Since British colonial rule in Hong Kong ended in 1997, and the move to a new airport at Chek Lap Kok on July 6, 1998 (Airways, September 2004), the fortunes of Cathay Pacific Airways (Airways, Mar/Apr 1997) have resembled a roller coaster ride, in parallel with the economic situation of most airlines worldwide.

For Cathay Pacific, at least, the Nineties ended promisingly. According to the carrier’s general manager-airline planning, Philippe de Gentile-Williams, any fears surrounding the devolution of Hong Kong to China proved largely unfounded, justifying the company’s determination to continue ‘business as usual’. But with the approach and dawn of the 21st century, along with other Asian carriers Cathay Pacific—which in 1948 became part of the powerful Swire hong (trading corporation), itself founded in Britain with roots in China since 1866—has been forced to confront one threat after another.

The Asian financial crisis had a heavy impact on the travel market, and even though a slight recovery took place in 2000, it was abruptly interrupted by the tragic events of September 11, 2001. The following year again showed signs of revival, but in 2003 the SARS outbreak was responsible for the worst-ever results amongst most Asian airlines (Airways, September 2003), not excluding Cathay Pacific. In the four months during which the epidemic peaked, traffic dropped to such low levels that the airline was losing an average of US$7 million a day. Indeed, de Gentile-Williams remembers the case of a flight from Hong Kong to Taipei that departed with only one passenger onboard. Despite this dire situation, no destination was cancelled from the route system, and Cathay Pacific managed to reduce losses simply by reducing the number of daily or weekly frequencies, while employees were encouraged to take extended periods of unpaid leave.

What really helped Cathay Pacific survive the SARS crisis was cargo. In fact, the reduced capacity caused by the passenger schedule cutback created extra demand for dedicated cargo flights, as commodities still had to travel by air. After a four-month trench, traffic began to gradually recover.

Since then, thanks to the resurgence of China’s economy and global image, Cathay’s growth has been continuous; passenger figures reached 13.664 million
and cargo accounted for 972,416t (2.2 billion lb) in 2004.

Moreover, Cathay Pacific reported its second-best full-year financial results, with a profit of HK$4,417 million ($568 million) compared to HK$1,303 million ($168 million) in 2003. There was an accompanying increase in revenue of 32.1% from the previous year to HK$39,065 million ($5 billion), itself a record. Indeed, last year would have been the airline’s best financial performance ever were it not for the steep increase in the price of fuel, a commodity that accounts for 23.9% of Cathay’s total operating cost (up from 19.8% in 2003).

From a political viewpoint, the negotiation of traffic rights has not changed after the return of Hong Kong to China. The solid relationships developed by the Swire Group during its 140-year presence in China proved worthwhile. Meanwhile, the airline’s co-existence with other carriers in the region has also been largely healthy. Besides still holding 16% of Dragonair, Cathay Pacific cooperates with China Eastern Airlines, and has route-specific agreements with China Southern Airlines.

To strengthen its relationship with mainland China, at the end of 2004 Cathay Pacific bought a 10% share in Air China through its initial public offering (IPO), the liaison between the two carriers starting in May 2005 with the signing of a memorandum of understanding (MOU) for joint sales and marketing initiatives. In the fourth quarter this year, Air China will begin code-sharing on the two daily Cathay Pacific services between Beijing and Hong Kong, while Cathay will put its code on three of the daily services operated by Air China on the same route. The cooperation will also extend to partnership of both airlines’ frequent-flyer programs, whereby Air China’s ‘Companion’ members will be able to earn and redeem miles when flying on Cathay Pacific services worldwide, while Cathay’s ‘Asia Miles’ members will be able to do the same on Air China flights to destinations in the Chinese mainland.
After pioneering flights to Beijing and Shanghai early in the Eighties, Cathay Pacific later assigned this role to Dragonair. Recently, however, the phenomenal growth experienced by traffic in the Chinese market has prompted Cathay Pacific to resume service to Beijing, now served twice-daily with the Airbus A330. As well, Xiamen (Amoy), an important coastal city, now has thrice-weekly CX service; Shanghai-Pudong has joined the cargo network on a twice-daily basis. Other ‘domestic’ destinations are currently being studied, and are expected to join the network in the near future.

Also in recent years, Cathay’s international network has been streamlined and rationalized. A number of destinations, such as Manchester—which was served as a joint operation combined with other European cities—and Zürich, have been axed in favor of increasing frequencies to the major hubs and adding more nonstop services to the remaining cities in the network. Code-share operations with members of the Oneworld alliance (Airways, July 2003) serve off-line destinations. According to Augustus Tang, the airline’s director-corporate development, “Increasing the frequency of services to double- and even triple-daily to key cities is an important part of our growth strategy. Additional and daily services to other cities create a more convenient product for our customers, strengthen our network and thereby enhance Hong Kong’s global hub and mainland gateway position.”

Further to the current upgrading exercise, the airline is now flying three times a day to London-Heathrow, Sydney, and Los Angeles, twice-daily to New York, San Francisco, and Vancouver, and ten times weekly to Frankfurt. Additional frequencies have been introduced on routes linking Hong Kong with Amsterdam, Johannesburg, Nagoya’s new Centrair (Airways, March 2005), and Perth, Australia.

At present, major growth areas are the Australian and North American markets. Besides China, India offers the greatest potential for development on Cathay Pacific’s network, with only Mumbai and Delhi being currently served. South America is too far away to be profitably served nonstop, and the airline believes that, for the time being at least, Oneworld partner LAN can help by developing traffic via Los Angeles and New York. Later, more destinations on the European continent could be seriously considered whenever they appear to be potentially profitable.

The airline’s fleet is expected to grow to 104 aircraft in two years’ time, and with subsidiary all-cargo carrier Air Hong Kong that number will total more than 110.

One of the disadvantages Cathay Pacific faces is its relatively high cost structure by being based in Hong Kong. In the view of de Gentile-Williams, however, competitive true low-cost carriers will take time to grow within Asian markets because of the lack—so far—of secondary airports with fees lower than at the traditional hubs, while relatively long stages require ‘frills’ to be offered ‘free of charge’ to customers.

Cathay Pacific’s Asia Miles program encompasses over 230 partners in nine categories, enabling the frequent traveller to earn free flights, upgrades, and other awards such as hotel accommodation, golf, access to spas, health and beauty treatments, dining, electronics, food and wine hampers, and tickets to horse racing and other sports events. Asia Miles points can also be redeemed to test drive a Porsche or ‘fly’ Cathay Pacific’s simulators.

A fundamental revenue generator is cargo, and Cathay now has a fleet of 13 dedicated freighters. Hong Kong is an ideal hub for connections to the huge Chinese markets, and whereas once the flow of freight was usually outbound from China, nowadays there is also a strong demand from Chinese for commodities produced elsewhere, thus providing a welcome balance to cargo load factors.

In 2004, the airline set a new cargo revenue record of HK$10.5 billion ($1.4 billion), a product of the continued growth in demand from Europe, Japan, and the United States for goods manufactured in mainland China, although yields decreased slightly. Access to the mainland cargo market was further strengthened with the launch in January 2005 of a daily freighter service to Shanghai, which is now served twice-daily, with either a Boeing 747 freighter or an Airbus A300-600GF, wetleased from subsidiary Air Hong Kong.

To meet the growing demand in the United States for exports shipped through Hong Kong, in May this year Cathay Pacific launched a new combined freighter service to Dallas and Atlanta. Both cities are new ‘online’ destinations for the airline, and besides being important regional logistics centers, they will also provide easier access to markets in Latin America. Cathay Pacific now operates 21 scheduled freighters a week to six US cities. At the end of April, work started on the conversion of the first of three 747-400 passenger aircraft from Cathay’s fleet into a freighter—the initial such exercise anywhere in the world. Called the 747-400SF (Special Freighter), the airplane is being modified by Taikoo Aircraft Engineering Co (TAECO) in Xiamen and is scheduled to fly in September. Cathay will eventually operate at least six and as many as a dozen 747-400SFs, with others converted from airplanes bought from other airlines.

It is a truism that one of the main assets of a successful company is its people, and Cathay Pacific Airways has always been keen to develop and nurture its corporate team...
Starting in the Eighties with the ‘best of both worlds’ philosophy—epitomized by the recruiting of multi-national Asian cabin crews, and mostly British, Australian, and New Zealander pilots—in 1988 it started a cadet pilot program to recruit and train cadets from Hong Kong as well.

Today Cathay Pacific’s ‘cosmopolitan’ employees are among the best and highest-motivated in the world. And to reinforce its drive for excellence the airline recently launched the ‘Betsy Awards’ program (evoking the name of Cathay’s pioneering DC-3, now on display at the Hong Kong Science Museum). The scheme recognizes specific examples of outstanding service performed by staff, with 20 employees being honored each year at a special ceremony.

Winners are chosen after their stories are assessed by a judging panel comprising senior management, who grade each story according to various service-related criteria. All recipients are presented with a ‘Betsy’ pin and certificate, and receive ‘treats’ such as visits to the Boeing or Airbus factories, taking part in Cathay Pacific inaugural flights, media events, and even UNICEF field trips. The top prize includes the experience of observing the airline’s CEO at work for a day, in a ‘Day in the Life of…’ exercise.

In 1998 the airline moved its headquarters to Cathay Pacific City, one of the largest corporate headquarters in Asia. The complex represents confidence in the airline and its future—and that of Hong Kong—allowing it to group under one roof all key functions that were previously scattered around Hong Kong in 20 different locations. CX City has a wide range of amenities for staff, including a hotel, fully-equipped auditorium, a ‘Learning Zone’ offering a host of educational materials, a food court, medical center, several retail shops, and a popular sports complex.

As Cathay Pacific Airways approaches its 60th anniversary, its name and distinctive ‘brush-stroke’ logo are amongst the aviation world’s most widely recognized and respected. The rise of Cathay Pacific mirrors that of its home, the former British colony which grew from a small fishing village to become one of the wealthiest cities in the world. Indeed, the stories of both Cathay Pacific and Hong Kong are amazing examples of resourcefulness and triumph over adversity, with the airline providing the vital global links to support Hong Kong’s rôle as one of the world’s great transport hubs and commercial centers. In one word, it is a story that could best be described as ‘CXtraordinary’!

(Airways thanks the following for their invaluable assistance with the preparation of this article: from Cathay Pacific, May Lam-Kobayashi, corporate communications manager (overseas), and Philippe de Gentile-Williams, general manager-airline planning; and Nick Brough of Interazione.)

Flying with Cathay Pacific

To assess CX’s award-winning services, Airways recently sampled three trips in both economy and business class.

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Sector: Rome [Roma]-Fiumicino (FCO) to Hong Kong- Chek Lap Kok (HKG)
Flight CX 292
Equipment: Boeing 747-400
The first flight started at a very busy FCO, which CX links with Hong Kong five times a week using Boeing 747-400s. This flight is code-shared with Qantas as QF 3860.

Check-in was smoothly conducted by Aeroporti di Roma personnel, supervised by CX’s staff at Terminal C of Italy’s busiest airport. Three check-in positions were available for passengers flying first or business class, as well as for members of the Marco Polo Club. That meant that I did not have to queue and was quickly assigned my requested window seat in the cozy upper deck business class section of B-HOV.

With an ETD of 1250, boarding at Gate 22 in the Satellite area of Terminal C was announced at 1210, and I was amongst the first passengers to enter the cabin before making my way upstairs.

After being warmly welcomed by a female flight attendant of Chinese origin—who, very professionally, asked for the correct pronunciation of my surname—I settled into the technologically-advanced ‘New Business Class’ seat, which Cathay had recently introduced on its long-haul fleet. One of the major benefits of this new seat is its capability to be transformed into an almost lie-flat bed, with a recline angle of 9° to the horizontal enabling passengers to relax as though in a real bed.

Unfortunately, despite a number of attempts during the boarding phase, my seat refused to convert as its designers intended. It did not even yield to the intervention of two British Airways ground engineers (BA provides technical support for Cathay in Rome) who were promptly called aboard by the
apologetic flight attendant. Business class being almost full, I
was offered the only other seat available on the upper deck; but
because this was not a window seat I preferred to occupy the
original—albeit recalcitrant—one, while the flight attendant
offered to manually convert the seat whenever I required it
during the flight.

The whole episode was handled with the utmost empathy.
And while boarding continued, there were the usual offerings of
pre-takeoff drinks—I chose a glass of Billecart-Salmon brut
champagne—followed by a wide range of newspapers and
magazines, a Dermalogica amenity kit, and oshibori hot towels.

Detailed information about our planned flight path was
then provided over the public address (PA), courtesy of the
Australian captain, with an anticipated arrival in Hong Kong
ahead of our ETA. This would be aided by favorable winds and a
more direct route that, after leaving Italy, would have us overfly
Greece, Turkey, Armenia, the Caspian Sea, Turkmenistan, and
Uzbekistan before crossing into China not far from the city of
Yining. The elegant menu and wine list cards were then handed
out by the three female flight attendants attending the 25
passengers on the upper deck.

Pushback was exactly at 1250, and 23 minutes later we were
airborne off Runway 25 and climbing over the Tyrrhenian Sea.
Less than half an hour into the flight, whilst over the eastern
coast of southern Italy, the aperitif trolley came around. There
were offerings of small porcelain bowls with warm almonds and
an amuse bouche consisting of Parma ham with a pesto-based
creamy sauce; and a wide selection of drinks to accompany
them. I had a ‘Cathay Delight’—one of the airline’s signature
drinks—a refreshing non-alcoholic concoction of coconut milk,
kiwi fruit juice, and fresh mint.

Shortly afterward it was time to prepare for the elaborate
lunch service. This was a five-course meal with a choice of four
different mains (entrées to US readers), accompanied by an
ample and award-winning selection of French, Italian, and
Australian wines, including a delightful Sauternes that I chose to
complement my cheese platter and dessert. Catering, provided
by LSG Sky Chefs at FCO, was inspired by the traditions of
Italian/Mediterranean cuisine, but included some Oriental
options as well, with everything served on the beautiful ‘fusion’
contemporary-design Noritake china (*Airways*, July 2005).

After about an hour-and-a-half of continuous food and
refilling of wine glasses—mine were never empty—it was time to
relax using the noise-cancelling headset and new AVOD
(Audio Video On Demand), which is gradually being introduced
in the premium classes on Cathay’s long-haul fleet. Once
you have tried it, you will find it difficult to adapt to the
standard audio/video program offerings which constitute the
industry norm.

The Studio<sup>2</sup> entertainment guide for first and business,
updated on a monthly basis, offers a huge selection of audio and
video programs, with the on-demand choices including 32
movies, many TV channels, and no less than 99 CD titles to
choose from. All this besides the standard offering of audio/video/airshow/games channels available to economy
passengers as well. The 10.4in (26.4cm)-wide individual screens
afford perfect viewing. If I had the need to check my emails in-flight, the new ‘NETVIGATOR’ service—soon to be introduced
in economy class too—would have allowed me to do so.

Continuing eastward with night quickly falling, it was time
to relax by watching one of the features available on Studio<sup>2</sup>
while nibbling—if there was still space left in your stomach—on
a snack of warm focaccia with mushrooms, Chinese noodles, or
vanilla-amarena gelato—or indulging in the pralines, snacks,
and fresh fruits on offer both in the upstairs galley or the
pleasant main deck bar area. But most passengers took the
opportunity to sleep, thanks to the comfortable sleeper seats;
and I did the same after the flight attendant, at my request,
manually lowered my seat into the reclined mode. By now we
were almost over our entry point into Chinese air space, shortly
after having passed abeam the Uzbek city of Almaty.

After a good two-hour nap, lulled by the soothing voice of
Bebel Gilberto, it was time to awaken for breakfast. Soon, lights
were turned on to prepare the cabin for the service. Meanwhile,
I had discovered that somehow, mysteriously, my seat
mechanism had begun to work again, allowing me to select the
best possible position whilst evaluating the claims made for this
great product.

Breakfast service was, again, a full meal in itself, including
freshly-cut fruits, warm pastries, yogurt, muesli, and corn flakes,
followed by a selection of cold cuts and a choice of two hot
main courses.

The Studio<sup>2</sup> entertainment guide for first and business,
Throughout the flight the three gracious Asian ladies—one Thai and two Chinese—delivered an elegant style of service which is best described as informal, warm, punctual, and effortless. They quietly patrolled the cabin, asking each passenger if there was anything they required; it was almost as if each passenger had his or her own flight attendant.

Having passed by Lanzhou and then Xi’an, and now approaching Guangzhou, it was soon time to start our descent into Chek Lap Kok. Because of winds in the area, the approach pattern would lead us to circle Hong Kong Island (on which Victoria Harbour and Victoria Peak are situated) on a southwesterly track, then turning again from the northeast before overflying Sha Tin and finally approaching for a landing on Runway 25R at 0615lt. Eight minutes later we docked at Gate 61, after a total block time of 11hr 33min—12 minutes ahead of schedule.

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Sector: Hong Kong (HKG) to Nagoya (NKM), Japan
Flight CX 532
Equipment: Boeing 777-200

My economy class journey from Hong Kong to Nagoya was scheduled to depart at 1630lt; it was operated by B-HNA, one of Cathay’s five Boeing 777-200s. The relatively light load on this flight meant that, again, boarding proceeded smoothly and was completed very quickly. Soon after boarding, the well-groomed, multi-Asian cabin crewmembers distributed blankets, headsets, and disembarkation cards before we even started to move. Chocks were pulled four minutes ahead of schedule, and we were in the air after an 18-minute taxi, heading on a northeasterly track for Japan.

Drinks service started half an hour after departure, followed by a comprehensive three-course dinner featuring a shrimp salad, Japanese hors d’oeuvre delicacies, and a choice of white fish in gravy or chicken with rice and vegetables. The small extravagance of a choice of Häagen-Dazs ice cream cups followed for dessert.

In-flight entertainment (IFE) consisted of a wide selection of StudioCX programs, displayed on individual in-seat monitors, featuring movies, short video programs, BBC Worldwide service, Discovery Channel, games, and more than 20 music channels. The cabin crew performed faultlessly throughout the flight, in typically experienced and well-rehearsed manner. Comfort-wise, however, a drawback on this flight was the lack of footrests.

An on-time arrival at Nagoya was negated by incoming traffic to Komaki Airport, which resulted in a 15-minute holding pattern over Ise Bay before another smooth landing. We were at the gate 2108, eight minutes later than scheduled.

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Sector: Hong Kong to Dubai (DXB)
Flight CX 745
Equipment: Airbus A330-300

Returning to Europe, I received an invitation to either ‘The Wing’ or ‘The Pier’ business/first class lounges at HKG. Having finished my meetings at around 1830, I was able to go through departure processing early enough, and by 1900 was ensconced in The Wing, a lounge conveniently located directly in front of Gate 2, from which my flight would depart.

CX745 is an overnight service, with an ETD of 0005. (It is one of 13 weekly flights operated to Dubai as either nonstop or multi-stop services via Bangkok and Mumbai.) Thus, I had plenty of time to familiarize myself with, and enjoy, the discreet and gracious luxury provided by Cathay Pacific to its premium passengers.

Whiling the time away in The Wing—a 4,500m² (48,500sq ft) lounge designed by architect John Pawson and elegantly complemented by Italian furniture—is a matter of choice, as passengers can choose between relaxing with drinks and nibbles at the Long or Short Bars (the former, at a length of 80ft/24.4m, is the world’s longest airport serving table), continuing to work in one of the ‘Personal Living Spaces’ complete with PC terminals and Internet access, taking a shower in a private bathroom, reading newspapers, magazines, or art books at The Library, or eating at The Noodle Bar, which offers a wide selection of freshly cooked-to-order Chinese and Japanese noodles. Also available are salads, sandwiches, fresh fruits, and cakes. All of Cathay’s lounge personnel are exceptionally well-trained and ready to serve the needs of passengers without being overwhelming.

First class passengers also have access to The Cabanas—five relaxing, private 35m² (380sq ft) suites complete with a full bathroom fitted with a huge bathtub—and a delicious pre-departure dinner at the elegant The Haven buffet restaurant.

With plenty of time to spare, I was able to experience most of the amenities The Wing has to offer. Almost all European flights
depart from HKG between 2300 and midnight, so the lounge began filling up at around 2100; but never did it become overcrowded and remained a haven of relaxation before boarding a long flight.

Heavy thunderstorms in the vicinity of the airport delayed a number of flights, but it seemed as if CX745 would make an on-time departure. Boarding for this flight was announced at 2335. There were only 13 passengers in business class, and after being warmly welcomed onboard I was soon occupying Seat 14A on B-HLH, an A330-300 mostly deployed on regional Asian routes and not yet fitted with the new 'Regional Business Class' seats. The older seats, albeit very comfortable, are a far cry from the new ones installed in the long-haul fleet.

The female flight attendant in charge of the business cabin introduced herself personally to each passenger. Shortly after all passengers were onboard, the captain announced that we too would be delayed by the bad weather, with loading of cargo having been suspended for safety reasons. Meanwhile, welcome drinks, newspapers, amenity kits, and hot towels were offered.

We finally pushed back at 0028 and rolled down the taxiway behind a South African Airways A340-600 bound for Johannesburg. At 0046 we took off from Runway 07R, quickly turning to the right and circling the island of Lantau—on which Chek Lap Kok is situated—while the lights of Kowloon and the Central district on Hong Kong Island appeared magically through the lightning-lit clouds filling the black night sky over the South China Sea.

After aperitifs, a late supper was quickly served at around 0115. This consisted of a delicious fresh garden salad with parmesan cheese and raspberry vinaigrette, a choice of three main courses—from which I selected an excellent light halibut dish—cheese, and a fruit plate, and an over-indulgent Valrhona chocolate cake with raspberry sauce.

In-flight entertainment consisted of the standard program, as this aircraft had not yet been refitted with the AVOD system.

With most passengers asleep, the flight progressed over Burma [Myanmar], Bangladesh, and across India, before crossing the Arabian Sea. I noticed that even in the deep of night, no more than five to ten seconds elapsed, from the moment of summoning a flight attendant, before a passenger received service.

Slightly more than 90 minutes before our arrival in Dubai, a continental breakfast was offered, including fresh fruits, assorted pastries and breads, and a selection of yogurt, muesli, and hot drinks, including a freshly-brewed and foamy cappuccino—which was far better than many I have had recently in Italy.

Our descent into Dubai began shortly after overflying the eastern coast of Oman, and after a long let-down procedure we landed from the northwest at 0429, blocking on at a very remote stand ten minutes later—24 minutes behind schedule.

All three flight and ground experiences could not be faulted, and confirmed that Cathay Pacific is an innovative, world-class service airline in the competitive arena of international air transport.