Air Transport & Tourism: Regional Connectivity and LIAT’s role

Presentation
Air Transport Meeting
November
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General Overview

- Tourism implies people travelling for fun, business having new and varied experiences both internally in different countries.

- People want to travel and stay in places outside of their normal environment. This cannot be achieved without the help of air transport.

- Advances in aviation has meant that today flying for most people is a way of life.

- Tourism and air transport therefore complement each other.

- We know that for us in the Caribbean tourism is vital to our economies.
Many Types of Tourism on Offer

- Sun & Sand
- Rest & Relaxation
- Ecotourism
- Sports
- Visiting Friends and Relatives
- Business
- Cultural
- Medical
Regional Perspective

- Many recent studies indicate that Intra- Caribbean traffic has declined but there is growth in international traffic.
- Recent CDB report speaks to 3 components to connectivity;
  - Long haul, intra-regional and domestic
- Decline is very stark in the sub region- 33%.
- As the main provider of intra- regional air services, LIAT and by implication tourism is negatively impacted.
- A smart product mix should combine and link international and regional tourism.
Extra-regional connections dominate

- Extra-Regional: 79%
- Domestic: 12%
- Intra-Regional: 10%
Importance of Regional Tourism

The World Travel and Tourism Council has long documented the vast contribution of domestic and regional tourism. The developed countries embrace this concept whole heartedly.

In the Caribbean we have been slow to adopt this approach. 99% focus on international tourists.

Decline in intra-regional travel is a regional problem which must be addressed.

Studies show that the average spend of the regional traveler is significant. Regional travel tends to complement international tourism by peaking more in the summer months and for cultural events. This can be a boost especially for small hotels in the region.
The LIAT Network

- LIAT over 60 years old. Majority ownership by the Governments of Barbados, Antigua and St. Vincent.

- We currently serve 15 destinations serve the English, French, Dutch and Spanish Speaking Caribbean.

- We operate a small modern fleet of 10 aircraft; 5 ATR 42-600s and 5 ATR 72-600s. LIAT transports 750k passengers annually. 500 flights/week. OTP >84%.

- Interline with 13 major carriers inc. Air Canada, British Airways, Caribbean Airlines, Delta Airlines, JetBlue, United Airlines, Virgin Atlantic and WestJet.

- Our wide network provides the basis for building a stronger link between international and regional tourism.
Link International and Regional Tourism

- Today’s tourists want different experiences.
- Caribbean is unique destination but how much of our marketing is focused on that uniqueness?
- Why not offer a one day trip to see the volcano in Montserrat or a weekend trip to see the Kaieteur Falls in Guyana, the largest fall in the world.
- This type of approach will benefit the entire region.
- Our wide network provides the basis for building this link between international and regional tourism.
Importance of LIAT to the sub region

- LIAT accounts for 25-30% of total tourism arrivals - 40% of Total flight departures.

<table>
<thead>
<tr>
<th>Territory</th>
<th>LIAT Pax</th>
<th>Tourist Arrivals</th>
<th>% of Total</th>
<th>LIAT Departures</th>
<th>Total Departures</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>161,422</td>
<td>632,000</td>
<td>26%</td>
<td>5,589</td>
<td>10,740</td>
<td>52%</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>55,922</td>
<td>347,872</td>
<td>16%</td>
<td>2,196</td>
<td>5,769</td>
<td>38%</td>
</tr>
<tr>
<td>Dominica</td>
<td>44,128</td>
<td>75,250</td>
<td>59%</td>
<td>1,541</td>
<td>3,533</td>
<td>44%</td>
</tr>
<tr>
<td>Grenada</td>
<td>40,790</td>
<td>135,313</td>
<td>30%</td>
<td>1,672</td>
<td>3,319</td>
<td>50%</td>
</tr>
<tr>
<td>St Kitts</td>
<td>35,507</td>
<td>115,349</td>
<td>31%</td>
<td>1,908</td>
<td>4,254</td>
<td>45%</td>
</tr>
<tr>
<td>Antigua</td>
<td>79,742</td>
<td>265,187</td>
<td>30%</td>
<td>4,204</td>
<td>9,662</td>
<td>44%</td>
</tr>
<tr>
<td>Trinidad</td>
<td>76,301</td>
<td>410,000</td>
<td>19%</td>
<td>2,239</td>
<td>20,909</td>
<td>11%</td>
</tr>
<tr>
<td>Guyana</td>
<td>30,047</td>
<td>235,000</td>
<td>13%</td>
<td>772</td>
<td>3,542</td>
<td>22%</td>
</tr>
</tbody>
</table>

- In 2017, LIAT provided 75% of all regional capacity within the sub region (45% in 2006)
Factors impacting Connectivity

- Regional view on connectivity is disproportionately focused on international traffic. Must link the two.

- Limited or no policy measures specifically to boost intra-regional travel. Often seen as a LIAT problem.

- Travel is linked to economic growth. Cost a big concern. Find ways to redirect the discretionary spending of our people into holidays in the region.

- Taxes and charges. 3% growth in LIAT base fares- 56% increase in taxes 2009-2016. New airports new charges

- Significant ease of travel issues such as security screening has still not been addressed. We need to make travel in the region easier.
Factors impacting Connectivity

- International carriers will not meet the region’s need for inter-island connectivity.- small markets.

- Economies of scale a challenge for regional airlines

- Since intra-regional connectivity is fundamental Governments have to be prepared to support it Support can be direct funding or marketing support.

- We need a broader approach in linking regional air transport and tourism. This will be beneficial to all territories.

- Multi-destination travel should not be an idea but an action item. Visitors to the region want it.
Key Recommendations

- Acknowledgement that intra-regional travel contributes to tourism growth in the region. Small markets require policy and financial support. Similar markets in Europe and elsewhere offer support of US$20/passenger. For LIAT US$30M annually.

- Modernize LIAT - Investment in aircraft and institutional improvements required - technology and skills.

- Support from all the territories. 4 Governments should not be expected to shoulder what is a regional economic and social requirement.


- More commercial cooperation by regional airlines.
Regional Co-operation-Caribsky Initiative

- In an effort to improve air connectivity between English, French and Dutch Caribbean.
- Early stages of the project.
- Cooperation between LIAT, Air Antilles and Winair
- Funded by European Union Interreg Programme.
- The project will connect 35 islands 50 airports and with combined population of 4 million people
- Expect to establish codeshare arrangements- technology improvements required
Market Highlights

- With the exception of Guyana, all markets recorded a decline in passenger revenue.
- Guyana recorded a growth in passenger volumes of 6% and a revenue increase of 3% versus 2016.
- Although moving up to rank 2, St Vincent market experienced an 11% and 17% decline in passenger volumes and revenue respectively. This is largely due to the opening of the new airport (AIA) and the entry of CAL on the POS SVD route.
- Antigua fell to Rank 3. This decline can be attributed to the shift in DOM connecting traffic to using Barbados and increased competition from WinAir on ANU DOM/DCF and ANU SXM and Inter Caribbean ANU – EIS.