



Alan Joyce, Qantas

Alan Joyce, current CEO of Qantas subsidiary Jetstar, is due to become CEO of the Qantas group when Geoff Dixon retires, planned for this November.

Joyce, who holds both Australian and Irish citizenship, has worked with the Qantas Group since 2000, and launched Jetstar in Australia in October 2003. Only 42, he has also worked for Aer Lingus and failed-Qantas-competitor Ansett - where he led the network and schedules planning, and network strategy functions for the doomed airline. That would seem to be a negative point in his CV, but presumably he was not the person who made the decisions that led to Ansett's collapse.

He was with Aer Lingus before it changed its business strategy to become, in effect, a low-fare-airline. Thus Joyce was there at a time when AL was doing badly.

At Qantas he has a tough task ahead, partly caused by the oil-price shock, and partly because of the complex business and product strategy at Qantas as devised by Dixon, but in part implemented by Joyce.

Qantas comprises the main regular airline, Qantas, operating internationally and on some domestic Australia (DA) routes; Qantas Link, some feeder and regular-line DA routes; Qantas New Zealand, domestic NZ routes; Jetstar, operating low-fare routes DA; Jetstar International, operating regular-line international routes; Singapore-based Jetstar Asia, operating low-fare intraAsia routes. And a planned Jetstar low-fare operation based in Vietnam.

JA is losing money; the Vietnam plan looks risky (Vietnam is not a strong market; if anywhere in Asia, Jetstar should start a low-fare-airline in North Asia); but JI looks a good idea if it can cannibalise selected Qantas routes. And Qantas itself, primarily a longhaul airline, is under threat from FSS*.

*FSS. Fuel-surcharge-syndrome. Where

the fuel-surcharge is high enough that it starts to affect travel motivation, particularly on longhaul routes. These surcharges could provoke more intra-regional and less inter-regional travel. For example, travellers might cancel a Europe-Australia trip on Emirates this year, and fly Germany-Tunisia instead, or even cancel a flying trip altogether.

Flock; off

J W Marriott, head of Marriott International in 2007:

"We are in a new era of tourism and travel as global demographics are changing at a very rapid rate. China and India have a huge impact because numbers are so large. [In 2006, sic] 30mn Chinese travelled abroad. They flocked to France, Germany, Australia, Singapore, Hong Kong, and Macau. But only 200,000 of that 30mn came to the US".

J W Marriott in 2008: "In 2006, 34.5mn Chinese travelled abroad. They flocked to France, Australia, and Singapore, but only 1% came to the US."

We say:

The numbers were 31mn in 2005, 35mn in 2006, and we estimate 41mn in 2007 (The Economist says it was 47mn, although it does not name the source for that figure). Travellers from China do not 'flock' to France and Germany (although in sheep terms, is 100 a flock?) - which actually count the same number of visitors from China as does the US.

And there are at least 10 other destinations that count bigger flocks from China than France and Germany - including Malaysia, Thailand, Vietnam, etc. But perhaps they do not sound so good in a speech.

Presumably, Marriott's speechwriters decided this year to cut out Hong Kong and Macau (which together count about 75% of the flock) because those two destinations are technically not 'abroad' for China. They are a part of China, albeit separately administered. But if they are not to be included, then that 34.5mn total is wrong.

Moral? We look to leaders such as Mr Marriott, naturally enough, for guidance. But if they do not understand key aspects of the business, or are issuing soundbite pleasantries, or are simply reading what their speechwriters have written, then they deserve corrective criticism.

Briefs

- **Michael Kistner**, COO at Pegasus Solutions, has been appointed CEO. He succeeds founder John Davis, who has led what is now Pegasus 20 years ago.

Kistner joined Pegasus in 2005. Davis, a shareholder, has decided to take a well-deserved break.

- **Stephen Joyce** has taken over as CEO of Choice Hotels sooner than expected. He replaces Charles Ledsinger, who remains on the company's board.

- **Philip Wei Hsing-hsiung** has been reappointed chairman of government-owned (actually, the Kuomintang political party) China Airlines. He was president 2002-05, then chairman until October 2007, when he went back to university.

- **Katsumi Chiyo** is the new president and CEO of JAL Hotels, which operates as Nikko Hotels. He succeeds Mamoru Tsutsumi, who became P&CEO only in June 2006. Chiyo was previously P&CEO of JALways, an airline subsidiary of Japan Airlines.

The job seems risky, as JAL seems likely to sell Nikko - although the company denies this. It has almost-60 hotels, but they are an odd mix in operations and product - from 4-star Nikkos to 4-star JALs to budget JAL Citys, but with some hotels as sales & marketing agreements only, and others as reservations agreements only.

Partly as a result of this mix, Nikko has low public awareness.

No openings are planned this year, but due in 2009 are Nikkos in China (Shanghai, Wuxi), and JALs in Bahrain and Dubai.