environmental (Green Globe, n.d.-a). The annual membership fee prices start at €650 and climb up to €4 500, excluding the audit fees (Green Globe, n.d.-c).
- **Green Key:** launched in 1994, the Green Key certificate is stated on its website as "the leading standard for excellence in the field of environmental responsibility and sustainable operation within the tourism industry" (Green Key, n.d.-c, n.d.-d). This certificate stands for the "commitment by businesses that their tourism establishments adhere to the strict criteria stipulated by the Foundation for Environmental Education (FEE)" (Green Key, n.d.-a). With an annual standard cost of €1 050 plus the audit fee of €525 (Green Key, n.d.-b).
- **Travelife:** this sustainability certification focuses on "emissions, biodiversity, human rights, fair labour, child safeguarding and animal

welfare” (Travelife, n.d.-a). The two-year certification fee starts at €940 and goes up to €2 485, including one audit (Travelife, n.d.-b).

- **Green Leaders:** this certification was created by Tripadvisor, and it showcases accommodation establishments “committed to green practices like recycling, local and organic food, and electric car charging stations” (Tripadvisor, n.d.-b). This certification comes without any cost (Tripadvisor, n.d.-a).

Chapter 2

2. Methodology

2.1 Research Question

Ottenbacher et al. (2009) revised the literature on hospitality and concluded that most authors defined it as a sector that encompasses lodging, food and beverage, and entertainment. According to Les Roches (n.d.), the word “lodging” refers to a wide range of services that provide lodging for overnight visits. A diverse array of establishments is included in this category, with both budget-friendly and luxurious accommodation alternatives available, including the focus of this thesis, hotels. Domingues (2013) defined a hotel as being an establishment that offers services such as lodging and meals and may offer other complementary services like stores, bars, meeting rooms, and more, in exchange for a fee. Turismo de Portugal defines hotels as tourist establishments intended to provide accommodation services and other support services, with or without the provision of meals, geared towards daily rental, with own and direct access for the exclusive use of its guests, having a minimum of 10 accommodation units (Instituto Nacional de Estatística, 2023).

With that being said, the research question of this thesis is “How do hotels in Portugal perceive and integrate circular economy principles and sustainability practices?”. For a more thorough exploration of this question, the research is segmented into five objectives, those being:

1. Explore hoteliers' perspectives on tourists' awareness of and relevance attributed to sustainable practices implemented by hotels;
2. Analyse the influence of hotel initiatives on staff engagement;
3. Identify the most common sustainability practices in Portuguese hotels;
4. Investigate the importance of economic sustainability considerations in the transition to a CE;
5. Anticipate future trends in Portuguese hospitality through insights from hoteliers and companies in the industry.

2.2 Research Method

Given that this thesis aimed to gain some insight into an under-explored topic, the most suitable approach to carry out this research was to undertake an exploratory and qualitative study. Lester et al. (2020) corroborate this choice when they explain the versatile nature of qualitative research, emphasizing its capacity to yield nuanced understandings of phenomena. Creswell (2007, pp. 39-40) also stated that “we conduct qualitative research because a problem or issue needs to be explored. (...) because we need a complex, detailed understanding of the issue. This detail can only be established by talking directly with people”.

Within the qualitative research realm, the approach chosen was a case study, more precisely multiple case study (Creswell, 2007, p. 78). Creswell (2007, p. 89) further explained that a “case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) (...) through detailed, in-depth data collection involving multiple sources of information (e.g., observations, interviews, audiovisual material, and documents and reports), and reports a case description and case-based themes”.

In line with this methodology, the chosen course of action involved conducting semi-structured interviews with professionals from the hospitality

industry in Portugal. Provided the small sample, there was no evident need to resort to an analysis software.

Upon a comprehensive review of relevant literature, other interviews and studies conducted on the subject, a set of questions was derived to align with the specific interviewee selection. The construction of the interview guide was notably influenced by key insights from Fernandes Costa et al. (2022), Piila et al. (2022) and Soares Martins (2021), serving as primary foundations for shaping relevant questions.

Prior to the interviews, a pilot test was conducted with an individual possessing five years of industry experience, resulting in subsequent modifications. These adjustments primarily involved simplifying and shortening questions, reordering them, and replacing or eliminating specific queries. This test played a crucial role in refining the inquiries to align with the focus of this thesis and ensuring that the interviews would not extend the scheduled time.

The interview guide, which can be found in the appendix, encompassed several key sections. Firstly, it addressed the interviewees' perceptions of guests' awareness of and relevance given to the topic of sustainability. Secondly, it delved into the primary motivations behind the hotel's adoption of sustainable measures. Thirdly, it sought to determine whether the hotel had a formal sustainability strategy in place or if sustainability actions were implemented ad-hoc. Following this, the guide inquired about the awareness and integration of CE principles within the hotel's strategy or actions aforementioned. Subsequently, it explored the development and implementation process of the sustainability strategy or actions, including openness to staff input. Lastly, it aimed to understand the interviewees' perspectives on the future of sustainable hotels in Portugal, providing insights into the current landscape of hospitality practices.

2.3 Data Collection

The data for this thesis was collected through interviews, public information and documents (some hotels had public environmental reports), and the analysis of said data is done firstly by describing the cases followed by the identified common themes (Creswell, 2007 - pg 79).

The selection criteria for interviewees revolved around nominees for the “Portugal’s Leading Green Hotel 2023” award (World Travel Awards, n.d.-b), a decision shaped by the esteemed reputation and respectability of the World Travel Awards in the industry. The World Travel Awards was established 30 years ago, and through its three decades, it has rewarded excellence within the travel, tourism, and hospitality sectors (World Travel Awards, n.d.-a). Nowadays it is an entity recognized worldwide for its excellence, making it a reputable source.

The list of possible interviewees was made up of nine hotels, out of these, only three were available to be interviewed. The three hotels that were interviewed were the Octant Furnas, Vila Vita Parc Resort & Spa, and Inspira Liberdade Boutique Hotel. A notable mention is the NEYA Lisboa Hotel, that despite being unable to participate in the interview, Dr Pedro Teixeira, the Director of Quality, Environment and Security of the NEYA Hotels, kindly shared the hotel’s “sustainability best practices” manual as well as the hotel’s sustainability Key Performance Indicators (KPIs).

A total of five interviews were conducted, three with the individuals responsible for managing the respective hotels’ sustainability measures, and two with representatives from companies within the tourism sector that prioritize sustainability. These interviews provided valuable insights into the Portuguese hospitality market and the current sustainability initiatives.

The interviews were conducted with:

- Dr Liliana Alves, serving as the Specialist in Quality, Environmental, and Safety Management at Octant Furnas since 2021;
- Dr Rita Alves, holding the position of Assistant Quality Director at Vila Vita Parc Resort & Spa since 2021;
- Dr Patrícia Marques, fulfilling the role of Sustainability and Development Manager at Inspira Liberdade Boutique Hotel since 2018;
- Dr Miguel Clemente, who holds a PhD in Sustainable Energy Systems and is one of the co-founders of Noytrall;
- Dr Hugo Teixeira Francisco, co-founder and Chief Marketing Officer of Portugal Green Travel DMC & Consulting, who has vast work experience in tourism, having worked at other tourism-related companies and having taught in various institutes, inclusively, is currently undertaking the role of trainer for the Turismo de Portugal.

The interviewing process began in October 2023 and continued until the end of the year. All interviews were conducted online, through video calls, and lasted between 30 minutes to an hour. As part of the nature of semi-structured interviews, there was an interview script that was modified specifically to each interviewee and its characteristics, and at the beginning of the meeting the interviewees were told they had the liberty to introduce topics they felt would enrich the conversation. In addition to the conversation, supplementary materials were utilized, including information sourced from the official websites and documents provided by the respective entities.

Due to the predetermined context of the interviews, where participants were informed about the discussion of sustainability practices in their establishments and that they were specifically selected because they had been the nominees for the “Portugal’s Leading Green Hotel 2023” award, a potential bias was introduced. This condition may have influenced participants to respond in a

manner aligned with perceived expectations, potentially presenting a more favourable view of their sustainability practices than the objective reality.

Chapter 3

3. Sustainable Portuguese Hotels

This section introduces the cases that are discussed and examined throughout this thesis.

3.1 Case A - Octant Furnas

The Octant Furnas is a four-star hotel located in São Miguel, Azores. Part of the hotel brand Octant that is made up of eight boutique hotels – all unique, part of the Discovery Hotel Management group. It opened its doors in 2015 already as a sustainable hotel – this was a prerequisite in order to receive monetary compensation from the government. The sustainability measures are updated every year due to yearly audits where the hotel ought to show results. Currently, the hotel boasts 55 rooms, some of which offer private pool access. Additionally, the establishment features thermal pools (with water captured from the spring “Água Férrea das Quenturas” and heated through geothermal energy), a restaurant, a bar, and a spa equipped with ten distinct treatment rooms.

The hotel clearly showcases its efforts to be sustainable, stating “sustainability is not what we do, but who we are” on its website (Octant Furnas, n.d.-b). Important to note that there is a specific tab on the website dedicated to sustainability with the same name, as well as an “Environmental Declaration”

(Octant Furnas, n.d.-a). The hotel showcases many certifications, for this research the most relevant is the Green Key certification.

3.2 Case B - Vila Vita Parc Resort & Spa

The Vila Vita Parc Resort & Spa is a five-star resort situated in Porches, Algarve, established in 1992 (Vila Vita Parc Resort & Spa, n.d.-c, n.d.-d).

The 22-acre property offers 203 rooms, suites, and apartments, along with six private villas, seven bars, and twelve restaurants (including one with two Michelin stars), as well as a golf course, spa, six pools, two tennis courts, twelve stores, and various other amenities. This luxury resort is part of The Leading Hotels of the World group, which “is a collection of the world’s most exclusive independent luxury hotels” (The Leading Hotels of the World, n.d.).

On the website, one finds the tab “for a better world” in which there are specified the sustainability practices and actions the establishment takes (Vila Vita Parc Resort & Spa, n.d.-b). Some of the awards include the certificates Green Key attributed in 2023, Travelife assigned from 2012 until 2020, and Green Leader allocated from 2017 until 2020 (Vila Vita Parc Resort & Spa, n.d.-a).

3.3 Case C - Inspira Liberdade Boutique Hotel

The Inspira Liberdade Boutique Hotel is a four-star hotel in the Portuguese capital, Lisbon. The hotel and two others, all boutique establishments, make up the Inspira Boutique Hotels group. Inaugurated in 2010 with the motto “doing the right thing”, the hotel prides itself on being the “first sustainable hotel in Lisbon”, as it is stated on its website (Inspira Liberdade Boutique Hotel, n.d.). The hotel has 89 rooms, a bar and a restaurant, as well as a spa, an auditorium and five meeting rooms.

The hotel also has a specific tab defined as “sustainability” (Inspira Immersive Boutique Hotels, n.d.), where it shares not only some of the practices that are in

place but also a sustainability report (Inspira Immersive Boutique Hotels, 2023). The hotel is also Green Globe and Travelife certified.

3.4 Case D - NEYA Lisboa Hotel

The NEYA Lisboa Hotel is a four-star hotel in Lisbon, belonging to the NEYA Hotels group. Launched in 2011, it states that its concept revolves around “sustainable tourism” (NEYA Lisboa Hotel, n.d.-b), and as soon as one opens the home page finds the statement “a sustainable experience” (NEYA Lisboa Hotel, n.d.-c).

The hotel is made up of 76 rooms, a restaurant and a bar, as well as a spa and four rooms that can be adapted to events (meetings, conferences, parties and more). On the website, there is a tab named “concept” where the sustainability practices are showcased. The hotel has been awarded the Green Key and Green Leaders certificates every year since 2014 (NEYA Lisboa Hotel, n.d.-a).

3.5 Case E - Noytrall

Noytrall is a Portuguese startup that developed an app which allows hoteliers to view, in real-time, each room’s energy and water consumption (Noytrall, n.d.). Noytrall came about as a project for renewable energy, with a focus on heating water. The original target was not hotels, however, the team saw the need and made the important shift.

The concept of the app is that both the guests and the hoteliers can track the rooms’ consumption in real-time. Based on the data collected during the stay, guests will be rewarded with points that can be traded for green experiences, discounts and more within the portfolio of hotels that adhere to the app.

3.6 Case F - Portugal Green Travel

Portugal Green Travel, a sustainable tour operator founded in 2019, specializes in showcasing the charm of lesser-known Portuguese destinations, particularly in the interior regions (Portugal Green Travel, n.d.-b). Focused on eco-friendly travel experiences, the company prioritizes sustainability, authenticity, responsibility, and quality in its operations (Portugal Green Travel, n.d.-a).

Recognized for its efforts, Portugal Green Travel has been awarded the Biosphere Certificate and named the “Best Sustainable Tourism DMC” by the European Travel Awards.

Chapter 4

4. Cases Analysis and Discussion

This section adopts a structured approach to extract insights from both the interviews conducted and the supplementary research into the cases. By organizing the content around predominant themes, the aim is to provide a clear, coherent and comprehensive overview of the key findings derived from the empirical data and literature review. This approach allows for a focused and organised analysis, which facilitates the discussion and deeper exploration of the identified themes.

4.1 Results

4.1.1 Sustainable Tourist

The main reason for making the transition to a sustainable hotel was mostly stated as being the shift of the guest's mentality. There was mainly a consensus stating that environmentally friendly and sustainable certifications matter to guests when booking their stay. Case A mentioned "eco-traveller" and case B said that each day more guests have a "sustainable perspective" and even agencies have started to ask hotels to have sustainability certifications.

An article authored by the co-founder of case F, from last year, mentioned that 69% of travellers, in 2023, sought sustainable options (Francisco, 2023). This

considerable percentage translates a clear search for establishments that practice sustainable measures.

4.1.2 Common Sustainability Practices

Some practices were common to all four of the analysed hotels, them being mostly in the environmental and social sustainability areas.

Environmental sustainability common practices:

- the exclusion of single-use plastic, replacing plastic water bottles with glass or Tetra Pak containers (made available in the rooms or at the restaurants, bars, spas...) (also installing water fountains) and switching to refillable options for amenities;
- the instalment of faucet aerators to increase water pressure whilst decreasing the volume of water coming out;
- light sensors as well as the replacement of regular lightbulbs with energy-efficient lights (LED);
- replacing the classic plastic room keys with wood/bamboo ones;
- recycling is a very present notion and is seen as a basic step;
- seasonal and local products are also a staple in these establishments;
- the implementation of the reuse of bed sheets and towels has been a longstanding practice.

Social sustainability common practices:

- decorating the hotels with local craftsmanship;
- displaying the works of art made by non-profits, dog shelters, local charities and others, returning the profits;
- organizing “clean-ups” within the surrounding areas.

Economic sustainability common practices:

- recycling and composting in order to reduce costs with waste disposal;
- opting for green energy sources is also regarded as a basic first step.

Most of the ongoing common practices in Portuguese hotels were spoken about during the literature review and have been in practice for years in the international landscape. Towel reuse, recycling and the adoption of renewable energies have been staples of sustainable hospitality for many years and are considered foundational steps in implementing CE principles within the industry.

Some less explored practices that also make use of the CE principles include: the recycling of coffee grounds that serve as food fertilizer by both cases A and C (composting and recycling); the recycling of soap scraps by case C (recycling); the donation of textiles by the cases A and C (this has implicit the reuse of the fabrics, sometimes including repair); the own wastewater treatment plant implemented by case C (introducing water back in the loop); implementation of alternative, greener, ways of transportation, such as bicycles, as executed by case E (provides complimentary bicycles for guests to use during their stay) (saves resources and prevents CO2 emissions, actively aiming at reducing the footprint of the tourist).

4.1.3 Staff Resistance

There appears to be general resistance amongst staff members towards acting more sustainably. Two of the interviewees, namely cases A and B, denoted that one of the most difficult things about the transition to a more sustainable hotel is making the staff more aware, involved, and overall engaged. They did say they trained the staff and were open to ideas, however, did not actively look and ask for them.

On the other hand, case C registered an active involvement of its staff members. It highlighted the implementation of additional measures beyond standard staff training, these included the establishment of specific sustainability KPIs for each department as well as individually, which were taken into account

during annual performance evaluations. Furthermore, regular departmental meetings were held to facilitate brainstorming sessions aimed at improving sustainability practices within each department.

4.1.4 The Importance of Economic Sustainability

Case E mentioned that, as a startup focused on sustainability, they were facing some resistance when it came to adding hotels to their portfolio, mainly because it is “ultimately an economic decision”. Corroborating this notion of the relevance of economic sustainability is case F, which mentioned that, without it, there is no sustainability at all. Also stated that, when talking to the owners and managers of hotels, by starting with economic sustainability, they were more open and willing to listen and implement sustainable options.

When it came to the hoteliers themselves the opinions were divided, some stating that there are plenty of governmental incentives, specifically case A, including monetary ones, and others, explicitly cases B and C, saying there is a lack of support, entailing financial support.

4.1.5 The Future of Sustainable Hotels in Portugal

All of the five interviewees exalted the idea that adapting is crucial, and those establishments that do not will ultimately fall behind. Case C expressed that she considers sustainability the only viable option, which goes in line with Vargas-Sánchez (2018) who stated that the CE “is a relatively new, but inescapable, way to contribute to a more sustainable tourism industry”, and that the tourism economy will become “more and more circular; there is no viable alternative”.

It was unanimously agreed among the hoteliers interviewed that new hotels should integrate sustainable practices from the inception of the project, extending throughout the planning phase, which includes architectural design considerations, rather than waiting until the hotel is operational. This approach

is deemed necessary not only for long-term economic viability, given the tendency for a rise in costs and scarcity of primary raw materials, but also to address the growing concerns of guests, which are anticipated to escalate further and heavily influence decision-making.

Regarding input from the industry representatives, Case E stressed the urgency for hotels to take swift action to safeguard key assets like golf courses and spas. Conversely, Case F highlighted the significance of engaging local communities to ensure social sustainability, especially in smaller, less populated towns, primarily located in the country's interior.

4.2 Discussion

Prior to delving into the interview analysis, it is essential to contextualize the current national circumstances. The recent push for change within Portuguese establishments and the tourism sector, arguably catalysed by the EU's directives, signifies a pivotal moment in their sustainability efforts. However, currently, there is a lack of sustainability studies or sustainability KPIs incorporated into the reports produced by the Instituto Nacional de Estatística concerning tourism. This absence results in an incomplete assessment of sustainability within the sector nationwide. With this contextual understanding, the interviews can now be explored more comprehensively.

The interviews and research on the current practices of the examined cases align with the findings of Fernandes Costa et al. (2022) in several aspects. Firstly, the indication that recycling, reusing, reducing, and repairing are prevalent practices was verified. Secondly, Portuguese hoteliers are aware that implementing CE principles to reduce the hotel industry's carbon footprint is challenging, and that factors such as lack of awareness, initiative, support, and investment, pose a threat to its success. Consistent with this thesis' interview findings, Soares Martins (2021) also observed a common pain point among

hoteliers, particularly regarding the lack of government support, especially in terms of financial assistance and incentives.

As viewed in the previous literature review, the main drivers to implement CE in a company are related to resources and economic gain as well as the trends and consumer preferences. The hotels interviewed were no exception. While some adopted CE principles from their inception, driven by their values and a vision for the future, others embraced these principles to adapt to the scarcity of resources and rapidly evolving consumer preferences favouring environmentally conscious establishments.

Another common aspect among all interviewees was their commitment to banning single-use plastics. Each establishment prioritized ceasing the use and provision of such items to guests, in line with the objectives outlined in the Tourism + Sustainable 20-23 plan, which had as one of its goals that “75% of tourism enterprises do not use Single-Use Plastics” (Turismo de Portugal, 2023b). In addition, interviewees collectively acknowledged that restaurants and bars are the primary waste producers. This realization underlines the importance of implementing composting practices and exploring innovative methods to upcycle food scraps and packaging materials.

The current work led to the conclusion of several aspects. Firstly, by implementing CE principles into everyday operations, hotels are becoming more environmentally sustainable, and by adding social sustainability to that mix, they become not only more appealing to customers but also more economically sustainable in the long-term. It is then reasonable to consider that sustainable strategies enable hotels to distinguish themselves and establish a stronger market position compared to their competitors.

Secondly, it is clear that not all establishments are as committed to the adoption of CE principles and greener practices, and that reflects on the commitment of the staff, their resistance or willingness to adapt. From an

external standpoint, it appears that when a hotel extends its training initiatives and attentively engages with its staff, acknowledging their challenges and suggestions, there is an observed increase in motivation to implement sustainability practices. Additionally, the staff demonstrates a heightened willingness to contribute to the development of these measures.

Thirdly, it becomes salient that, when hotels harness the natural resources already present in the region, for example, the geothermal energy used by case A or the desalination station implemented by case B, the strain they impose on the environment is reduced, as well as the long-term costs.

Fourthly, one surprising outcome was the fact that an independent hotel, case C, had been pioneering in the sustainability field in Portugal since its establishment in 2010, whereas more established hotels, for example, case B, which has more than 30 years of operation, face greater challenges when adapting to the CE principles. Adding on to that information, all interviewees saw this adaptation as essential in the near future.

Fifthly, it becomes evident that Portuguese hoteliers are aware of the growing preference among customers for environmentally friendly accommodations, reflected in the content on their websites where they actively showcase their commitment to sustainability and display relevant certifications, such as “green certificates”. These certifications are increasingly becoming a requirement, as particularly noted by case B, and are even sought after by travel agencies and tour operators. These certifications normally come at a cost for the establishment but also present an opportunity for hotels to leverage these measures and potentially charge higher prices.

Conclusion

It is reasonable to agree that the current linear economy is no longer viable and there is a need for a shift to a CE as soon as possible. Given that the tourism sector is both a major contributor to the global economy and to the climate crisis it is only natural that it is one of the first sectors to modify its ways. Within this sector hotels are not the primary polluters, that spot being occupied by the transportation branch. However, within that lays almost endless opportunities to improve and innovate.

As previously mentioned, the definition of CE entails the maximization of resource use whilst reducing both greenhouse gas emissions and waste (Rodríguez-Antón & Alonso-Almeida, 2019). The idea behind this economy is that nothing is wasted and everything has a new life, all within loops (Ellen Macarthur Foundation, n.d.; Menegaki, 2018; Rodríguez-Antón & Alonso-Almeida, 2019). As shown throughout this thesis, the CE paradigm and sustainability go hand in hand, and address multifaceted concerns encompassing environmental, economic, and social dimensions.

The research question of this thesis is “How do hotels in Portugal perceive and integrate circular economy principles and sustainability practices?”. Through a comprehensive literature review, in-depth interviews, and extensive research, a discernible trend emerges within the Portuguese hospitality sector: a notable shift towards sustainability. Encouragingly, this direction is supported by the fact that more than half of Portuguese hotels already implement some form of sustainability certification. Evidence suggests that hoteliers recognize and perceive as necessary to integrate CE principles and sustainable practices, as evidenced by their online presence. This transition involves the integration of CE principles into operational frameworks, with an increasing number of new

establishments embracing these principles from project inception, embedding them into core aspects such as hotel design and architectural planning. Additionally, the interviewees provided numerous examples of how CE principles and sustainability practices are being put into action. These examples closely align with existing research on the Portuguese hospitality industry, particularly in their focus on recycling, reusing, reducing, and repairing. Examples include soap and coffee grounds recycling, fabric donations, wastewater treatment plants, and more.

Furthermore, this thesis elucidates several additional key findings. Firstly, it underscores that the adoption of CE principles not only enhances a hotel's environmental sustainability but also ensures its long-term economic viability and fosters differentiation in the market, particularly amid evolving consumer preferences and regulatory requirements. Secondly, it highlights a significant challenge in Portugal concerning the effective engagement of staff in sustainability initiatives. Additionally, it emphasizes the benefits of leveraging CE principles alongside local natural resources, offering a dual advantage of environmental conservation and strengthening the hotels' long-term economic sustainability. Moreover, it sheds light on the considerable struggle long-standing establishments face in adapting to this new economic paradigm compared to their newer counterparts, and how this adaptation is seen as crucial for the longevity of hotels. Lastly, it recognizes the growing importance of "green certificates" for guests and travel agencies or tour operators, acknowledging their cost but also the possible return on investment that comes with being able to charge higher prices.

The conclusions and reflections drawn from this thesis hold relevance not only for researchers delving into the intersection of CE and tourism but also for conscientious hoteliers seeking to adapt their practices in light of the CE principles and the planet's environmental challenges.

There are three primary limitations to this thesis. Firstly, the sample size is relatively small, considering that the initial pool of potential interviewees consisted of nine establishments, and only three were available for active participation. Secondly, the thesis is geographically confined to the Portuguese market, limiting its external validity. Lastly, all the interviewed hotels are rated four or five stars, posing a challenge in generalizing findings to establishments with lower classifications or different types of lodging facilities.

This thesis aimed to contribute to the limited research on the CE's influence on tourism. There is still needed a lot of research in this field, some opportunities for new studies include: replicating this study with a higher number of hotels; duplicating this study in another country, perhaps with similar characteristics, for example, Spain; reproducing this study with hotels that do not actively communicate their sustainability actions; delving into the marketing strategies employed by hotels implementing sustainability measures, the authenticity of their claims versus potential instances of greenwashing; exploring Portugal's positioning as a "circular destination" and assessing the efficacy of initiatives by Turismo de Portugal; an in-depth examination of "green certifications", including their associated costs and benefits for both establishments and guests.

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Appendix

Interview Script

- Do you think it makes a difference for guests to see sustainability certifications on a hotel's website/front desk?
- It is fair to say you are aware of the impact the Hospitality industry has on the environment. With that said, what is the hotels' motivation in practising these sustainable measures?
- What is the biggest waste generator in your establishment?
- Does the hotel have a sustainability strategy or a set of sustainable actions?
 - How often do the criteria of this strategy/these actions change/get updated?
 - Is this a reactive or proactive approach?
- Is the concept of Circular Economy embedded in the strategy/actions?
 - If so, please explain and provide examples.
 - More specifically about those measures:
 - Do you have any recycled or reused products in the hotel?
 - Do you have local suppliers? If so, are they prioritized?
 - Do you buy local products? If so, are these prioritized?
- How was the hotel's sustainability strategy/actions developed and by whom?
 - When was it/were these implemented?

- Is there departmental flexibility to implement sustainability measures?
Meaning, are employees able to identify, prioritize and implement sustainability initiatives within their department?
 - If so, could you provide specific examples of departmental initiatives?
- What do you foresee for the future of sustainable hotels in Portugal?