

Caribbean Airlines: Two Years and Counting

by Ken Donohue



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Three years ago, the two-island Caribbean nation of Trinidad and Tobago faced the prospect of having no air service to call its own. BWIA West Indies Airways (Airways, November 2002), which had been the country's national airline for more than 40 years, was floundering and on the verge of collapse. 'BWee' was losing a lot of money, especially on long-haul routes. The government did an analysis of the situation, and even questioned if the country really needed a flag carrier, or could other operators fill the need.

"In the end, the government was in favor of giving the industry another opportunity to prove it could succeed in Trinidad and Tobago," says Philip Saunders, CEO of Caribbean Airlines. On December 31, 2006, the doors were closed at BWIA, and a day later a new era began with the launch of Caribbean Airlines (IATA: BW/ICAO: BWA).

Saunders spent 13 years at British Airways before joining Brussels Airlines, the incarnation of SN Brussels Airlines (*Airways*, January 2008 & September 2003), as commercial director. Most recently, he was VP commercial at the Star Alliance. Peter Davies, who was once the head of SN Brussels when Saunders was there, was the transitional CEO at BWIA, and he alerted Saunders to the opening at Caribbean. "I have always sought opportunity and challenge," remarks Saunders. "My time at Caribbean has been a fascinating journey."

The government was very clear in its mandate to the 'new BWee' that it wanted to see a profitable operation. To this end, route consolidation was one of the first things on the agenda. Caribbean has a rigid standard for its network: if it doesn't make economic sense, the route won't be flown. Thus, the first casualty was the Port of Spain-London service, which BWIA had operated with an Airbus A340-300. A critical link, Caribbean maintained the route until March 2007, then substituted a code-share agreement with British Airways (BA). London-bound passengers now fly to St Lucia or Barbados on Caribbean and travel across the Atlantic on BA.



Caribbean maintained the London (Heathrow) route with a former BWIA A340-300 until the end of March 2007.

While state-owned, there are no government representatives on Caribbean's board. "The biggest challenge in starting the airline was that they had three months to get it off the ground," says Saunders.

The airline's strategic plan is centered on North and Central America, and the Caribbean. "We're a small airline that serves a vast area," explains Dayanand Birju, the airline's director of network planning. "We are always asking ourselves how we can enlarge our market, while at the same time recognizing that we have limited aircraft that need to serve very different markets." While the airline is considering a couple of new routes, its primary focus is to increase frequencies on the existing network.

Caribbean currently has eight Boeing 737-800s, one of which is wet-leased from Dutch airline Transavia. This aircraft is dedicated to the Toronto-Port of Spain route.

Its five Bombardier (DHC) Dash 8 came from Tobago Express, when it took over that airline in October 2007. The air bridge between Trinidad and Tobago is seen as a vital social need, and as such is subsidized by the government. There are 40 flights a day linking the two islands. Since acquiring the Dash 8s, Caribbean has increased their utilization by assigning them to services to Barbados and Caracas, Venezuela.

Despite an efficient fast-ferry service between Trinidad and Tobago, many people prefer to fly between

the islands, despite the more than two-and-a-half times the cost.

Caribbean is primarily a VFR (visiting friends and relatives) carrier, serving the large Trinidadian/Tobagonian and Guyanese diasporas in North America. "We offer the best daily connections between Guyana and North America," claims Saunders. "In fact, our Toronto flights connect directly to Guyana, and passengers don't even have to get off the aircraft."

Despite some spirited competition from American Airlines, Spirit Airlines [Airways, June 2000], and to a lesser extent Delta Air Lines, Caribbean has done well to position itself in the market. American is able to exploit its Miami hub, and has put a lot of capacity on the Port of Spain-

Miami route, operating two daily flights with a Boeing 767 and 757. "We are going to strengthen our airline despite the competitive environment we operate in," Saunders insists. "When we started Fort Lauderdale, we offered seven flights a week. Spirit Airlines entered the market with seven as well. They've now cut capacity, and there is every indication that they will exit Port of Spain this year." Air Canada discontinued service to Port of Spain in August 2008.

The numbers suggest that Caribbean Airlines's robust yet incremental development is paying off. Its goal was to break even in 2008—its second year of operation—but a small profit was realized.



Early references to Trinidad call it the land of the hummingbird, the logo of Caribbean Airlines.

According to Saunders, Caribbean would like to become the natural first-choice for travellers, and feels that by offering more frequencies the airline will achieve that ambition. Caribbean offers double-daily service between Port of Spain and Toronto, and 25 flights a week to New York-JFK. Recently initiated Dash 8 service to Caracas has proved very successful, with most flights fully booked. Meanwhile, Caribbean is gaining an enviable reputation for providing reliable service and is filling a void, as there is demand for convenient air service between the US and Venezuela.

The airline also hopes to win market share by offering excellent customer service. Unlike some carriers, Caribbean still offers complimentary meal service, movies, pillows, and blankets. Ponchos are also offered to Dash 8 passengers during times of heavy rain, which can be frequent in the tropics.

Trinidad and Tobago is fortunate to be out of the hurricane track, although operations can be adversely affected when storms blow through its other Caribbean destinations. Winter weather in New York and Toronto can also pose challenges. When *Airways* flew from Toronto to Port of Spain, for instance, pushback was on schedule at 2300, but with an outside temperature of -10°C (14°F) and strong winds and blowing snow, we were delayed for more than an hour for de-icing.

With a diversified economy, and the presence of oil and natural gas, Trinidad and Tobago is less dependent on

leisure traffic compared to other islands in the Caribbean. As such, the airline's competitors are much more impacted during economic downturns. There is a high degree of loyalty from people in the region, but Caribbean Airlines isn't content on resting on its short history of success. "We have seen strong bookings through the carnival season [January/February]," says Saunders, "but we'll monitor our operation closely. We hope to grow even during challenging times."



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One 737-800 (PH-HZN) was wet-leased from Transavia in December 2008. The term was originally to expire in mid-April 2009, but has been extended. The aircraft permitted an increase in frequency for services to Kingston, New York, Paramaribo, and Toronto.



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Dash 8s are used on the air bridge between the two islands of the republic, as well as to Barbados and Caracas.

