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PROJECT NOTIFICATION

PN Issue Date	3 June 2020
Project Code	20-RP-34-GE-RES-B
Title	Research on Hotel Productivity
Timing and Duration	1 June 2020 – 31 March 2021
Venue	APO Secretariat
Implementing Organization	Asian Productivity Organization

1. Objectives

The research aims to:

a. Benchmark and compare the productivity levels of the hotel industry in at least seven Asian cities, according to hotel tier and selected functions, with comparisons between functions and tiers in each city using a set of productivity metrics;

b. Analyze and understand the factors contributing to hotel productivity levels in the selected cities; and

c. Provide actionable recommendations and insights on best practices that are applicable to the overall hotel industry to increase productivity.

2. Background

In APO member economies, the hospitality & hotel industry is a key player in the tourism landscape and a major contributor to the country's economy. It is important to ensure that hotels continue to raise productivity levels to maintain sustainability and continuous growth, particularly for those operating in a manpower-scarce environment.

Singapore Tourism Board (STB) is Singapore's leading economic development agency in tourism. STB works closely with hotel owners and operators to drive strategic alignment towards development of a vibrant and innovative hotel sector. These include driving yield to ensure sustainable hotel performance, promoting industry competitiveness and supporting a pro-business regulatory environment. STB had experience in the hotel productivity bench-marking study in Singapore aimed at raising the value and appeal of hotel-related jobs, improving service quality, and ensure continuous improvements to sustain the industry's development in the long run. In addition, STB also undertakes the administration of the Hotels Act and Regulations and reviews the hotel regulatory framework in Singapore.

Hence, it is the right opportunity for APO and STB to collaborate to understand the productivity levels of the hotel industry by providing bench-marking indicators against which they can compare their performance in Singapore hotel industry vis-à-vis other Asian cities.

3. Scope and Methodology

The APO will appoint an external consultancy agency to carry out the research with the scope and methodology outlined below.

The appointed consultancy agency will conduct research on the hotel industry in each selected city following the provisions in this document.

3.1 Collection of productivity data:
The consultancy agency will collect data and report on the following productivity indicators, which are compulsory for the years 2015–2018 and optional for 2019 for hotels in each city.

a. The following indicators will be used to measure productivity:

Productivity indicator	Associated indicators
Value added per worker	i. Revenue per worker ii. Operating costs per worker iii. Gross operating profit per worker
Occupied manning ratio	i. Employee hours per occupied room (housekeeping) ii. Employee hours per occupied room (front office) iii. Employee hours per cover (F&B, restaurants, banquets) iv. Total employee hours per occupied room

b. Other indicators include but are not limited to:

i. Total full-time equivalents (FTEs) and total FTEs per function (e.g., housekeeping, front office, and F&B) (by property level);
ii. Total rooms (including by property level);
iii. Total number of occupied rooms (sold and complimentary) (by property level);
iv. Average occupancy rate (AOR);
v. Average room rate (ARR);
vi. Revenue per available room (RevPAR);
vii. Any other indicators deemed appropriate by national experts; and
viii. Year-on-year growth rates of indicators for comparison.

c. As productivity indicators could be defined and calculated differently, the consultancy agency must ensure comparability of the findings across the various hotel tiers, functions, and cities by accounting for factors including but not limited to:

i. Business models (e.g., target market, outsourcing, self-service, hiring patterns);
ii. Product/service offerings (e.g., F&B outlets, meeting venues, etc.); and
iii. Room rates in each city.

d. The consultancy agency will collect the necessary quantitative data (e.g., outsourcing numbers) where required to ensure parity in comparisons.

3.2 Reporting and comparison of productivity data and levels:
The consultancy agency will consolidate and analyze the data collected and then:

Report and compare the productivity levels of the indicators stated in section 3.1 by the following:

i. Overall city level
• The consultancy agency must compare the following seven Asian cities in APO member economies: Hong Kong, Tokyo, Seoul, Singapore, Bangkok, Taipei, and Kuala Lumpur.

• The consultancy agency must ensure comparability among cities if others are proposed for inclusion in the research, taking into account the following:
a) Manpower landscape;
b) Business landscape; and
c) Drive for productivity and innovation.
ii. Hotel tier

• Hotels are generally categorized into the following four tiers:
a) Luxury, defined as predominantly in prime locations and/or in historical buildings;

b) Upscale, defined as generally in prime locations or with boutique positioning in prime or distinctive locations;

c) Mid-tier, defined as mainly located in prime commercial zones or adjacent outlying areas; and

d) Economy, including those in the budget segment and generally located in outlying areas.

• The hotel tier system was developed by the Singapore Tourism Board (STB) based on a combination of factors including average room rates, location, and product characteristics.

• To ensure comparability, the consultancy agency will propose the criteria and methodology to designate hotel tiers in all Asian cities, taking into consideration but not limited to the factors mentioned in section 3.1c.

• To ensure that the research results are representative, a minimum of five hotels should be included for each hotel tier in each city. If circumstances mean that the sample pool must be smaller, the consultancy agency should inform the APO and STB in each case for each city and/or hotel tier.

iii. Hotel functions

• The consultancy agency must include the following hotel functions:

a) Housekeeping;
b) F&B (including banquet facilities); and
c) Front office.

• The consultancy agency may propose additional functions to include in the bench-marking during the coordination meeting and provide the rationale for such recommendations in the proposal submission.

iv. Cross comparisons

• The consultancy agency must conduct cross comparisons of overall city level, hotel tiers, and hotel functions (e.g., comparing the productivity levels of housekeeping functions in luxury hotels in Tokyo and Hong Kong).

3.3 The consultancy agency will obtain the necessary quantitative data (e.g., outsourcing numbers) where required to ensure parity in comparisons. The consultancy agency will also need to seek approval from the APO and STB of all methodologies proposed, final indicators used to measure productivity levels, and hotels identified for each tier in each city before research commencement.

3.4 Analysis and Recommendations
a. The consultancy agency must provide an in-depth research and analysis report for each country, hotel tier, and function to identify factors correlated with productivity levels including but not limited to:

   i. Government initiatives/policies (e.g., grants, policies, etc.);
   ii. Best practices in the hotel/industry level (e.g., innovation, use of technology); and

iii. Processes (e.g., job redesign).

b. Based on the results of analyses, the consultancy agency must also provide actionable insights, best practices, and recommendations for each hotel tier which can be promoted and adopted to raise productivity.

c. The consultancy agency must conduct a combination of qualitative and quantitative analyses for the research based on:

    i. Research and data collection;
    ii. One-on-one interviews;
    iii. Focus group discussions; and
    iv. Field work and onsite observations.

4. Expected Deliverables

The appointed consultancy agency will submit a report including but not limited to the following:

a. Criteria, rationale, and methodology for the selected cities, hotel tiers, and selected hotels within each tier for benchmarking;

b. Research methodology including how comparability of productivity levels was ensured across cities and hotel tiers;

c. Productivity indicators used at the city, hotel tier, and hotel property levels;

d. Analysis of productivity levels in all seven Asian cities at the city, hotel tier, and hotel function levels;

e. Research results on factors that contribute to the different productivity levels;

f. Actionable recommendations, insights, and best practices that can be promoted and adopted across hotel tiers and functions;

g. Qualitative and quantitative data obtained for the research should include but not be limited to: All raw data obtained for the measurement of productivity indicators, calculation spreadsheets, and coding scripts; and Notes on all interviews and focus group discussions conducted; and

h. Soft copies of the interim and final reports must be submitted to both the APO and STB.

5. Qualifications of the Consultancy Agency and Data Analysts

The consultancy agency appointed to undertake this research project should possess the following:

a. Extensive knowledge of productivity research and key performance indexes, preferably in the hotel industry;

b. Excellent writing skills, with publications on key performance indexes in English as the final report will be written in English; and

c. Strong commitment to undertaking and completing the research project within the given time frame and producing the consolidated analysis of all national reports.

Data analysts from different cities designated to work with the appointed consultancy agency are also expected to possess relevant knowledge and experience of the hotel industry and network with hotels in each city or have experience in conducting international productivity research and/or bench-marking studies.

6. Financial Arrangements

To be borne by the APO

a. Honoraria for the appointed consultancy agency; and

b. All assignment and relevant research costs, including for data collection, local implementation expenses, and purchases when applicable.

To be borne by the STB

a. Research study cost for Tokyo and Singapore only; and

b. 50% of the cost on appointing consultancy agency including the project management fee, consolidation and delivery of final report.
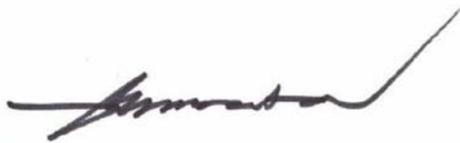
Dr. AKP Mochtan
Secretary-General