FROM SUSTAINABILITY TO GUEST EXPERIENCE: IMPLICATIONS FOR HOTEL PRODUCT DEVELOPMENT

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Abstract

Purpose – This paper examines the role of sustainability in hotel product development, with a particular focus on its influence on guest perceptions and behavioural outcomes, while considering the broader regulatory and policy context.
Methodology/Design/Approach – The study adopts a narrative literature review approach informed by a structured literature search procedure and thematic synthesis of relevant literature identified primarily through the Scopus and Web of Science databases.
Findings – The findings indicate that sustainability influences guest behaviour indirectly through perceptual and evaluative mechanisms, particularly perceived value, trust, and satisfaction. Sustainability also contributes to brand image and differentiation, although its effects depend on perceived authenticity. The results highlight the importance of integrating sustainability into the overall guest experience and aligning it with both market expectations and regulatory requirements.
Originality of the research – The study provides an integrated conceptual perspective linking sustainability practices with customer outcomes and extends existing research by incorporating institutional and regulatory dimensions. It also proposes a context-sensitive model of sustainable hotel product development, contributing to a more comprehensive understanding of sustainability in the hospitality industry.
Keywords sustainable tourism, hotel product development, guest perception, sustainability practices, behavioural intentions, hospitality industry

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INTRODUCTION

Sustainability has become a defining element of contemporary tourism and hospitality development. Increasing environmental concerns, changing consumer preferences, and, importantly, growing regulatory pressures have led hotels to integrate sustainability principles into their operations and market positioning (Han et al., 2010). Practices such as energy efficiency, waste reduction, responsible sourcing, and environmental certification are no longer perceived solely as operational improvements, but as integral components of the hotel product and its overall value proposition.

In addition to market-driven dynamics, sustainability is increasingly shaped by regulatory and policy frameworks at both the European Union and national levels. The introduction of the Corporate Sustainability Reporting Directive (CSRD) significantly expands the scope of mandatory sustainability reporting, requiring companies to disclose standardized environmental, social, and governance (ESG) information (European Commission, 2022). This shift enhances transparency and reinforces the need for companies, including those in the hospitality sector, to systematically integrate sustainability into their strategic and product development processes.

In the Croatian context, sustainability has been positioned as a central pillar of tourism development through the Strategy for Sustainable Tourism Development until 2030 and the new Tourism Act (NN 156/2023), which introduce instruments such as destination management plans, carrying capacity assessment, and monitoring of tourism impacts (Official Gazette, 2023a, 2023b). These frameworks highlight the transition toward a more balanced, resource-efficient, and socially responsible tourism model. The model is particularly relevant for destinations characterized by high spatial and seasonal concentration of tourism activity. Thus, sustainability is no longer solely a strategic option. It is an increasingly institutionalized requirement that directly influences how hotel products are designed, positioned, and communicated.

At the same time, tourists are becoming more aware of environmental and social issues, which influences their expectations and evaluation of tourism services. Sustainability is increasingly perceived as an added value that shapes guest experiences and decision-making processes. Previous research indicates that environmentally responsible practices can positively affect perceived quality, satisfaction, and behavioral intentions of guests (Han et al., 2011; Chen & Tung, 2014).

But, despite a growing body of literature, research remains fragmented. Existing studies often focus on isolated relationships, such as the impact of green practices on satisfaction or willingness to pay, without providing an integrated perspective that connects sustainability practices with broader perceptual, evaluative, and behavioral outcomes. Furthermore, limited attention has been given to the role of sustainability within the context of evolving regulatory frameworks and their implications for hotel product development.

In light of these gaps, the purpose of this paper is to provide an integrated analysis of the role of sustainability in hotel product development, with a particular focus on guest perceptions and behavioral outcomes, while also considering the broader regulatory and policy context shaping the hospitality sector.

The main objectives are: (1) to synthesize existing research on sustainability in the hotel sector; (2) to examine the relationship between sustainability practices and guest-related outcomes; (3) to analyze the role of sustainability in shaping hotel image, preferences, and willingness to pay & (4) to identify key research gaps and derive managerial and policy implications.

The remainder of the paper is structured as follows. The methodology is presented first, followed by the literature review and conceptual framework, while the final sections provide discussion and conclusions.

1. METHODOLOGY

This study adopts a narrative literature review approach informed by a structured literature search procedure. Unlike fully systematic reviews, the narrative approach allows for a flexible and interpretative synthesis of literature while ensuring transparency in the search and selection process.

The literature search was conducted primarily using the Scopus and Web of Science databases. The review focused mainly on literature published between 2010 and 2025, while selected earlier and foundational studies were included where conceptually relevant. Keywords included combinations of terms such as "sustainable tourism," "green hotels," "hotel product development," "sustainability practices," "guest perception," "green image," "customer satisfaction," and "behavioral intentions."

The selection of studies was guided by predefined inclusion and exclusion criteria. Included studies consisted primarily of peer-reviewed journal articles published in English that addressed sustainability integration in the hospitality sector and its relationship with customer perceptions, evaluative mechanisms, behavioral outcomes, hotel image, or hotel product development. Both conceptual and empirical studies were considered. Studies focusing exclusively on technical environmental engineering issues, unrelated tourism sectors, or non-hospitality contexts were excluded from the review. In addition, selected policy documents, regulatory frameworks, and industry reports relevant to the European Union and Croatian tourism context were incorporated to provide institutional and contextual insights.

The literature selection process involved iterative screening based on thematic relevance. Titles, abstracts, and, where necessary, full texts were reviewed in order to identify studies aligned with the objectives of the paper. Particular attention was given to studies offering theoretical frameworks, empirical evidence, or conceptual contributions related to sustainability-driven hotel product development and guest response mechanisms. Reference screening was additionally used to identify influential and foundational studies frequently cited within the field.

The final corpus consisted predominantly of recent hospitality and tourism studies examining sustainability-related customer perceptions and behavioral outcomes, complemented by foundational theoretical contributions and selected policy sources. Rather than aiming for exhaustive quantitative coverage, the analysis focused on identifying dominant research themes, conceptual relationships, and recurring patterns within the literature. The approach enabled the development of an integrated conceptual synthesis and the formulation of a context-sensitive model of sustainable hotel product development.
Table 1 summarizes the main elements of the literature review procedure applied in this study.

Table 1: **Main elements of the literature review procedure**

Review element	**Description**
Review approach	Narrative literature review informed by a structured literature search procedure
Databases	Scopus; Web of Science
Time frame	Primarily 2010–2025, including selected foundational studies
Keywords	"sustainable tourism", "green hotels", "hotel product development", "sustainability practices", "guest perception", "green image", "customer satisfaction", "behavioral intentions"
Source types	Peer-reviewed journal articles, selected policy documents and industry reports
Language	English
Inclusion focus	Sustainability integration in hospitality and its relationship with customer perceptions, evaluative mechanisms, and behavioral outcomes
Exclusion focus	Studies unrelated to hospitality or focused exclusively on technical environmental engineering aspects
Screening process	Title, abstract, and full-text relevance screening; additional review of references of selected studies

2. LITERATURE REVIEW

2.1 Strategic Role of Sustainability in the Transformation of the Hospitality Industry

In recent years, sustainability has evolved from a peripheral operational concern into a central strategic pillar within the hospitality industry. This transformation has been driven not only by changing consumer preferences and stakeholder expectations. It has been driven also by increasing regulatory pressures that require more transparent and accountable sustainability practices. Contemporary research suggests that hotels are no longer evaluated solely on traditional performance indicators such as price and service quality. They are also evaluated by their environmental and social responsibility (Dief & Font, 2010; Yadav et al., 2016).

A growing body of empirical evidence indicates that sustainability is progressively integrated into core business strategies, influencing not only operational processes but also long-term positioning and value creation. Hotels that adopt a comprehensive approach to sustainability (encompassing environmental practices, corporate social responsibility (CSR), and alignment with global sustainability frameworks) tend to achieve stronger market differentiation and reputational benefits (Lin et al., 2025; Yu et al., 2021). From a resource-based perspective, sustainability capabilities can be understood as strategic assets that contribute to competitive advantage through enhanced brand equity and stakeholder trust (Yu et al., 2021). In addition, sustainability integration has been associated with improved organizational legitimacy and alignment with broader institutional expectations. Studies highlight that hotels incorporating sustainability into strategic decision-making processes are better positioned to respond to dynamic market conditions and increasing environmental awareness among consumers (Leonidou et al., 2013; Salem et al., 2022). This shift reveals a transition from reactive to proactive sustainability management, where environmental and social considerations are embedded into the core of hotel product development and service delivery.

2.2 Perceptual Outcomes: From Environmental Signals to Brand Meaning

Sustainability initiatives significantly influence how hotels are perceived by guests, particularly through the formation of environmental (green), corporate, and brand image. These image dimensions represent cognitive and affective evaluations that shape customer attitudes and behavioral responses (Sarmiento-Guede et al., 2021; Salem et al., 2022).

From a signaling theory perspective, sustainability practices act as visible indicators that reduce information asymmetry between hotels and consumers. Since many aspects of hotel operations are not directly visible, guests rely on various environmental sustainability signals (i.e. eco-certifications, sustainability communication, visible environmental practices, and green brand positioning) to form perceptions of quality and credibility (Chen et al., 2022; Yadav et al., 2016; Salem et al., 2022). These signals can be broadly categorized into intent-based signals, which communicate environmental commitment, and quality-based signals, which provide verifiable evidence of environmental performance (Chen et al., 2022). Empirical studies confirm that green practices (i.e. energy efficiency, waste reduction, and water conservation) positively influence the formation of environmental image (Han et al., 2020; Preziosi et al., 2022).

Beyond environmental image, sustainability initiatives also contribute to broader corporate and brand image formation. Corporate social responsibility activities enhance perceptions of organizational integrity, ethical behavior, and social responsibility (Kim et al., 2017; Nagaty, 2022). Similarly, alignment with global sustainability frameworks, such as the Sustainable Development Goals (SDGs), strengthens brand positioning by signaling commitment to internationally recognized sustainability standards (Lin et al., 2025). Sustainability-driven image formation extends beyond purely cognitive evaluations and includes emotional and symbolic dimensions. Sustainability signals contribute to brand meaning by shaping both functional associations (e.g., quality, environmental performance) and symbolic associations (e.g., responsibility, ethical identity), which influence how consumers interpret and relate to the brand (Shishan et al., 2025). Guests increasingly associate sustainable hotels with positive self-identity and ethical consumption, strengthening emotional attachment and overall experience evaluation (Yu et al., 2021).

2.3 Customer Response Mechanisms in Sustainable Hotel Contexts

While the direct effects of sustainability practices on hotel image are well established, recent research emphasizes the importance of underlying mechanisms that explain how these effects translate into customer responses. These relationships can be further understood through broader theoretical frameworks, particularly the stimulus–organism–response (S-O-R) model. This model conceptualizes sustainability signals as external stimuli that influence internal cognitive and affective states, ultimately leading to behavioral responses (Khairy et al., 2023; Safeer et al., 2025).

Among the key mediating mechanisms, perceived value, trust, and satisfaction emerge as central constructs. Perceived value plays a pivotal role in linking sustainability practices to customer outcomes. Sustainability initiatives generate multidimensional value, including functional value (e.g., improved environmental quality), emotional value (e.g., feelings of contributing to sustainability), and social value (e.g., social approval and identity expression) (Ahn & Kwon 2020; Demir et al., 2021; Abdou et al., 2022). This multidimensional value perception significantly influences satisfaction and behavioral intentions.

Trust represents another critical mechanism, particularly in contexts characterized by information asymmetry. Consumers rely on sustainability signals to assess the credibility of environmental claims, making transparency, consistency, and third-party verification essential for building trust (Brañes et al., 2025; Seyfi et al., 2025). Attribution theory further explains that consumers evaluate the motives behind sustainability practices, distinguishing between genuine environmental commitment and opportunistic behavior, which directly affects trust and brand evaluation (Seyfi et al., 2025).

Customer satisfaction is widely recognized as a key outcome and mediator within this framework. Studies show that sustainability practices positively influence satisfaction, which in turn drives loyalty, revisit intentions, and positive word-of-mouth (Sarmiento-Guede et al., 2021; Lin et al., 2025). This means satisfaction serves as a crucial link between sustainability perceptions and long-term behavioral outcomes.

2.4 Heterogeneity of Guest Responses

The effects of sustainability practices are not uniform across all customer segments. They are influenced by individual and contextual factors. Environmental awareness and sustainability consciousness have been identified as particularly important moderators in this relationship. Environmentally conscious guests tend to respond more positively to sustainability initiatives, as these practices align with their personal values and beliefs (Martínez García de Leaniz et al., 2018; Mugiarti et al., 2022). This alignment strengthens the relationship between sustainability perceptions and behavioral outcomes.

Generational differences further shape customer responses. Younger consumers, particularly Millennials and Generation Z, demonstrate higher levels of environmental awareness and are more likely to incorporate sustainability considerations into their decision-making processes (Brañes et al., 2025). Also, willingness to sacrifice for environmental benefits has been identified as an important moderating factor influencing how sustainability signals are evaluated (Chen et al., 2022).

Contextual factors such as cultural background, market characteristics, and hotel positioning influence the effectiveness of sustainability strategies (Azam et al., 2020). Research shows that luxury hotels often use sustainability as part of premium positioning strategies, while mid-scale hotels emphasize operational efficiency and cost-related benefits (Dang-Van et al., 2023). These variations highlight the importance of aligning sustainability strategies with target market expectations.

2.5 Credibility and Communication Challenges

Despite the generally positive effects of sustainability practices, the literature highlights significant challenges related to credibility and communication. One of the most critical issues is greenwashing, defined as the dissemination of misleading or exaggerated environmental claims (Brañes et al., 2025; Nagaty, 2022). As consumers become more informed and environmentally aware, skepticism toward sustainability claims has increased. The effectiveness of sustainability signals depends not only on their implementation. It also depends on their perceived authenticity and credibility. Transparency, consistency, and evidence-based communication are essential for building trust and avoiding negative perceptions (Seyfi et al., 2025).

Third-party certifications and eco-labels play a crucial role in enhancing credibility, as they provide independent verification of environmental performance (Qubbaj et al., 2023; Martínez García de Leaniz et al., 2018). But the growing number of sustainability labels may also create confusion and information overload, which can negatively affect perceived value and increase skepticism (Font et al., 2017).

Sustainability communication must be carefully managed to balance informativeness and clarity. Excessive or complex information may overwhelm consumers, reducing the effectiveness of sustainability messages. Studies suggest that integrated, transparent, and strategically aligned sustainability communication, embedded within the overall brand positioning, is more effective than isolated or superficial initiatives (de Grosbois, 2012).

3. CONCEPTUAL FRAMEWORK AND MODEL DEVELOPMENT

Based on the synthesis of the existing literature, a conceptual framework is proposed to illustrate the key relationships between sustainability integration and customer-related outcomes in the hospitality context. The conceptual logic follows established sustainability–behavior frameworks. The model is adapted to reflect contemporary perspectives on sustainability integration and customer response mechanisms.

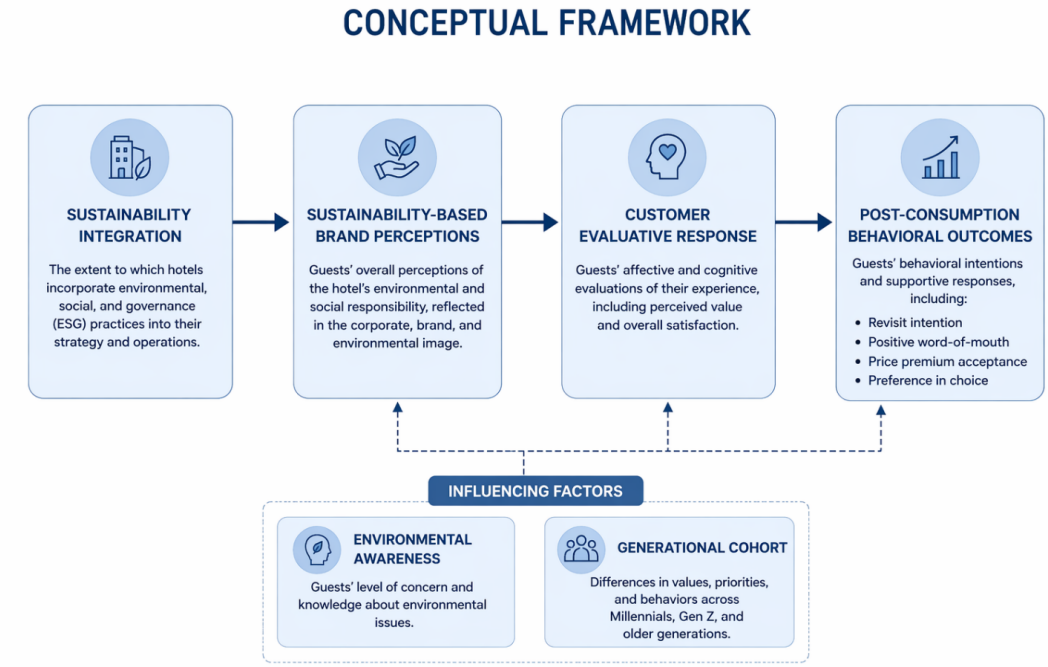
3.1 Conceptual framework

The proposed conceptual framework positions sustainability integration as a central strategic driver influencing sustainability-based brand perceptions and customer evaluative responses. These perceptual and evaluative processes represent key mechanisms through which sustainability initiatives are translated into post-consumption behavioral outcomes, including revisit intention, positive word-of-mouth, preference in choice, and price premium acceptance. The framework further suggests that

these relationships are not uniform but are influenced by moderating factors such as environmental awareness and generational cohort, which shape how guests perceive and respond to sustainability initiatives. The model provides an integrated perspective on how sustainability can generate both experiential and economic value within the hospitality industry.

While the proposed framework provides a comprehensive understanding of how sustainability influences guest perceptions and behavioral outcomes, it remains primarily grounded in general theoretical relationships. In contexts such as Croatia, where sustainability is increasingly institutionalized through national strategies and regulatory frameworks, there is a need to further conceptualize how these relationships translate into concrete approaches to hotel product development. Building on this, the following section proposes a context-sensitive model for sustainable hotel product development that reflects both market dynamics and evolving policy requirements.

Figure 1: **Conceptual Framework**



Source: authors' research

The relationship between Figure 1 and Figure 2 is cumulative rather than parallel. Figure 1 presents the general conceptual logic derived from the literature. It illustrates the relationships between sustainability integration, sustainability-based brand perceptions, customer evaluative responses, and behavioral outcomes. It also primarily reflects customer-level perceptual and behavioral mechanisms identified in previous hospitality and sustainability research.

Figure 2 retains these core relationships established in Figure 1, particularly the link between sustainability integration, evaluative mechanisms (e.g., perceived value, trust, and satisfaction), and behavioral outcomes such as revisit intention, recommendation, and willingness to pay a premium. But, it is important to say that Figure 2 extends the original framework by embedding these relationships within the broader institutional, regulatory, and destination-management context of Croatian tourism development.

More specifically, the macro-level and organizational-level dimensions introduced in Figure 2 (e.g., ESG reporting requirements, tourism governance frameworks, destination management structures, and strategic sustainability integration processes) condition how sustainability practices are implemented, communicated, and perceived within the hotel sector. As a result, these contextual dimensions influence the strength, credibility, and effectiveness of the perceptual and behavioral relationships established in Figure 1.

In this way, Figure 2 operationalizes and contextualizes the broader conceptual relationships presented in Figure 1 within a specific tourism governance and hotel development environment.

The following chapter presents a context-sensitive model for sustainable hotel product development. It links sustainability integration, not only to customer-related outcomes but also to the regulatory and strategic environment in which hotels operate.

3.2 Proposed model for sustainable hotel product development in Croatia

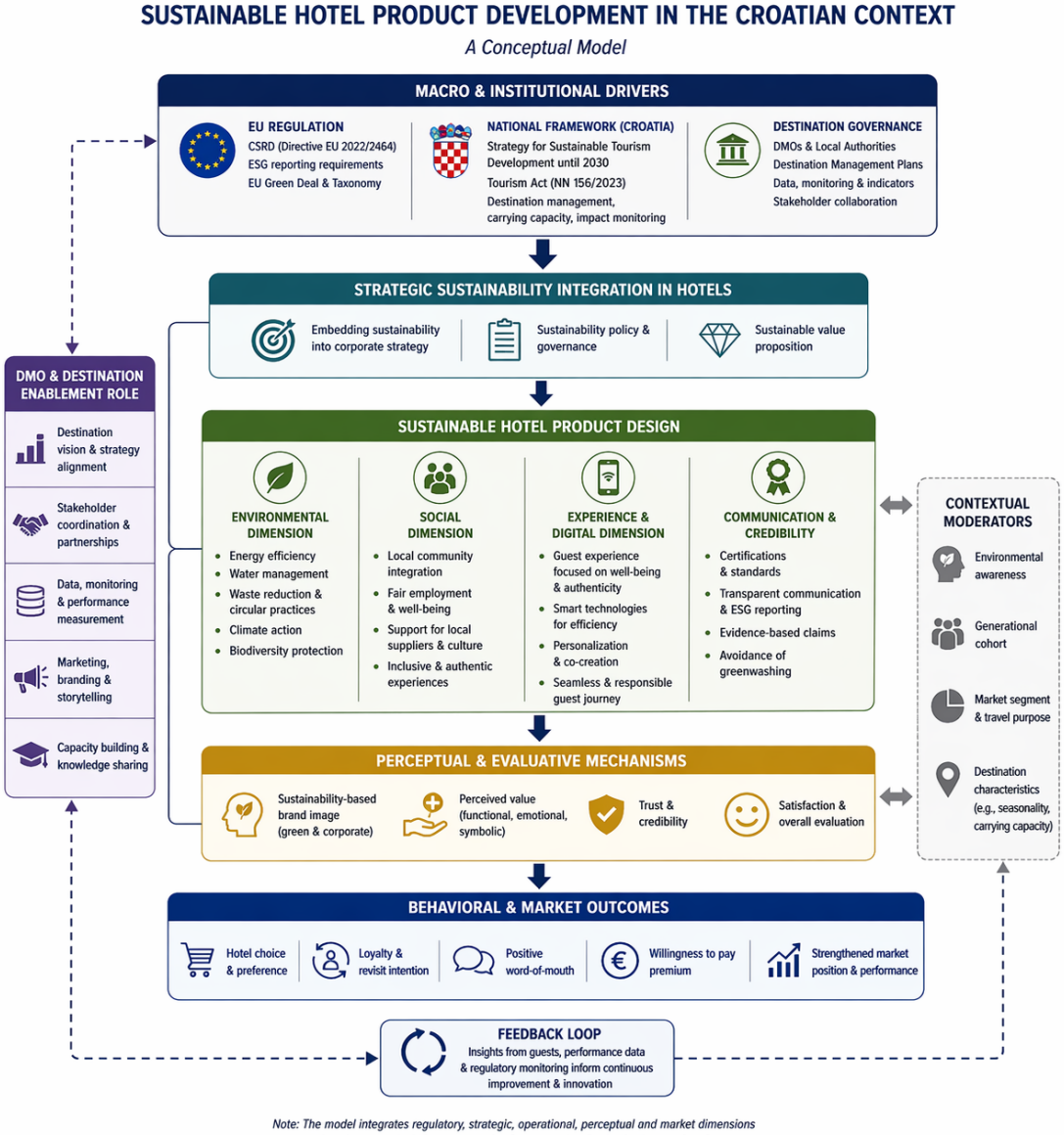
The proposed model (Figure 2.) conceptualizes sustainable hotel product development as a multi-level process shaped by the interaction between institutional pressures, strategic alignment, and customer-related outcomes.

At the macro level, sustainability is driven not only by market demand but also by regulatory and policy frameworks, particularly within the European Union and the Croatian tourism system. Instruments such as ESG reporting requirements, national tourism strategies, and the Tourism Act introduce formal expectations regarding sustainability performance. They are transforming sustainability from a voluntary strategic orientation into an increasingly institutionalized requirement. Thus, destination management organizations (DMOs) also play a critical enabling role through coordination, monitoring, and stakeholder alignment. They are reinforcing the systemic nature of sustainability integration.

At the organizational level, the model emphasizes the importance of embedding sustainability into core strategic processes, particularly within hotel product development. This integration is reflected in the design of the hotel product across multiple dimensions, including environmental practices (e.g., resource efficiency and circularity), social responsibility (e.g., local community engagement), and the experiential and digital aspects of the guest journey. In addition, the model highlights the importance of communication and credibility, where transparency, certifications, and consistent ESG reporting are essential to ensure that sustainability initiatives are perceived as authentic and trustworthy. This multidimensional approach reflects the transition from sustainability as an operational feature to sustainability as an integral component of the overall value proposition.

At the end the model links these design elements to *perceptual and evaluative mechanisms*, such as brand image, perceived value, trust, and satisfaction, which mediate the relationship between sustainability practices and behavioral outcomes. These outcomes include hotel choice, loyalty, word-of-mouth, and willingness to pay a premium, thereby demonstrating the economic relevance of sustainability integration. It is important to note that the model recognizes that these relationships are influenced by contextual moderators, including environmental awareness, generational differences, and destination-specific characteristics such as seasonality and carrying capacity. By incorporating a feedback loop, the model also suggests that insights derived from guest responses and performance indicators can inform continuous product improvement, supporting a dynamic and adaptive approach to sustainable hotel development.

Figure 2: **Conceptual model of sustainable hotel product development in the Croatian context**



Source: authors' research

3.3 Operationalization and future empirical testing of the proposed model

The proposed model provides a conceptual basis for future empirical research examining the role of sustainability in hotel product development and guest-related outcomes. Future studies may further operationalize the relationships presented in the model by examining how sustainability integration influences customer perceptions, evaluative responses, and post-consumption behavioral intentions within different hospitality contexts. The model allows for the exploration of contextual factors related to market characteristics, destination environments, regulatory conditions, and customer heterogeneity, which may influence the effectiveness and perceived credibility of sustainability initiatives. Future empirical testing could be conducted using quantitative, qualitative, or mixed-method approaches, depending on the research focus and context. Survey-based studies, case-study approaches, comparative destination analyses, and structural modelling techniques may all contribute to validating and refining the proposed framework across different hotel categories and tourism environments.

4. DISCUSSION

The findings of this study indicate that sustainability is no longer a peripheral operational consideration in the hospitality industry, but an increasingly central element of hotel product development, positioning, and guest experience. The synthesis of the literature supports the main objectives of the study by integrating existing research on sustainability in the hotel sector, examining the relationship between sustainability practices and guest-related outcomes, and analyzing the role of sustainability in shaping hotel image, customer preferences, and willingness to pay. In addition, the findings highlight several unresolved issues and research gaps, while also emphasizing important managerial and policy implications related to sustainable hotel product development.

A key insight emerging from the analysis is that sustainability does not influence guest behavior in a direct or linear manner. Instead, its effects are mediated through interconnected perceptual and evaluative mechanisms, particularly perceived value, trust, and guest satisfaction. This is consistent with prior research emphasizing the role of satisfaction and perceived value in shaping revisit intention, recommendation, and willingness to pay (Chen & Tung, 2014; Han et al., 2011). The findings also suggest that the effectiveness of sustainability initiatives depends less on their technical implementation alone and more on how they are experienced, interpreted, and integrated into the overall service experience.

This shows an important conceptual shift in the understanding of sustainability within hotel product development. Sustainability can no longer be viewed solely as a supply-side operational attribute embedded in internal hotel processes. Rather, it increasingly functions as a co-created component of the guest experience, whose value emerges through the interaction between hotel practices and customer perceptions. As a result, even similar sustainability initiatives may produce very different customer responses depending on their visibility, communication, credibility, and alignment with guest expectations.

The findings also reveal the strategic importance of sustainability in shaping hotel image and differentiation. Sustainability contributes to the development of a positive green image, which strengthens perceived credibility and trust. This relationship remains highly sensitive to perceived authenticity. When sustainability practices are interpreted as superficial, inconsistent, or symbolic, they may trigger skepticism and negatively affect hotel reputation. This tension between authenticity and perceived greenwashing remains one of the central unresolved challenges within sustainable hospitality management (Font et al., 2017). The findings suggest that sustainability communication requires a careful balance between visibility, transparency, and credibility.

The analysis reveals that sustainability increasingly functions as both a value signal and a decision-making criterion within the hotel selection process. However, customer responses remain highly heterogeneous. While environmentally conscious guests may actively prioritize sustainable hotel options, other market segments continue to place greater emphasis on price, comfort, convenience, or service quality. This points to the fact that sustainability-related customer responses are strongly conditioned by contextual and segmentation-related factors. Although many studies identify a positive relationship between sustainability and willingness to pay, the literature remains inconclusive regarding the extent to which sustainability independently justifies a price premium. Guests appear more willing to accept higher prices when sustainability is associated with enhanced experiential value, trust, and overall service quality, rather than sustainability claims alone.

These findings suggest a need to rethink the role of sustainability in hotel product development. Sustainability should not be approached as an isolated environmental dimension or a supplementary marketing feature. It should be approached as an integrative element influencing multiple dimensions of the hotel value proposition, including service quality, emotional engagement, brand positioning, and long-term competitiveness. This signals a broader transition from viewing sustainability primarily as an operational or reputational attribute toward understanding it as a structurally embedded and experience-oriented dimension of hospitality development.

This perspective becomes particularly important within the evolving regulatory and institutional environment. In the European context, and especially in Croatia, sustainability is increasingly institutionalized through strategic frameworks, ESG-related requirements, legislation, and destination management policies. Consequently, sustainability is no longer driven exclusively by market demand and voluntary strategic orientation, but also by formal expectations concerning transparency, responsible resource management, and sustainable tourism governance. In such contexts, hotels are increasingly required to integrate sustainability systematically into product development and strategic decision-making processes.

These broader institutional dynamics are reflected in the proposed model of sustainable hotel product development, which connects sustainability integration not only with customer-related outcomes but also with destination-level governance and regulatory pressures. The model suggests that sustainability simultaneously functions as a strategic mechanism of value creation and as a response to institutional and policy-related expectations shaping tourism development.

The literature synthesis reveals several unresolved issues and research gaps. Existing studies continue to focus predominantly on isolated relationships between sustainability practices and specific customer outcomes. Limited attention has been given to integrated systems of interaction involving institutional, organizational, and customer-level dimensions simultaneously. Furthermore, the role of cultural, generational, and destination-specific differences in shaping sustainability perceptions remains insufficiently explored. This demonstrates the need for more context-sensitive and integrative approaches in future hospitality and tourism research.

The strategic value of sustainability lies not only in environmental performance itself, but in its capacity to shape customer perceptions, experiences, trust, and long-term relationships with guests. Sustainability therefore emerges as an increasingly important driver of competitiveness within the hospitality industry. However, its effectiveness depends on achieving a careful balance between authenticity, consistency, experiential value, and alignment with both market expectations and institutional frameworks.

CONCLUSION

This paper provides an integrated analysis of the role of sustainability in hotel product development, with a particular focus on guest perceptions and behavioral outcomes. The study conceptualizes sustainability as a multidimensional construction that extends beyond operational practices and plays a central role in shaping the perceived value of the hotel product.

The results show that sustainability practices influence guest behavior primarily through indirect mechanisms, including perceived value, hotel image, trust, and satisfaction. Among these, satisfaction emerges as a key mechanism through which sustainability is translated into behavioral intentions such as revisit intention and recommendation. At the same time, sustainability contributes to the development of a positive hotel image and can enhance guests' willingness to pay, although this effect depends strongly on perceived authenticity and credibility.

The main contribution of this study lies in developing an integrated conceptual perspective that connects sustainability practices with customer-related outcomes and extends this understanding through a context-sensitive model of sustainable hotel product development. The proposed model highlights that sustainability operates not only as a market-driven value proposition, but also as a structurally embedded element shaped by regulatory frameworks, strategic priorities, and destination-level governance. In this way, sustainability is positioned as both a driver of experiential value and a response to increasing institutional expectations within the tourism sector.

From a managerial perspective, the results show that sustainability should be systematically embedded into hotel product development and value creation processes, rather than treated as a peripheral or isolated activity. This requires a more integrated approach in which sustainability is incorporated across multiple dimensions of the hotel product. This means service design, guest experience, and brand positioning. In practice, it implies aligning environmental and social initiatives with value creation for guests, ensuring that sustainability is both visible and meaningful within the service experience. In addition, the effectiveness of sustainability initiatives depends not only on their implementation, but also on how they are communicated and perceived. Hotels should focus on transparent, consistent, and evidence-based communication, supported by credible certifications and standardized reporting practices, in order to enhance trust and avoid skepticism. In the context of Croatian tourism, there is a need for stronger alignment between hotel-level strategies and destination-level management, particularly in areas such as carrying capacity management, resource efficiency, and the coordination of sustainability initiatives across stakeholders.

From a policy perspective, the results emphasize the importance of coordinated and structured approaches that support the operationalization of sustainability in tourism. This includes the development of clear regulatory frameworks, standardized ESG reporting requirements, and monitoring systems that enable the measurement of sustainability performance at both the enterprise and destination levels. In addition, destination management organizations play a critical role in facilitating stakeholder coordination, guiding sustainable development practices, and ensuring consistency between strategic objectives and on-the-ground implementation. Such coordinated efforts can support the transition toward more sustainable and resilient tourism systems, while also enhancing the long-term competitiveness of the hospitality sector.

This study is limited by its reliance on secondary data and literature-based analysis. Future research should empirically test the proposed model and further explore how sustainability operates across different market segments, cultural contexts, and regulatory environments.

DECLARATION OF GENERATIVE AI AND AI-ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

In preparing this paper, the author(s) used ChatGPT for proofreading and linguistic editing of the text in English, as well as for the technical development of the conceptual framework and conceptual model presented in the paper. All inputs, including theoretical foundations, model structure, and relationships between concepts, were defined by the author(s), while ChatGPT was used solely as a support tool for visualization and formatting based on clearly specified instructions. Following the use of this tool, the author(s) have reviewed and edited the content as necessary and take full responsibility for the content of the published article.

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