An Analysis of e-Procurement Applications and Trends in Hotels: A Pilot Study
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Introduction
The role of purchasing is very significant for both small scale and large scale hotels. It affects operational efficiency, quality of products and services and customer satisfaction (Lawlar & Jayewardene, 2003). Effective purchasing practices may positively affect the bottom-line of a hotel. Moreover, costs reduction is important for hotels, since profit margins are already slim due to heavy competition. To improve profits, hotel corporations attempt to modify and enhance their supply chain management systems, through intense utilization of technology. Web enabled E-Procurement systems are particularly useful in this regard. The purpose of this study is to investigate E-Procurement (EP) applications and trends in hotels in the United States.

Literature Review
Competition is becoming tougher for the companies worldwide because of the expansion of the world wide projects but when profit margins decrease, project funding decreases. According to Visa Commercial Index, in 2005, American businesses spent $16.3 trillion on goods and services. This study also projected that in 2006, American companies will spend $17.4 trillion on goods and service. Jeff Pikulik, director of buy-side research at the Boston based Aberdeen Group, stated that a huge amount of money is used by American Companies in order to procure everything ranging from supplies and computers to raw materials and added that “so, cutting a little here and there adds up quickly” (Nadel, 2006, p.52). For instance, using digital documents instead of paper or utilizing online E-Procurement systems can be shown to be good practices.

The traditional purchasing process includes several stages such as requisition, bid solicitation, ordering, shipping advice, invoice, and payment. These processes are time consuming and expensive. Moreover, the transactions are implemented on paper, which creates additional costs for the companies (Wenning, 2001). The traditional purchasing process creates other challenges such as spending significant amounts of time seeking through multiple catalogs, difficulties in product and price comparison and out of date catalogs. These problems cause an increase in ‘maverick’ buying. Maverick Buying occurs “where employees go outside of the negotiated agreements for their own convenience” (Foster, 2000). It is predicted by the National Association of Purchasing Management that one third of indirect buying is maverick buying. As a result of maverick buying, a company obtains a product by paying premium ranging from 15% to 27%.

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(Foster, 2000). In order to refrain from these inefficient purchasing processes, companies benefit from information technologies through E-Procurement systems. For instance, a recent Aberdeen survey revealed that E-Procurement is utilized by one in five of Fortune 500 companies to reduce prices by an average of 7% per year. Moreover, E-Procurement enables companies to reduce delivery times by 67% (Nadel, 2006).

General Information about E-Procurement

An E-Procurement technology is defined as any technology designed to facilitate the acquisition of goods by a commercial or a government organization over the Internet. (Davila, Gupta & Palmer, 2002, p.2). EP technologies like EP software, B2B (business to business auction), B2B market changes are utilized in order to automate the business processes, merge and exploit organizational spending power and find new supplier using the internet (Davila, Gupta & Palmer, 2003). Boer, Harink and Heijboer (2001) stated that there are six types of e-procurement:

1. Electronic Maintenance, Repair and Operation (e-MRO)
2. Web-based Enterprise Resource Planning (ERP)
3. e-Sourcing
4. e-Tendering
5. e-Reverse auctioning and
6. e-Informing.

E-Procurement in the Hotel Industry

The predictions about the dollar amount involved in hotel pro-
curement differ significantly among different sources. A study conducted by the Hospitality Research Group, showed that the total market of hotel procurement in United States was $15.85 billion in 2000 (Higley & Frabotta, 2000). Moreover, according to the Aberdeen group, its estimation revealed that the figure was $107 billion in 2000. A Wall Street analyst from Deutsche Bank Alex Brown stated that hospitality procurement in USA approximately was $40 billion in 2000. In order to reduce the costs and increase the effectiveness of the organization, lodging companies began to harness from the solutions of E-Procurement solutions. Lodging Operations benefit from E-Procurement through using Internet applications provided by single distributor such as Sysco, proprietary in house application with data feeds from different distributors, web-site with a consortium of vendors and distributors and other third intermediaries (Cobanoglu & Heilbelger, 2003).

It is known that the hospitality industry is cautious to utilize new technologies. On the other hand, things are changing rapidly and the hotel industry is starting to benefit from EP. Dennis Baker, President and CEO of Avendra LLC, a leading professional procurement company told that fast development of EP in hotel industry is not expected (Amarente, 2006). The first hotel company that utilized E-Procurement was Choice Hotel International located in Silver Spring Maryland. Choice Hotel, the main corporation for 10 major hotel chains, initiated its first EP activity by creating web-site ChoiceBuys.com in April, 1999 (Atkinson, 2006). According to the Nicole Smith, senior director of partner services technology at services technology at Choice, their first aim of creating web-site was to enable authorized vendors to market their products to the franchisees of Choice. A second goal of the company was to form an online supplier directory with automatic updates. In the past, directories were prepared annually, and they became out of date very quickly (Atkinson, 2006).

Choicebuys.com offers many benefits to the company, its vendors and franchisees. This site provides not only cost savings but also easy ordering opportunity for the franchisees. In addition, this site enables franchisees to manage purchasing controls by storing purchases transactions system wide. Vendors benefit from this site to follow what they sell to whom. With the help of this site, special sales are carried out by vendors. Therefore, this website lets Choice Hotel Company see what is being acquired facilitating the negotiation processes. Currently, 5% of all purchases occur via this website in 2004. This percentage looks small. However, Smith declared that the web-site is exploited by franchisees in order to monitor prices of goods and services or collect extra information on products and services. According to the Dan Rothfeld, senior vice president of e-commerce and emerging business opportunities of Choice Hotels, Choicebuys.com generated $400 million in EP business in 2000 (Wolff & Brennan, 2001). Moreover, Choice Hotel launched a
Avendra. The company's goal is not only focusing on price, but also using the operation experiences of company's founders to guarantee that products, goods and services satisfy customer needs and observe supply chain to notice some efficiency improvements (Lawlar & Jayewardene, 2003). Avendra provides ten categories of services and products to hospitality operations which are food and beverage, rooms and operation, engineering & energy, administrative-professional and financial services, furnishing-fixtures and equipment, building & construction, technology and telecommunications, golf and ground maintenance, retail & spa and replenishment services (Lawlar & Jayewardene, 2003). Co-operating with Avendra Company helped lodging operations save time, reduce costs, increase quality, facilitate ordering methods and increase ordering accuracy and customer satisfaction (Lawlar & Jayewardene, 2003).

Hilton Hotel Corporation also began to harness from E-Procurement. The procurement system used by Hilton was in the form of a marketplace supported by Purchase Pro as the technology provider (Haussman, 2001). Anthony Nieves who was responsible for connecting all properties of Hilton with a common electronic business to business procurement system, stated that they anticipated from the development of the supply management infrastructure to reduce costs by shortening cycle times and added that new system would enable them to obtain more precise data for reducing their margin of error, prevent maverick buying and own data which lets them analyze their buying patterns. Moreover, he considered the food and beverage as the main selling point for Hilton's business to business Internet procurement solution since the expenses in F&B department is very high. Like Choice group, Hilton will permit other properties which are not under Hilton Brand flag to use its system (Haussman, 2001).

Starwood also had some efforts in order to harness E-Procurement. Starwood reached an agreement with Zoho Corporation, which was the first online marketplace for the hospitality industry; so as to manage Starwood's $3 billion yearly spend in procurement using Zoho Marketplace. Zoho Corporation was responsible for transforming the Starwood's traditional procurement base structure to a fully integrated Web-enabled supply chain management system. With
this co-operation, Starwood’s purpose is to reduce cost and increase the efficiencies of the purchasing process. Barry S. Sternlicht, Starwood’s chairman and chief executive, stated that purchasing in hotel industry was always considered as inefficient and bureaucratic process. Therefore, they preferred to co-operate with Zoho e-commerce Company since this corporation was specializing on hospitality industry and have deeper know-how about internet technology and supply chain management expertise. According to Bob-Cotter, Chief Operating Officer of Starwood told that E-Procurement technology was not only used in the USA but also in worldwide (Starwood Chooses Zoho to streamline entire global E-Procurement Supply Chain, 2000).

Wyndham International, Dallas which was acquired by Cendant Hotel Corporation on the 17th of March 2006, first started its e-Procurement activity in 2000. Wyndham forced 165 of its owned and managed hotels to procure all its operational supplies like office and housekeeping items via Go-Co-op Inc. which was a provider of E-Procurement solutions. The company anticipated to save US$ 40-50 million annually. EP not only results in cost reduction but also helps corporate office control purchased items more strictly. Jay Litt, senior vice president of Wyndham, chief E-Procurement officer, stated that EP gives opportunity to the corporation to monitor quality of items, consumption of goods and cost by each property. The aim of this application was to get better deals from vendors brand-wide. The goods which were procured via internet ranged from linens, china and guest supplies to paper supplies and computers. Moreover, Jim Maclean, the area controller for Wyndham New Orleans indicated that E-Procurement also helped the hotel save time. The approval process in purchasing time has been reduced. Purchase orders requiring management approval were exchanged via e-mail. MacLean added that

Methodology
A descriptive cross-sectional, online questionnaire survey research design was formulated, and data analysis techniques were selected. In order to learn more about electronic procurement practices and applications that are utilized by hotel purchasing managers, an extensive literature review was conducted. The survey instrument had seven sections. First section was related with the Electronic Procurement (EP) practices. This section tried to enlighten the current e-procurement technologies or applications which are used by the lodging industry currently. In the second part of the survey, questions related with the purchasing behavior were asked to the respondents in order to enlighten which products were procured with e-procurement applications. The third part was related with the application integration such as the interfaces between hotel computer systems such as POS, Accounting. The fourth part was related with the issues in EP investment. The respondents were asked how much money they invested in EP technologies. In the fifth section, only a question was directed at the respondents related with time spent on e-procurement training. Sixth section listed eight

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Ten (10) Most Common Interview Questions

- Tell me about yourself.
- Why did you leave or are you leaving your last position?
- What do you know about this company?
- What are your goals?
- What are your strengths and weaknesses?
- Why do you want to work for this company?
- What has been your most significant achievement?
- How would your last boss and colleagues describe you?
- Why should we hire you?
- What are your salary expectations?