

# People-in-Travel

## Tracking Travel's Leaders



From Travel Business Analyst

### Lerch moves on

We were prescient in our report on the occasion of Hans Lerch moving from Kuoni (after a time) to Hotelplan, both Switzerland-based tour operators - PinT, May 2010.

In essence we said Lerch's predecessor, Christof Zuber, made strategic and operational changes at Hotelplan, so why was Lerch brought in to do the same thing?



We thought Lerch would find it difficult to do much (except increase profits short-term by cutting current costs) and asked if he would "gracefully exit after 2/3 years, when there is little left to cut at Hotelplan, and when its market-share is just-about holding, but in a declining market?"

Now he is leaving the company he has made some specific comments, viz (may be paraphrased):

- My job was to restructure Hotelplan.
- There are three factors that have caused Hotelplan's fall in revenue – the world economic crisis, exchange rate of the Swiss franc, and online sales.
- But most important is to fix the structural problems. My successor will then start from a safer base.
- I don't know when Hotelplan will get back into profit. Not this year, maybe next.
- Our Switzerland revenues are down 10-15% alone as a result of the strength of the Swiss franc.
- Hotelplan sells only 10% online. By October we will introduce a

new online platform.

- We will not necessarily transfer business from offline to online. But online growth will be more organic growth.
- Offline product sales that are falling - such as inter-city and seaside holidays - will be strongly represented in the new online platform.
- Why do we keep our operation in Italy, which is constantly losing money?

*(Significant extracts from Travel Inside; comment by PinT.)*

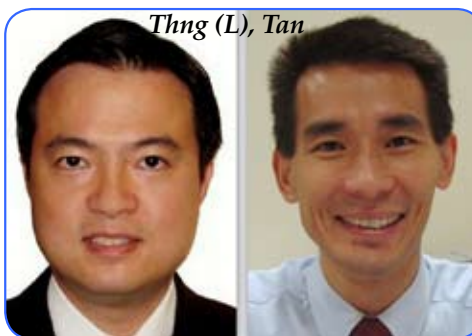
### Silk moves

Leslie Thng, 37, is due to take over as CEO of Silk Air from next month. He will replace Marvin Tan, 41, who will return to Silk's owner, Singapore Airlines (SIA).

We have long argued that the CEO position at Silk is no more than a senior departmental-head position within the SIA group. This latest move provides further evidence.

Thng is currently SIA's VP network planning, not a particularly-senior post. Tan will return to SIA in the (possibly temporary) post of SVP cabin crew. He headed Silk Air for just under two years.

Thng has been with SIA for 13 years, including time in Germany



Thng (L), Tan

and Italy – although only his three years in China will help him in the Silk job.

Silk, now billed as the "Regional Wing" of Singapore Airlines, has been growing fast – 9% in seat sales in 2011, and 14% in the first half of this year. Although its traffic growth is hardly keeping up with new capacity, the problem is not serious. And SIA can always turn over more regional routes to Silk if it does become a problem.

One question on Silk's operational strategy is related to SIA's newer airline, Scoot (sic), an SIA associate rather than a subsidiary. Conceived as a longhaul low-fare-airline, Scoot changed before launch to operate only on medium- and even short-haul routes.

That brings it into the same sphere as Silk. Indeed, Silk and Scoot have some shared routes. Another factor is that Scoot is supposed to be a low-fare-airline – even though SIA has another airline for that segment on short/medium-haul routes, Tiger Airways!

Thng will probably not need to work his way through these matters, as Silk strategy is still decided at SIA. He will simply implement decisions from SIA head office.

### Hotel Soundbites

Registered at the International Hotel Investment Forum in Berlin.

-**Homi Vazifdar**, Canyon Equity. Boutique is an old word; they are all lifestyle hotels.

-**Janis Cannon**, VP upscale brands (Indigo and Crowne Plaza), InterContinental. Indigo takes in the local atmosphere in terms of F&B as well. Indigo is good opportunity for conversions. Very low 'brand bleed', unless the trip is for different purposes.

-**Philippe Bijaoui**, Missoni. Development costs are 25% higher than Rezidor, but revpar is higher.

-**Filip Boyen**, Orient Express. I don't see how big hotel groups can deliver a hotel that is different.

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