LATAM’s senior VP: Airline brand soars after merger

BY MIMI WHITEFIELD
mwhitefield@miamiherald.com

There’s a new look in the skies above the Americas.
Four years after Brazil-based airline TAM and LAN, with headquarters in Santiago and Lima, merged to form LATAM Airlines Group, the new brand made its formal debut this spring with a new livery on its planes, new uniforms and a new unified look everywhere from ticket counters to VIP lounges.

The first plane with the new coral, white and blue livery and the stylized LATAM logo of South America took off from Rio de Janeiro on May 1 to collect the Olympic torch to begin the Olympic relay that will culminate in the Rio 2016 Olympics. Currently, six planes have the new paint job, and 50 of the 323 planes in the company’s fleet will sport the new livery by year’s end. By the end of 2018, the paint project for the entire fleet will be completed.

LATAM now carries 68 million passengers a year and flies to 138 destinations in 25 countries, and offers cargo services to about 140 destinations in 29 countries. The airline’s 1,400 daily flights carry 90 percent of air traffic in the seven Latin American markets where it operates.

LATAM, which already has one of the most modern fleets in the airline industry, plans to continue its fleet upgrade. Earlier this year, it brought the first Airbus A350 XWB operating in the Americas to Miami International Airport. The company has ordered 27 aircraft of this model, which are to be delivered through 2021.

Later this summer, Rio de Janeiro will figure heavily in the airline’s plans. LATAM estimates that it will carry about 25 percent of the public traveling to and from the city for the Olympic and Paralympic Games. So far approximately 100 additional domestic flights have been scheduled to handle Games traffic and that could reach 300 extra flights if warranted.

The airline also expects about 15 percent of delegations will use LATAM and will offer advance check-in and baggage services at the Olympic and Paralympic Village.

The Miami Herald sat down with Pablo M. Chiozza, LATAM’s senior vice president for the United States, Canada and Caribbean, at his office, which overlooks the runways at Miami International Airport and LATAM’s cargo facilities, to discuss the changes at the airline.

“The beauty of this merger is that our networks were really complementary,” he said. LATAM’s hubs are still Sao Paulo, Lima and Santiago.

**Q:** The merger of TAM and LAN closed in June 2012, yet until this spring, the company continued to fly two separate airlines. Why the four-year gap before rebranding as a single airline?

A: As of June 2012, we began operating as one airline — one management team, one airport team. When you start merging two businesses into one, the announcement happens in one second, but putting all the things together doesn’t happen from one day to another. So we started working to coordinate our networks ... and at that point, they really weren’t well connected.

What happened [in May] is that we launched the new brand, not the new airline. In operational terms, we have been operating as a single airline pretty much since the announcement of the merger.
After we felt confident the product was the same, that our networks were well connected, frequent-flier programs were accruing kilometers or miles in the same way, that’s when we announced the new brand.

One thing that isn’t minor is Brazil is the only Portuguese-speaking country in South America, and the rest of the countries speak Spanish. It’s one thing to merge and put together two networks, two systems, but it’s a tougher thing to put together two cultures. We’re also not talking about merging two young companies. TAM was founded in 1960, and LAN was 87 years old at the time of the rebranding. We’re talking about two companies with strong heritages. And it wasn’t easy to put those two cultures together.

**Q: What was the biggest challenge in merging the two airlines?**

A: The cultural thing was one of the biggest challenges; the other was that both brands had been representing the best of the regions where they were operating. The challenge was bringing the best of Brazil into the new brand and what to bring from the Spanish-speaking countries [where LAN flew].... [deciding] which one is your value proposition.

Actually, what we did here [merging the names and cultures of the two airlines into a new brand] was pretty unique in the industry. Usually when the U.S. carriers merge, they kill or make one of the brands disappear. Delta killed the Northwest brand; American let go of the U.S. Airways brand.

In Europe, when airlines merge, they operate with two brands. This is what happened with Iberia and British Airways. The same thing happened with Air France and KLM.

**Q: The merged brand goes beyond just repainting the new name on the airplanes. What are some of the other things that changed?**

A: First of all, we had to address the purpose of the company, why we are flying. For us, that means “we make sure that our dreams reach their final destination.” That’s based on three pillars: the customer, efficiency and security.

We also had to unify service, the look and feel of the cabins, and create new uniforms for all our uniformed staff. (Some 23,000 of LATAM’s 53,000 workers will eventually sport the new indigo and coral look designed by Pedro Lourenco.)

The whole process will take 18 months, starting from November of this year.

Your South American service starts as soon as you step into the airplane. (That means Chilean and Argentine wines are served aboard, and the look of the cabins takes inspiration from the Amazon Rain Forest and the colorful textiles of Latin America.)

**Q: How does Miami International Airport fit into your plans?**

A: MIA is our most important gateway in North America. We have five U.S. gateways, including MIA, New York, Orlando, Washington, D.C., and Los Angeles.
For us, MIA is a huge deal. In terms of cargo, we have salmon coming from Chile, berries from Argentina, flowers, of course, mainly from Colombia and Ecuador, and asparagus from Peru. For us, those are the main four.

There is also a seedling season. The seeds are sprouted in South America, and then they’re brought to the U.S. to continue their development. Then we have a developing pharma trade, and we bring in polo ponies and jumpers from Argentina for the polo season.

We see a lot of growth coming for Miami in the next 10 years. (Already, there are some 150 passenger and cargo flights out of MIA weekly.)

**Q: How is the 2016 outlook shaping up for LATAM?**

A: This is a complicated year for us in terms of how the Latin American economies are behaving. Brazil hasn’t been stable for the past three years, and GDP is not only not growing, but it is decreasing. We’re not seeing a recovery for Brazil in 2017, either.

But the good news is we have a divided portfolio. Most of the Spanish-speaking countries are performing pretty well. (Spanish-speaking countries represent 75 percent of LATAM’s international passenger revenue.) It’s not all about Brazil.

**Q: As someone who is in the air a lot, do you have a travel tip, a packing tip that you’d like to share?**

A: [Chiozza reaches for a backpack he keeps in the corner of his office, so he always has a carry-on ready to travel at a moment’s office.]

This is what I always carry: My computer goes here, my chargers here. Don’t call me crazy, but here I have my wallet, my second wallet, and then my third wallet. I carry three wallets. I have my South American wallet with my South American insurance card, my IDs, my driver’s license, credit cards. Then I have a European wallet with euros and European cards, and I have a separate wallet ready for London. This is my ChapStick. I also have headphones, various adapters. I also have three passports: Argentinian, Spanish and Italian. Just in case, I’m ready.

I also have my fourth wallet — to use in Florida.

My other tip is that if you like to travel, choose a bank that doesn’t charge extra fees when you use credit or debit cards internationally. I carry very little money; it’s very old-fashioned.

---

**PABLO M. CHIOZZA**

**Job title:** Senior vice president USA, Canada and Caribbean, LATAM Airlines Group

**Age:** 41
Experience: Managed the merger between LAN and TAM North America workforce and passenger business; in current position since 2012; former vice president, USA, Canada and Caribbean for LAN; commercial director for LAN Argentina based in Buenos Aires and commercial director for LAN in Europe.

Education: Industrial engineering degree from Instituto Tecnológico de Buenos Aires.


Website: latam.com
World Stunned By Britain's Vote To Leave European Union

SPONSORED CONTENT

This is the ultimate car performance challenge.

By Castrol