

Energy-saving investments are key to long-term sustainable growth in hospitality

There is growing awareness and commitment to sustainability in the hotel industry. Innovative and energy-saving solutions can reduce environmental impact, enhance guest satisfaction, and manage soaring operational costs.

40%

Heating and cooling make up almost 40 percent of hotel energy use.
[\(Source\)](#)

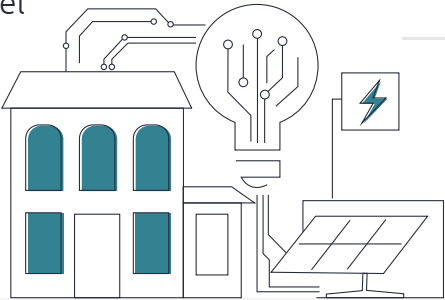
Key stakeholders, including hotel investors, owners, developers, operators, and franchisees, are actively involved in shaping the industry’s sustainable practices. Here’s how the hotel industry can take action to attract environmentally conscious travellers while making a positive impact on the planet.



Monitoring enhances hotel energy efficiency

The hotel industry faces unique challenges in managing energy consumption. Many hotels lack detailed insights into their on-property electricity usage. Also, the complex management structure, involving hotel investors, owners, and operators, makes standardization difficult. However, innovative energy management systems offer solutions.

Sensor installations, data standardization, and user-friendly dashboards for operators and managers can significantly modify energy usage across hotel portfolios. These systems dynamically adjust lighting, heating, cooling, and ventilation based on occupancy and predetermined settings, optimizing energy use.



Sustainability in action

Hilton’s LightStay is a comprehensive platform that manages Hilton’s environmental performance across its entire hotel portfolio. LightStay has resulted in [impressive outcomes](#),

including \$1 billion in utility cost savings since 2008 and a

\$1 billion

38%

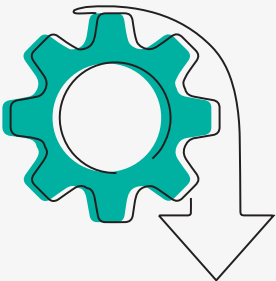
38 percent improvement in energy productivity.

Retrofitting reduces operational costs

Retrofitting, in the hotel context, is the process of upgrading and enhancing existing buildings rather than constructing new ones. Specifically, it involves adding new technology or features to older systems within a hotel. These sustainability projects are associated with cost premiums.

Among retrofitting options, lighting improvements offer the highest annual cost savings and energy efficiency gains, with a relatively short payback period. By upgrading to energy-efficient LED lights, hotels can significantly reduce their operational costs.

Hotels should consider taking advantage of green rebates and incentives offered by utility companies to offset costs, and government financing programs specifically designed for sustainability projects.



Sustainability in action

The Hyatt Regency Minneapolis achieved successful retrofitting results after installing the following fittings:

Automatic occupancy sensors to adjust lighting and climate control based on room occupancy, optimizing energy use

Energy-efficient LED lighting throughout the hotel

A centralized building automation system to manage various building functions and enhance operational efficiency.

The retrofitting investment paid off, with Hyatt Regency Minneapolis achieving three percent in annual utility cost savings in [under two years](#).

Emerging markets offer sustainable growth

Hotel operational costs are significant. Utilities like electricity, water, and waste disposal can be a major expense, especially in cities with high energy costs.

Regions with high utility expenditure, robust industry growth, and government incentives for green technology are attractive targets for expansion and profit in the hotel industry. In cities such as Santiago, Manila, and Mumbai,

20%

utilities [account for roughly 20 percent of hotel expenses](#).

The hotel industry in India is also experiencing a strong 5.4 percent compound annual growth rate (CAGR), [outpacing 3.8 percent CAGR in the US](#).

5.4%



Sustainability in action

Taj Hotels, a chain of luxury hotels and a subsidiary of the Indian Hotels Company Limited, has made substantial investments in sustainability.

Taj, [number one in market capitalization of hospitality](#) companies in India, has achieved a remarkable **92 percent** reduction in CO₂ emissions since 2018.

92%

Its commitment to eco-friendly practices positions it as a leader in responsible tourism.

[Click here](#) to learn about our ongoing partnership with Venture Lab (powered by the Wharton School), and our work on advancing sustainable technologies. Ready to achieve your sustainability goals? Contact us today.

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