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Taesa Airlines Struggling To Remain Competitive

by Carlos Navarro

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Taesa airlines facing strong competition from the new Aeromexico-Mexicana alliance has embarked on an aggressive marketing strategy to retain its share of the Mexican air travel market. According to the Wall Street Journal, Taesa which has modeled its operations along the lines of no-frills US carrier Southwest Airlines is offering consumers a 30% discount on most routes where the airline competes with Mexicana and/or Aeromexico, forcing those airlines into a price war. In addition, Taesa has enlisted the support of the travel industry by offering travel agents a 12% commission, compared with 10% offered by Aeromexico and Mexicana. Taesa, which operates a wide variety of airplanes, ranging from four-passenger aircraft to Boeing 757s, flies to 26 Mexican cities and three US destinations Vail, Colorado; Laredo, Texas; and Chicago (for previous coverage of Taesa, see SourceMex, 11/18/92.) However, Taesa executives are clearly worried about the airline's ability to compete with the Aeromexico-Mexicana alliance. On Feb. 22, Carlos Hank Rhon, chairman of the Taesa management council, called the alliance "potentially dangerous" for competing airlines. And, on March 1, Taesa president Alberto Abed told the Wall Street Journal the airline was concerned the alliance may lead to reduced competition and eventually to fare increases. In addition to competing with Mexicana and Aeromexico, Taesa must yet respond to allegations regarding violations of safety regulations by the airline. In a December 1992 report, the US General Accounting Office (GAO) cited Taesa with failure to carry such essential items as emergency equipment manuals and oxygen supplies for flight attendants on some flights. In addition, the report said that in a few instances, Taesa pilots ignored US air-traffic control instructions and flew too close to other aircraft. According to the GAO report, the Canadian government suspended all Taesa flights to its territory because of safety problems. The Transportation Secretariat (Secretaria de Comunicaciones y Transporte, SCT) and the Civil Aviation Authority (Direccion General de Aeronautica Civil, DGAC) are also investigating the airline's safety record, based on complaints by a former pilot that Taesa aircraft are not maintained properly. Abed is scheduled to meet with SCT officials later this month to respond to those charges. (Sources: Wall Street Journal, 03/02/93; Notimex, 03/04/93)

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