People–in–Travel

Tracking Travel's Leaders

From Travel Business Analyst

Hogan supports Berlin

What will James Hogan, head of Abu Dhabi's Etihad Airways, do with Etihad's (recently-increased to 29%) ownership of Air Berlin?

He is known as a competent airline executive (despite the fact he made no impression at Gulf Air, which he ran before moving down the gulf to Etihad). And Air Berlin is in trouble – bad, as far as we are concerned.

The long-time previous head, Joachim Hunold, changed the airline into a hybrid - low-fare, charter, and regular schedule – as well as buying Austria-based Niki, which is not doing as well as it should as an LFA. Hunold was eased out in 2011, after 20 years. But so far his airline is still the same – although it has cut capacity, albeit only 3% (it looked bigger only because that represented 1mn seats).

Hogan has three choices, worst first:

- Make AB a regular-airline feed for Etihad. That means changing its route plan so that, for instance, it could feed from all over the 27 European Union markets into Abu Dhabi for onward carriage by Etihad.
- No change, although that might mean continuing losses. In turn that would seem a flawed idea for a costly investment, although there is 'prestige' in the Middle East in owning a German airline. Plus, Germany's economy looks good, so business may get better. However, 'no change' must mean some tweaking of AB's losing hybrid businessplan.
- Replicate Etihad's businessplan – which it had copied from neighbour Emirates, which copied from Singapore Airlines. That would involve AB feeding traffic to/from all over Europe to/from all over North America via Germany. *There are a few changes needed before that can happen, the most important of which is for AB to concentrate its operations in Berlin; despite its name, it does not do that at present. But that would probably mean dropping some routes, such as Bangkok.*

Interview: Ralf Ohletz, Regent

The following interview with Ralf Ohletz, president of Regent Hotels, came via HNN. May be paraphrased. *(Any comments from us are in italic and brackets.)*

What has changed since Regent was bought by Formosa?

Bringing the Regent brand back to Asia is the main focus. We want to be an Asian-based international brand. Carlson had multiple brands, so Regent was one of many. It's much more a focus on the luxury brand Regent.

What are your plans for China?

We recently appointed a VP development for China. We are an Asian-based company. Regent was established in Hong Kong and now we have brought the brand back from the US. From a regional and global perspective, China is an important country for development, although we want a balanced approach to development. We have Beijing, but we need to be in important parts like Hainan, then Shanghai then other important areas.

(1. You cannot have a 'balance' if you give more to one destination. 2. Hainan is not important. Shanghai is, but so are unnamed others such as Guangzhou. Most developers now include Hong Kong, Macau, and sometimes Taiwan, as 'China', but given that Regent's owners are Taiwan-based, this may be too sensitive. Because Regent needs hotels in Hong Kong and Macau.)

Are you concerned about oversupply in China?

Yes, but our hotels are different from the old Regent concept - very large hotels and benchmarked against Marriott, Ritz Carlton, Starwood. We want smaller hotels with a bespoke approach. Not the [operating] manual approach that most companies have, but a hands-on one-of-a-kind look.

(1. Small hotels like large hotels are affected by oversupply. 2. Ohletz may not know, but the original Asia-based Regent did not benchmark against any – that came later in its unhappy ownerships under Four Seasons then Carlson. At even at that time it would not have benchmarked against Marriott (nor against some Starwood brands, except St Regis, which had not properly started then), which would have been one-star below the old Regent standard.)

What are the challenges for luxury hotels?

Large luxury hotels cannot deliver luxury. People expect more attention to detail, and you need smaller hotels to provide that. Big hotels that call themselves luxury will have a hard time because they need an enormous number of staff. They will not necessarily close down, but they might reduce their room count. But independent very large luxury hotels will disappear.

(Much of this discourse is flawed or twisted, although needed to support Regent's businessplan.)

What do guests want from a luxury hotel?

20-30 years ago, guests would come once or twice, whereas today guests in their 40s have experienced many destinations. The customer is now much more in tune; there is much more information around.

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