



James Hogan

James Hogan joined Etihad Airways as chief executive almost the day after he left the same job at Gulf Air – which he held for four years. We believe his appointment last month changes the airline business in the Gulf – but then, almost by definition, in other parts of the world as well.

When Etihad was launched in late-2003, we thought it an inferior copy-cat of Emirates. We changed our minds quickly when we saw the pace of its expansion, the quality of its service. And, almost more than anything else, its route strategy – as at Emirates, which we describe as a “one-stop-shop”. Meaning one stop from many points in Africa, Middle East and Europe to many points in those regions and also, increasingly, Asia Pacific.

With Hogan running the airline, it can seriously challenge Emirates' dominance and superiority.

There is intense rivalry between the two, although this is more regional politics than commercial. Emirates is based in Dubai, the most prominent of the seven United Arab Emirates. And Etihad is based in Abu Dhabi, the capital of the UAE. Abu Dhabi has long considered itself superior to those traders down in Dubai. But obviously a burgeoning worldly Dubai with a successful Emirates airline, has required some reflection.

Hogan was credited with turning around Gulf Air financially. *In fact, we find this is an overrated skill; it is really quite simple to cut costs, particularly if you then leave town before any damage as a result of reduced spending is perceived. Give us nearly any company, and we can make it profitable the following year.*

The difference though for Hogan is that Etihad does not need any financial turnaround. Abu Dhabi is rich (much much richer than Dubai) and so its airline operation, being financially unrestrained, can have more potential.

We see Etihad under Hogan not just challenging Emirates and matching its business model, but going further. Speculating – all-business-class

division/subsidiary; mass-movement (A380) division/subsidiary; moving, Swissair-like, into owning other airlines?

Choice chooses

Choice Hotels' CEO Charles Ledsinger has now also been named vice-chairman – despite corporate America's present preference to separate management from the board.

However, Joseph Squeri, with the company since 1997, has also been named president and COO. Both men are young – Ledsinger 56, Squeri 41.

We expect Ledsinger to relinquish the CEO title in a year, either in favour of Squeri, or with Squeri remaining president (after all, CEO and president are essentially the same) and dropping/merging his COO responsibilities.

Choice franchises 5200 hotels with 430,000 rooms. Despite international expansion, the US is still its major focus; it has near-700 hotels and 54,000 rooms under development in the US, compared with 65 hotels and 6000 rooms in the rest of the world.

More barbs from Bisignani

We believe Giovanni Bisignani, head of IATA, is a good leader for the airlines he represents. And he talks straight. We have already run some of his 'barbs'; here are two more:

- **Safety.** A responsible industry cannot tolerate any governments that doesn't take safety seriously. The safety record of Democratic Congo, Sierra Leone, Equatorial Guinea, and Swaziland is an embarrassment for our industry. The last three have taken some action. But we need results fast. Flags of convenience have no place in a safe industry.

- **Environment.** Governments must not block our progress. Too often governments base policy on myths and don't worry about the inconvenient facts. But killing myths alone is not a solution. We are a responsible industry working on solutions with a solid strategy.

First, eliminate the 12% inefficiency

in air traffic management. Second, invest in new technology – as long as taxes don't rob us of cash. Third, explore global emissions trading options. Don't get distracted with regional schemes.

A380 thriller-horror-comedy

The Airbus saga continues. As noted in PinT, the CEO Gustav Humbert resigned in July.

He was replaced by Christian Streiff – but who has now also quit, last month. Reportedly he had problems with Airbus owner EADS about implementing his reorganisation plans.

Streiff has been replaced by EADS joint-CEO Louis Gallois, who still retains his job as joint-CEO of EADS. He is joined by Fabrice Bregier as COO.

With EADS becoming more under control of its French partners, the same is happening to Airbus; almost no top-level position for German and Spanish shareholders.

We see this French-favour continuing, and for German partners and management to be steadily replaced either by French nationals or neutral nationals.

Briefs:

- **Edouard Etedgui**, head of Mandarin Oriental:

“One market that has nothing to do with luxury is active young people – 20% of travellers will be students. They are young, they have a good global attitude. They want to know about the world, want to understand world history, world culture, how they fit in.”

- **JW Marriott**, head of Marriott International:

“We need to give back so much to the world that has given us so much. We need to stand together as stewards of the environment. We need to stand together to include everyone in our very diverse workforce. We must demand good comprehensive immigration reform. And we need to assure open doors and the right to travel, alongside appropriate security.”

An annual subscription to People-in-Travel, costing US\$100, is delivered only via email in PDF format. A small extract from PinT is normally included in the Asia Pacific and Europe editions of Travel Business Analyst.

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Editors: Murray Bailey, Steve Shellum. Design: Context Design & Publishing. Copyright: Travel Business Analyst Ltd, 2006. www.travelbusinessanalyst.com