

People-in-Travel

Tracking Travel's Leaders



From Travel Business Analyst

Interview: Michael Issenberg

The following interview was conducted with Michael Issenberg, head of Accor in Asia Pacific, by Yeoh Siew Hoon, in connection with her Wit-in-Travel conference. Some of the following is paraphrased:

Yeoh: How do you manage to keep growth profitable?

Issenberg. I am not a great believer in a longterm strategy. In Asia it is about managing growth. We are also good in that we have built a business in the Pacific.

How you build teams is important.

A big part of my job is managing change. We have a training course that helps people manage change. You can't expect a 20-year-old to stay with us all his working life. But when they come back they are much more valuable, because they bring lots of outside skills with them.

We are a cyclical industry; we all tend to add room supply at the same time. But I cannot change that.

Asia is forecast to be one-third of the world travel business in 2020. Is that forecast too conservative?

I don't know. But I have seen growth. And if China's economy is growing around 10%, then [the rule-of-thumb is that] travel will grow 15%. We are building a presence in China. We need to expand the brands there. We know we have to have certain things, like Chinese language, food, etc.

What do you see for the future?

Hotels are doing more segmenting. A high-speed-train service (such as the TGV in France) produces more travel. People love to travel. Face-to-face is still good.

People still want a clean bed, hot breakfast, but also convenience.

Borghetti at Virgin

John Borghetti took over as Virgin Blue CEO almost a year ago; *we put a to-do list in his in-tray.*

He has followed this advice partly, although VB's corporate statement was facile - "Virgin Blue's restructuring plan adds capacity to routes with strong revenue potential and removes capacity from underperforming routes [URs]." As though business-life were that simple, and that no-one thought of that before. Or one, "potential" also means that today those routes are underperforming. And two, why not try to turn URs into overperforming ones?

Borghetti now plans that V Australia will fly only international long-haul routes, not medium-haul. Also, Pacific Blue has already stopped New Zealand domestic routes but will expand international medium haul routes, including into Asia – in a similar way to Qantas's Jetstar International. The core Virgin Blue airline will do Australia domestic routes.

New Leaders

• Rickard Gustafson, as noted last month, is due to become president & CEO of Scandinavian Airlines this month. He would replace Mats Jansson, who left in October before his contract ended this year.

Gustafson is currently CEO of insurance company Codan/Trygg-Hansa. *We hope he bought a policy before he left.*

Jansson was generally assumed to be doing a good job, although he had been

running the airline only four years. Yet the task is almost hopeless, for political not operational reasons. Too many of SAS's government owners (Denmark, Norway, Sweden) want their own airline. Even though many airlines in Europe are looking for partners to better face competition, an airline that has already achieved that is now facing the opposite pressure - to create even smaller airlines.

In 2009, SAS seat sales were down 16% compared with 5% at Air France, 4% at British, and 3% at Lufthansa. Compared with airlines the same size, Iberia was down 10%, KLM 6%, Turkish up 12%. End-2010 results will probably show better results at SAS – flat, or perhaps even 1-2% growth.

Sound Bites

• Gerald Lawless, head of Dubai's Jumeirah Hotels:

–"By 2012 we still plan to have 60 hotels open or planned [currently it has 10, including five in Dubai, and no growth in the past two years]"

Although we understand the need to talk up the potential, Jumeirah - partly because of the faltering backing of its Dubai government owner - is still facing hard times. The question is as basic as whether Jumeirah will survive, or be taken over in an opportunistic buy.

–"We regard our competitors as Four Seasons and Mandarin Oriental. Our hotels are already at that level in terms of quality, and we could match them in numbers in two years."

A credibility-stretching forecast that would require substantial expansion - FS, for instance, has just over 80 hotels. It seems the only way Lawless could reach that in, say, the next 10 years, would be by buying an existing operation. Given the new financial realities in Dubai that may not happen for a long time.



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For more information, contact Raymonde Perpignani at Travel Business Analyst, TBAoffice@gmail.com

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