

Industry Weekly Digest

School of Hospitality & Tourism Management

The energy price crisis

Most European economies have seen **sharp increase in energy prices** driven by the war in Ukraine. This energy price crisis has affected not only households but also businesses, including the **sector of hospitality**. With energy use constituting an **important category of operational costs**, there are fears that the energy price crisis may detrimentally affect the hospitality business. Increased costs of energy will push hospitality enterprises to pass these onto their customers which is not ideal in a period of post-pandemic recovery.

In this digest, **Dr Viachaslau Filimonau** explores if this energy price crisis is an opportunity for pro-environmental hospitality innovation.

Have a great Weekend!



Energy price crisis as an opportunity for pro-environmental hospitality innovation

Dr Viachaslau Filimonau

Philosophy suggests that any crisis should also be considered an opportunity because **'out of chaos, comes order'**. For example, **COVID-19 has inspired innovation** among some hospitality enterprises as a means of building resilience to future disasters and crises. The current energy price crisis should also prompt innovative and creative thinking among hospitality businesses to develop novel models and approaches to work.

In particular, the energy price crisis can spark innovation among hospitality businesses in environmental conservation. Although conserving energy implies saving costs, the hospitality sector still **has a long way to go in energy conservation**. When energy prices were affordable, many hospitality businesses chose to prioritise other operational tasks over energy conservation. The current energy price crisis implies that energy conservation should no longer be personal, voluntary choice, but a matter of hospitality business survival.



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The good news is that there are numerous examples of pro-environmental business innovation which hospitality businesses can study and adopt to conserve energy. Such ‘conventional’ solutions as **solar panels** and **ground source heat pumps**, alongside wall and window **insulation**, represent such examples. Pro-environmental business innovation may also be more ‘radical’. For instance, energy use can be included into hotel customers' bills as a separate cost category, rather than be absorbed in a total room rate paid. In other words, **customers will ‘pay as they go’ for energy**, with energy consumption becoming a stand-alone expense during their stay, like parking or mini-bar use.

Such ‘radical’ pro-environmental business innovations should however be applied with caution. Academics should support the industry by studying how hospitality customers will react to the pro-environmental innovations and how these innovations can be optimised for application in different types of hospitality enterprises. For example, the ‘pay as you go’ energy consumption models are **hardly suitable for luxury hotels**. However, if not this one, then other pro-environmental business innovations may be possible in the hospitality sector, subject to creative thinking and ideas’ co-creation between the industry, customers, and academia.

Further reading on this topic is available [here](#) and [here](#)