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Is There A Regional Airline Market Monopoly On Air Ticket Prices? - Inspecting the established notions, forces and factors driving ticket pricing behaviour.

Vaman Bajnath

Abstract: Caribbean Community (Caricom) air operators, Caribbean Airlines Limited (CAL) and Leeward Islands Air Transport (LIAT) are accused of manipulating their ticket pricing policies during the non-appearance of North American competition. The Caricom citizenry claim the state airlines CAL and LIAT wield monopoly and market power and unjustifiably ratchet-up ticket prices. This action results in a damaging effect on businesses and consumers. Conversely, the state airlines demanded their prices are defensible, appropriate, practical and realistic as far as their costs are concerned in the current aviation climate. The findings advocate ticket prices are driven by uncontrollable external driving forces in conjunction with hard lined industry features and internal business coping mechanisms.

Keywords: Airline Market Monopoly and Market Power, Aviation Market Forces, Airline Industry Factors and Features, Airline Ticket Pricing Behaviour.

INTRODUCTION

Caricom citizens proclaim the legacy airlines CAL and LIAT hold them hostage in the absence of competition. The accusation is based on public consensus that whenever an opportunity presents itself the regional air operators' ticket prices surge. The residents assert the increases are not defensible. They believe the regional airlines use the competitor's timely withdrawal to recover unhealthy balance sheets. CAL and LIAT are 100% state owned and operated and furthermore partially financed through government subsidy. The foreign carriers sharing the common airspace are privately owned with a small proportion having a minority state to private arrangement.

Contrariwise, regional operators tout they are always at the mercy of foreign operators and are justified to raise ticket prices. Foreign operators benefit from economies of scale, greater amount of diversified resources, and cross-subsidization of routes. Regional airlines claim it is unfair to be benchmarked against foreign airlines.

Vaman Bajnath is a former BWIA Airline Pilot of 35 years, of which 21 years served as Jet Captain on DC9, MD80, L1011-500, and A340-300, flying regularly to Europe, N & S America, & the Caribbean. He holds an Executive Masters of Business Administration and a Doctorate of Business Administration from the University of The West Indies, St. Augustine.
Email: bajair1996@gmail.com

High operating costs, rising fuel prices, high airport taxes, and annoying airport charges are their justifications to raise ticket prices. Additionally, they argue that steep non-uniformed nuisance taxes across the region curtail their ability to put lower prices on tickets.

This assignment is further motivated by the outcry from East Caribbean Shareholder Governments for LIAT and CAL to be more competitive. These preceding issues were raised by this author in his doctoral thesis logged in 2016 at The University of the West Indies, St Augustine Campus titled "*Towards Developing an Air Transportation Logistic Framework for a Re-positioned Economy*: *Moving Away From The 'Quasi-Stationary' Paradigm.*" The author indicated in Chapter 3 of the Historic Review that the question of CAL and LIAT purported to be operating as monopolies will be dealt with at a later date.

In light of the above factors and regional dialogue some key enquiries have emerged. Newsworthy questions advanced from the background ask: Are LIAT and CAL engaged in monopolistic pricing and exercise some market power? Why doesn't competition between LIAT and CAL (and other smaller regional operators) drive down regional fares? Is there collusion between LIAT and CAL to keep the fares high? Also, why LIAT and CAL fares are sticky downwards, that is, they don't fall when fuel prices fall?

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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The aim of the research is to synchronise the existing gap between public perceptions with the reality of this highly regulated dynamic industry. The objective is to highlight the evidences and settle any misconceptions the public may have on ticket prices. The literature review and its theoretical underpinnings underlined the historical journey on industry market mechanisms. Simultaneously, this set the stage to understand the momentum which crafted the current airline industry pricing behaviour. The paper examines the issues raised from all sides; however, it cautiously does not adopt a position. Although data is examined from earlier timeframes, the research scrutiny is focused from 2007 onwards, the time period from which the complaints were raised publicly.

The basis of the dispute will constitute the opinion that volatile fuel prices cause volatility in ticket prices. But then again, other airline industry factors such as inflation, airport taxes, passenger taxes, etc. discussed further on, thought to be very exclusive to CAL and LIAT alone turns out to be that such factors affect all airlines equally. The paper also explores the prospect that ratchet pricing by CAL and LIAT exists which is unique to CAL and LIAT and other airlines do not have such pricing policies that is related to fuel and other price influences. Just establishing that there is a ratchet pricing mechanism is an important contribution to the airline literature.

The next section charts the historical background on the complaints raised by the citizenry and pinpoints the sources of the issues echoed across the majority of Caricom nations. Subsequent is the literature review which looks at the theoretical context from experts. Afterward is the section on the theoretical underpinnings and challenges in the global airline industry on competition and monopolies. Included is a small section which describes the methods used in this research. This follows an in-depth analysis of the key constituents of air fares, such as fuel coupled with oil prices, inflation, taxes, charges and other price contributing factors. Finally, the conclusion highlights some suggestions for Caricom Governments and regional state airlines.

BACKGROUND ON THE CURRENT STATE OF AFFAIRS

Within the Caricom region, a diversity of complaints has circulated since the recognition of the exponential increases in inter-regional air fares from 2007. High air fares are having a damaging effect on business and consumers [68, 69, 25]. Hoteliers have made serious claims of reduced occupancy [43]. Air transportation is of paramount importance for the sustainable Caricom Single Market and Economy (CSME) initiative which continues to struggle to get ahead.

It is believed, that the reduction of air services from the main competitors in the USA prior to this period and the non-involvement of new entrants have propelled the regional airlines to create a monopoly on ticket prices. Although there is a resurgence of foreign competition, their focus markets is point to point travel, which is travelling from one major destination to another major destination across large global distances (see Exhibits 7 and 8). LIAT is primarily intra-regional while CAL routes are a combination of intra-regional and external to North and South America (see Exhibits 5 and 6).

Since 2003, LIAT pleaded to heads from the Organization of Eastern Caribbean States (OECS) that the Civil Aviation Authorities must transition to new authorities. They said then and continue to re-iterate, the old rules do not work for them. It is too expensive to follow [29]. Regional airlines continue to lobby the local civil aviation and airport authorities for a reduction of taxes and charges, but without any success. Pressured by regional governments into profitability, regional operators have declared they are forced to increase ticket prices to make their business model work.

In 2007, soon after LIAT absorbed regional operator Caribbean Star Airlines by a merger, fares went up by over 100%. Prior to the merger both airlines were losing millions of dollars in a competitive environment where airfare levels were unsustainable [6, 43]. The merger was attacked for creating a monopoly in inter-island air travel resulting in high airfares. This retrograde step created by LIAT in agreement with three Caribbean Prime Ministers became damaging to business and consumers

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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[43]. Shareholders and stakeholders resent the unrealistic increases [6].

In June 2009 the Guyana Government was the first to boldly challenge the regional carrier, CAL of Trinidad and Tobago (T&T) for unfair practices in their ticket pricing policies [70]. It was the discrepancies in airfare structures for travel to the United States of America (USA) and nearby Caribbean which also got the attention of other Caribbean governments. LIAT, the other major regional carrier was heavily criticized by the Governments of St Lucia and Dominica. They called for an investigation into their pricing system [23].

Grenada notably suffered from decline in intra-regional trade and tourism since LIAT was a key mover. Real GDP growth moved from 4.9% in 2007 to 1.7% in 2008 [33]. The decline was coupled with a 200% increase in fares in 2007. The LIAT monopoly had set back Grenada terribly [34].

In 2008, Barbados announced it will not support a LIAT monopoly [61]. Now the LIAT airline shareholder governments of Barbados, Antigua and Barbuda, and St Vincent & the Grenadines have indicated they will no longer fund LIAT in protest to the high airfares and poor customer service [49].

CAL officials explained their position on the issue. CAL said their price structure is flexible and customers can choose from a number of services that suit them [69]. The year before when North American Airlines and local operator Travel Span ceased operations in the Caribbean due to high fuel costs, CAL, standing as the only carrier to New York from Guyana, announced it had no plans to raise airfares [67]. That position is in direct contradiction to the current contention.

LIAT on the other hand said after the merger with Caribbean Star, fares were further increased because of new airport taxes and charges. Previous in 2002, the International Air Transport Association (IATA**)** sent a strong message on the "disparity" between strong airport profits and struggling airline returns and reminded airport management that airlines and customers cannot pay for airport inefficiencies [36].

LIAT also claimed that fares in the market today are appropriate, practical and realistic as far as their costs are concerned. They say high aircraft lease costs, huge fuel bills, high maintenance, island-hopping schedule and high landing fees are some of the major operating costs impacting ticket prices [25].

THE LITERATURE REVIEW

In the USA the drive to deregulate the airline industry came in for much criticism. However, it was the success of introducing low and super saver airfares in attracting price sensitive passenger that accelerated the process of deregulation in 1978. The Airline Deregulation Act is a US Federal Law signed into ruling on October 24, 1978. The main purpose of the act was to remove government control over fares, routes and market entry of new commercial airlines. It replaced the Civil Aeronautics Board regulatory powers [56]. Over the next few years, deregulation and the American model of segmenting leisure from business travel and fixing the price for other sub-segments spread to other global districts. It brought in maximum revenue for the air carriers.

It is a fact that the dramatic changes in ticket prices are well known. Instead of a simple system of peak and off-peak airfares pioneered by earlier carriers like Southwest airlines, passengers face highly complex airfare structures and a bizarre array of fares on any given flight, all evolving from yield management systems [56]. Shaw (2004) noted airlines decide on pricing policies which will optimize financial returns. They decide on the number of seats they will sell, at what price and in what currencies. Some seats are allocated to different classes with different prices. Decisions on price are made on patterns of demand. He stressed modern revenue management systems like computer reservation systems are currently used to optimize revenue.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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Stavins (1996) research focused on how price discrimination changes with market concentration in the airline market. Cook (2000) examined the relationship of several market variables to the degree of ticket price dispersion. Market concentration is the extent or degree to which a relatively small number of firms account for a relatively large percentage of the market. Price discrimination involves a single provider charging different prices to different customers for an identical good. In this case the price difference cannot be fully explained by differences in cost.

On the other hand, price dispersion is best thought of as the outcome of many firms potentially charging different prices where customers of one firm find that it difficult to patronize (or are perhaps unaware of) other firms due to the existence of search costs [71, 24]. Stavins (1996) found the more competitive the market, the greater the price discrimination on the route. Also the price variance is more likely with a dispersed population of business and tourist travel. As more firms join the market, competition increases and this can lead to lower price discrimination.

Airlines price discriminate using two methods. One is a range of package or combinations of fares with restrictions; the other is by restricting the number of discounted seats on each flight. Customers choose on their willingness to pay based on time, convenience, and flexibility. Airlines may be forced to charge tourists marginal costs while maintaining a high mark-up on business or captive customers. Stavins (1996) noted the variation in airfares on the same flight can be either justified by cost differences, (that is cost based), or discriminatory, (that is demand based). Carriers' unique flight schedules induce consumers to favour specific carriers. This results in airlines having market power in market segments and not in others.

Borenstein (1985a), Holmes (1989), and Gale (1993) found that price discrimination may increase as the market becomes more competitive. The most recent airline market studies show as the market concentration increases, so does the average price of the air tickets [11, 54]. Borenstein (1985b) noted airline mergers result in airport dominance and may create substantial market power and competitive advantage. Market power and monopoly power are related, but not the same.

The US Supreme Court has defined market power as "the ability to raise prices above those that would be charged in a competitive market," and monopoly power as "the power to control prices or exclude competition" [79]. Airline market power may result from the ability to exclude competitors from city-pair markets. Dominant airlines with increased market power can utilize marketing devices more efficiently than other airlines in order to attract travellers. Borenstein (1985b) found the correlation inconclusive that increased market power always result in increased airfares.

THEORETICAL UNDERPINNINGS

Post deregulation after 1978 was supposed to bring lower fares to the average traveller in the US competitive market place [64]. The European Union, Asia and Latin America followed and deregulated their domestic market beginning from 1993. Airfares in Europe are roughly twice as high for comparable distances in the US. This is because many carriers remain state owned, like Air France [57]. In Europe, economic liberalization was pushed after realizing politically controlled economies served no continuing public interest.

Many other international airline markets such as in China and Africa still remain subject to tight regulation. China's airline industry began transformation from the early 1980s. China had economic transition from central planning to market mechanisms. Business enterprises are now capable of responding to the changes and competitive dynamics inherent in a market economy [72, 28]. For the African aviation industry, a World Bank diagnosis cited lack of airline competition and the under-development of regional airport hubs as important constraints among other factors [3].

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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The shifts from tighter regulatory environments to freer districts have seen more and more institutions probing the possibility of encouraging "Open Skies" policies. Open Skies agreements have been successful at removing many of the barriers to competition and allowing airlines to have foreign partners, access to international routes to and from their home countries and freedom from many traditional forms of economic regulation [4].

In a strange twist of history repeating in the US, pre-deregulation models are emerging. US Airways and Delta Airlines have been bitter rivals for decades with a highly overlapping route structure from Maine to Florida. The strategic merger of America West and US Airways was calculated to take Delta out of the equation. That would give the airline a monopoly status on many lucrative routes in the densely populated Eastern U.S. "Big guns" like American, Continental, Northwest, and United — will be forced into similar combinations to remain competitive [35].

In May 2009, Richard Branson, head of the Virgin Group and Virgin Atlantic airline said a proposed alliance between AMR's American airlines and British airways would create a monster monopoly and strangle competition over the North Atlantic. AMR claims that Virgin argument does not seem to be current with the environment as more than 40 airlines flies the route. AMR argued that travellers would benefit by having greater access to cheap fares and smoother connections [59].

In July 2015, the United States Justice Department began investigating whether US airlines have colluded to keep ticket prices high. The Department was looking into the so-called possible unlawful co-ordination by some airlines as part of a competition probe. Since the onset of the financial crisis in 2008 many US domestic mergers have taken place to better their competitive advantage. Major carriers such as American, United and Delta, along with a host of regional airlines, have overhauled operations and stemmed heavy losses. American Airlines, Delta Air Lines, Southwest Airlines and United now control more than 80 percent of the seats in the domestic travel market. During that period, they have eliminated unprofitable flights, filled a higher percentage of seats on planes and made a very public effort to slow growth in order to command higher airfares [7].

The Caribbean as well as wide reaching zones is not isolated in these difficult times. To counteract the stresses the airline industry face, worldwide airlines have merged, re-structured, and re-invented, all in the bid to survive. Many have ceased operations altogether, unable to survive from high fuel prices in a weakened economy. Some carriers have re-invented themselves to become profitable. Measures include implementing spending cuts, disconnecting from the dependency of major legacy carriers, increase market share, adjust schedules and re-visit aircraft utilization. A strategy most airlines engage is the provisional use of cross-subsidization on their routes that face competitive pressures; even selling tickets below cost structures for the sake of maintaining their market share.

In the USA the average domestic airfare rose 13 percent from 2009 to 2014, when adjusted for inflation, according to the Bureau of Transportation Statistics. This did not include the billions of dollars airlines collect from new fees. Some costs comprised $25 each way to check a bag and $200 to change a domestic reservation. During the past 12 months, the airlines took in $3.6 billion in bag fees and another $3 billion in reservation change fees. All of that has led to record profits for the industry and in the past two years USA airlines earned a combined $19.7 billion [48].

Volatile oil prices have been the greatest challenge to airline profitability apart from the weak economy. Fuel costs have surpassed labour as the largest segment of airline operating cost. Fuel costs, approximately 13 percent of total costs in 2002, are closer to 34 percent today [8]. The recent oil price fall from grace in 2014 into 2015 has influenced global airline profits more positively than any other period in modern history. The cost savings flow immediately to the bottom line and affect airline basic strategies. Routes will become viable when they were not before. Old aircraft will find a new lease of life. Fuel efficient aircraft will manage longer sectors economically, and new aircraft will be even more economical [15].

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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THE RESEARCH METHODS

The ideas for the paper were spurred on by very recent articles in the newspapers, television news, and regional debates claiming inter-regional fares were getting too high. Research has shown there is a dearth of studies in the Caribbean on the airline ticket pricing mechanisms. This void further limits this research paper.

Combinations of the qualitative and semi-quantitative methods were applied. The descriptive methods were sourced primarily from documentary analysis, the author's doctoral thesis and case studies. The quantitative data from airline websites, the Bureau of Transportation Statistics (BTS) and the International Air transportation Association (IATA) generated the tables and figures. This provided the conceptualisation of the investigative framework. In addition, the outline of this paper was guided by a study of The Price Discrimination in the Airline market: The Effect of Market Concentration by Stavins in 1996 coupled with a study in the Determinants of Price Dispersion in US Airline Markets by Cook in 2000.

Inter-regional and diaspora routes are the attention of the complaints of high ticket prices. Travel externally from the Caribbean has a much higher percentage to North America than the other diaspora routes to Europe. As a result the analysis of this paper focused on US Low Cost and Legacy operators against the dominant East Caribbean regional airlines, CAL and LIAT.

Efforts made to obtain data from within the airline companies proved futile. Besides, such operational and financial strategies are not normally disclosed to persons outside the organization. This brought further limitations to the research. Extensive research from secondary sources, including books, journals, dissertations, government press releases, newspapers, websites, interviews etc. were conducted to obtain as much information as possible to minimize the effects of the limitation. The author's (researcher) own aviation experience played a major role in data collection by sourcing the appropriate channels.

THE FACTS AND FACTORS MOTIVATING AIR TICKET PRICES

Preamble:

Airline ticket pricing strategies are complex. During any day the price can vary several times. The increase of prices can be linked to rising fuel costs and inflation. The business strategy of passing on the cost of fuel and other expenses to customers is common. Most airlines will lower airline ticket prices during the low travel season. The prices are raised again at the height of travel seasons (Figure 1 below). On certain flights the airlines will limit the number of seats available at particular fare levels. Airline ticket prices are often fifty to seventy percent higher when purchased at the last moment [20].

The Contentious Issue:

Caricom citizens claim in the absence of foreign competitive pressures CAL and LIAT unjustifiably jack-up airfares. The author's conjectural model in Figure 1 characterizes the basis of the issue. The arbitrary line merely simulates the ticket price movement with and without foreign competitors in the region. Emphasising the issue at hand is the movement upward of ticket prices from the period 2007-2011 illustrating regional airline flexing market power without foreign competitors.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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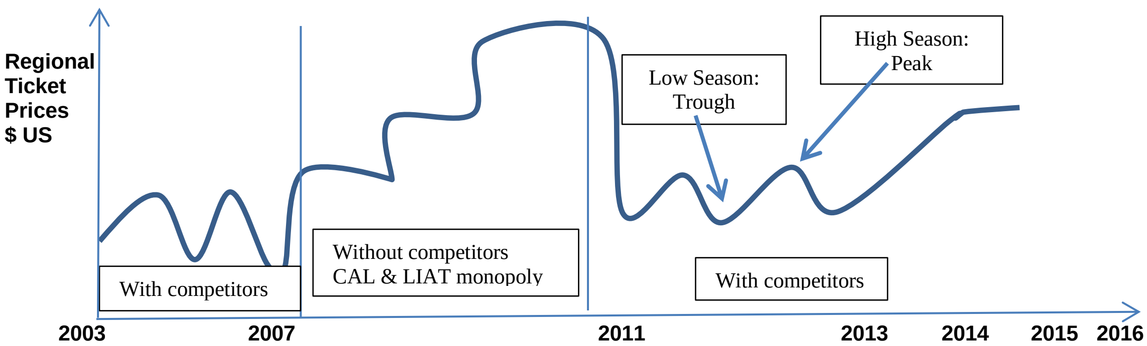

Figure1: Regional ticket prices with and without competitors
Source**:** The Author (2015).

Therefore to bring some clarity on the debate and any industry misconceptions, this paper has embarked on filling the gaps between public perception and the industry reality by way of revealing the crucial elements behind ticket pricing. They are as follows:

The yield management system:

The prices are generated automatically from pre-programmed inputs, commonly referred to in the airline industry as the yield management system. Such inputs are customised for each airline. This computer system automatically changes the ticket prices without notice. Inputs causing changes are the class of fares, days before purchase, seat availability, time and date of departure, flight distance, plus a host of fixed and variable costs of operations for each flight leg. Furthermore additional fees (see Exhibit 9) are charged to meet operating costs. These fees are not to be confused with airport / government taxes and charges. This very high-tech yield strategy method is intentionally aimed to charge different prices to different passengers in order to maximize the total revenue collected for each departing flight. To maximize the efficient use of the system specialist experts need to constantly update the customized inputs. Typically the system is outsourced at a high cost.

Ratio of Fares to Taxes and Charges:

Wherever you go, airlines and passengers face a compulsory array of airport and government taxes and charges which is ultimately funnelled to the point of the ticket purchase. It varies from itinerary to itinerary and ticket to ticket, sometimes considerably. In the USA airport taxes and fees, whose designations are somewhat similar with the Caribbean include the following: Domestic Transportation Tax; Federal Flight Segment Tax; International Departure Tax; International Arrival Tax; Alaska/Hawaii Domestic Transportation Tax; Alaska/ Hawaii International Departure Tax; Passenger Facilities Charges (PFCs); Federal Security Segment Tax; U.S. Customs Fees; Immigration Fee; and Animal and Plant Health Inspection Service (APHIS) Fee.

In the USA, the Caribbean and globally, the funds collected are intended to be used exclusively for the construction, maintenance and administration of airports and airway systems. Unable to convince authorities for the reduction of regional airport taxes and charges, regional carriers have otherwise threatened to raise airfares. They perceive such taxation as unfair to their operational strategy to put proper prices on tickets intra-regionally. Essentially they argue for the ratio of fares to taxes and charges to resemble that of US carriers as seen in Table 1. We cited the example in Table 1 (extrapolated from Exhibit 1) supporting their argument that portrays LIAT taxes and charges as 73% of the one-way fare from Trinidad to Barbados, whereas in comparison the return flight on Continental (now United Airlines) from Trinidad to Houston and onward to Washington (DC) illustrate the ratio of ticket prices to taxes as 38% of the fare. Is this threat a convincing strategic move? Let us examine this proposition.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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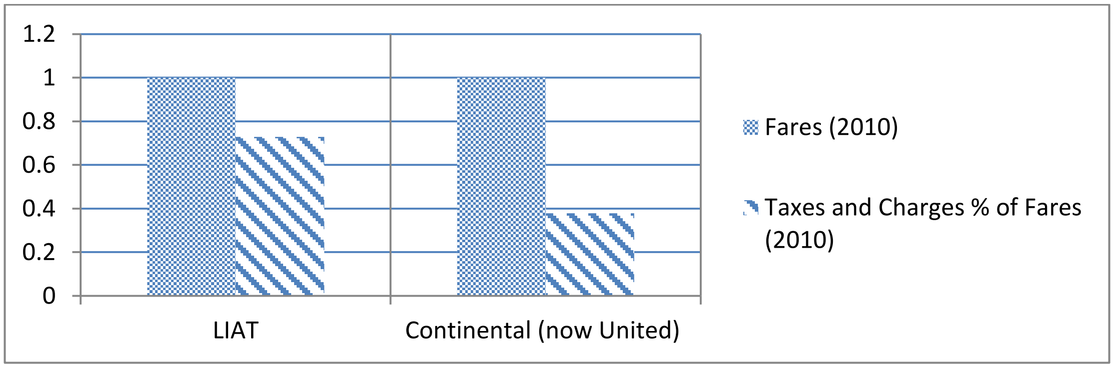
Table 1: Comparing the Ratios of Fares to Taxes & Charges for LIAT and United Airlines



Sources: Liat.com (2009), Caribbeanairlines.com (2009), Travelocity.com (2009); International Air Transportation Association (2009).

With the multitude of factors affecting ticket pricing, some of which are uncontrollable, there is bound to be price movement in either direction throughout the quarterly cycles. Intentionally jacking-up fares to recover on the ratio may eventually become prohibitive, non-productive and furthermore add to the extreme unpopularity with the citizenry. Such actions may seem as imposing market power, further aggravating the sources of the problems and which in fact could advance dismal consequences for the region.

On the other hand, this desperate action might work in favour for Low Cost Carriers (LCCs), for instance JetBlue (see Exhibit 8) to further penetrate the Caribbean for North American traffic. It will provide the avenue for the competitor to carve out more and new market share and offer a substitute. LCCs are widely known for business operational strategies that are cost focused and they continually strive to impose lower airfares than their competitors' pricing strategies. Regionals may be forced to look at other options.

Comparing Deviation in Tariffs:

Another spotlight issue is the so-called nuisance charges severely criticized by LIAT. They claim these elements are hindering them to place proper prices on tickets. Similar to what was exposed earlier by way of tariffs at USA airports, Table 2 below (extrapolated from Exhibit 1) reveal the regional divergences in the airport passenger facility charges, airport development taxes, and airport authority taxes, etc. Not exposed to the public and additionally factored into the ticket prices are landing fees, ramp parking fees, concourse handling charges, and aeronautical charges, all of which are determined by the respective controlling airport authorities. The airport ramp parking and concourse handling charges are fixed payments based on each aircraft maximum authorised certified ramp gross weight.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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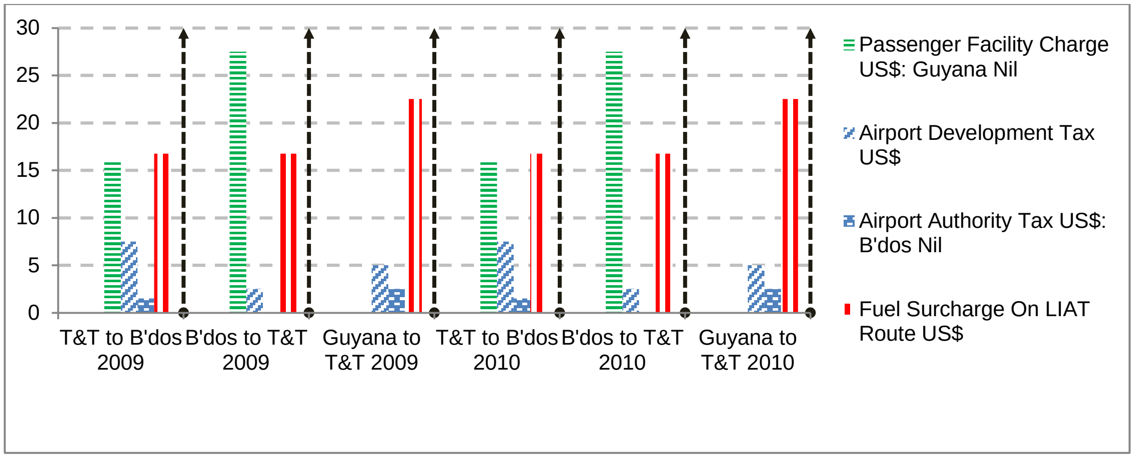
Table 2: Comparing the 2009/ 2010 Airport Departure Taxes, Charges and LIAT Route Fuel Surcharges



Sources: liat.com (2009); caribbeanairlines.com (2009); travelocity.com (2009

Comparing Operational Infrastructure:

Although larger capacity airplanes which are usually heavier attract a higher schedule of landing fees, there are other benefits attached to such choice of airplanes. Airlines choice of higher capacity aircraft on longer distances, for example Boeing 737 models used by United and CAL (154 – 179 seats) and Airbus A 320 models (150 – 190 seats) used by JetBlue, attract higher yield due to the lower operating seat cost per mile.

In contrast, due to the constraints of airport infrastructure in most of the smaller islands, regional carriers' choices of aircraft fleet are restrictive for their operational success. These types of short flight operations incur greater maintenance penalties. For example costly parts replacement such as brakes, wear and tear on the engines and airframe. Un-planned aircraft maintenance events such as bird strikes, damage from runway debris etc. add further afflictions to operational costs and schedules.

LIAT fleet airplanes which include the French ATR (48 – 68 seats), the Bombardier Dash 8 (50 seats) and CAL regional French ATR fleet (68 seats) are used with a high frequency among the islands. Scheduled aircraft maintenance is based on whichever comes first, the total cycles of start-ups and shutdowns or the total amount of flight operational hours. Due to the numerous take-offs and landings the total cycles often always arrive before the total flight hours for scheduled maintenance. This means taking airplanes more often out of service for specific time periods into the maintenance shop by law and ultimately snowballing regional airline costs.

Fuel Surcharge relationship on airfares:

Airlines introduced a fuel surcharge, the purpose of which is to accommodate short-term market fuel price fluctuations away from a base price (see example in Table 2 above). The movement of fuel prices in the USA have a direct relationship with the movement in domestic airfares seen in Table 3 below. Following the fuel price curve, the first-quarter average fares in 2009 were down 12.5 percent from the record high average fares in the third quarter of 2008. As of September 2009 the average price of oil is \$70/barrel compared to \$140 in 3rd quarter 2008.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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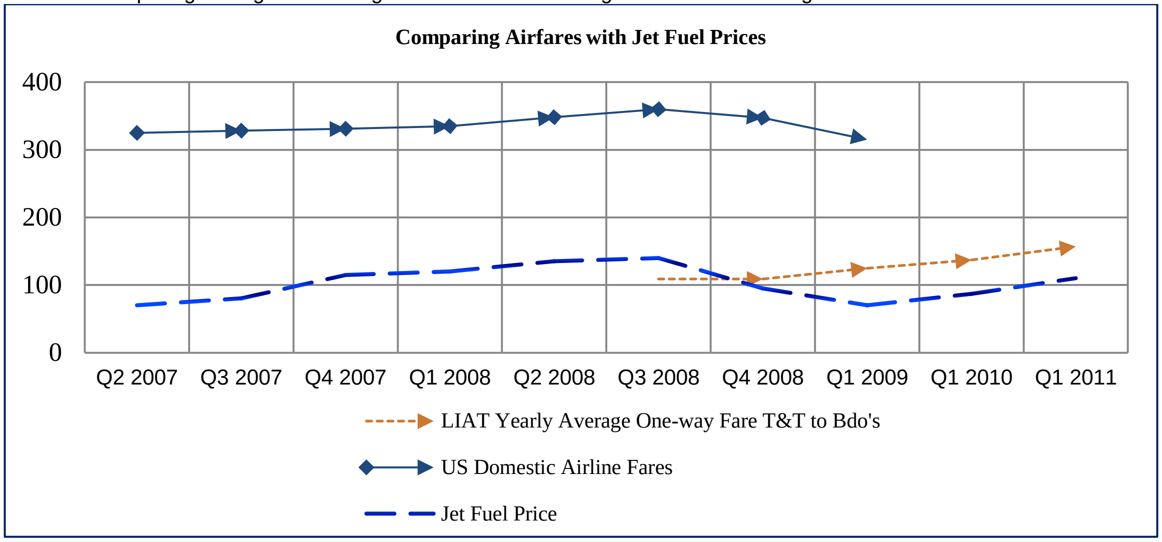
Table 3: Comparing Changes in Average US Domestic and Regional Airline Fares against Jet Fuel Prices



Source: United States Department of Transportation (2009); liat.com (2009)

In Latin and Central America, and the Caribbean, which in total consume 4% of aviation fuel share in the world index, have by tradition the highest fuel prices in the world (see Exhibit 2). In September 2009 there is a noticeable drop in average jet fuel price for the region and across other global districts (see Table 3; Exhibits 2 and 3). Strikingly with LIAT and CAL from 2008 onwards, fuel surcharges are on the rise. In addition, the airplane ticket price increases on average from 10% – 15% per annum.

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Pressured from the public to explain and take action, in May 2009 LIAT's corporate communication department issued a statement on the contentious issue of rising ticket prices. The communication elucidated the various increases in the fuel surcharge were based on increases in fuel costs over the years. However, by January 2009 the management decided on a partial removal of the fuel surcharge based on lower world market oil prices. The airline reduced the fuel surcharge in the region of 50% at the beginning of 2015. On January 28, 2016 LIAT announced the complete removal of fuel surcharges on all new tickets booked, effective 1st March 2016. Customers will only have to pay the airfare and any applicable airport and government taxes [50].

Inflation:

Inflation is also likely to cause increases in air fares. The figures examined, (see Exhibit 4), from 1995 to 2009 in the US shows no pattern of a direct relationship between the fluctuations in average fares and the creeping, yet steady increases in inflation rates. In fact there are years when the prices increased while inflation fell and vice versa. We can reasonably deduce in the USA example inflation was not the only factor directly associated to the ticket prices. The Caribbean case has somewhat similar characteristics.

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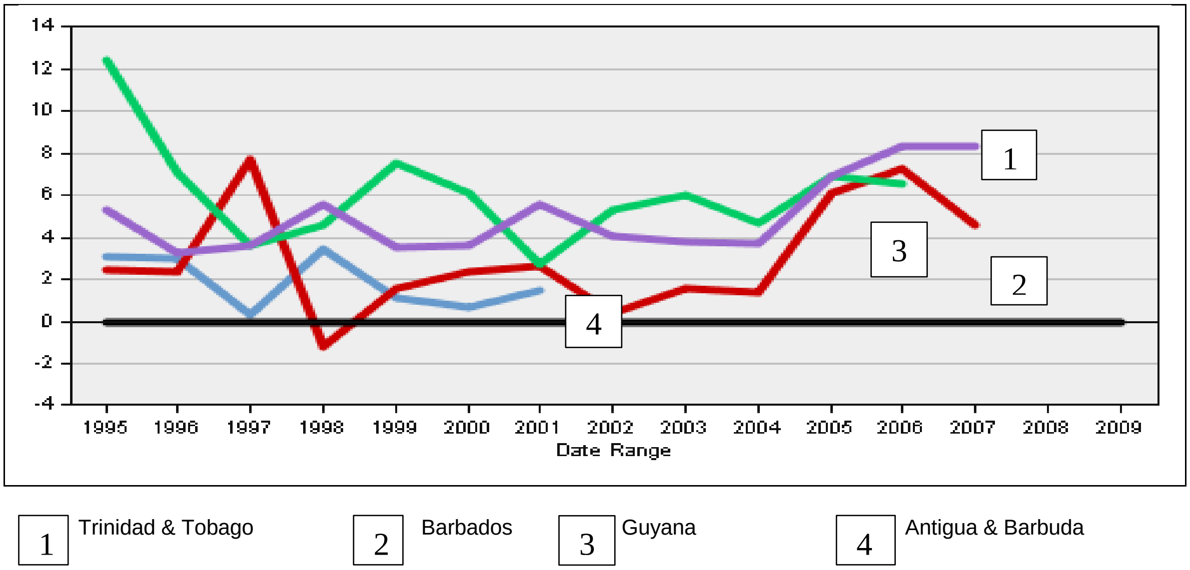

Figure 3: Four Caribbean Nation's Average Inflation Rate Per Year From 1995-2007
Source: International Labour Organization- LABORSTA (2007).

After a peak in 2006, four key Caribbean destinations display a decline in inflation. Antigua & Barbuda averaged 2.05% from 2001-2009 [38]. Guyana is trending on a decline while Barbados is in steep decline. In T&T from September 2008-September 2009, the average is 6.8% [19]. In spite of the reduction, LIAT and CAL fares increased on average 10% -15% in 2010 (see Exhibit 1). Possibly the increase can be characterized as the period of the high fare season. This needs further investigation as other factors may have contributed to the increase.

SUPPLEMENTARY FACTORS

Contributory factors at the forefront globally are highly likely to impact ticket prices in the short to medium term. These include security and the implementation of a carbon tax. There is always the temptation to engage in risky saving mechanisms such as the hedging of fuel, currency and interest rates. Furthermore, we shall see where the regional airlines are faced with numerous internal and external business trials even though they get ample political and financial support from shareholder governments. Inclusive of the above, we now disclose recent reports from which we can glean and foresee further trends that are likely to impact pricing strategies.

- Security:

With increased security risks, there is always the possibility of new and additional fees. These concerns have similar implications in the Caribbean [30]. After the September 11, 2001 air attacks in the USA the world experienced drastic and expensive changes to security. Such measures were mandated by aviation authorities beyond the control of airports and airlines. The most recent attacks at Brussels Airport on March 22, 2016 reminded authorities of more and revised stringent policies and procedures adding further human resource and expenditure burdens to already limited resources.

- Carbon tax:

For some time, there has been a debate over the merits and de-merits of introducing an aviation tax on airlines on environmental policies [60]. At the Paris Climate Summit in December 2015, aviation industry leaders have reaffirmed their commitment to curbing the sector's greenhouse gas emissions. Airbus, Boeing and Rolls-Royce were among signatories to an open letter pledging a carbon market to

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
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curb aviation emissions. The industry aims to meet rising demand for flights without increasing emissions from 2020 onwards. That will involve increasing fuel efficiency, developing biofuels and offsetting any emissions growth that cannot be avoided [26].

- Hedging:

According to Merket (2015), due to the exposure to risk relating to the volatility of fuel prices, currency fluctuations and interest rates, hedging is widely utilized by airlines using different types of financial instruments. With fuel price on a roller coaster, fuel hedging is a viable alternative strategy for airlines to lock-in huge cost savings. Savings could translate into profits or eventually lower fares. Some will hedge almost all of their fuel requirements, currency and interest rate exposures.

Conversely, some do not hedge at all since it does not always work. Others do not engage in hedging because their balance sheet is not strong enough. During the last sharp fall of spot market oil prices many airlines reported huge hedging losses on paper, for instance Cathay Pacific (-$US 974m), Air China (-$US 994m) and Emirates (-$US 428m). British Airways and Air France scaled-back their hedging for a while. The exception was the Chinese government went one step further by banning all its airlines from fuel hedging. Etihad the second-largest airline of the United Arab Emirates recently stopped its fuel hedging. This makes them currently more flexible in their pricing strategy being in the best position to reduce international fares by taking advantage of the reducing fuel prices.

Airlines that are state backed are less concerned with their exposure to future oil price hikes. However, they are exposed to future fuel price increases and are essentially speculating that oil prices will fall further. It is therefore inevitable that there will be a time lag in terms of customers being able to enjoy lower fares as a result of lower jet fuel prices. Once the airlines are paying fuel prices close to the current low spot market prices, competition will force them to pass on much of those savings to their customers, as we shall see with the LIAT and CAL challenges in the sub-sections to follow. Private investors and governments will also see at least some return on their investments.

Regional Carriers Challenges:

Thus far we have seen where the exposures to the industry elements are almost the same for all airlines. Therefore, why Caribbean carriers are not able to make a profit or demonstrate a reduction in losses, despite the fact they have the added support of their Governments in time of need? Is the management at fault? Are successor managements carefully selected and capable? What are some of their current challenges? We can also reasonably infer there are other reasons for the ticket price increases when we examine the recent struggles facing LIAT and CAL.

- Internal and External Struggles Plaguing LIAT:

LIAT has its fair share of problems to deal with. Fuel cost was not the only cost element affecting operations. From 2007 to present LIAT has faced increases in many critical operating costs. These include aircraft engines, spare parts, and ground handling contracts, airport fees and charges. LIAT added that operating costs increased with short haul distances between the islands and the frequency of landings for each aircraft operating within a complex route structure [13].

The airline is also strapped for cash. New strategies are being implemented to avert a financial crisis. The airline is pushing for more market power in spite of its critics. LIAT is taking a market challenge to Trinidad and Tobago's Caribbean Airlines Limited (CAL) by locating two new airplanes from their fleet into Piarco International Airport in Trinidad and will now be competing directly with CAL [47]. The airlines' new market plan is to increase its services in the Southern Caribbean.

In 2015, the LIAT shareholder governments welcomed the decision to relocate the airline's fleet base after decades at the VC Bird International Airport in Antigua to the Grantley Adams International in Barbados. The move is all part of the new restructuring plans now being implemented by the management, aimed at creating a viable airline. The plan also calls for the reduction of staff. Initially more than 150 employees would be cut across the board.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Subsequent in 2015, the Barbados Prime Minister threatened that either the airline becomes viable or it would have to be shut down. Shareholder governments, Barbados, Antigua and Barbuda, St Vincent and the Grenadines, and Dominica are not in any position to keep funneling money into the airline every year without any positive results. The Barbados Prime Minister warned that if the latest plan being implemented by the Board of Directors fails, the carrier could be grounded.

The Board must deal with things like prohibitive fares, financing and most importantly an alternative funding model for the airline. With this new model shareholders expect to see a turnaround in LIAT's fortunes. The Board and Management are to be more responsive to market messages. The Board stated once the whole issue of fleet renewal is completed, the seven remaining Dash 8 planes disposed of, staff reduced, eliminating the burden of the severance costs of about (EC) $22 million or Barbados (Bd's) $16.2 million, then LIAT will be on a much more viable and sustainable footing.

On the other hand, the Chairman of the Board said it is difficult to dispose of the seven Dash-8 airplanes it still has. He attributed this to a weakening market for the planes. Keeping the aircraft is costing the airline Eastern Caribbean (EC) $22.2 million annually. These older planes are being replaced by brand new European ATRs. LIAT has already taken delivery of eight. Two still to come – one in 2015 and another in 2016.

The Barbados Tourism Minister identified suspect management decisions, political interference, and involvement of multiple trade unions and the wear and tear of the aircraft as contributing to the airline's problems. The Minister noted if it comes to increasing fares to keep the airline in the air, then travelling on LIAT would become prohibitive to the average Caribbean citizen.

In the meantime the cash-strapped carrier is looking for more money to assist in the stabilization of its finances. The airline has once again approached the Barbados-based Caribbean Development Bank (CDB) for more financial assistance. The airline has already provided a (US) $65 million to finance the new ATR airplanes. Now adding further agony to the operations, LIAT communicated on Wednesday 13th April 2016, another CEO, this time with less than two years in office, suddenly resigned after "a heated meeting" with the Board of Directors. The news reported he allegedly failed to convince the Board of a new strategic direction to collapse LIAT and form a new airline solely owned by Barbados.

- Internal and External Struggles Plaguing CAL:

In an about turn, a story published in the Trinidad Express (October 2014) stated CAL decided to immediately drop the fuel surcharge as oil price falls on all routes between North America and the Caribbean and within the Caribbean. CAL said the fuel surcharge was introduced to cover additional costs when the price of fuel was over US$100 per barrel. CAL's surcharge on flights has been between US$20 and US$32 one way, depending on the destination. CAL said they never wanted this surcharge to be a permanent feature of their fares. When their largest expense fuel came down, they wanted their customers to benefit for the coming Christmas season.

Soon after this announcement a new revenue strategy evolved in December 2014, in essence nullifying /offsetting the fuel savings passed on to passengers. CAL declared a new baggage policy is to come into effect in 2015 allowing only one free check-in piece. Travellers on CAL will soon have to pay US$25 (TT$160), plus applicable taxes, to check-in a second piece of luggage. CAL said it resisted moving to this policy but given most of its competitors charge passengers for all their checked bags, they were left with no choice but to match industry practice to remain competitive [21].

At a meeting of the Standing Finance Committee in the Trinidad and Tobago Parliament on September 21st 2014, it was revealed Caribbean Airlines will get $1.8 billion TT Dollars in support from the Government during the period 2013 and 2015. The Finance Minister stated the CAL management had informed him that the company expects to break-even in three years' time. However, the Minister declared the Government would have to provide funds for CAL in 2015, 2016 and 2017.The Finance Minister said a big part of the subsidy arose from two issues which are endemic to the airline. They are the fuel subsidy which was

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

approximately US$50 million and the subsidy to the Tobago air-bridge was US$26 million.

He said the airline also incurred a loss on the Venezuela route as a result of the devaluation of the bolivar. This was further impacted by the fact that you cannot get funds out of Venezuela which has further tightened the cash flows of Caribbean Airlines. He understood some losses came from the integration of Air Jamaica. The losses being suffered by CAL following the calamitous merger with Air Jamaica five years ago, has been hurting the airline ever since. The Parliamentary Opposition questioned the basis of the Minister's acceptance of the management's position that the airline would break even in three years. The Opposition voiced and noted for the records they did not support this type of loss trend acceptance and management actions must be questioned [73].

In February 2015 the Finance Minister announced CAL unaudited accounts showed a loss of US $60 million (TT$383 million) for the fiscal year ending December 31st 2014. He said the figure took into consideration the grant of US$38 million made by Government during 2014 which was recorded as equity. He said the company had developed a strategic plan which envisaged it breaking even by 2017 [74]. CAL has received fuel subsidy since its incarnation from BWIA in 2007 and has continued losses each year.

To compound matters further there is a prolonged battle taking place with CAL and its pilot body at the Industrial Court for a collective agreement for the period 2011 to 2013. The battles between parties have been long and bruising. During the negotiations, the company continually insists it does not have any money. The pilots have accused the company of union busting and employing 'scab' labour. Also several local pilots are sent to Jamaica every week to operate Jamaica services, because many of CAL's pilots have left to work in the Middle East or even in the United States [45].

In May 2015 a plea by chairman of the shareholder governments which own LIAT, for a merger between Trinidad and Tobago's (T&T) Caribbean Airlines Limited (CAL) and LIAT is unlikely to happen in the near future. As seen by the T&T government, a proposed merger is deemed suicidal [46].

CONCLUSION AND RECOMMENDATIONS

In summary, throughout this paper, the discussion brought to the forefront the complexity of elements that constitute valuation of air ticket prices. The fundamental issue analysed at hand is regionals keep prices up while fuel prices fall. This in the public opinion demonstrates some market power. As such, the barrage of Caricom complaints continues. It is hoped that this exposure will bring some clearness and answer some of the burning questions at hand.

The framework essentially examined damning charges made by public opinion juxtaposed against what is the reality in the industry. From the literature we observe most airline markets fluctuate somewhere between a monopoly and fully competitive. The Caribbean is no exception to such movements. Such positioning depends on the strengths or weaknesses of rivals in combination with the intensity of internal challenges and external driving forces.

In general, we have seen the ability to put prices on tickets are quite complex ranging from demand and supply surrounded by competitive pressures. The uncontrollable external factors and the relentless crafting and application of internal strategies to cope with the dynamic industry challenges also contribute to the complexity. As with all airlines, mounting pressures can squeeze and re-define airline business models to compete for market segments in the short term. When pressures are released the temptation is to re-adjust pricing strategies upwards to recoup cash flows. If perceived as unjust, then ultimately the airline would face the wrath of the stakeholder since very little air transport alternatives are available within the Caribbean.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

The findings are still inconclusive that Caricom carriers' fuel expenditure is uniquely responsible for ticket price manipulation. There was no conclusive evidence of inflation causing increases. Government taxes and charges imposed by airports are compulsory and beyond the control of airlines and customers. It was also difficult to come to the credence that CAL and LIAT might collude on some routes. LIAT is now venturing to compete directly with CAL in the Southern Caribbean.

Notwithstanding the dynamic and unpredictable state of the aviation industry, there is not enough evidence from the research to claim regional carriers operate as monopolies by ratcheting up ticket prices in the absence of foreign competitors. Exercising market power might very well be the exposure to short term strategic opportunities. In spite of the various elements discussed, unknown factors beyond the scope of this paper might be accountable for the increased airfares. This needs further researching.

The LIAT/Caribbean Star Airline merger in 2007 was supposed to bring profitability, improve national welfare and be competitive. Instead it is accused of home market monopolization. It severely reduced competition across the region. It just brought fewer alternatives and higher prices. We continue to see CAL and LIAT in direct conflict when the Caricom intent was for unity and maybe a mega-merged carrier functioning for the good of the region.

The taxes and charges need reviewing. Although such taxes may benefit regional airports and appear to increase government revenue, they squeeze some local consumers out of buying and can also chase away foreign airlines and tourists. This will cause the travel and airline industries to shrink, the opposite of what is being sought [5] p 216-217).

Fuel price spikes continue to remain the dominant cause of ticket price increases. Besides fuel, labour costs account for an exorbitant chunk of airline operational expenses. However, it can be argued that labour costs in the Caribbean is much cheaper for regional domiciled airlines and as such it can offset the other expenses making it a level playing field with the foreign competition.

Caricom Governments should be aware that the worst is not yet over. Airlines continue to suffer from persistently high fuel prices, weak demand, and a fall in air fares. The present low fuel prices are transitionary and this trend must not be mistaken for a lapse in creative business strategies. Because of the 2008 recession, airlines continue to lose money. Asia on the other hand is beginning to see signs of economic recovery. This is good news that the global recovery is starting to work, but still weak and fragile.

According to Bajnath (2016, p 218-227) governments in the region should be persistent on the pursuit to accelerate Caricom initiatives and integration and not continue to accept the status quo. As a possible solution to benefit the citizens, examine Deregulation and Open Skies policies as these have proven to be successful in many other jurisdictions. With respect to the regional carriers we suggest the following since the likelihood of a liberalized environment is looming:-

- More prudent management of high fuel prices. Hedge prices when low.
- Examine profitable carriers' business models and learn from their strategies.
- Encourage involvement by all shareholders and stakeholders – gate keepers.
- Look at internal programs placing all eyes on cost.
- Introduce forward looking financial statements – alignment to business plan.
- Make a team effort to tackle difficult decisions to become more competitive.
- Remain committed to long term strategic initiatives and vision.
- Focus on improving efficiencies while reducing costs - be more competitive

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

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International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit: 1

Breakdown of Fares, Taxes and Charges on LIAT in 2009/2010

Airline	**Country Origin/Date**	**Fare US $**	**Sales Tax US $**	**Passenger facility Charge US$**	**Airport Development Tax US$**	**Airport authority Tax US$**	**Fuel Surcharge US$/ route**	**Destination/Flight time**
LIAT	T&T / Nov 2009	72.00	15% of fare	15.95	7.50	1.50	16.75	BGI/ 55 mins.
LIAT	B'dos/Nov 2009	72.00	15% of fare	27.50	2.50	none	16.75	POS/ 60 mins.
LIAT	T&T / Feb 2010	83.00	15% of fare	15.95	7.50	1.50	16.75	BGI/ 55 mins.
LIAT	B'dos/ Feb 2010	83.00	15% of fare	27.50	2.50	none	16.75	POS/ 60 mins.
LIAT	GEO/ Nov 2009	153.00	15% of fare	none	5.00	2.50	22.50	POS/ 65 mins.
LIAT	T&T/ Nov 2009	90.00	15% of fare	15.95	12.50	2.50	22.50	GEO/ 65 mins.
LIAT	GEO/ Feb 2010	133.00	15% of fare	none	5.00	2.50	22.50	POS/ 65 mins.
LIAT	T&T/ Feb 2010	133.00	15% of fare	15.95	12.50	2.50	22.50	GEO/ 65 mins.

Sources: liat.com/ caribbeanairlines.com/ travelocity.com (2009)

Breakdown on Fares, Taxes, Charges and Fees on Continental (now United Airlines).
Port of Spain, Trinidad to Washington, DC via Houston, Texas
Wednesday 08th December 2010.

Taxes	Trinidad and Tobago(T&T) VAT	US Security Service Fee	Fuel Surcharge	T&T VAT	US APHIS User Fee	US Immigration User Fee	T&T Concourse Fee	KT	US Federal Transportation Tax	US Passenger Facility Charge	US Federal Transportation Tax
Fees in USA $$	48.00	7.50	46.00	6.90	5.00	7.00	7.50	15.80	16.10	10.50	16.10
1 Adult (age 18 to 64) Airfare = $366.10											
Additional Taxes /fees = $140.00. ***Ratio of taxes and charges to airfare equates to 38% of the quoted airfare***											
Total price = $506.40											

Source: continental.com (2010

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit: 2

Global Fuel Prices.

	Share in World Index	**Cents/gal**	**Cents/gal**	**Cents/gal**	**Cents/gal**
		25 May 2007	18 Sep. 2009	12 June 2014	12 June 2015
Jet Fuel Price	**100%**	**206.9**	**186.9**	**248.7**	**179.2**
Asia & Oceania	22%	201.1	184.7	246.8	180.3
Europe & CIS	28%	205.8	189.9	255.0	185.8
Middle East & Africa	7%	195.8	182.4	241.9	174.4
North America	39%	212.2	186.3	245.1	174.1
Latin & Central America (Caribbean)	4%	***213.2***	***192.0***	***257.7***	***184.6***
Percentage Price Change for Latin & Central America (Caribbean) compared to Jet Fuel Price 100% World Index		*+3.04%*	*+2.73%*	*+3.62%*	*+3.01%*

Source: International Air Transportation Association (IATA) (2015).

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit: 3

The table below displays the first measure, average fares which measure the actual amount paid by passengers, including taxes and fees. The second measure is the Air Travel Price Index (ATPI), measure changes in airline fares (excluding taxes and fees).

Quarterly Change in Average Domestic Airline Fares and Air Travel Price Index Percent Change by Quarter:

	Average Domestic Fares		Air Travel Price Index	
	Avg. Fare* ($)	Pct. Change	Index	Pct. Change
2nd Quarter 2007	325	2.4	117.8	2.9
3rd Quarter 2007	328	0.7	118.8	0.8
4th Quarter 2007	331	1.1	118.7	-0.1
1st Quarter 2008	335	1.1	121.4	2.3
2nd Quarter 2008	348	3.9	126.3	4.1
3rd Quarter 2008	360	3.4	130.6	3.4
4th Quarter 2008	347	-3.7	126.8	-2.9
1st Quarter 2009	315	-9.1	116.0	-8.5

Source: United States Department of Transportation (2009).

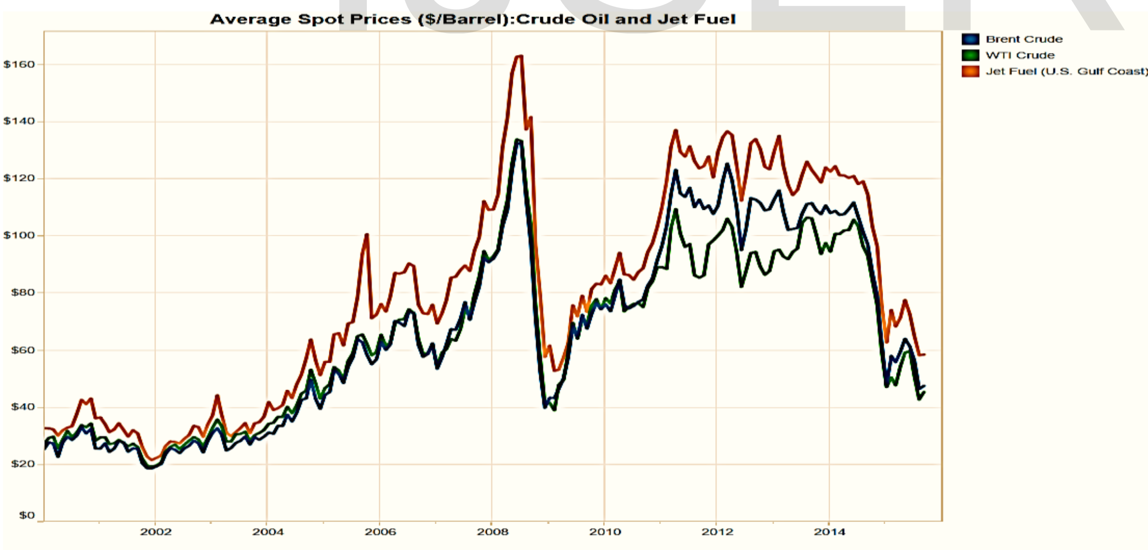


Figure 2: Average Prices Crude Oil Spot and Jet Fuel Paid from 2000 – 2015.

Source: Airlines for America (2015).

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit: 4

1st Quarter US Domestic Average Fares 1995-2009 Compared to Inflation Rate:

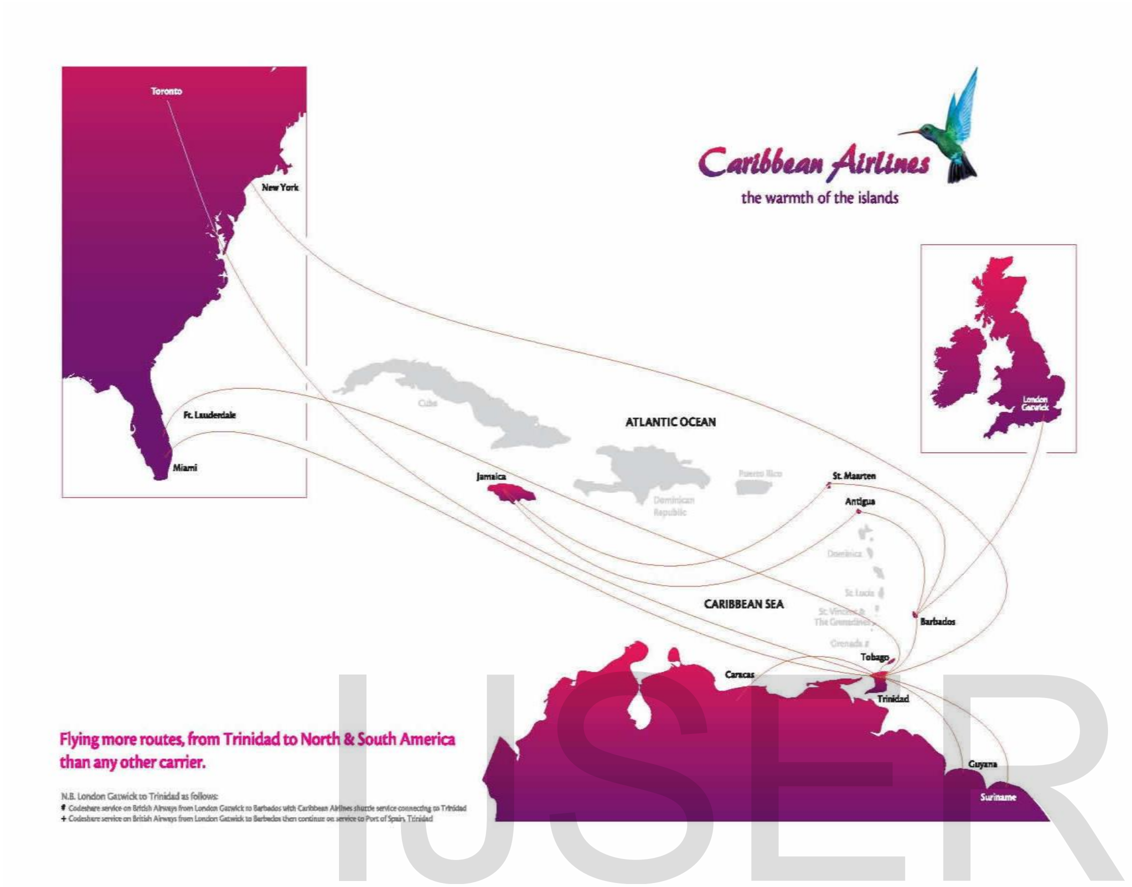
	Average Domestic 1Q Fares ($)	Percent change from previous year		Percent change from 1995	
		Average Fares (1Q to 1Q)	Inflation (Mar from previous Mar)*	Cumulative Average Fares (1Q 1995 to 1Q)	Cumulative inflation rate (Mar of each year from Mar 1995)*
1995	297				
1996	284	-4.4	2.8	-4.4	2.8
1997	283	-0.2	2.8	-4.6	5.7
1998	305	7.5	1.4	2.6	7.1
1999	332	8.9	1.7	11.7	9.0
2000	340	2.6	3.8	14.6	13.1
2001	348	2.2	2.9	17.1	16.4
2002	320	-8.0	1.5	7.8	18.1
2003	319	-0.3	3.0	7.5	21.7
2004	320	0.3	1.7	7.8	23.8
2005	301	-5.9	3.1	1.5	27.7
2006	323	7.3	3.4	8.9	32.0
2007	318	-1.7	2.8	7.0	35.6
2008	**335	5.3	4.0	12.8	41.0
2009	315	-5.9	-0.4	6.1	40.5

Source: Bureau of Transportation Statistics (2009).

1346
International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit 5:

Caribbean Airlines Route Structure



Source: http://www.caribbean-airlines.com/pyt/plan-your-trip.shtml

Caribbean Airlines Limited is the state-owned airline and flag carrier of Trinidad and Tobago. The airline operates flights to the Caribbean, North America and South America from its base at Piarco International Airport in Trinidad.

Note: The Trinidad to Barbados to London return was operated by British Airways (BA) on a contractual obligation with Caribbean Airlines using BA airplanes. The contract was subsequently terminated by both parties.

After three years of operation into London Gatwick with its own 2 Boeing 767s, Caribbean Airlines Limited (CAL) announced it will discontinue its flights to London on January 10, 2016.

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit 6:

LIAT Route Structure

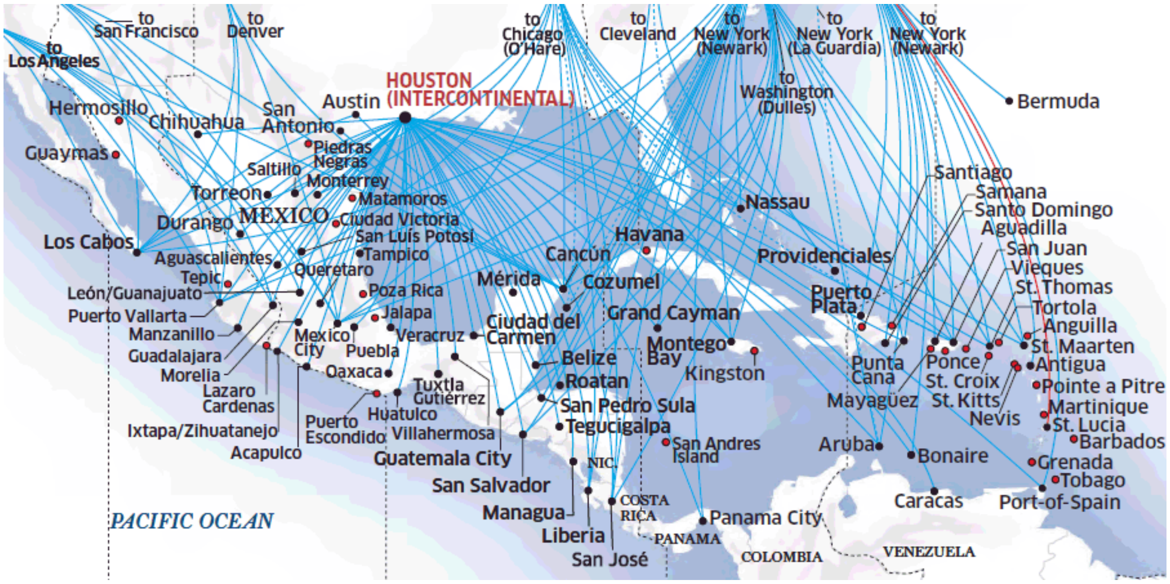
LIAT is one of the leading Caribbean airlines. It is owned by regional shareholders, with the major shareholders being the Governments of Barbados, Antigua and Barbuda and St. Vincent and the Grenadines.

Source: http://www.liat.com/mapprint.html

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit 7:

United Airlines Routes to Mexico, Central America and the Caribbean



United Airlines, Inc., commonly referred to as **United** is a major American airline headquartered in Chicago, Illinois. It is the world's largest airline when measured by number of destinations served. United operates a comprehensive domestic and international route network. The airline serves the Caribbean region and is a major competitor to CAL flying point to point into the USA from similar destinations. There is no intra-regional competition to LIAT.

Source: http://www.airlineroutemaps.com/maps/United_Airlines_mexico_caribbean

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit 8:

JetBlue Airways Routes from New York JFK

JetBlue Airways Corporation, stylized as **JetBlue**, is an American low-cost airline and the 5th largest airline in the United States. The company is headquartered in the Long Island City neighbourhood of the New York City borough of Queens, with its main base at John F. Kennedy International Airport. It also maintains a corporate office in Cottonwood Heights, Utah.

***Source*:** http://www.airlineroutemaps.com/airlines/JetBlue_Airways

International Journal of Scientific & Engineering Research, Volume 7, Issue 7, July-2016
ISSN 2229-5518 Paper ID: 1087305

Exhibit 9

Ultimate Guide to Airline Fees

	Cob	1st b	2nd b	Ow	Tcf	Ss	Pk	F/b
AIR CANADA	0	25	35	51lb-70lb: $75	75-200	18-31	16-46	3-7/ 6-7
AIRTRAN	0	25	35	51lb-70lb: $75	50-150	10-30	10	0/ 5-6
ALASKA	0	25	25	51lb-100lb: $75	0-125	n/a	n/a	0-8/ 6
AMERICAN	0	25	35 (Int'l rates vary)	51lb-70lb: $100	75-200	0	4-99	3.5-10/ 6-7
DELTA	0	25	35(Int'l rates vary)	51lb-70lb: $75	150-450	0	10-180	0-10/ 5-7
FRONTIER	0 -100	20 - 25	30	51lb-99lb: $75	25-125	0	5-15	0-8/ 5-15
HAWAIIAN	0	25 (m) 17 (Is)	35(m)17 (Is)	51lb-70lb: $50m /25Is	200/30	n/a	10-75	6-12/ 6.5-12
JETBLUE	0	0	40	51lb-70lb: $50	50-150	0	10-99	0-6/ 6
SOUTHWEST	0	0	0	51lb-100lb: $75	0	12.5 early	40	0/5
UNITED	0	25 (0-25 Int'l)	35 (0-100 Int'l)	51lb-70lb: $100 ($200 Int'l)	75-200	0	Varies	3.5+/ 6-9
US AIRWAYS	0	25 (0-25 Int'l)	35 (0-100 Int'l)	51lb-70lb: $90 ($150 int'l)	150-200	0	15-99	3-9/ 1-16
VIRGIN AMERICA	0	25	25	51lb-70lb: $50	25-100	0	39-159	3-9/ 6-8

Legend for List of Selected Routine Airline Fees in Table above:	
Cob	Carry-on bag: Fee varies whether ticket purchased online, at the airport, elsewhere, being a club member.
1st b	1st Checked bag: Fee varies whether ticket purchased online, at the airport, mainland (m), interisland (Is), elsewhere, being a club member.
2nd b	2nd Checked bag: Fee varies whether ticket purchased online, at the airport, mainland (m), interisland (Is), elsewhere, being a club member.
Ow	Overweight bags: Fee varies whether travelling mainland, interisland, international.
Tcf	Ticket change fee ((domestic flights only). Fee varies by purchase days prior to flight, same day change, issued by outside agencies, on the mainland or interisland travel, online, on the phone.
Ss	Seat selection (double for round-trip): Fee varies per segment, early check-in.
Pk	Premium seat perks: Fee varies by fare class for preferred seats; priority boarding, per segment, economy comfort, per segment stretched seating, even more space, big front seat, main cabin select, and mainland, interisland.
F/b	Fee varies depending on the purchase of In-Flight Food and alcoholic beverages

List of Additional Items not on Table above charged by USA Carriers: Pets (double for round-trip); Additional bags; Oversized bags (Linear inches: L+W+H); Booking fees (on-phone/ in person); Blankets/ pillows; Unaccompanied minors (double for round-trip)

***Source*:** SmarterTravel.com
Compiled by: The Author (2013)