

People-in-Travel

Tracking Travel's Leaders



From Travel Business Analyst

Giovanni Bisignani

The head of IATA (International Air Transport Association), Giovanni Bisignani, has launched 'Vision 2050' - hopefully ending the surfeit of 2020 visions in the travel business.

Apart from environmental issues (covered in our ZERO report), these include: almost no accidents; halving carbon emissions; eliminating queues with integrated systems ensuring security as more passengers are processed; almost no delays in globally united skies; costs and profits shared equitably.

Bisignani's says the airline business will be consolidated with 12 global brands supported by regional and niche players. His vision for 2050 has four main elements:

- **Profitability.** "In just over 10 years, US\$100bn in industry profits on revenues of US\$1tn. As we move towards 2050, this 10% margin will become even more robust. This is not a crazy dream. Before the recession, at least 10 IATA members already had 10% margins. We must make this a much broader reality. Change in all areas is possible. This vision - including sustainable profitability - can be our future.

"Efficiency gains never make it to the bottom line because airlines are deprived of the commercial freedom to operate their businesses like a normal business. Our poor profitability makes every shock a fight for survival. He laid the blame on the industry's fragmentation with 1061 airlines as a result of the bilateral system which regulates the global aviation industry. The restrictions on international capital prevent consolidation across borders.

"The restrictions of the bilateral system are a dam that holds us back. It is time for that dam to burst. Governments must act responsibly to ensure safety, security, and a level playing field. And airlines need the freedom to build efficiencies across borders, better serve their customers, and achieve sustainable profits to fund growth

and innovation."

- **Infrastructure.** "Must be reshaped around the needs of airlines - the core of the industry. Airports should compete for airline business based on efficiency. Commercial revenues will drive their business. I can see airports paying airlines to bring shoppers and airport revenues funding the air traffic management system.



"I can see 10 global air navigation service providers (ANSPs) replacing the current 180 at half the cost. The Single European Sky would be the first. But we need real leadership to replace the uncoordinated bureaucratic mess that Europe is today, preventing the US\$6.5bn cost savings. After 20 years of waiting, we are fed up. Governments must set a date, and deliver."

- **Travellers:** "The customer is at the centre of our vision. By 2050, we will have 16bn travellers. The middle class will have nearly tri-

pled from 1.3bn today to 3.5bn people in 20 years - 25% of them will be in China and India. Accommodating that growth efficiently will be a challenge for all - airports, air navigation service providers, manufacturers, and governments.

"We must engage our 2.4bn passengers to change government's 'over-regulate and under-appreciate' attitude. To turn our customers into industry activists, we must improve the value proposition of price, speed, and quality. We have reduced the price of flying by 40% since deregulation. But as we made travel more accessible, speed and quality suffered. The infrastructure has not kept pace, resulting in delays both in the air and on the ground. New security procedures created new hassles. Our challenge is to gain the support of customers in demanding change from governments."

Later this year, Bisignani plans to call leaders from airlines, others in the industry, governments, and customers to meet in Singapore to discuss what to do next.

- **Fuel.** See our report in ZERO, page 3.

Obama meets travel

If we were present at the meeting between US president Barack Obama and the board of the US Travel Association, we would have heard Bill Marriott (of Marriott Hotels) talk to Obama as though the president was a junior Marriott staffer.

That means still according him respect (for Marriott is an honourable man), but junior nevertheless.

The rest of USTA were in awe of Obama, and report a good meeting in that Obama gave the impression of listening to the woes of the (US) travel business. 'Impression' because elsewhere, Obama does not seem to understand how business needs to work. But his philosophy may be good for tourism because, as he has done with his Obamacare health program, he is re-organising government so that the private sector can work better.

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