



People-in-Travel

Tracking Travel's Leaders

Barry Sternlicht

Not known for self-deprecation, Barry Sternlicht, Starwood Capital's chairman and CEO, performed to form with his announcement for his Crillon top-market brand.

He said (edited): "When Starwood Hotels acquired ITT in 1998, there was only one St Regis Hotel. In my 10-year tenure as CEO, we were able to grow the brand to a dozen hotels open or under construction and a significant pipeline under development. At my departure from Starwood Hotels, we had successfully moved St Regis into the resort market".

We would not term 12 properties (really 11; the 12th is part of another) in 10 years as a success to shout about, although organic growth at the top of the market is not usually rapid.

Sternlicht has now created what is, in effect, a rival to St Regis – but as his Starwood Capital is also a rival to Starwood Hotels, obviously he can.

Most CEOs understandably talk-up their product, but we try to 'banalise' any verbal excesses, viz:

- "...we will...expand this brand into the world's most important travel markets." *We don't quite know what this means ('most important' to who?), but we suspect it means 'anywhere'.*

- "With the travel industry experiencing tremendous growth in many regions of the world..." *Well not quite, but, as always, the other side is that many regions are experiencing decline.*

- "The time is right to launch a new, premium luxury hotel brand like the Crillon." *We would dispute this, but with Hilton launching Waldorf-Astoria, Starwood continuing with St Regis, plus Ritz-Carlton and Bulgari, and Armani, etc, we seem to be in a minority.*

- "The luxury travel market is one of the fastest growing segments in the industry." *He's right – 'one of'. Other segments presumably include the budget segment, which actually comprised almost all the 800 hotels that Sternlicht*

bought with his 2005 purchase that included the Crillon hotel in Paris.

We have two other comments. 'Crillon' is a poor choice of name in an English-language world – which the travel world is. How many will know that it should be pronounced 'Kri-ON'?

The other is Sternlicht's dual role – chairman and CEO. This is steadily becoming discredited post-Enron, with two people preferred for these two jobs. However, it is his company...

Kingfisher cheer

Hopefully, Dr Vijay Mallya of India's United Breweries, who has launched Kingfisher Airlines named after UB's best-known beer, knows more about beer than airlines.

Dr Mallya speaks of Kingfisher "moving up the value chain", providing "value" and "high-quality" inflight service – as though no-one had thought of this before. He is introducing first-class cabins, which partly explains his enthusiasm for upper-market service, when most of the attention goes to low-fare airlines.

But he makes it worse, saying the LFA business model cannot be transferred to India. The LFA concept cannot work in India, he adds. Even more, it is a myth that Indian rail passengers will soon take to the skies.

Dr Mallya might be right about most of those rail passengers – and certainly those that do not pay fares – but he might be surprised at potential passenger numbers.

He speaks of 26% growth in India. We would expect 100% if the LFA business model (exactly, either from Dallas, Dublin, or Luton) was applied.

At present India's main airlines are not LFAs, even though many transpose 'new airline' with 'low-fare airline'. Jet Airways has about 35% of the market, Sahara (now taken over by Jet) 11%, Kingfisher 7.5%. And 7% for the only LFA, Deccan, but which

connects secondary points and generally stays away from the main routes.

Briefs

- **Ron Andruff**, president and CEO of Tralliance, which runs the dot.travel (.travel) domain name, tells PinT that the launch, from the start of this year, is going as planned.

"We wanted to attract 15,000 companies to register under dot.travel during the 12-week launch period, and we surpassed that by 1500," said Andruff. "A directory of names has already started, and we hope that this directory will eventually become a much more efficient search engine for travellers."

He says that promotion to consumers to create awareness of the directory is due to start in 2007.

Andruff believes dot.travel is "transforming the travel industry as we know it."

- **Robert Riley** has been appointed to run Armani Hotels, from Riley's favoured London base rather than Dubai, base of Emaar, the company that has the contract to develop Armani hotels. The first is due to be in Dubai.

Earlier, we said that Riley – previously with Mandarin Oriental and Meridien and others – was best suited to run the Raffles Hotels group after it was bought by Colony Capital, a US finance company.

Riley says he did look at Raffles, or they looked at him – we are not sure which way round. But he adds that now Raffles has linked up with Fairmont Hotels, they are okay "because Fairmont have lots of good people".

- **Gordon Bethune**, currently head of Continental Airlines, has been appointed chairman of Cendant's (troubled) internet sales division, TDS (Travel Distribution Services).

Cendant is about to change its corporate name, but appointing such a heavyweight indicates the importance of the job.

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