



## For much of its recent history, Macau (Macao)

has lived in the shadow of its larger neighbor, Hong Kong. Few would know that Macau, a former Portuguese territory, was a busy trading center long before Hong Kong rose to fame. But when the British defeated the Chinese in the 19<sup>th</sup> century Opium Wars, Macau's prominence in the region began to wane. In turn, Hong Kong developed into a dynamic city, and, eventually, the base for an equally important air passenger and cargo hub. On the other hand Macau receded from the spotlight. The city's international airport has been open for a little over a decade, yet of the more than 21 million people who visit Macau each year, only a quarter of them travel through the airport. Ferries are the preferred mode of transport to Macau, with fast, convenient services from Hong Kong and several cities in the People's Republic of China.



PHOTOS: VIVA MACAU

But Macau is no longer what it once was. Not content with playing second fiddle to Hong Kong, the city has reinvented itself and, rather than trying to compete with Hong Kong's trading port status, is capitalizing on its niche as a leisure destination. Gambling, a hugely popular pastime in Oriental culture, has always been a big draw in Macau, but the city's luster began to dull, with many of its casinos looking tired and worn. Today, Macau is undergoing a renaissance, and is set to become one of the world's premier gaming destinations. One example is the 3,000-room Venetian Macao, which opened to much fanfare last summer and houses the largest casino in the world. The entire hotel and casino complex is the second largest building in the world, next to Boeing's wide-body factory at Everett, Washington. More significantly, Macau recently surpassed Las Vegas in terms of gambling revenues.

One company betting on the city's future is Viva Macau (*News from the Airways*, November 2006), a small airline with big dreams that was founded by Andrew Pyne and a handful of investors. Pyne is no stranger to the industry having worked for a number of aviation companies, including Cathay Pacific and British Airways. Launched in 2006, Viva Macau took to the skies with a bold aim of bringing the world to Macau. Pyne spent two years developing a business plan, but only a year after the airline's first flight, he stepped down as chief executive to pursue another challenge of setting up a low-cost airline in Russia (although he is still involved with Viva Macau as a shareholder and advisor).

Con Korfiatis—who has worked for Qantas and Singapore Airlines, and was the founding CEO of Jetstar Asia—became the new Macanese carrier's CEO in June 2007, after serving as Viva Macau's chief financial and operating officer since its launch. Before the airline took off, Pyne asked Korfiatis if he would join Viva Macau, but he initially declined because he didn't see much future in Macau. "The last time I was in Macau, there wasn't much happening, but Andrew (Pyne) told me big changes were happening, and so on a business trip to Hong Kong I decided to stop in Macau," Korfiatis recalls. "I was blown away by the development, and I could see a lot of opportunity here."

Having joined the airline in August 2006, Korfiatis was surprised when asked to lead the company less than a year later. "I'm grateful," he



PHOTOS: VIVA MACAU



says, "I believe in the possibilities that exist in Macau. He tells *Airways* that the aviation industry in Macau is very immature with huge potential for growth.

The airline has a fleet of two, a Boeing 767-200ER and a 767-300 both in a dual-class layout. These types may seem unusual for a low-cost airline, but Korfiatis insists it is the best option based on geography and the markets Viva Macau serves. "We have a lot of flexibility with the 767, because we can easily operate short-, medium-, and long-haul flights." He does concede that the airline may face a difficult choice when it needs to replace the fleet, but meanwhile the company expects to be operating six 767s by the end of 2008. Korfiatis also notes that the 767 has a large cargo capacity, which is important considering Macau's proximity to the heart of China's manufacturing industry, across the border in Guangdong province.



RANDY PECK

Viva Macau's first flight was to the Maldives, a twice-weekly seasonal service, which Korfiatis notes was profitable. Jakarta was supposed to be the airline's launch destination, but regulatory delays meant the Indonesian capital ended up as the second city to join the network. Viva Macau has also established service to Pusan, South

Korea. Seasonal charters to Thailand and Viet Nam are offered. The first three scheduled routes are all doing well, with load factors of more than 60%.

Korfiatis is quick to point out that these are new markets not only for the airline, but also for Macau. "Our market share on these routes is 100 percent, which is attractive," he says, "but it also means we have to do a lot of work to market Macau." The airline would like to fly daily to Sydney

and Jakarta, currently served three and four times a week, respectively. Ho Chi Minh City (formerly Saigon)

and Tokyo came on line last December, and Bali, Brisbane, Dubai [Dubayy], Manila, Melbourne, Moscow [Moskva], and India are all on the radar.

Cutting into the monopoly of Air Macau (*Airways*, Mar/Apr 1997) was one of Viva Macau's biggest challenges. The former had negotiated about 40 aviation agreements, although it serves only a handful of routes, primarily to Taiwan and mainland China. However, the government of Macau forced Air Macau to give up some of its routes to Viva Macau. "Dealing with Air Macau and its monopoly was difficult," admits Korfiatis. "But because of the determination of Andrew Pyne, and the airline's shareholders, they succeeded, where others previously didn't."

Sydney was relatively easy for Viva Macau to secure, because its local competitor didn't have the right aircraft to operate that route (Air Macau flies only narrow-body, medium-range, Airbus A320-family aircraft). After Canadian business interests approached the airline to start serving Canada, Viva Macau applied for rights to Vancouver, but the application was turned down by Transport Canada because the 767 cannot fly nonstop between Macau and Vancouver. Korfiatis tells *Airways*, "For the time being we are not interested in pursuing Vancouver," but adds, "we think it could be a viable market in the future."

Korfiatis is also unconcerned about Oasis Hong Kong, a low-fare, long-haul airline that started service between Hong Kong and Vancouver in June 2007 (*Airways*, February 2008). "We are not marketing ourselves as a substitute to Hong Kong," he says. "We want to bring people directly to Macau."

Viva Macau has said it will be aggressive when it comes to developing its network. "There are several major Asian cities that are not served from Macau," notes Korfiatis, "and the handful that are served are done so with narrow-body aircraft." Viva Macau hopes to grow the market and bring people directly to the city. "A few years ago Macau had 7,000 hotel rooms," Korfiatis states. "Today, that number has grown to 17,000 and in a few years will reach 40,000, which compares to Hong Kong and Singapore, both with about 36,000."

Currently, Viva Macau is facing little competition; however, that could change if Macau Asia Express, a subsidiary of Air Macau, is launched. "It's the same wolf in different clothes," says Korfiatis, referring to Air Macau's 2006 proposal for a LCC.

Because Macau does not have a long aviation history, hiring local staff is a challenge. Thus, Viva Macau's 160 employees represent 21 nationalities. But the company sees this as a strength, because the cosmopolitan mix contributes an understanding of the different cultures and languages of the airline's destinations. Like other LCCs around the world, Viva Macau has adopted a casual yet professional style. "We refer to ourselves as a family," says Korfiatis. "Our staff enjoys being part of a small organization, so that when issues arise we can resolve them together."

The airline is privately owned, and its business plan called for the carrier to break even after two years. Korfiatis concedes that the airline won't make the kind of money that was anticipated, despite some profitable months. The regulatory process has been slower and more difficult than expected. In the case of Sydney, Viva Macau was





*The airline offers two classes of cabin service, dubbed 'Star' and 'Superstar'. Superstar is the airline's premium cabin, offering a more comfortable seat, greater legroom, and priority check in.*

forced to delay its much-anticipated launch because of miscommunication between the Macanese and Australian regulators. "It was unexpected and unfortunate," says Korfiatis. "We lost our first three flights to Sydney, but thankfully we were able to accommodate our passengers on other carriers." Despite some of the challenges that the airline has faced in its first year, Korfiatis is still bullish. "With a burgeoning leisure market, we will need to get people here."

Macau International Airport (IATA: MFM/ICAO: VMMC) is located on Taipa Island, approximately 3mi (5km) from downtown, with buses and taxis providing efficient 24-hour access. The airport is equipped with only four air bridges, which come at a high premium.



KEN DONGHUE



VIVA MACAU



Fast Facts

**Viva Macau**

**IATA:** ZG **ICAO:** WM **IATA/ARC:** 887 **Radio:** *Jackpot*

12/F, AIA Tower Tel: +853 71 8882  
 251A-301 Avenida Comercial Fax: +853 71 8803  
 De Macau, Macau

**Website:** [www.flyvivamacau.com](http://www.flyvivamacau.com)

**Cities served:** Macau, Ho Chi Minh City, Jakarta, Pusan, Sydney, Tokyo (NRT)

**Founded:** 2004  
**AOC:** November 27, 2006  
**Start date:** December 21, 2006  
**CEO:** Con Korfiatis  
**Ownership:** Macau Eagle Aviation Services

<b>Fleet</b>			
<b>Type</b>	<b>N°</b>	<b>Seats</b>	<b>Engines</b>
Boeing 767-200ER	1	C18Y192	PW PW4056
Boeing 767-300	1	C24Y221	GE CF6-80C2B2F

Viva Macau therefore uses one of 19 remote stands, affording significant cost savings. Built to handle six million passengers annually, the airport currently serves about five million. There are plans to expand the terminal and taxiways and erect more air bridges.

Check-in for my evening flight to Jakarta was quick and efficient, with security screening equally swift. Because of its small size, MFM doesn't have a lot of attractions, apart from a restaurant or two and a handful of shops. Viva Macau's vibrant livery is an unmistakable lime green and red. Flight attendants wear smart dark blue suits, complemented with bright green name badges.

With only 60 passengers onboard for the 4½-hour flight, the atmosphere was quiet and relaxing. Seats were comfortable, especially for a LCC. Drinks and snacks, along with pillows and blankets, were available for a nominal fee in both cabins. A few days later, the overnight flight back to Macau was nearly full, with the majority of passengers on organized tours, in economy,

and only a handful in premium class.

For the most part, ticket prices are considerably cheaper than those of traditional airlines. For example, Viva Macau's fare from Macau to Sydney is up to half that offered by a full-service carrier on the comparable Hong Kong– Sydney route.

Macau has been called the 'Las Vegas of the East'—an unfair comparison, as anyone who has been to this Asian city would attest. Despite the attractions of gambling and their look-alike Venetian hotels, the similarities between these two gaming meccas end there. Macau has a rich and vibrant history spanning more than five centuries. On the other hand, a hundred or so years ago Las Vegas was little more than a tent town with a handful of shops and saloons in the middle of the Nevada desert. Today, people are drawn to Macau for its culture, food, and architecture. That is why Viva Macau is betting on a successful future as more and more visitors discover the allure of Macau. ➔