

AeroSur: Bolivia's largest airline

by Ken Donohue



AEROSUR

Leased from AWAS, AeroSur's 175-seat 767-200 (ER) previously flew with Avianca, Ansett Australia, and Royal Brunei Airlines. A second aircraft is slated for delivery this year to boost capacity to Buenos Aires and São Paulo, and inaugurate weekly service to Barcelona, Spain.

To many outside South America, Bolivia is one of those easily forgettable countries (Airways, May 2011). Sandwiched between Brazil, Argentina, Chile, and Perú, being noticed isn't easy. Think South America and you immediately come up with the grand Argentine capital of Buenos Aires, the playful Brazilian city of Rio, or Perú's ancient Inca ruins at Machu Picchu [Machu Pikchu]. Bolivia barely registers. But the landlocked country has its own list of superlatives—from the snowy peaks of the Andes, to the stark beauty of the Altiplano—or high plains—to the eastern lowlands, much of it Amazonian rainforest. Bolivia boasts the world's highest capital, La Paz—at more than 13,000ft (3,960m)—the world's largest salt flat, and shares with neighbouring Perú, Lake Titicaca, the world's highest navigable lake.

For Bolivia's largest airline, AeroSur (Compañía Boliviana de Transporte Aéreo Privado Aerosur; IATA: 5L/ICAO: RSU—News from the Airways, December 2009, December 2008, June 2007 & February 2004), getting noticed hasn't been easy either. The airline swims in a sea of big players—established and proven carriers that have developed a name and following for themselves. Add to this the fact that Bolivia is one of the poorest and least developed countries in South America. But don't tell Humberto Roca, one of the founders of AeroSur and its current president, that something can't be done, because he'll likely prove you wrong.

AeroSur was founded in 1992, and in August of that year operated



JOHN WEGG

AeroSur's original purple and green livery, worn by a former American Airlines Boeing 727-100 (CP-2377).



DANIEL R. CARNERO

AeroSur's first animal-theme design was Aerosurito, a 737-200 (CP-2484) with a dog's head painted on the nose.



RAFAL SZCZYPEK

Last year, AeroSur operated a number of 727-200 charters between Miami and Havana [La Habana], Cuba.

its first flight from La Paz to Potosí, using a 19-passenger Fairchild Metro 23. “The only passenger onboard was a vice president of the airline, so we didn’t make any money on that flight,” Roca jokes. The airline no longer serves Potosí, whose airport is one of the highest in the world at an elevation of 12,923ft (3,939m), but as a private airline competing with Lloyd Aéreo Boliviano (LAB—*Airways*, May 2011 & September 2000), the government-run airline at the time, AeroSur’s strategy early on was to fly where the national carrier did not. AeroSur thus began by operating to destinations that previously lacked air service.

Roca, a civil engineer by profession, and a recreational pilot, has a passion for aviation, evidenced in part by more than two-dozen model airplanes spread throughout his spacious office. But getting into the airline business was never his plan. “LAB’s service wasn’t very good and some people thought it was time for a private airline to offer a different kind of service,” he says simply. “And I was invited to invest in the new airline.” Despite his passion, Roca wasn’t overly active in the enterprise, though he did sit on the company’s board.

While the vision was simple—improving air service in Bolivia—attracting passengers to fly this unknown airline proved difficult. Compounding the problem was that people perceived the smaller turboprop aircraft that AeroSur was flying to be inferior to the Boeing 727 tri-jets of LAB. In turn, AeroSur acquired eight aircraft—four BAe 146s and four Czech-built Let 410s—to complement its fleet of four Metros. By 1996, the BAe 146s had been replaced by two 727-100s. Jets did little to change the carrier’s fortunes; by 1997, the airline was almost bankrupt.

Roca invested more money into the ailing airline, and in doing so took control. He’s been the president ever since. “I got rid of the people that were running the airline into



AEROSUR

Artwork promoting Super Torisimo.

the ground, and took over a company without knowing anything about the airline business,” Roca admits. “It was my money they were spending.” When AeroSur first began, his initial stake was 11%. In 1997, that investment grew to 65%, after having dropped to just 2%. Roca and three others now own 98% of the airline.

People around Roca said he was crazy. His economic advisors told him it would be impossible to run the company, but despite the formidable challenges Roca wasn’t about to quit. “I’m not that kind of person. I’m not a loser, and I’ll never stop trying to make things work,” he says. “I was obsessed with the airline, so I continued to put more money into the company—and now look...”

Today, AeroSur is not only the largest airline in Bolivia but also the largest locally owned company. Furthermore, it has gained the distinction of being the company with the best reputation in the country. Reaching that lofty status hasn’t been easy.

When Roca took over AeroSur, his first task was to reduce the number of staff that had ballooned to 700—for two airplanes. The next step was finding routes that would make AeroSur successful. With punishingly low domestic fares, the airline needed to look beyond Bolivia.

“Look at a map of South America,” says Roca, “and you’ll see that Santa Cruz [the airline’s hub and headquarters] is in the center of the continent.” He notes that you can fly from Santa Cruz de la Sierra to Buenos Aires, São Paulo, Lima, and Santiago de Chile in 2½ hours, and in three hours you can be in Bogotá, Colombia. “We can offer a good hub,” he emphasizes. “There are lots of

small cities within South America that don’t have the traffic volumes to justify nonstop flights to Europe and the USA, but AeroSur can help connect people.”

Indeed, while waiting to check in for my flight from Miami to Santa Cruz, I met a gentleman who lives in a small town in northern Argentina. He finds it more convenient to use AeroSur and connect through Santa Cruz when flying to and from the USA, rather than first flying to Buenos Aires and then having to backtrack north. Another person I met was travelling to the Paraguayan capital, Asunción, and finds AeroSur a handier and cheaper alternative to other carriers in the region, especially when flying business class.

AeroSur always struggled to compete with LAB. So when financial problems led to the collapse of the 80-year-old flag carrier, some may have seen this as a gift for AeroSur, allowing it to prosper on domestic flights. That wasn’t to be, because the Bolivian government established a replacement state-owned airline, Boliviana de Aviación (BoA—*News from the Airways*, July 2010).

Domestic fares are regulated, but Roca says the formula used to set fares is decades old, and asserts that the market is too small (only 1.5 million passengers) for two airlines to compete when fares are regulated in the present manner. “The government needs to make a policy to grow the airline business. If they want to regulate the market then so be it, but why create a new airline with flights that leave to the same place at the same time as ours do?” asks an exasperated Roca. “Under the current environment, they lose money and we lose money...but in our case, it’s my money we’re losing.”

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In-flight with AeroSur

Flights: 5L758/757

Route: Miami, Florida (IATA: MIA)—
Santa Cruz de la Sierra, Bolivia (VVI), and return

Aircraft: Boeing 767-200ER

AeroSur currently operates four times a week between Santa Cruz and Miami. Check-in for the overnight flight was in Concourse F. There was a separate counter for business class (in which I travelled), and while the queue for economy seemed long, it moved relatively quickly given that eight agents were processing customers.

The pre-security area of MIA's Concourse F offers a wide selection of shops and restaurants. Unfortunately, this level of service isn't available after passengers clear security, with only one shop and three fast-food outlets on offer.

AeroSur, along with a handful of other airlines, offers business class passengers access to the Club America lounge, where they can avail themselves of light snacks, beverages, and complimentary Wi-Fi. There is a charge for Wi-Fi access throughout the public areas of the airport.

Boarding was orderly and by row numbers, but there was no special announcement for business class customers. Once onboard, drinks were offered before takeoff. AeroSur's business cabin accommodates 18 in a 2-1-2 layout; seats have a 160-degree recline, with a pitch of 55in (1.4m). While elderly, the seats were comfortable enough. The only complaint was that when fully reclined and my footrest was extended, my feet would touch the seat in front.

With all 137 passengers onboard, the forward door was closed at 2245, 15 minutes ahead of scheduled departure time, and pushback began shortly thereafter. The announced flying time was 6hr 20min, tracking south across Cuba, Colombia, and Brazil's Amazon region.

There was no in-flight entertainment, which was a disappointment. The airline's president, Humberto Roca, later explained that this was because many of the airline's long-haul flights are operated overnight, and passengers would rather sleep. He did add, however, that the airline would soon be offering a portable entertainment device to allow passengers to play their own DVDs, along with pre-loaded content. This service would be complimentary to business class, and offered for a nominal fee to those in economy.

Startling many—this traveller included—who were trying to sleep, the cabin lights were turned on after midnight in preparation for a dinner service. There were no menus, but the flight attendants came through the cabin taking orders. Given the late, or



Check-in at Miami.



Flight crew for the overnight trip south.



AeroSur cabin crews make the difference.

rather, early hour, I opted to forgo the meal; though looking across the aisle I could see that it was well presented. I did indulge in a delicious cheesecake after dinner.

About an hour before landing, a light meal, consisting of a sandwich and fresh fruit, was offered. While the service from the flight attendants was excellent throughout, it would have been nice if they had made a few trips through the cabin to offer water. To be fair, they may not have wanted to disturb passengers who were resting.

At 0510, 20 minutes ahead of schedule, we touched down at VVI. Despite being Bolivia's primary international airport, the arrivals area is cramped, with only two customs booths. I couldn't imagine what it would be like when AeroSur's 747-400 disgorges its load.

During the flight I asked the person next to me, who travels between the USA and Paraguay a couple of times a year, why he chooses AeroSur. He said that the airline offers excellent value compared with others, especially in business class, and that the flight attendants do an excellent job. I couldn't agree more.

Check-in for my coach (economy) return to Miami was efficient, and in a few minutes I had my boarding pass. A US\$25 departure tax is payable at a separate counter. There is a small collection of shops and restaurants in the long departures hall, and also after security screening. The airport's nine gates are all accessible from the second floor of the terminal.

With little to occupy my time, I waited at the gate with dozens of others. A monitor at the gate continually reported that the flight was on-time for the scheduled 2300 departure, despite there being no aircraft at the gate. At 2240, *Sharko* arrived from Buenos Aires.

Boarding finally began at 2350, and after seeing a large group of newly arrived passengers at the gate I could only surmise that the reason for our delayed departure was because of a late connecting flight. The lack of announcements from the airline during this time, to explain the delay, was inexcusable.

Pushback began at 0030, some 1½ hours late, and with a quick taxi to the end of Runway 34, we were airborne shortly thereafter.

There were two dinner choices. I chose chicken that came with red peppers and rice, along with Jell-O covered with a sweet coconut sauce. The meal was delicious and nicely presented in a decorated box. Before landing at 0710, 6hr 25min after leaving VVI, a light snack was served.

Overall impression

The service from AeroSur personnel, both onboard and at check-in, was excellent. As Humberto Roca admits, there are many areas in which the airline can improve. And while I don't want to make any excuses for the airline, it is important to understand the local context in which AeroSur operates. Bolivia is no neighboring Brazil, fast becoming an economic power in South America. But while Aerosur may not have all the trappings of other carriers, it provides great value and good connections throughout South America. And once onboard, you'll get a taste of what this diverse and beautiful country has to offer. ➔



Snack for business class customers.



PHOTOS: KEN DONOHUE

Economy class dinner packaging and meal.

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To make matters worse, the Fuerza Aérea Boliviana (Bolivian Air Force) operates a commercial entity, Transporte Aéreo Militar (TAM)—not to be confused with Brazil's largest airline TAM Linhas Aéreas (*Airways*, May 2011, February 2010 & November 2004)—that competes with AeroSur. Roca points out that 'el TAM', or 'TAMBO' as it is called locally, doesn't have to operate by the same rules that his airline does, and government employees are not allowed to book flights on AeroSur. "The government of Evo Morales wants total power and they are out to kill us," claims Roca. "They have the political power, and they control the judiciary, military, and police, but they don't have the money. He doesn't want private companies to exist."

Despite these hurdles, AeroSur now serves more than 50% of the domestic market, which is shared with BoA, TAM, and a handful of smaller companies, and operates an all-Boeing fleet of eleven. AeroSur uses 737s and 727s on domestic and regional routes, and the 767 operates to Buenos Aires and the USA. Plans call for a second 767-200ER and another 737-300 to enter service around August this year.

The pride of the fleet is surely a 451-seat 747-400, a former Virgin Atlantic Airways aircraft that is hard to miss with a large yellow bull painted along the side of the fuselage, and the title *Super Torísimo*, a name derived from *toro* (bull) and *turismo* (tourism). (This aircraft replaced a 747-300, leased from Air Atlanta Icelandic, which was adorned with a purple bull and named *Torísimo*—*News from the Airways*, December 2008.) AeroSur flies this 451-seater three times a week to Madrid, Spain. While some may question the need to operate such a large type, Roca contends that the way in which the airline is using it is proving successful. "Right now our load factor on the Madrid route is about 90 percent," he reveals. "In first class we offer lie-flat seats, two pillows, and pajamas. From South America to Europe we offer one of the best products in this class."

For several years AeroSur has benefited from the tens of thousands of Bolivians who migrated to Spain to work, primarily in construction, as nannies, and in seniors' care. Not all of them hold working visas, however, and it is believed that more than 200,000 entered as tourists. Now, with the Spanish economy in tatters and unemployment reaching a staggering 20%, Bolivians are not having their visas extended and are being forced to return home. While Spain's economy lags, it provides an unexpected boon for AeroSur, ensuring that its 747 has healthy loads, at least in the short term.

Late in the Nineties, AeroSur acquired six 727-200s from Mexicana that were repainted in a simple livery with a green tail. "Because the airline didn't have the same brand recognition that it does today, the perception from the public was that AeroSur had only one airplane, and people were discouraged from buying tickets," says Roca. "We thought about getting a promotional photo with all seven of our aircraft, but that would be difficult



PHOTOS: AEROSUR

Boeing 737-300 CP-2656, delivered in July 2010, is named Sicuri (Anaconda). Leased from GECAS, this is a former Air China/BMI British Midland airplane.

to coordinate, so we decided to paint each differently."

The first scheme included some artistic designs that Roca admits were not very good. After more thought it was decided that because the airline sponsored a soccer (football) club it would be appropriate to paint its mascot—a dog—on the nose of a 737. It turned out that people really liked the idea of the flying dog, so the tradition of painting animals on the sides of the aircraft took off from there. "It differentiated us in the marketplace," enthuses Roca. "We are a small airline, and we needed a way to be different and recognizable."

Recognizable indeed. While a large bull graces the 747, the 767 is appropriately named *Sharko*, for the grinning shark motif covering much of the aircraft (*News from the Airways*, November 2010). Another airplane is named *Yacaré*, for caiman, a species of alligator (*News from the Airways*, December 2009). Other colorful liveries include a snake, puma, horse, and river dolphin indigenous to Bolivia. The fauna are chosen because of some significance they have with the destinations the airline serves. Hence, the shark flies to Miami, the bull to Madrid, and alligator to Brazil.

AeroSur serves seven destinations in Bolivia and eight international routes. Miami was AeroSur's only city served in the USA, until Washington (Dulles) was added on December 18, 2010, to cater to the large Bolivian diaspora in the area around the US capital. American Airlines is the only other airline offering service between the USA and Bolivia, and operates a 757 on a Miami–La Paz–Santa Cruz–Miami rotation.

"We have a real advantage by operating wide-body

aircraft and offering nonstop flights on our longer routes to and from Miami and Madrid,” notes Roca. “We also offer great connections to many of the most popular tourist sites in South America, including Machu Picchu, Iguazu [Iguaçu] Falls, the Amazon rainforest, and Lake Titicaca.”

When asked if AeroSur is profitable, Roca laughs. “Airlines don’t make money!” He explains that the key is to create companies around the airline that do make money, such as catering, ground handling, and leasing. This allows the airline itself to maybe break even. To this end, Roca established Cocinova, a catering company that employs 200 and prepares up to 2,000 meals a day for AeroSur. Cocinova also provides catering for local businesses, and has recently opened two restaurants in Santa Cruz, called Slätkiš.

AeroSur’s hub is at Santa Cruz’s Aeropuerto Internacional Viru-Viru (IATA: VVI), located 12mi (19km) north of the city. Constructed in 1985, the airport handles about one million passengers annually and is now the largest international airport in Bolivia. Compared to the capital, La Paz, where that city’s lofty elevation forces some aircraft to be weight-restricted because of poor takeoff performance caused by the thin air, the altitude at Viru Viru is 1,200ft (365m). A public observation deck provides an opportunity for visitors to view the modest airside operations and the airport’s single 3,500m (11,483ft)-long runway. AeroSur still operates one flight a day to La Paz from El Trompillo (SRZ), which opened in 1920 and is located a mile (1.6km) from Santa Cruz’s central plaza.

Despite recent successes, Roca feels that improvements can be made. “We have grown too fast, and there is much that needs to be done to make the airline even better,” he concedes. “I’m proud of the people that work for us. We made this airline what it is today.” Over the next five years, Roca wants AeroSur to be regarded as a good, regional airline in South America. “We don’t aspire to be the biggest, or the best.”

Having survived numerous economic and political challenges, and recognized as the company in Bolivia with the best reputation, AeroSur is well on its way to achieving its goal. But the climb is still a steep one. For

AeroSur to be successful the Bolivian government will need to set aside its ideological agenda and encourage economic development, instead of stifling it. For its part—as Roca would be the first to admit—AeroSur is a good airline, but needs to improve some aspects of its operations. While AeroSur is surely proud of its reputation in Bolivia, it is striving to gain the same respect from the rest of the world. ➔



Fast Facts—AeroSur (Compañía Boliviana de Transporte Aéreo Privado Aerosur)

IATA: 5L **ICAO:** RSU **IATA/ARC:** 275 **Radio:** *Aerosur*
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Network

Bolivia: Cobija, Cochabamba, La Paz, Puerto Suárez, Santa Cruz de la Sierra (Viru Viru & El Trompillo), Sucre, Tarija

South America

Argentina: Buenos Aires, Salta, Tucumán

Brazil: São Paulo

Paraguay: Asunción

Perú: Cuzco, Lima

Central America: Panama City

North America

México: Mexico City

USA: Miami, Washington (IAD)

Europe

Spain: Madrid

Code-shares: TACA (La Paz/Santa Cruz-Lima)

FFP: Club AeroSur

Traffic: 1.2 million passengers (2010)

Founded: April 1992

Start-up: August 24, 1992

Ownership: Privately held

CEO: Humberto Antonio Roca Leigue

Employees: 1,000

Fleet (average age 21 years)

Type	Nº	Seats	Engines
Boeing 737-200	2	CY108	P&W JT8D-15 (HK3)
Boeing 737-300	3	C12Y114	CFMI CFM56-3C1
Boeing 737-400	1	C8Y142	CFMI CFM56-3C1
Boeing 727-200	3	CY147	P&W JT8D-17 (HK3)
Boeing 767-200 (ER)	1	C18Y157	P&W PW4056
Boeing 747-400	1	F14C58Y379	GE CF6-80C2B1F



Business class on the 767.