

People-in-Travel

Tracking Travel's Leaders

Borghetti to Virgin

John Borghetti, 54, is due to replace Brett Godfrey this May as CEO of Virgin Blue Holdings.

VBH is more than the airline Virgin Blue but, despite that 'Virgin' corporate name none of the others pays for the Virgin franchise. That is a clever stretch (if you are on VBH's side) of use of a franchise – 'Pacific Blue Airlines, a company in the Virgin Blue Holdings group'.

The most-recent, and blatantly-subliminal move (if there can be such a thing), is the creation of V Australia. 'V' represents nothing, but you can bet that most of its passengers would reckon they are flying on 'Virgin Australia'.

Borghetti was previously with Qantas. He was 2nd or 3rd in line to take over after Geoff Dixon left, but he was gazumped by johnny-come-lately Alan Joyce, brought in to start up Jetstar for Qantas. And when Jetstar was deemed a success, the Qantas CEO post was offered him – over Borghetti, who then quit Qantas.

Borghetti was a corporate man at Qantas, and filled his role competently, even if not dynamically. But he presided over the creation of a dysfunctional corporate at Qantas (if it can be possible to create dysfunction). During his time, and still, the Qantas group had a full-fare airline (Qantas), an Australia-operating full-fare regional airline (Qantas Link), an Australia-operating steadily-adding-frills airline (Jetstar), an Asia-based part-frills badly-run airline (Jetstar Asia), and an Australia-based international lower-operating-cost airline taking over some routes from Qantas (Jetstar International). And since Borghetti left one year ago, a no-frills NZ airline (Jetstar New Zealand).

Borghetti might have been relieved to exit from that mess – except that VBH seems to be trying to create the same mess. It has an adding-frills Australia-operating airline (Virgin Blue), full-fare international airline (V Australia), and a regional full-fare airline (Pacific Blue).

So although Borghetti might have the experience, does he have the skills?



From Travel Business Analyst

Indeed, what skills are needed to run such a potpourri group?

In retrospect, we now see – in Qantas and one of its three different Jetstar operations – a sound businessplan for regular full-fare airlines. That is to use JI to replace Qantas on certain routes, and to operate flights to absorb some of the Qantas growth potential, as a lower-cost option.

But VBH is not doing that with its own bunch of airlines. V Australia is not a large full-fare airline (it is small), so VBH does not need a lower-cost replacement. Indeed, it has a lower-cost operation and is now adding a higher-cost operation. That may not seem to make much sense, but that is now Borghetti's task to make sense of it – and to solve the problems that VBH founding-CEO Godfrey is leaving him.

Borghetti is also joining at a tough time. VBH seat sales increased only about 3% in 2009, despite a number of new routes and the new V Australia. And 2010 started off badly: January seat sales fell 1%.



Back- and for-wards

As we have noted before, we do not support annual awards. One reason is that most are awarded annually, and although there may be a deserved recipient one year, there is unlikely to be one every year.

Thus it is with **Sol Kerzner**, winner of the 2010 Hospitality Innovator Award, at Cornell University, no less. Has Kerzner won what he has done, not what he is doing? After all, his Kerzner International cannot be con-

sidered innovative - luxury resorts and gambling resorts.

Plus, although he was once dynamic and innovative – in his Southern Sun Resorts (Cornell notes only Sun International, which came after SSR, and best known for its Sun City and Lost City resorts) – his current activities are hardly growing and hardly known. Try asking the travelling public what is 'One & Only Resorts'. You would likely get a puzzled look not only because O&O is a misnomer (how can there be more than one 'O&O?') but because it is not well known.

KI's best-known are Atlantis, Paradise Island resort in the Bahamas and the new and outrageous Palm in Dubai. We are not saying Kerzner's products are not good, or even successful; just that he does not warrant such an award from such a respected body.

Cornell does not always make mistakes. At the same event - due this June - but not given so much prominence, is its (painfully-entitled) 'Icon of the Industry Award'.

The winner is...**Charles Feeney**, billed as an entrepreneur (Duty Free Shoppers) and philanthropist (Atlantic Philanthropies). Surely Cornell knows the rest? It said Feeney founded DFS, but in fact he was only one of three founders; 'DFS' was the initials of those three, with Feeney the middle man.

More than that, though, DFS changed airport retailing, certainly in Asia. It brought smart retailing to airports – not only shop layouts, pricing tactics, and such, but also knowing its customers.

But perhaps Cornell does not know – and maybe Feeney has forgotten as he philanthropically spends his well-deserved millions - is that DFS customers were not difficult to understand.

They were Japanese travellers; we guess 75% of DFS revenue came from these in the first 10 years (and US\$10bn?) of DFS operations - mainly in Hawaii and Hong Kong. And their purchases were uncomplicated – say, black label and dior and hermes.

So how about an award for now travel-shy Japanese?

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