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BA 'pays price for being one-trick pony'

Friday, May 22, 2009

Martin Ferguson

British Airways has suffered from being a “one-trick pony”, according to a leading economist.

On the day BA reported a **£401 million pre-tax loss**, Peter Morris, chief economist at aviation specialist Ascend Worldwide, said the carrier’s inability to diversify was a “big concern”.

He told *TTG* the airline could expect a gradual recovery, but urged bosses to review business models.

“There are two key issues at play,” he said.

“Firstly, the impact of the economy on premium travel has hit them hard. With time it will recover to a degree.

“But it has shown itself to be a one-trick pony. When the economy is fine the company does well. When things are not so good it suffers as it does not have enough diverse business models to cope.”

Morris pointed out that in terms of partnerships and alliances the UK flag-carrier was in danger of falling behind international competition.

“A **tie-up with American Airlines and Iberia** might not solve all BA’s problems,” he said.

“**Delta and Air France-KLM** are working together, as are **Lufthansa, Swiss, Austrian and SN Brussels**. BA is being left out of the party.

“The others all seem to have benefited from joint marketing and synchronisation of services.”

BA’s proposed merger with American Airlines is currently under review by the US Department of Transportation, while a **tie-up with Iberia** still seems some way off.

- **Virgin campaigns against BA/AA tie-up** (19 May 2009)

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