

Supplier Focus

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Suppliers must get smart to survive

The shift from a seller's market to a buyer's market puts suppliers under pressure

CONSULTANCY

If suppliers are going to make it through the downturn they need to stray away from price battles and get smart, according to Vantage Point managing director Dave Bradley.

"Hotel revenues are obviously under greater pressure now and that passes onto suppliers," said Bradley, who set up the research-based brand growth and marketing management company in Dubai two years ago.

Having worked with suppliers all over the world, Bradley observed that suppliers in the Middle East did not have as much experience as in advanced markets and performed their roles more as "order takers".

Bradley attributed the lack of experience to suppliers in this region having not previously been required to

'push' their product as the soaring number of new hotel developments meant demand outstripped supply.

It's more important now than ever that suppliers "realise how you can beat competition, find your feet in the market and be the best in your particular category," said Bradley.

A major downfall highlighted by Bradley was that suppliers were too product orientated.

"Often suppliers don't convey or show understanding that they are offering a solution to hotels, but products only drive value from how they drive a business forward," he said.

The second key obstacle according to Bradley was a lack of understanding of "hotel decision making processes, what hotels value and how to build a brand marketing strategy".

Vantage Point claimed it intended to address issues through its consul-

tancy service, part of which would involve conducting face-to-face interviews with hotel general managers, food and beverage managers and procurement managers among others to obtain their feedback.

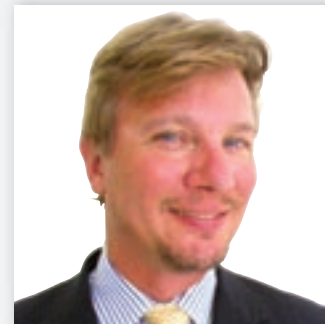
"Once you start thinking from a customer perspective then you start wanting to put together a proposition that is both attractive and competitive," explained Bradley.

From conversations with hoteliers so far, Bradley observed that "not many [hoteliers] are impressed with suppliers; the general feedback is that the standard is low".

However, "even some hotel behaviour is less advanced in this region too", added Bradley.

"Some hotels are just interested in forming trading relationships instead of working with suppliers to become strategic partners," he said.

HOTELS POSE A "BRICK WALL" TO NEW SUPPLIERS



Ultrashield Bioactive's partner Jan Willem.

"The whole green issue in the Middle East is all lip service and no action," according to Ultrashield Bioactive partner Jan Willem.

The UK brand supplies non-chemical cleaning products based on enzymes, which it claims are cost-effective and environmentally friendly. However, Willem explains the Dubai-based supplier has hit a "brick wall" when it comes to approaching hotels in the Middle East.

"Hotels are only interested in existing contracts. There is very little interest in new suppliers and products — especially in the cleaning and housekeeping departments. We need more open mindedness from hotels," said Willem.

The overriding issue outlined by Willem was that hotels were reluctant to break long-standing relations with existing suppliers and said the answer to any new product proposed was always 'no'.

Furthermore, Willem observed a lack of communication between strategic boards of directors and operations. For example, having approached a leading hotel group, Willem said three months lapsed between directors showing an interest in the product and the housekeepers undergoing the free seven-day trial offered by Ultrashield Bioactive.

"If an organisation is cost-focused it would be interested in utilising the latest green products against traditional solutions because they are so much more cost-effective, but it is very difficult to get to the right people," concluded Willem.

Suppliers worldwide turn to the Middle East for business

With Europe at the height of a recession, international suppliers are turning to the perceived resilient and dynamic Middle East hotel sector.

"The recession has hit Europe hard and the Middle East is the most vibrant market for hospitality project development," said France-based supplier Renarte Hospitality Supplies chief executive Ranjan Salis.

France-based Garbarino Interior Design's Adriano Garbarino echoed his comments. "The activities and projects developed in that area exist nowhere else nowadays. The first two work experiences we had in the Middle East convinced us to make the decision to open an office there".

The market in France is "suffering the consequences of the global financial crisis, so business is harder to get in France. Tourism in France

has declined by 30% and we are predicting a reduction in tourism for the summer season," explained Cyclade director Catherine Parillaud.

"The Middle East continually represents the very best in terms of wonderful hotel properties, an unprecedented expansion in hotels, both in the private and chain sectors and the area continues (even in the current financial situation) to be of great strategic and financial significance to hotel-supply companies," asserted UK-based Sysco Guest Supply Europe VP international operations Ken Wharton.

And in Germany, Zweigart & Sawitzki GmbH & Co. KG assistant sales director Martin Böckle said: that "targeting this market can lead to new possibilities for German suppliers" in attracting more clients.



Cyclade director Catherine Parillaud.

US-based Water Music Record's president and director Brad Pressman said there had also been a significant downturn in the US market. "It has been a tough time with investment capital in short supply and consumer dollar spending habits down 10%-20%," he added.