

RE-INVENTING THE WHEEL

Project economics no longer focus on the bottom line. In the face of value engineering, designers from across the hospitality interiors spectrum are responding with new team dynamics and future-proof products. *Hospitality Business* leads the debate

As far as trends in the design of hospitality interiors go, the eyes of the world's experts are on the development of new brands focused on lifestyle and boundary-pushing design, the integration of technology and an awareness of more contemporary influences, from art to technology. But when localising the topic to

analyse the trends in the design of hospitality interiors in Dubai, the issues too become local. In an anomalous environment, where everything from the pace of development to the sheer level of occupancy far outstrips what is seen elsewhere, it's only natural that the market will have its own nuances.

In terms of project execution, realisation of ambition and results,

the UAE far outstrips any other GCC country. The effect? A market that is highly reactive.

Since November 2013, that reaction has been to one event, six years away. Industry experts from across the interior design spectrum report an increase in activity almost in-synch with the hype in the media. They see new project types and even echoes of global trends filtering through, from lifestyle and 'Gen Y brands' to individual F&B concepts.

What changes in the development of hotel rooms have you observed recently?

Phil Osbourne: Whether or not it's just Dubai or the UAE, or it's a global issue, we are seeing a lot more value engineering. Everybody wants the highest quality, but nobody wants to pay for it.

We are being squeezed to such a degree we have to walk away from

some projects and instead of serving the whole 5-star market we are more focused by brand or certain contacts or relationships we have.

Leila Abdul Rahim: Unfortunately this is a reality we see in interior design as well, especially in stalled projects now coming back online. Then when you look at them the spaces themselves are completely unusable to the extent that on occasion a bed doesn't fit once you have placed the curtains.

We are also finding the completion of things that are just not up to par.

Marcos Cain: Another issue is procurement and budgets. People are revisiting budgets for projects that were set five years ago and without considering the technological advances and if the brand standards have been updated, they expect the same price today.

LAR: We have a project that stopped

about five years ago but because the client spent a quarter of their budget then, they only want to spend the remainder now. It's unrealistic.

Francois Galois: The lifespan of technology in rooms is shorter than the purchasing time. You purchase something for five years and a product is obsolete within three. Also, the omnipresence of WiFi means it's no longer a plug on the desk, it's constant coverage. In terms of projects and technology there is work to be done on how the technological infrastructure is included in a room plan.

MC: That is improving and integration is possible now, which is one of the issues affecting brand guidelines. Those guidelines, I believe, should be updated annually, if not biannually with the current pace of innovation.

Added to this you also have the issue of what was specified four years ago – technology, OS&E FF&E, interior design, accessories. You have a situation where, especially in the 'Gen Y hotels', where all tech is integrated throughout one system, nobody can keep up. From the operator, the brand guidelines, the budget. There's a whole gambit of stuff.

If the pace at which operators buy technology is too slow for the innovations released to the market, do you predict a natural re-adjustment where products are released more slowly?

MC: It depends on their commercial alliance. There are suppressed markets for various reasons and then there are the progressive markets that go against the mould, which are generally the most successful in the end because they push boundaries. But the boundaries aren't being pushed anyway, they are just utilising what is available now and being cut from a corporate model.

Returning to the point of value engineering. Is this development a surprise?

Amelie Zegmout: It has always existed but today I see it driven by

developers. They call suppliers directly and unfortunately they disregard the specifications and want something different. For example, Legrand will be specified for a certain finish by a designer but the developer will call and ask us to go with the second option. This is for wiring accessories, switches and sockets, specifically. Often the second choice doesn't fit the room.

We didn't have this drive from developers in the past. We didn't even used to meet them, because we worked through the consultants.

Secondly, for international manufacturers cheap does not mean bad design. The market needs to understand

The market needs to understand that R&D can propose economical ranges

that R&D can propose economical ranges that could match the design requirements of a certain level of hotel design.

LAR: More and more companies see now that they can create

products that meet the demand between good, which is perceived expensive, and cheap, which is perceived bad. However not many clients who know because it's not in the contractor's interest to tell them.

AZ: Designers will ask us how the proposal for option two would look and it's good that we are being challenged to provide different options and not to over specify.

Why is value engineering so much more prominent today?

AZ: We do guest room management systems and we have seen that a few years ago the demand was for the tactile plates and the integrated sleek control systems with black glass plates and LEDs. Then they realised that in the hotels guests couldn't work them and they were constantly calling front desk for assistance.

So now we're shifting back to simple solutions, which are consistent with other wiring devices. Hotels work with the contractors, but they also need to consider the end user.

Tarek Ardakani: The basics of most projects today are not understood. The majority of hotels we work with were already under construction when the

From top left: Manesh Balani, director, Orsini SPI; Francois Galois, GM, Radisson Blu Media City; Mirko Aru, hotel manager, The Address Dubai Marina; Tarek Ardakani, int'l associate AIA, GM business development, Bond Interiors; Phil Osbourne, business director, Tai Ping; Amelie Zegmout, head of business development, Legrand; Marcos Cain, MD, Stickman Interiors; Bajju Jamaludin, regional sales manager, Burgess Furniture; Leila Abdul Rahim, director, HBA; Carly Dubery, Tai Ping.

crisis hit. The owners and investors had already finalised with the operator, got the funds, then stopped. They come back now and want to re-start. Looking from their point of view, they just want to open and I think this is a phase we will go through for another couple of years, to clean the market so to speak.

The operators are also aware of this and they want to open these hotels, they have commitments to the bank.

Every dirham counts but not everybody understands that quality saves money. What we need to do is understand from the investor point of view and comprehend what they are doing so we can meet their expectations until further notice.

LAR: There are two kinds of owners. The ones who have done hotels before, who understand and are likely to do it right and because of 2020 and the strength of Dubai, you have the first time owners. They are the ones who want the quick ROI. You either have to go with it, educating them as you go, or not deal with them.

Manesh Balani: Recently, projects have been dominated by government or semi-government entities, with a little more money to spend. At that time, Dubai was building its profile in terms of 5-star and luxury developments. What we find now is more individual owners; private money. Many of these bought legacy projects and are now trying to finish them, but have realised their budget doesn't stretch.

They are trying to make it work by cutting back on quality, going around the operator requirements and pushing the designers to re-specify; cutting back on in-room facilities, meeting the lowest DTCM requirements and then pushing hoteliers on procurement.

MC: Reflecting on the 4-star and 5-star issue, what classifies those properties isn't a comparable measure and it can even be archaic. We are driving a force on something that is being super-seeded outwardly. Budget is an issue, procurement, classification; all these things when we start to look at the future of hospitality and design, such

as Gen Y and product innovation. There are hyper-local issues that affect what is happening here, first.

What's the reaction from the operators?

Mirko Aru: From the operational stance I agree, but over the last two years in Dubai there have been many new 4-star brands, which are very successful, and the design is all about fresh, modern and tech integrated. They are more profitable than the grand 5-star properties with hundreds of rooms and dozens of restaurants.

I predict the next trend will be smaller 4-star hotels, with select F&B franchised out, and a fresh and simple look.

LAR: Most operators are launching new brands in this way, but really those 4-star properties here are four plus in other regions.

FG: These brands meet the expectations of the local Gen Y guests, also.

MC: It's a single market. I totally agree with the comments on the 4-star market, but I think there is another segment to open up.

The range of what you can create when looking at all those things is wide

3-star and backpacker hotels could be huge in this region. It's about practicality. It's not all about the finish and FF&E. What do I need and what do I get? That's asked as a traveller or millennial.

FG: Rezidor is also looking at new brands to meet these markets.

MA: We also have to focus on healthcare. If you come to Dubai for a treatment, you're not going to stay 5-star, so that market will see growth soon too.

That will be a great chance for designers to be creative and to understand how to generate business in another environment. And remember what makes 3-star in Dubai, is 5-star somewhere else.

So regardless of the global design trends affecting markets elsewhere, this region is about ingenuity in the development of mid-market brands and an awareness of tourism generated outside of the standard business and leisure segments?



LAR: Dubai is an anomaly, it's such a broad mix of people. The German traveller is looking for something affordable and well located because they spend on the activities and culture. Then you have people who are looking at the elevated level. HBA is working on a palatial hotel right now close to a hospital, with a design tailored to the guests from Saudi Arabia who come for treatment and bring an entourage. They won't stay below that level. For us as designers it's incredibly exciting.

We look at the target market, location, the facilities needed. The range of what you can create when looking at all those things is wide.

The level of investment and ROI demands from the lower market segments are very different. Is that a concern in terms of the budgets these developers and owners may be willing to commit to?

All: Yes.

Phil: For us the concern is reversed. We all have our niche markets but when you are on the luxury side you do wonder where business will come from if the industry is focused on lifestyle and mid-market.

FG: It's also a concern for the operator. Most operators have several brands and they have diversified from their luxury offering because you cannot rely on 5-star to survive.

LAR: HBA diversifies into different sectors under new brands in order to prevent the dilution of HBA. For the 2-star and 3-star sector globally, we introduced Studio two years ago. It opened in Dubai this year and instead of value engineering the work we do, we reduce costs by using designers whose hourly fee is less, for example. The work is all to HBA standards, but we have looked at how we can reduce costs for other markets, while still using a quality model.

MB: We found that issue with procurement. 3-star and 4-star brands with designers who are used to working on 5-star and as a result over specify. It's difficult for that mind-shift to happen and to bring projects down to the cost level they need to be.

LAR: Not only the mind-set but the knowledge of the supplier isn't there.



MC: I want to throw a curve ball on that, when it comes to price, the cost of designing a building and the facts of the project are the same regardless of the end use of that asset. There are efficiencies you can make in construction but for our work we would charge as we would for any project.

There is a certain level of knowledge that you need in order to work on any project, and that costs money.

There are ways to get a value product with intelligent design, just by looking at delivery of the project and milestones.

FG: Is the definition style or luxury?

MC: It has to be the brief. A 5-star brief is a list, 3-star is a concept.

AZ: Always think about the end user, that's the answer.

LAR: A lot of brands are now allowing us much more creative freedom in the beginning and they have standards and guidelines, but let us go for it.

MA: There is a global shift in luxury and style. People are asking what it is and trying to understand how it changes between age groups. The old days of the opulent hotel in London and New York are over and it will change again within the decade.

MC: You're looking at new brands and building alternatives for new market segments. As an operator, based on your existing brands, what is the longevity from the current perspective of the new brands you introduce today? And what does that say about the existing parent brand when you push out the new brands?

MA: Existing brands develop at a slower pace than the new brands. Take Waldorf Astoria and compare it to the pace of development for Hilton's mid-market brands. It's about combining long term vision with new opportunities.

FG: Rezidor has introduced two new brands in response to the lifestyle trend, similarly to Starwood and Emaar. These brands are about practicality, from the functionality of a room to supporting a guest's lifestyle. Only 15% of our guests

They just want to open and I think this is a phase we will go through for another couple of years

Looking again at technology and connectivity. We have spoken of how investment is behind innovation, but what about future-proofing current projects? Especially in the cabling field.

AZ: It's hugely

expensive. The infrastructure behind technology is just as important as what the guest sees. We have been awarded a project for infrastructure cabling in a 1600 room property and the discussion today is what generation of cable we will

install to make that project future-proof. A major issue is flexibility.

PO: As interior designers how do you keep on top of the technology and innovation?

MC: We have staff who are sourcing daily, it's their whole job. There are multiple websites and various other sources of information, but the thing is to make sure certain products aren't too ahead of time.

LAR: Most of the designers are very passionate about that and they are very excited to find out something new, we have articles of the week and so on, and we have suppliers visiting us on a weekly basis. When it comes to products, we like to see and experience them and architects have technical questions. In the end, when we literally partner with our clients, we are not just creating something pretty, we are in business with them to create something that is financially viable in future. For stone, sanitary ware, etc. don't go cheap because those things last a long time. It's the same with hardware.

Looking now at green-tech, sustainability is often about energy management and recycling. Considering innovations in sourcing, new products, FSC certified wood, what is your observation of demand?

MC: It's more of an operator issue. Designers can push within the requirements as a duty of care, but the decision comes from the operator and developer.

TA: Materials are easier to find. Before there was little market awareness but we

enjoy doing it and it is happening much faster now. There is demand for it. Bond Interiors executed Du's LEED Platinum projects, for example, and much of the time it feeds back into their CSR. There is a really organic growth in it today.

Is business recovered to the extent the media reports it has, and is there as much work, and money, in the market as we are led to believe?

PO: I personally think, just looking at Dubai, the media does a great job in advertising the potential and positivity of the city. They are constantly talking about the hotel pipeline, for instance, and I think there is overhype and that no, it isn't as positive as the media reports.

MB: I have heard everything from 250 to 700 new hotels.

LAR: The media of course is creating hype, but it is part of what they do. However, at the same time we have seen a huge increase in the number of RFPs coming in. The demand is huge.

TA: The demand is coming. The day after the Expo announcement I was receiving calls from people who had left Dubai previously and wanted to work here again, we have to be wary of the possibility of another dip.

LAR: Clients still don't have huge budgets. Everybody knows they need to get in before things really boom, but they are being cautious.

FG: Dubai occupancy is way above the global average, but it's another anomaly. Developers look at where occupancy averages 70% so when you're running at 90% there is no hesitation.

MC: Another thing to stress is that the operator is coming at the end, the supplier mid-way to the latter end, so generally if interior design is seeing a lot of RFPs then work is coming, without a doubt. The conversions aren't there yet, but the demand is and it's a full time job to keep on top of that and constantly send them out.

LAR: And those projects are different; 5-star, 4-star, mixed use.

TA: We get a lot also and we don't feel they are all serious, but they are all planning.

This isn't regimented by star ratings, this is a reaction to guest demand

MB: We are working on a lot of projects that stalled in 2008 and the buildings may have been completed or the owners have spent a little at a time to complete the structure, but now they are spending on interiors. At the same time, we are getting RFPs for new builds. As an industry we only get busy after everybody else.

What that upturn does fully happen, learning from past experience, how willing would you be to work with companies – suppliers, clients – that aren't locally based? And if not, how far away is too far?

AZ: I find one challenge to be with interior designers based outside of Dubai and coordinating with them as a supplier, is a nightmare. On one



project we have designers in Hong Kong and nobody here, it's very difficult to manage

LAR: We had a call from a developer on a prestigious job, who can't work with the interior designer abroad and needs now to start over. My first question was why because I know they are a great firm, but it was because they were not physically present here.

The relationship overseas was so difficult and communication is difficult in the easiest of circumstances, especially with email, which has created a very strange business behaviour. You need to be in the same city. Even Oman is too far when you count travel time.

MC: That's the reason we set up an office in Hong Kong because we have so many projects in Asia, which helped us survive when work was tight. It's a lot of travel, but in saying that we set up that office for that reason.

MB: What we do for FF&E and OS&E isn't related to onsite activities, but it's very important for us to have that access to the interior designer and to buy from China to have them coming to the factory and to ensure we have the owner and operator on the same page, especially for alternative or customised items.

TA: We find it ok because we have our specifications to work to regardless and we have clients all over the GCC.

Hospitality Business would like to thank The Address Dubai Marina for hosting this discussion in its meeting facilities.

