



Azran Osman-Rani

The head of Air Asia X, says "Freddie Laker lost out after his People Express was gobbled up by British Airways and Pan Am". Whoops. As the first aircraft of AAX is named 'Spirit of Freddie', perhaps Azran Osman-Rani should know better.

Freddie Laker had nothing to do with US low-fare airline People Express, which came after his own airline had been shut down in the 1970s. People had expanded too fast into too many unknown markets, and was taken over by Texas Air in the 1980s, and eventually vanished. Laker Airways may indeed have been hounded out of business by BA and PA, but formally, it was a financial default triggered by many, including McDonnell-Douglas, which made the DC10 planes that Laker was operating on its transAtlantic flights.

Meanwhile, Osman-Rani comments on AAX, which we presume he knows more about:

-There is a demand for longhaul at 50% of regular airline fares. That is undeniable, but two points - some other airlines will lower prices, so AAX's 50% lower will become only 25% lower. And can AAX make money on those lower fares - see below?

-To the Gold Coast, 60% of our travellers are new travellers (presumed to-or-from Australia). 45% of our travellers to Gold Coast use it as a hub.

-We are getting more business travellers on our flights, and so we are thinking about how to adapt our services for this market. This is close to a mistake that many low-fare-airline managements make - because there is an important identifiable market segment, 'how do we attract them?' But they are already there - so they are attracted by low fares; no need to do anything else. If anything though, management should work out what can be sold to these passengers.

-We go through travel agencies in China. This is a must because only 60% of passengers come direct compared with, say, 90% in Australia.

We asked Osman-Rani how AAX could make money on longhaul flights, particularly to Europe. He replied (some comments are paraphrased):

-We fly our aircraft 18 hours daily; other airlines fly just for 12. Because we don't stay on ground waiting for a good departure time. For low-fare leisure travellers it does not matter what time of the day the departure is.

-We have 380 seats in our A330, about 30% more than competitors. We have nine cabin crew; others might have 14. The cabin crew share rooms in hotel layovers, and we use 3-star hotels.

-On average, we sell about US\$10 worth of extra services to passengers. For instance, 60% buy seat selection.

Frits van Paasschen

CEO, Starwood Hotels. Comments paraphrased for reasons of brevity:

-We want to get Sheraton in North America to standards of Sheraton in rest of world. We will open a new Sheraton every three weeks in North America until end-2009. Our pipeline is more Sheraton than anything else.

-Today's definition of luxury and convenience isn't tomorrow's.

Van Paasschen descriptions of Aloft are loose at best, at worst meaningless and untenable:

-Our strategy is to have a portfolio of distinctive and compelling brands. The essence of brands is to get people to want to come back. With Aloft we believe we have an opportunity to go to places where we would not have W. Mainly newbuilds.

-The best way to think of Aloft is to go into a W, and think of a W in a more accessible price-point and location... Staff greets you in a formal friendly way...The design does not feel it has lost its soul...For younger travellers and those who aspire to be younger...The best is to stay in one...'

Hello, bye-bye

• John Davis, founder (in 1989) and leader of Pegasus Systems until leaving earlier this year, has joined hotel back-office systems company Birch Street as CEO. Douglas Sanborn, previous CEO, and founder, becomes president and COO.

This odd set-up (president is usually above or equal to CEO, but COO usually below), plus having two 'founder-types' running a company, looks awk-

ward. This may work only if Davis is there just for his ideas and contacts. But if he wants to run the company, that seems likely to lead to a clash with Sanborn.

• Tom Wright, CE of Visit Britain, the UK's national visitor promotion office, for the past seven years, is leaving. Still not quite clear is whether he jumped or was pushed.

Over the year VB has been downsizing and restructuring in the face of a significant cut in funding. Staff has been cut, and more are expected to go before restructuring is complete, due April 2009 - when Visit England will be hived off with its own CE, running alongside VB.

This follows the general trend away from VB to regional bodies London, Scotland, Wales, and in the English regions.

On Asia

Interviews with Yeoh Siew Hoon.

• Dara Khosrowshahi, head of Expedia:

"It's really hard, it takes a long time to establish a foothold. And it's even harder to establish a presence in Asia than in Europe. Asia is not one market. Japan is different from India which is different from China. There's never been a global leisure travel brand in Asia.

Currently, two thirds of Expedia's revenues come from within the US and he expects a 50/50 split within the next five years.

• Sam Gilliland, head of Sabre:

"We have seen the problems in the US migrate to the European economy and while there is still GDP growth out of China and India, Asia will come under the same pressure. Yes, it is a huge travel market and we are all hopeful that it will lead us back but there is huge dependence across economies. The world is more dependent on the US economy than we'd like to think.

"My thinking is, let's not place too much pressure on the Asian travel business to pull us through. It has its own challenges. While there are plenty of bright spots still, growth that has gone from 20% to 2% is not what were built into investments."