The Potential Use of Urban Consolidation Centres in the Hotel Industry in London

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Crete

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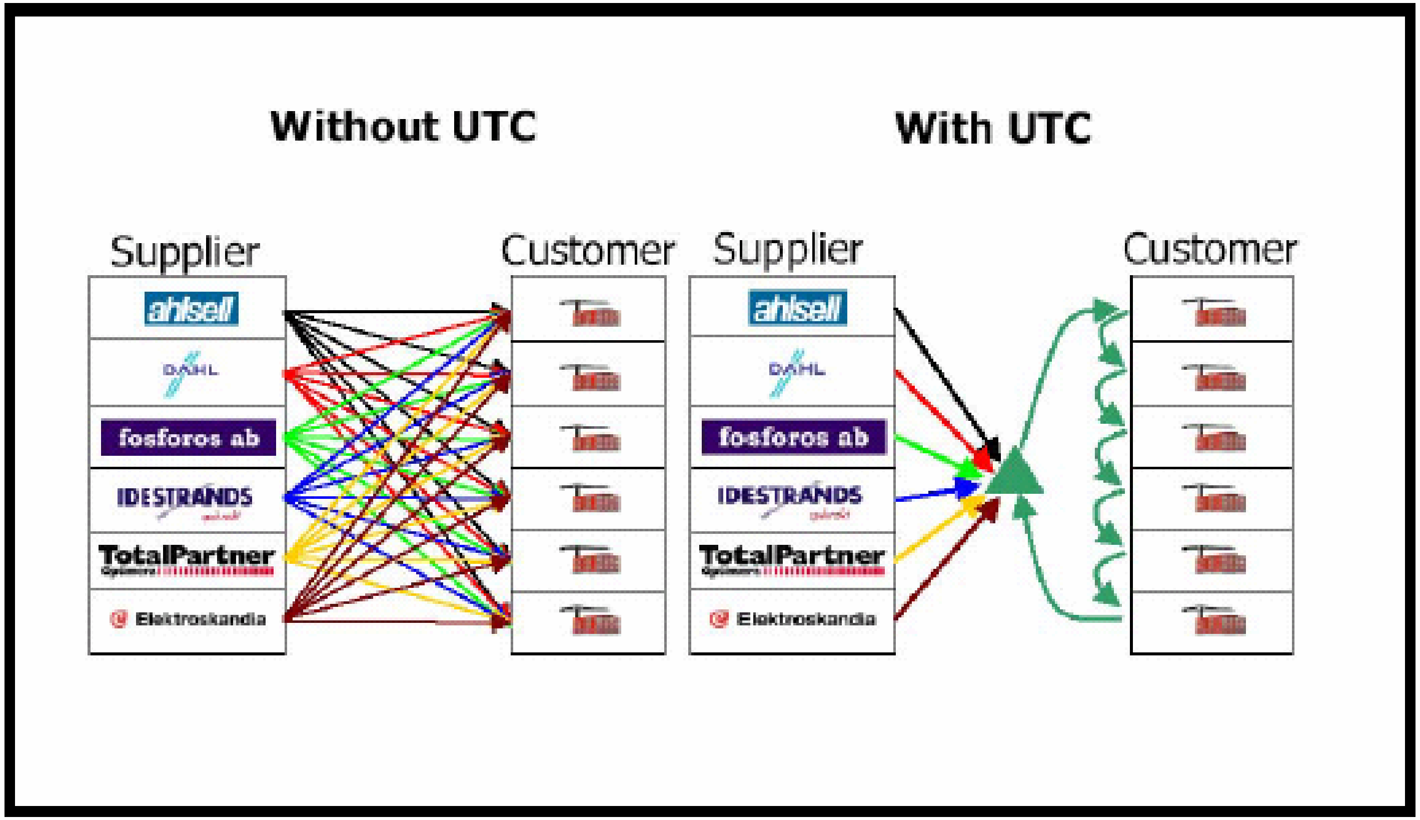
Presentation outline

- The hotel industry in London
- Survey methodology
- Sourcing arrangements and supplier selection
- Storage facilities and inventory management
- Delivery operations
- Transport problems faced
- Views on consolidation concept
- Conclusions

How does a UCC work?



London hotel room stock by region in 2005

London sub-region	Estimated Stock 2005	Total Supply (%)	New Stock 2001 to 2005	Total New Stock (%)
Central	69,483	69%	5,055	41%
East	10,183	10%	3,593	29%
North	1,863	2%	397	3%
South	4,101	4%	761	6%
West	14,492	14%	2,660	21%
TOTAL	**100,122**	**100%**	**12,467**	**100%**

Based on: Visit London, London Hotel Development Monitor (cited in Thornton and The Leisure & Tourism Organisation, 2006)

London hotel room stock in pipeline: 2006-2010

London sub-region	New room stock in pipeline 2006 to 2010	% Total planned stock in London
Central	5,510	51%
East	2,596	24%
North	0	0%
South	556	5%
West	2,208	20%
TOTAL	**10,870**	**100%**

Based on: Visit London, London Hotel Development Monitor (cited in Thornton and The Leisure & Tourism Organisation, 2006)

Size of London hotel brands, 2006

Rank	Brand	Hotels	Rooms
1	Hilton	14	5,022
2	Thistle	17	4,740
3	Holiday Inn	15	4,214
4	Premier Travel Inn	21	3,403
5	Marriott	12	2,845
6	Ibis	9	2,342
7	Radisson Edwardian	11	2,227
8	Travelodge	15	2,192
9	Novotel	8	2,099
10	Express by Holiday Inn	17	2,002

Source: based on Hotel Research (2006).

Methodology

- Kensington & Chelsea and Westminster (both in central London) selected
- Both areas have many hotels
- Also home to many residents thereby creating negative impacts in terms of road traffic, noise, and vehicle pollutant emissions
- Hotels of various sizes and different types of companies included
- Interview (face-to-face) or semi-structured questionnaire (remote)
- Observation of area immediately surrounding participating hotels carried out

Participating hotels by number of bedrooms and scale of operation

	Scale of operation				
number of bedrooms	Single-sited owner operated	Part of regional hotel chain	Part of national hotel chain	Part of internationa l hotel chain	**Total**
Up to 24 rooms	-	-	1	-	**1**
25-99 rooms	1	-	1	2	**4**
100-199 rooms	-	-	-	2	**2**
200-499 rooms	1	1	-	2	**4**
500+ rooms	-	-	1	1	**2**
Total	**2**	**1**	**3**	**7**	**13**

Goods and services required by hotels

- All hotels require reliable and frequent deliveries of goods and services
- Hotels forced to make decisions on frequencies and volumes of products they order due to limited storage space
- Very wide range of products delivered including:
  - food and drink
  - newspapers and magazines
  - stationery and other printed material
  - bedding and towels
  - cleaning products
- Some goods delivered daily, some on several days per week, some weekly, some monthly and some less frequently

Sourcing arrangements in hotels

- Smaller and independent hotel companies - hotel manager or housekeepers make decisions regarding suppliers, service providers, frequency of deliveries and service provision.
- Larger hotel companies – these decisions often made by a centralised purchasing department.
- In some cases, nominated suppliers identified by centralised purchasing department, and individual hotels in company then select and negotiate among those nominated
- Delivery operations often not carried out jointly for hotel chains using same supplier – may be scope for consolidated deliveries when hotels located relatively close

Suppliers used by each hotel and proportion of product/service categories supplied by more than one supplier

No. of bedrooms in hotel	No. of suppliers used for selected product/service categories	Proportion of product/ service categories supplied by more than one supplier
21	19	15%
29	23	25%
35	30	44%
45	33	56%
52	18	12%
162	37	71%
184	11	11%
214	68	43%
200	37	50%
396	128	63%
450	60	55%
692	41	47%
926	32	50%

Supplier selection

- Number of suppliers used ranged from 11 to 128 in the 13 hotels surveyed
- Product category generating greatest number of suppliers is food – can account for 70% of all suppliers used by hotel
- High use of two or more suppliers for products and services
- Larger hotels (in terms of bedrooms) did tend to have use more suppliers than smaller ones - but size of hotel did not necessarily determine number of suppliers used
- Neighbouring hotels do not tend to share same suppliers

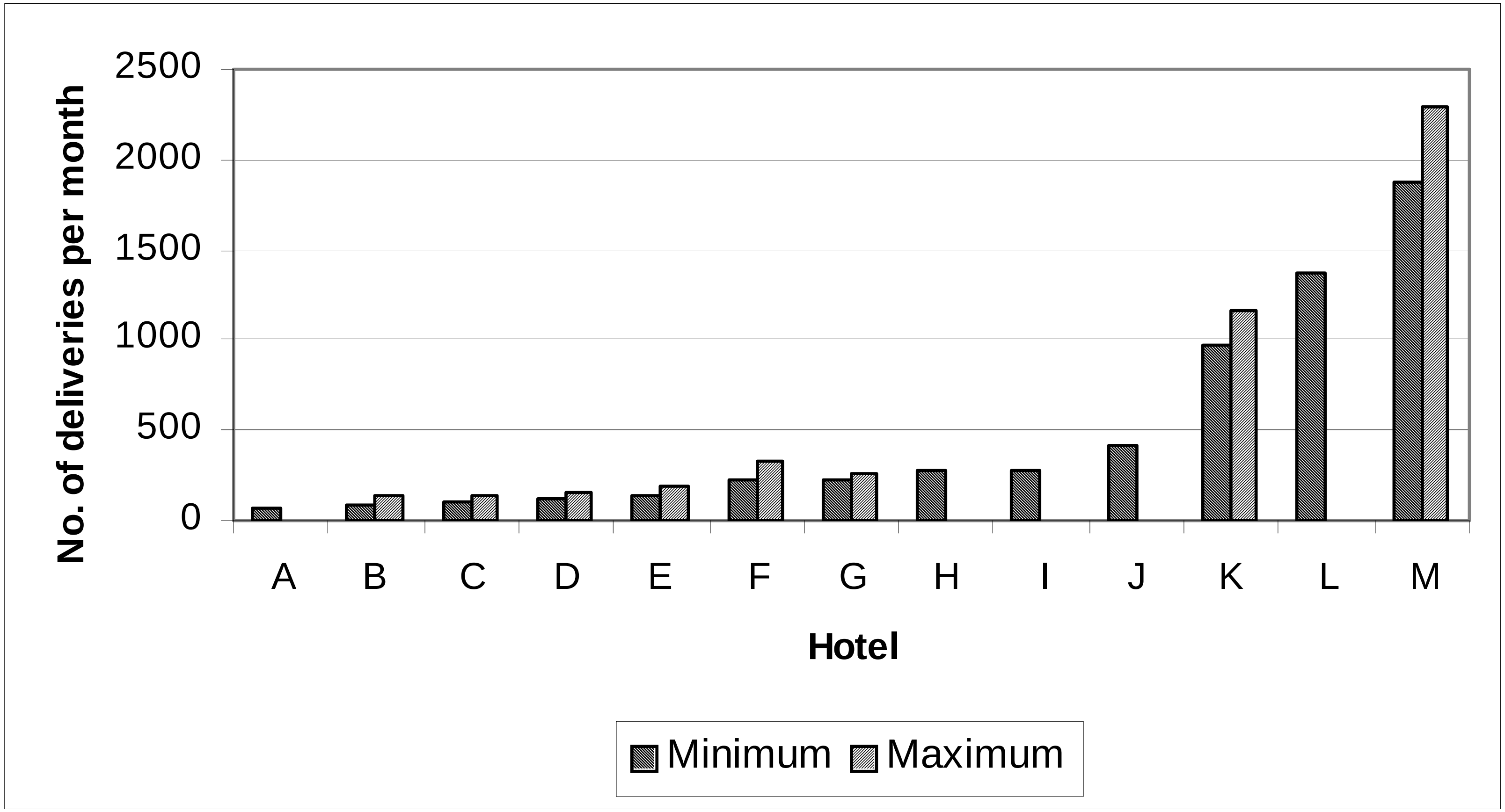
Reasons for using more than one supplier per product/service type

Reason	Number of hotels mentioning this reason
Choice of greater variety of products, not available from a single source	11
Price benchmarking for negotiation	7
In case of emergency, customer satisfaction is retained	6
Different lead times for products offered	4

Adequacy of storage facilities

- Storage area available at hotels varied from 50 - 300 square metres
- Eight of 13 hotels thought their storage space insufficient
- Little storage space often constructed in new hotels due to high cost of land in London.
- Most respondents felt more storage space would reduce the number of deliveries required

Number of goods vehicle deliveries for products per month



Collections and services provided to hotels

- All hotels also made use of service contractors
- Collections can include: waste collection, packaging collection, recycling services, and product returns
- Services can include: laundry and dry cleaning, ironing, plants and flowers maintenance, cleaning, building maintenance, appliances maintenance and repair
- All collection and other services result in additional vehicle trips
- Collection of goods carried out independently of deliveries of products at 11 out of 13 hotels, increasing total number of goods vehicle movements at hotels

Location of goods deliveries

- 10 out of 13 hotels have no off-street loading/unloading space
- Most loading/unloading has to take place on-street
- On-street loading bays at 6 of the 13 hotels but can usually accommodate only one goods vehicle
- Range of parking and loading restrictions apply on-street outside all hotels
- Delivery vehicles often arrive together at hotels resulting in queuing
- This causes obstruction to other road users and worsens traffic congestion, noise and pollution

Transport problems most frequently occurring in area in which hotel is located

Reasons	Number of hotels mentioning this reason
Restricted parking	8
Traffic congestion	7
Constrained loading/unloading facilities	7
Poor vehicle access	5
Suffer from none of the above	2

Views and attitudes to consolidation concept

- Very little goods consolidation currently taking place
- Only current type of consolidation is when supplier of several products delivers these together
- Little awareness of the concept of consolidated deliveries
- Only two respondents thought consolidation centres would be considered in future (after receiving explanation)

Concluding remarks

- Wide variation in number of deliveries among hotels surveyed
- Many hotels generate large number of on-street deliveries
- Can cause disruption and disturbance to those living nearby
- Forecast growth in hotel stock in London liable to further exacerbate difficulties
- Much scope for consolidation of deliveries and the use of a consolidation centre in hotel industry in London.
- No obvious competitive issues between hotels preventing use of consolidation centres
- However little interest and negative views among respondents – need to find ways of overcoming these views