

Friday, June 23, 2017

Competition versus cooperation and low-cost flights

By **Thomas Manning**
For the Herald

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“Competition is always a good thing, it forces us to do our best while a monopoly renders people complacent and satisfied with mediocrity” according to United States writer Nancy Pearcey.

Also with regard to competition former United States President, Franklin D. Roosevelt said “Competition has been shown to be useful up to a certain point and no further, but cooperation is the thing we must strive for”.

In Nancy Pearcey’s view and that of the Herald in their 2 June report on the subject, the low-cost airlines poised for take-off in Argentina will be a boon for Argentina whose domestic and international airfares are very expensive by comparison to Europe and North America where low-cost operators provide cheaper alternatives to much larger full-service airlines.

A full-service airline offers a baggage allowance, different cabin classes, airport lounges, frequent flyer schemes and on-board frills like free entertainment and food & beverages and, as there’s nothing surer in life than you get what you pay for, the low-cost airlines offer nothing of the sort.

Low-cost’s single benefit is, as their name says, their airfares are incredibly cheap because you have to pay for baggage and you’ll be crammed like the proverbial sardine between a Sumo wrestler and a highly-contagious, influenza-stricken woman with a screaming baby, the passenger behind you will get abusive if you recline your seat if indeed the seats recline at all and the cabin crew will not give a fig for your needs or give you anything else for that matter; if you want sustenance during the flight you have to pay for it.

For flights over two hours low-cost airlines hold no attraction for me as flying long-haul with the full-service airlines is already challenging enough without ratcheting-up the discomfort and claustrophobia any further although there are plenty of far hardier, more budget-conscious souls out there for whom low-cost is exactly what they want.

Whether those Argentine travellers who want low-cost services will ultimately get them remains to be seen, as the Herald reported, government regulations tightly control the domestic airline market and there's a serious threat of strikes by unions who have a vested interest in maintaining the closed-shop status quo.

There also appears to be no immediate prospect of low-cost airlines taking-on the transpolar route to Oceania which is the route which interests me the most as in the course of the past three decades I've taken hundreds of transpolar flights to Buenos Aires from New Zealand and vice versa in the course of my work as a business consultant.

Aerolineas Argentinas had a monopoly between Argentina and Oceania for 34 years (1980 to 2014 with a pause during the Malvinas conflict) and in addition to the fat wallet a monopoly requires passengers needed extraordinary stamina.

For near on twenty years Aerolineas' westbound Boeing 747s stopped in Rio Gallegos in the dead of night to refuel which took over three hours because they topped-up the aircraft's tanks with hand pumps and while the employment of such outmoded technology so late in the 20th Century strains credulity I can vouchsafe it was inexplicably so.

With the refuelling stop the journey from Buenos Aires to Auckland took around 18+ hours and the flights are still scarred in my memory - on and on and on and on through seemingly endless, inky polar nights and I invariably arrived in Auckland resembling a denizen of the walking dead.

Less stamina was required when direct flights began in the 2000s when Aerolineas replaced the 747 with an Airbus A340 (around 12 hours) although loads were still limited by the strength of the en route winds and while I have never, as is United Airlines' want, been bloodied and dragged prone off an Aerolineas flight, on several occasions in the interests of reducing the aircraft's weight passengers were asked to volunteer to wait for the next flight and for their troubles offered a five star hotel, a cash meal allowance and a seat in business class for the interrupted journey which, needless to say, I leapt at (United take note!).

In 2012 Aerolineas pulled the plug on its stop-over in Auckland, apparently to save the cost of accommodating crews in the luxurious Stamford Plaza Hotel where they 'rested' for between a week and ten days before returning to Buenos Aires and then in April 2014 Aerolineas ceased services to Sydney altogether and left LATAM Airlines as the only Latin American airline servicing Oceania.

From then on the only way to fly to Buenos Aires from New Zealand (or anywhere in the Southern Cone) without first going to Los Angeles was with LATAM Airlines which entailed a transit in Santiago and the 18+ hour point-to-point marathons became the norm again (24 hours from Sydney).

To add insult to injury and in affirmation of the power of monopoly LATAM more than doubled the cost of its Oceania airfares the day Aerolineas ceased its services.

Returning to Roosevelt's praise of cooperation over competition, and while he was not speaking specifically about the airline industry, his view has proved to be particularly apt in the case of the recent resumption of transpolar flights after Aerolineas and Air New Zealand agreed to cooperate in a code-share alliance and not only did Oceania airfares almost halve but compared to the days of yore the standard of aircraft and inflight service rose inordinately.

Like mana from heaven for frequent travellers and tourists alike a direct Air New Zealand service from Auckland to Buenos Aires was inaugurated in December 2015, first with a Boeing 777 and lately with Air NZ's state of the art Boeing Dreamliner 787-9.

It's been a very smooth ride so far because the new flight is a collaboration with Aerolineas and as such has fitted seamlessly into the Argentine regulatory framework and poses no threat to union interests unlike the proposed low-cost services which will go head-to-head with Aerolineas and their unions.

The Air NZ service has proved so popular that next summer there will be five flights a week (from three at the outset) and the airline's chief networks officer, Stephen Jones, says that daily flights are looking likely if demand continues to grow which will not only further vitalise transpacific business and tourism but also Argentina's burgeoning ties with Asia as the Air NZ service provides by far the quickest flights from Buenos Aires and elsewhere in the Southern Cone to the Far East.

Stephen Jones particularly singled-out Aerolineas' spirit of cooperation saying that Air NZ's code-share has been a very harmonious and professional relationship from the beginning and that Aerolineas' connecting services to the rest of South America is a key element in the success of Air NZ's new route.

Air NZ's greatest point of difference from its peers and light years away from low-cost operators has always been the professionalism of its cabin crews and their cheery inflight service which is chalk to cheese compared to customary standards.

My first flight to Buenos Aires on Air NZ's Dreamliner was undoubtedly the best transpolar flight I have ever had.

Even in economy where my budget sadly dictated I must be, the combination of the cabin crew's effortless professionalism which made me feel my needs and comfort were important and the tasty food & free drinks as well as the Dreamliner's impressive entertainment system and facilities underscored emphatically why Air NZ is regularly voted the best airline in the world by travellers.

The flight was not all wine and roses; as a coffee aficionado I found the freeze-dried instant coffee on offer less than appealing and while I didn't have a Sumo wrestler or screaming baby for companions and the seat was spacious enough, considering again you get what you pay for, within an hour my tailbone began to ache agonisingly to the point sleep was impossible, ironic you might say, given I was flying on a 'Dreamliner'.

In the interests of reducing aircraft weight and flammability Boeing uses a graphite foam for seat cushions which turns to stone under sustained pressure and while I do not blame Air NZ for this failing they could set themselves apart from their peers once again by replacing the tailbone-crushing seat cushioning with a kinder, more accommodating material.

Another irritant was that the standard economy baggage allowance on all other airlines flying to Argentina is two bags of a maximum of 23 kilograms each but with Air NZ only one bag is allowed and if you want an extra bag you have to pay \$95 per sector for the privilege.

Putting to one side my fastidious coffee palate, delicate tailbone and excessive luggage as the niggles they are, as well as partiality, I can commend Air NZ to prospective travellers for not only providing the only direct flight to Oceania from Buenos Aires but also for incomparable inflight service.

If low-cost carriers do manage to take-off in Argentina travellers can look forward to far more options in price and service as competition takes hold as evidenced by the fact that even though Air NZ is not a low-cost carrier, airfares from Oceania have halved since they entered the market (to LATAM's deep chagrin no doubt).

Although competition in the Oceania space between LATAM and Air NZ has paid off in cheaper airfares it was Aerolineas' cooperation with Air NZ in the first place which bought the competition into play and most importantly it has been cooperation and not competition which re-established Argentina's and Aerolineas' direct air links to Oceania and fastest connections to Asia.

As Roosevelt opined even as he acknowledged competition is beneficial up to a point, greater things can be achieved with cooperation as the incongruous yet successful pairing of the Kiwi and the Condor proves.

Thomas Manning is a NZ business consultant specialising in Latin American trade, a former director and vice president of the NZ Latin American Business Council and regular Herald contributor.