

PROCUREMENT UNDER PRESSURE

Canadian operators are re-thinking
hotel supply chains

BY MARY LUZ MEJIA

From downtown Toronto to the Arctic Circle, hotel procurement in Canada has evolved into one of the industry's most strategic disciplines. Rising costs, brand-mandated guardrails, sustainability expectations and lingering supply-chain uncertainty are forcing operators to re-think how they source, store and manage without compromising the guest experience.

For multi-property operators, such as Easton's Group of Hotels, which spans 17 Hilton- and Marriott-branded properties across the Greater Toronto Area (GTA), Kingston, Ont., Montreal and Thunder Bay, Ont., procurement is a balancing act between brand compliance and cost control. For northern operators such as Nunastar Properties, whose portfolio includes the Frobisher Inn

in Iqaluit, procurement is shaped by geography, extreme weather and logistics that allow little margin for error. At the brand level, Choice Hotels Canada (CHC) has leaned into Canadian sourcing and scale to insulate franchisees from disruption. Despite vastly different operating environments, procurement has moved from a back-of-house task to a core business strategy.

istock/Fasati Bulhatov



THE COST OF CONSISTENCY

According to Zafar Hannan, regional director of Operations at Easton's Group of Hotels, housekeeping procurement has grown more complex as inflation and tariffs continue to affect U.S.-sourced brand-mandated products. "Most of our hotels operate under Hilton and Marriott standards," he says. "Many of these amenities are sourced from the U.S., and we've seen a slight price increase. In many cases, we simply can't deviate because a certain standard has to be maintained around the world, especially in North America."

Rather than compromising standards, Easton's Group of Hotels focuses on planning to increase efficiency and reduce waste. One example is the transition to bulk amenity dispensers for shampoo, conditioner and hand wash. "It's environmentally friendly, and it also controls usage and reduces waste," Hannan says. "That's been one of the most effective cost-control measures we've implemented."

Notably, this approach extends beyond select-service hotels. Even Easton's Group of Hotels higher-end brands, including Canopy and premium Marriott properties in downtown Toronto and Kingston, Ont., have adopted bulk amenities where permitted, reflecting broader guest acceptance.

CANADIAN SOURCING

At CHC, procurement has become

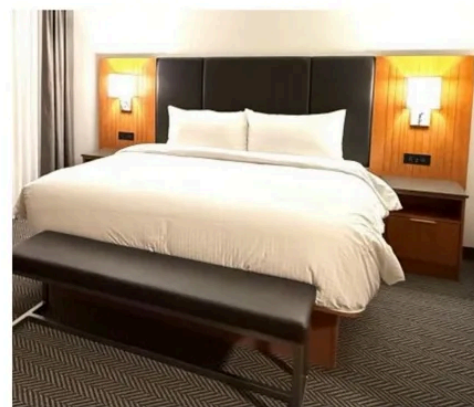
a key differentiator for franchisees navigating volatility. "Procurement services have become more important than ever," says Steven Gilbert, head of Procurement at CHC. "By integrating Canadian manufacturing and distribution partners, we've reduced exposure to delays, backorders and abrupt price spikes tied to tariffs."

CHC has also taken what Gilbert calls "a disciplined approach" in reducing SKU complexity, simplifying procurement while protecting critical guest touchpoints. Approximately 65 per cent of CHC's qualified vendor program is Canadian-based, helping reduce cross-border delays, layered markups and freight volatility. "As a result of our strategy, we rarely experience inventory issues, nor have we needed to downgrade product quality to manage supply gaps," says Gilbert.

FINANCIAL OVERSIGHT

Across the board, procurement decisions are increasingly intertwined with financial oversight. At Easton's Group of Hotels, housekeeping spend is monitored through monthly P&L reviews and cost-per-occupied-room analysis. "If a property's costs are higher than expected, we conduct a full audit," Hannan says. "Sometimes it's occupancy or group business, and other times it's loss, storage or inefficiencies."

However, brand guidelines can limit flexibility. If a brand specifies a



particular pillow, says Hannan, the business has to buy that brand of pillow for a specific property, regardless of price. "And when they do their audit, if they don't see that tag for that product, we get dinged," adds Hannan.

CHC addresses this challenge by positioning procurement as a value proposition, supporting revenue growth while reducing costs without compromising guest comfort or preference.

In Northern Canada, procurement challenges are magnified. At Nunastar Properties, supply-chain planning revolves around sealifts, air cargo and long lead times. In Iqaluit, Atanas Botev, VP of Hotels, says most non-perishable supplies arrive on three to four summer sealifts. "If you miss one, you're waiting months, or paying a significant premium to fly items in."

To mitigate risk, Nunastar relies on



advanced planning, bulk purchasing and expanded storage, often tying up capital to ensure continuity.

“Critical decisions include prioritizing multi-year contracts with reliable vendors to lock in prices amid volatility, conducting thorough risk assessments for each sealift cycle, and investing in modular storage solutions to handle bulk arrivals,” says Botev.

This has been pivotal in maintaining service standards, as seen at the Frobisher Inn in Iqaluit, he says, where a recent refurbishment of 96 guestrooms demanded an uninterrupted supply of materials and amenities, achieved through meticulous pre-planning to avoid any downtime or impact on guest satisfaction.

SMARTER BUYING

Scale remains one of the most powerful tools in managing procurement costs. For Easton's Group of Hotels 17 hotels, chain-wide purchasing agreements for cleaning chemicals and consumables have increased savings.

“By bringing all our hotels

under one program, we're able to secure significantly better pricing,” Hannan notes. Inventory strategies have also evolved. Easton's Group of Hotelsnow orders two to three times per month, based on actual usage rather than fixed schedules.

“Shampoo moves faster than conditioner,” says Hannan. “Ordering based on consumption has improved efficiency and reduced stockpiling.”

THE ROAD AHEAD

Sustainability continues to shape procurement decisions nationwide. CHC views it as a long-term business strategy, investing in energy-efficient systems, water-reduction initiatives and housekeeping partnerships with suppliers such as Ecolab. Easton's Group of Hotels and Nunastar Properties have similarly reduced single-use plastics and pursued environmental certifications such as Green Key, which increasingly influence corporate and government travel decisions.

Looking ahead, all three organizations see data and analytics playing a larger role. Botev says digital tools are transformative in the company's northern procurement operation. “AI forecasting tools integrated into platforms such as SAP IBP or custom hospitality software analyze historical data and occupancy trends to predict needs, improving inventory accuracy by up to 25 per cent and reducing shortages.”

While AI adoption is still largely emerging, usage trends and inventory insights are helping hotels make smarter purchasing decisions and stay ahead of evolving guest expectations in an increasingly complex Canadian market. ♦



Supply Chain Solutions

As cost volatility continues into 2026, Avendra International, a leading procurement services provider, is helping hotel operators balance rate stability with the need for flexible sourcing strategies.

“Our goal is to help hotels protect their pricing position without sacrificing the flexibility today's environment demands,” says Afsar Ali Khan, VP, Client Services Canada, Avendra International. “We do this through data harmonization and domain-trained AI-driven intelligence within our Mosaic AI Supply Chain platform, launched in the U.S. in 2024. Mosaic unifies supplier, distributor and contract data into real-time, explainable insights, helping properties identify top suppliers, consolidate spend where it makes sense and strengthen rate leverage and compliance with confidence. At the same time, we build flexibility directly into our programs. We qualify alternates,

maintain multi-distributor coverage, and use AI to surface value-driven product options that still

meet brand standards and contractual guardrails. As we move from guided buying toward more autonomous buying, AI agents help hotels pivot quickly when markets shift while maintaining governance, transparency, and measurable cost control.”

When asked about the biggest untapped opportunities for procurement-driven margin improvement in hotels, Khan says “the quickest, lowest-risk margin gains come from smarter service procurement. When competitively sourced and consistently contracted, services deliver immediate savings, stronger reliability and reduced liability,” adding the company's \$20.5B purchasing power “provides operators with competitive pricing, favourable terms and standardized service agreements that typically generate 10-per-cent to 20-per-cent savings.”

Beyond service contracts, Khan says additional high-impact opportunities include SKU harmonization, autonomous buying, menu and specification discipline and ESG-aligned efficiencies.