

The present and future of FF&E sourcing

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While global sourcing will continue to be the trend, as technology is transferred around the world, we might actually start to see a counter trend in the growth of locally sourced products.

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When handling the procurement of furniture, fixtures and equipment, and operating supplies and equipment for hotel projects in more than 30 countries, I am often asked where a certain item is made and why it is made there.

This is not just a question asked in the United States, where we are seeing a renewed conversation regarding "Made in the USA" sourcing efforts for U.S.-based projects, but also, sometimes to an even larger degree, in other countries.

Today, the overall macroeconomic answer to a specific product's "where and why" is the same now as it was five years ago, and it will be the same also five years from now: Global sourcing is the way of the world.

The world is getting smaller every day, with more flights added to more cities, more developing middle classes around the world and more people speaking English. The result is and will continue to be more people trading with more people. From an FF&E and OS&E sourcing standpoint, the result will be an economic specialization by item, by country, sometimes even by a specific region of a country.

Many things will change and influence the primary or secondary leading global source for an item. Things such as duties and tariffs, trade agreements, labor costs, currency fluctuations, energy and transportation costs, geo-political instability and other factors.

One needs only to watch 10 minutes of the evening news to see that we are in a more dynamic market than ever, and the catalysts and their effects on our FF&E and OS&E supply chain will only be increasing in both intensity and frequency. Add in technology and advances in manufacturing, shipping, packaging and installation of products and the overall human spirit for innovation, and it is a fool's game to truly try to predict where an item will be made most efficiently five years from now.

Key will be that one cannot overcome the laws of supply and demand (albeit also with artificially weighted factors of government intervention) and the law of market efficiency. Don't try and prove market efficiency wrong, either locally or globally. Our first economics teacher taught us that markets are efficient. Today, that market is the globe.

The FF&E and OS&E market is no different than the automobile market. Ask the German automobile manufacturer BMW why every X5, X3 and Z4 they make for the world is made in Spartanburg, South Carolina. Yes, the engine may be made in Germany, and the transmission in another country, but why is the car assembled, painted and finished in the U.S., even the ones you see driven in Germany? One macroeconomic reason: Markets are globally efficient. If BMW could produce these models more efficiently in Germany, or for that matter anywhere else in Europe, they would.

Turning from automobiles to our FF&E industry, take fabrics, one area that is sourced in many different countries. For example:

- **India** has had massive new capital investments in the last 10 years in top European textile machinery. India is overall known for inherently fire retardant polyester silk-like textiles, as well as for hand crafted decorative pillows, throws and bedding.
- **Turkey** is well regarded as the source for wide-width sheers, high-end top-of-the-bed treatments and some unique upholstery. Turkey's costs are slightly higher than China, but that gap is narrowing, and Turkey overall has excellent quality and fast lead times.
- **China** is the leader in commodity sheers and has great value in top-of-bed and all types of upholsteries, as well as fabricated textile products. It also rules when long production runs are used.
- **Belgium** is the birth place of velvets, and it is still strong in the production of velvets.
- **Pakistan** is strong in sheeting, which comprises approximately 70% of its textile export market.
- **U.S.** is the leader in heat-transfer prints for window treatments and bed skirts, as well as for great upholstery options. It also has fast lead times and short production runs.

While global sourcing will continue to be the trend, and the world will continue to get smaller and sourcing more specialized, note that as technology is transferred around the world, we might actually start to see a counter trend in the growth of locally sourced products as technology in manufacturing, product development and sampling might become the great equalizer in the equation. This will occur, I believe, across the planet.

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Also key are to be fully involved with any project team's designers and managers and to develop relationships with the world's leading vendors to find the best FF&E and OS&E solutions for each project. The budget, schedule and quality requirements unique to each project, when properly analyzed by an experienced FF&E team, will dictate a clear choice to maximize the value created for each FF&E item around the world.

As the world moves faster and becomes more complex, the value of an engaged, globally sourcing purchasing firm, with local expertise, will be critical to the success of each project.

Alan Benjamin is one of the world's leading hospitality Furniture, Fixtures and Equipment (FF&E) experts. Mr. Benjamin is the third generation of a family that has served the interior needs of the hospitality industry since 1931. He is president and founder of Benjamin West, the FF&E and OS&E purchasing firm based in Boulder, Colorado, with additional offices in Chicago, Dallas, Hong Kong, London, New Delhi, and São Paulo.

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