

Although material procurement, whether it is at the project level, or for the day-to-day operations of a hotel, is quite critical as far sustainability and profitability are concerned, this aspect is largely ignored or not handled the way it should be in most of the cases leading to lack of operational efficiency, revenue loss due to constant malfunctions and repairs, etc. The Indian hospitality industry has evolved and rapid strides with the coming of international hotel brands into the fray. These international companies have strict brand standards which are believed to be sacrosanct. The advent of international hotel management companies have brought about a sea-change in hotel-vendor relationship in the last ten years. If personal rapport and price determined the procurement decisions earlier, it is product quality and innovative features that make or break deals today. This change has challenged the vendors initially, but they also learned over a period of time by challenging themselves to bring in innovative products based on latest technology. Having said that, hotel procurement in large section of the hospitality market is still based on personal relations and referrals. Digital platforms of procurements are yet to make headways in the Indian market. **Hospitality Biz** tries to understand how Hotel-Vendor relationships evolved in the last decade.



Hotel – Vendor Relationship

Getting healthier through the years

Hotels do not respect indigenous vendors

Sunil Khanna, Director, Aster Technologies

Growth in hotel industry moved at a miniscule pace till 1995 after a mini boom during the capacity expansion for Asian Games 1982. Till that time, the relationship between hotels and suppliers was very lop-sided whereby hotels had scant regard for indigenous vendors and gave them a raw deal. In the decade after 1995, while the hotels continued to behave in the same fashion, there was a sea change as the international restaurant chains like Yum, McDonald's, Subway, Domino's, TGI Friday's and others were quite expressive about dependence on local vendors for their rapid growth while keeping a check on fit out costs. While the restaurants went about their purchasing in a professional manner, the hotels continued to neglect vendors to their own disadvantage, eventually.

However, the last decade started on a great note for the indigenous vendors as many hotel projects were commissioned to meet the demand for hotel rooms during Commonwealth Games 2010 and the expected inflow of tourists in the post CWG period and increased business visitors thanks to a booming economy. This period coincided with a recession in Middle East whereby many major vendors moved their base to India and captured lion's share of business opportunity created by CWG 2010. Due to paucity of time and lack of experience with Indian vendors, they favoured vendors from Singapore, Thailand & Malaysia.

As we see today, there are too many vendors in the market but barring one or two, none can match international quality in execution or overall delivery. It is safe to say that hotels do not respect indigenous vendors as far as quality of work is concerned and the old experienced vendors feel betrayed by the hotels because they did not get any support.

In a nutshell, the opportunity to create world-class vendors has been missed in India and Make in India campaign is doing too little and too late for the Indian vendors. Many overseas vendors such as Middleby, Manitowoc, Hoshizaki, SSS, MKN, Rational and Electrolux have set up local subsidiaries to dominate the Indian market. The only indigenous manufacturers of note in India are Washmatic and Stellar Gastronom.



THE NEW VENDOR OF THE YEAR AWARDS

2017 VENDOR OF THE YEAR
2016 VENDOR OF THE YEAR
2015 VENDOR OF THE YEAR
2014 VENDOR OF THE YEAR
2013 VENDOR OF THE YEAR
2012 VENDOR OF THE YEAR
2011 VENDOR OF THE YEAR
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