



Hilton's Bollenbach

What can we expect from **Stephen Bollenbach**, head of Hilton Hotels Corporation, and likely to be head of the combined two-Hilton company?

Importantly, Bollenbach has long been chasing expansion – the reason his company is big operation, with 2300 hotels, much bigger than the 400-hotel Hilton International. In that sense, then, HHC is capable of absorbing HI.

But Bollenbach has not been so successful internationally. Growth for Conrad Hotels – which was created to be HHC's vehicle for international expansion nearly 20 years ago, before Bollenbach – has been slow.

For instance, it expected it would have 12 in Asia by 2000, but even today it has only five. The list of announced-then-lost projects is longer.

After changing Conrad into a joint venture with HI five years ago, growth has been faster, but not much. However, more can be expected following the HI purchase, particularly if Bollenbach moves some top-of-the-market Hiltons into the Conrad brand, and makes some other selective acquisitions.

Another possibility is that he will move some lower-level Hilton Internationals (there are many in the UK) into one of his other brands, like Doubletree. Or even into Hampton Inn (renamed Hampton Hotels – a good market name in the UK?).

But watch also for Bollenbach's moves on internet sales.

He was one of the driving forces behind the creation of Travelweb – an online travel agency formed by HHC, Hyatt, InterContinental, Marriott, and Starwood.

But he says Travelweb has failed to provide competition to what he regards as the strongest online travel agency, Expedia: "The idea was to build up a competitor to Expedia but ... guess what ... we lost."

He told People-in-Travel: "If we can provide competition to Expedia, we can control their rates. Today

we sell hotels. I think in the future we may have to differentiate what we provide. Oh – and the future is starting to come quicker. I think we could reach 50% of sales over the internet."

De-Cendant; part 2

More problems for Cendant chairman Henry Silverman – who we think is making a mistake in splitting the Cendant group (into four).

He has now fired Samuel Katz, head of the travel services unit – which includes Ebookers and Orbitz, leading interline travel agencies. Apparently because growth is slower than expected.

But the main problem seems to be Ebookers, which is not producing as well as it should, and has been difficult to incorporate into Cendant's business operations.

We said earlier that Ebookers was over-rated, and the market now seems to agree that as a result Cendant paid too much for a company that had revenues of nearly US\$2bn (£1bn) but with profits to come later. Now, there may not even be growth.

But all that would seem to have been Silverman's mistake, not Katz's. Maybe this is a case of shooting the messenger?

Dinesh Dhamija, who was the founder and CEO of Ebookers, told People-in-Travel "for us most important is reach. We need to be bigger in France, Germany, Italy. We need coverage. (That's the reason) we bought Travel Bag – to give us coverage of Australasia and the Pacific."

"Our strategy is to buy travel companies that are offline, and bring them online."

What Silverman may to have missed is that Dhamija appears to have been successful in growth – buying travel companies in many countries. Now Silverman has to work out how to convert those acquisitions into internet companies – assuming they are successful in

their own fields – then how to make them grow, and then to make a profit. That's a lot to go right.

Briefs

- **Fred Reid's** job as head of Virgin America may soon become a real job – VA has applied for an operating certificate, and hopes to start flying this year, at least one-year late.

That will be the easy part. Reid's previous job of running Delta was an easier task than that is now. He will find business life changed, and he is not offering much different for VA. His initial comments are not inspiring:

On VA's launch: "This is the type of economic boost the US economy needs." Phew.

On marketing: "The wider bodies of the A320 family, their modern design, lighting and climate control features, will help us deliver that unique Virgin flair and outstanding customer experience travellers have come to expect from the Virgin brand."

- Surely **Jennie Chuah**, head of Singapore-based Raffles Hotels (which includes Swissotel), will leave the group after a respectable period?

She is not 'heavy business', yet that is what the new owner, Colony Capital, is. The acquisition was in July 2005; expect an announcement in March for departure at the mid-year point?

- **Michael O'Leary**, famed and abrasive head of Ryanair, says he will leave in 2008. He is probably the most difficult CEO to replace. His understanding of the low-fare-airline business has, inadvertently, helped other CEOs to understand that low costs are the key to success for a LFA.

Unless his replacement is a clone, it may be difficult to resist the pressure to add 'services' when demand for these seems to be there. Ryanair's fares are amazingly low – yet still it makes profits.