

Mexico's VivaAeroBus eyes up to 60 narrowbodies in five years

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Mexican start-up VivaAeroBus is looking to operate a fleet of as many as 60 narrowbodies in the next five years, the company's CEO has revealed.

Mike Szucs, the former chief operating officer of UK budget carrier EasyJet, tells *ATI* that he envisions VivaAeroBus will operate between 50 and 60 aircraft to support six or seven bases in Mexico as well as service to a number of destinations in the USA by about 2012.

The carrier's fleet currently comprises five 148-seat Boeing 737-300s, two of which are leased and three owned.

This fleet will grow to 10 aircraft by the end of the year and a second base will be opened in Mexico early next year. Twenty more aircraft will be leased or purchased between 2008 and 2009, says Szucs.

"Our fleet plan for the next two and a half years is based on 737-300s but we are also considering 737-400s within that plan," Szucs says, later adding that if the company buys new aircraft, it will acquire 737-800s or Airbus A320s for the larger seating capacity.

VivaAerobus has no plans to acquire widebodies or regional aircraft for its low-fares offering. "The economics don't work so well when you've got smaller aircraft," says Szucs. While there are opportunities for low-cost carriers to move into long haul service, it is "not on our radar", he says.

He is confident that the carrier's plan to launch low-cost transborder service will appeal to travelers in US markets with a substantial Hispanic presence as well as price-conscious consumers in Mexico. "The US-Mexico market has been hugely underserved for so long. The potential for genuine low-cost air travel growth between the two countries is enormous.

"Current air fares between the two countries are extremely high. We have already seen what has happened in Mexico with our price leading proposition...We expect there to be considerable demand for our low fares at both ends of the routes."

The airline plans to introduce service to Austin, Texas in the fourth quarter, pending regulatory approval. Szucs says the carrier is aiming for a November 1 start date for service linking Austin with five as-yet-undisclosed Mexican destinations.

"Texas has a very large density Hispanic population and it is also relatively close to our major base in Monterrey," he says. "As you know, short sectors rather than very long sectors are the main market for low-cost carriers. So, Texas was a natural first choice."

At present, only 4% of the Mexican population has flown "because only 4% percent can afford to fly", says Szucs. "Our approach is not to target that 4%...to get prices down for the other 96%. Mexico is so price sensitive. The only way to stimulate and get into those markets is by price."

The carrier is offering a bare-bones service with deeply-discounted fares, following the approach of Szucs' former employer EasyJet, as well as Ryanair and AirAsia, says the VivaAeroBus CEO.

This strategy, on the domestic front, appears to be working. Launched in December, Monterrey-based VivaAeroBus serves Acapulco, Cancun, Chihuahua, Ciudad Juarez, Culiacan, Leon/Bajio, Tampico, Tijuana and Veracruz. Passenger load factors were 75% during the start-up's first six months of operations, says Szucs. He expects higher loads during the summer.

US low-cost carriers such as Frontier Airlines, Skybus Airlines and USA 3000 recently announced plans to launch new service to Mexico.

“We remain focused on what we’re trying to do. If someone can do it better than us, good luck to them. Nobody out there is doing what we’re doing in Mexico and the US.”