

People-in-Travel

Tracking Travel's Leaders



From Travel Business Analyst

Frenzel farewell

Michael Frenzel, 66 this month, retired as CE of Germany-based TUI, Europe's biggest tour operator, last month. He joined the company, then named Preussag, in 1988 and became CE in 1994.

His timing looks good - for him. TUI, as most travel retail- and wholesale-rivals that developed in the pre-internet era, faces continued and major problems.

Frenzel changed the company completely - from being primarily a heavy-metal-industry group to near-exclusively the travel business group of today. He did this primarily by buying TUI, a traditional

tour operator strong in Germany, then selling the industrial companies.

Under his direction, the company bought the shipping group Hapag-Lloyd (which then owned 30% of TUI) in 1997. In 1999 he bought a share in then-UK-based and -owned Thomas Cook, which he had to sell when he later bought a leading UK-based tour operator Thomson (now operating under the TUI name).

Frenzel went on to buy travel companies in Belgium, France, Netherlands, Scandinavia. It has 30mn annual customers.

Now it must change again.

Today's travellers can select destinations, share opinions, compare prices, and build their own travel packages. Travel groups such as TUI struggle to keep customers in a market that is largely commoditised. They can tailor tour packages for special-interest groups, such as bird-watchers, But then so can the internet-only operators.

So traditional operators need to compete on price or some other factors - making a social community link out of the bird-watching travellers, for instance. But so, again, can internet-

only operators.

The only solution for TUI is either to get out of travel retailing completely, or move to internet 100%. And/or keep and develop its other travel product investment (such as hotels, of which it owns an impressive 250), and sell through other retail operators - which includes its Germany-owned competitor Thomas Cook.

Differing sales breakdowns make that harder, though. In Scandinavia, for instance, 75% of TUI customers buy tailored holidays, in the UK, 65%. But in Germany, only 35%; most still buy general holiday packages.

Thus the dilemma for Frenzel's successor - **Friedrich Jousen**, 50. One early job for Jousen will be to sell TUI's 22% ownership in Hapag-Lloyd, which runs container ships, largely disconnected from TUI's main business. The problem is that that business segment is weak at present, so either Jousen must sell cheap, or wait.

A German national, Jousen previously headed Vodafone Deutschland, a company he has been with, including its predecessors, since 1988. His background is technical, and his only overseas managerial experience is in the UK 2000-3.

On paper, he would seem to have no qualification for the TUI job - with its international outlets and international products, and its problems as outlined above, in (travel) industry and structural terms.

Meanwhile, Frenzel has moved

over to UK-based WTTC as chairman (actually he was confirmed in that post in April 2012). Although the mainly-honorary WTTC job is much easier than his TUI job - it is little more than PR - his Germanic character may not work well with the anglophonic management at WTTC.

Briefs

• **Isabel Hill** is the new head of the Office of Travel and Tourism Industries, the US government equivalent of a ministry of tourism. Before this she headed OTTI's policy and planning department.

• **Airline moves:**

• **Mike Rake**, chairman of Easyjet since 2000, says he will resign this summer - although he was re-elected as a director last month, albeit with just 55% of votes.

The problem is that although the airline is doing well, its founder and major shareholder, Stelios Haji-Ioannou, is frequently challenging board and management decisions - usually concerning aircraft orders and higher shareholder dividends.

• **Sebastian Mikosz** is the new CEO of LOT Polish Airlines. His experience has been wide but unconnected with travel, and mostly for short periods.

Two jobs in France after graduating, then five since his return to Poland in 2000 - stockbroker, chamber of commerce, investment agency, HR consultancy, bank. He appears unsuitable for the tasks that face a CEO of LOT.

Married with three sons, Mikosz speaks English, French, and Polish.

• **Lorraine Murphy** gets what we reckon is a juvenile title - 'chief people officer' - at Air New Zealand. CPO means that she is the head of ANZ's human resources department - already a euphemism for staff/personnel department.



An annual subscription to People-in-Travel, costing €100, is delivered only via email in PDF format. A small extract from PinT may be included in the Asia Pacific and Europe editions of Travel Business Analyst. ISSN-1998-6882.

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