Economic Implication of Absence of National Carrier in the Nigeria Aviation Industry

Gbadamosi Kolawole T. & Adekunle Emmanuel A.

1Department of Transport Management Technology, Federal University of Technology, Nigeria
Correspondence: Adekunle Emmanuel A, Department of Transport Management Technology, Federal University of Technology, Nigeria. Email: emmanuel.adekunle@gmail.com

Received: July 31, 2018 Accepted: August 20, 2018 Online Published: September 1, 2018

Abstract
The aim of the study is to access the economic implication of absence of National carrier in the Nigeria aviation industry. The airline industry is the key drive of the travel and tourism industry and also a major contributor to many countries’ overall economy through international tourist arrivals and departures. The study estimate the amount of revenue Nigeria is losing to capital flights for not having a viable national carrier over the past ten years that is from 2007 to 2016. The estimated amount of revenue loss was examined on airlines offering direct flights on Nigeria to London route, in which we have two foreign airlines (British Airways and Virgin Atlantic airline) and a Nigeria’s private national carrier which is Med-view airline. The class of tickets and services in each class of ticket being offered by the airlines was examined. The study reveals an estimate of total of over $6 Billion revenue were being lost to hands of foreign competitors over the past ten years with British Airways generating closely to $4 billion, while Virgin Atlantic generated over $2.3 billion and Med-view generated over $133 million in the past ten years. The study also reveals that the higher the passenger carried the higher the revenue and vice versa. However, establishing a national carrier by the federal government is imminent which will express Nigeria culture and to better serve passengers especially Nigerians. Finally, banks and other governmental financial institutions should make available enough funds with longer payback period and little interest for both existing airlines to upgrade their services and new entrants to be able to purchase necessary equipment’s to make them competitive in the market.

Keywords: Economics, Aviation, National Carrier.

1. Introduction
Transportation can be defined as the movement of goods, services, information and people from one place to another for a purpose, through a particular means at a particular time. Transport is an essential part of any society without which there can be no spatial and economic communication. It creates links between economic space and people. Transportation moves people and goods from one place to another using a variety of vehicles across different infrastructure systems. It does this using not only technology (namely vehicles, energy, and infrastructure), but also people’s time and effort; producing not only the desired outputs of passenger trips and freight shipments, but also adverse outcomes such as air pollution, noise, congestion, crashes, injuries, and fatalities (Levinson, Lui, Garrison, Hickman, Danczyk, Corbett and Dixon, 2014).

Air Transportation is the transportation of passengers and cargo by aircraft and helicopters. It is a transport system that involves the movement or carriage by air of persons or goods using airplanes and helicopters (WIE, 2011 cited by Ladan 2012). Air transport is known for its great comfort and very fast speed. It is ideally suitable for long haul and highly competitive short journeys in areas having difficulties with surface transport. It follows a direct line of flight which is unhindered by physical barriers such as mountain and hills. Air transport can facilitate, for example, in the economic development of a region or of a particular industry such as tourism, but there has to be a latent
demand for the goods and services offered by a region or by an industry. Lack of air transport, as with any other input into the economic system, can stymie efficient growth, but equally inappropriateness or excesses in supply are wasteful (Ken, 2008).

Air transportation is an important aspect of economic development. The growth in the aviation sector cannot be matched by any transport units (road, rail and water) due to its unique technical skills and new innovations. This has improved economic and tourist development of the nation. The aviation industry plays an important role in the aspect of work and leisure to people around the globe. The sector helps to promote and improve quality of life, living standards of people within the nation. All this helps to generate economic growth and poverty alleviation by way of providing employment opportunities, increasing revenues from taxes (Abraham, Saheed, and Chinyere, 2015). The employment opportunities would be generated through supply chain transformation from the airports. This makes the industry the gateway to any economy aspiring to develop, enabling globalization, trade facilitation and tourism development. It is very crucial in the promotion of foreign direct investment (FDI) (Ladele, 2012). One can therefore say that the industry is crucial to the growth of the economy and national development (Abraham et al., 2015). Ladele (2012) in her study of FDI, noted that as the emerging economies grow, their demand for air transportation will grow as their citizens becomes more financially empowered with increased disposable income.

The airline industry is the key drive of the travel and tourism industry and also a major contributor to many countries’ overall economy through international tourist arrivals and departures. In general, airlines must continuously capture and understand the changing needs of customers and swiftly take action on the changed needs for competitive advantage (Buell et al., 2013 cited by Jianling et al., 2014). To address customers’ concerns and changing needs in a cost-effective, efficient, and satisfactory manner, we must look into customers’ entire travel experience, which requires detailing the needs of customers and understanding of the acceptance of offered services, such as the choice of airlines, aircrafts, cabin features, punctuality, etc. (Jianling et al., 2014).

Deregulation in aviation industry globally, required that an airline as a service provider remains competitive to ensure customer satisfaction as a basic strategy to ensuring patronage and market acceptability. Customer satisfaction in airline operations has become critically important and (Dennett, Ineson, Stone, and Colgate, 2000 cited by Baker, 2013) suggest that as competition created by deregulation has become more intense, service quality in the airline industry has also received more attention. Nigeria is the most populous country in Africa with over 180 million citizens, which makes her the hub of aviation in west Africa sub-region and Africa at large, though the nation is without any viable national carrier which is making the country to be loosing a lot of revenue to its foreign counterparts. The most profitable route to Nigeria is Lagos to London routes with 42 to and fro direct trips from both countries (Nigeria and United Kingdom) weekly.

2. The Statement of Research Problem

Air transport services are rendered by authorized carriers for traveling passengers and freight in transit. Airlines utilize aircraft of different capacity to undertake these services and sometimes in partnership or alliances with other airlines under code share agreement. Airlines vary in size, from small domestic airlines to full compliments of international services. Passengers’ satisfaction has always been a major reason for choice of airline by customer, normally determined by the level of services provided by airlines to their passengers. Passengers’ has a wide range of choice in the determination of suitable airline product according to their requirements (Archana and Subha, 2012). They further argued that research related to service quality and customer satisfaction in the airline industry has been growing in interest because the delivery of high quality service is essential for airlines’ survival and competitiveness.

The inability of Nigeria to have and run a successful National carrier left passengers with no choice than to patronize foreign airlines not minding if they are maltreated. In addition, revenues generated by these foreign airlines were being repatriated back to their country making Nigeria to be loosing a lot of revenue to their foreign competitors. This study however is to estimate the amount of revenue Nigeria is loosing to capital flights for not having a viable national carrier.

3. Research Methodology

This research is a descriptive survey on economic implication of absence of national carrier in the Nigeria Aviation industry. Moreover, only secondary data was employed for this research. The research was conducted on two foreign airlines (British airways and Virgin Atlantic) and a Nigerian airline (Med-view airline), all offering direct flights from Nigeria to United Kingdom. The secondary data gotten for this research is on annual airline passenger volume carried by each of the airlines between the year 2007 to 2016 and this data was obtained from Federal Airport Authority of Nigeria (FAAN). Moreover, average airline air fare was gotten the airlines’ websites. The annual passenger volume carried were multiplied by air fare to get an estimate of revenue generated the airlines. Both Virgin Atlantic and Med-view airlines conducts scheduled international flights from Murtala Muhammed International airport, ikeja to Heathrow and Gatwick airports in the United Kingdom while British airways do
conduct daily scheduled international flights from Murtala Muhammed International airport, Ikeja and Nnamdi Azikwe International airport, Abuja to Heathrow Airport in United Kingdom. Med-view airline is the only operating private Nigeria’s national carrier offering services to passengers on Lagos to London route as at the time this research was conducted. While British airways is the flag carrier and the largest airline in the United Kingdom based on fleet size and Virgin Atlantic airline is a private founded by a British Billionaire named Sir Richard Charles Nicholas Branson.

4. Literature Review

Airline industry has always been famous for its continuous struggle: cutting costs, managing fluctuating demand, keeping up with tight quality requirements while trying to maintain superior services and satisfy needs of various customer groups (Ekaterina, 2012). Airline is essential to global world as without airline transportation, such industries as leisure and tourism would suffer and international business activities would become much harder to conduct (Tierman, Rhoades and Waguespack, 2008) the global airline industry consists of some 2000 airlines operating 23,000 aircraft, providing service to some 3750 airports (Air Transport Action Group 2008). The air transport industry directly generates 5.5 million jobs globally and contributes $408 billion to global GDP (Air Transport Action Group, 2008).

4.1 Aviation and Economic Growth

Filani (1986) cited by Abraham et al., (2015), argued that for any economic progress to be achieve in any country, the aviation industry as an integral part of transport must be developed, this is sine-qua-non to development. A study by Brueckner (2003) also notes the close connection between airline passengers and regional employment growth, finding that a ten percent increase in passengers in a metro generates a one percent increase in regional employment. Brueckner finds, however, that airports and airline service contribute more to knowledge and service based businesses than to industrial manufacturing. Adefolalu (1977) cited by Abraham et al., (2015), opined that air transportation has introduced the most effective method of overcoming the barrier imposed by physical distances and difficult topography and its speed is far superior to any other mode of transport.

According to a report by Air Transport Action Group (ATAG) cited by Abraham et al., (2015), aviation plays a vital role in facilitating economic growth, particularly in developing countries. Aviation is indispensable for tourism, which is a major engine of economic growth, globally, 51% of international tourists travel by air. Connectivity contributes to improved productivity by encouraging investment and innovation; improving business operations and efficiency; and allowing companies to attract high quality employees.

The impact of the air transport sector was analyzed by Nwaogbe, Wokili, Omoke and Asiegbu (2013) cited by Abraham et al., (2015), they reported that the air transport sector has contributed immensely to the economic development of Nigeria and the entire globe in two other ways. Firstly, through the taxes levied on Gross Value Added i.e. the sum of profits and wages. Secondly, through its lump sum investment and its use of higher advanced technology systems for its operations and maintenance.

Isaac (2013), examined the role of airport infrastructural development on socio-economic development of Nigeria. The study utilized a descriptive survey method. The result reveals that, there is a correlation between airport infrastructure development and socio-economic development of the country. The study concludes that, for any proper achievements to be achieve in aviation sector, government must step up its contribution, regulation and due process must be followed in awarding of contract and making decision that relates to the development of aviation.

4.2 Airports and Air Transport Development in Nigeria

There are a total of thirty-eight (38) airports with paved runways and sixteen (16) airports with unpaved runways in Nigeria (Ladan, 2015). Air Travel in Nigeria commenced during World War II (1939-1945) when it became necessary to move troops and supplies fast across the country. Several air strips were built then which were converted after the war, to Civilian use (Ileje, 2003). Air transportation in Nigeria generates some economic benefits. First, air transport contributes to the provision of employment. About 159,000 indigenes and foreigners are gainfully employed directly or indirectly by the Nigeria aviation industry. Second, air transport industry is a viable means for generating revenue via personal income and profit taxes. Third, it has contributed over 4 per cent to gross domestic product (Oxford Economics, 2012).

The Nigerian Federal Government realizing the role of air transport in the nation’s development made significant attempts to develop the country’s air transport system. The most gigantic was the 1975-1980 Airport development programme in which the Murtala Mohammed airport complex was about N240 million (Filani, 1983). The Nigerian Civil Aviation Training Centres provides a substantial number of trained air personnel. This is in the areas of piloting, maintenance engineers, air traffic controllers, aeronautics teleprompter operators and communications personnel. These personnel were reinforced with those from the Nigerian College of Aviation Technology, Zaria (Ladan, 2015).
Ileoje, 2003 states that it is estimated that by the year 2003, over four million Nigerian fly and use the airports each year. However, private domestic air carries began to win business at the expense of Nigeria, Airways, the government-owned national airline and it was declared bankrupt in 2004. Presently there are five (5) International Airports operated by Federal Airport Authority of Nigeria (FAAN) they are, Murtal Muhammed International airport in Lagos, Nnamdi Azikwe International airport in Abuja, Mallam Aminu Kano International airport in Kano, Port Harcourt International airport in port-Harcourt, Akanu Ibiam International airport in Enugu and Magaret Ekpo International airport in calabar (FAAN, 2017).

4.3 Service Quality

Service quality has become an important research topic because of its apparent relationship to costs, profitability, customer satisfaction, customer retention and word of mouth. As for service quality, e.g. American Marketing Organization defines it in two ways: first, it is an area of study that defines and describes how services are delivered so that the service recipient is satisfied; second, high quality service is a delivery of service that meets and exceeds the expectations of the customers (Ekaterina, 2012). Parasumaran et al. (1985) state that service quality is defined by the customer evaluation of service outcome and service process as well as a comparison of customer expectations with service performance or rather as the difference of customers’ pre-service expectation and post service perception”. According to Butler and Keller (1992), service quality is the central feature of each airline company’s conducting a business and the customers can define it definitely (Dariush and Peyman, 2011). Delivering high quality service is an essential criterion for the survival and growth of airlines in a competitive environment. Due to the advent of computer system and Internet facilities, airlines attempt to differentiate their services through the use of computerized booking/reservation systems, which were also designed to create customer loyalty and customer relation with their passengers.

4.4 Input and Output Concept/Model

Economic theory clearly establishes the importance of measuring efficiency in the airline industry. The concept of efficiency here is the capability of a unit in utilizing input to produce output. The input resources are expenditure, number of staff, number of agents and station capacity. The output factors are total revenue, group materialization rate and uplift (Salleh and Jusoh, 2005). The basic step in assessing the performance of the airlines industry is to consider two basic elements: the input and the output factors. Input factors are defined as limited amount of resources to produce a maximum amount of output. The output factors are the consequences, outcomes or the products as the result of utilizing limited resources (Salleh and Jusoh, 2005).

Atul (2013) have selected the following input and output factors to measure efficiency of an airline. Input: Number of planes, number of employees, and gallons of fuel consumed. Output: Revenue passenger miles, number of departures, number of passengers, and available ton-miles. Number of departures is selected as an output variable because it indicates the network level of an airline. A higher level of network indicates a higher level of service to customers. However, airlines must input sufficient reasonable resources such as number of planes, number of employees, financial cost and gallons of fuel consumed in relation to available passenger traffic available (Kanghwaet al., 2013).

Fig. 1 Excelling in the marketplace through service quality and productivity.  
Source: Kanghwaet al., 2013
The year of manufacturing of aircrafts as an input is of paramount importance because passengers’ value safety as a major reason for choice of airline to fly, service quality will serve as a supervisor to all these inputs to produce a reasonable amount of output such as revenue passenger miles, number of departures, number of passengers, and available ton-miles that will result in optimum passenger satisfaction (Kanghwaet et al., 2013).

5. Analysis of Findings

5.1 Range of Services Rendered by the Airlines

Table 1: Range of Services by the Airlines on Lagos to London route

<table>
<thead>
<tr>
<th></th>
<th>First class</th>
<th>Business Class</th>
<th>Economy class</th>
<th>Average Cost (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Airways</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>About 371,000 above</td>
</tr>
<tr>
<td>Med-view Airline</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>About 298,000 above</td>
</tr>
<tr>
<td>Virgin Atlantic</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>About 379,000 above</td>
</tr>
</tbody>
</table>

Source: Author’s Field work July, 2017.

Note all the prices were checked two weeks ahead of the due date.

The common class of tickets being offered by airlines world-wide are: Economy class, Business class and First class type of services/tickets. The table above shows the class of tickets/services being offered by the airlines under consideration. Only British Airways offers Economy class, Business class and First class type of services/tickets for their passengers while Virgin Atlantic and Med-view Airline provides Business class and Economy class type of services/ticket for their passengers ‘on Lagos to London route. However, each class of ticket comes with different fares. For British Airways flight from Nigeria (LOS) to London (LHR), the fare starts from about 371,000 naira and above, while for Virgin Atlantic flights from Nigeria (LOS) to London (LHR), the fare starts from about 379,000 naira and above. Finally, for Med-view Airline flights from Nigeria (LOS) to London (LGW), their fare starts from about 298,000 naira and above.

However, from the table above, British airways offers more services to passengers on Lagos to London route (direct flight) than both Virgin Atlantic and Med-view airline. Moreover, Med-view airline is the Nigeria’s national carrier that offers the lowest air fare on the route with two types of class tickets while Virgin Atlantic airline offers only two types of class tickets with highest air fare.

Table 2: Available services in relation to class of ticket

<table>
<thead>
<tr>
<th>Class</th>
<th>British Airways</th>
<th>Virgin Atlantic</th>
<th>Med-view Airline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>Delicious meals and a full bar service, In-flight Entertainment, Airport pick-up, First-aid Medical services.</td>
<td>In-flight services, In-flight Entertainment, First-aid Medical services.</td>
<td>Baggage allowance, In-flight services, In-flight Entertainment, First-aid Medical services.</td>
</tr>
<tr>
<td>Business</td>
<td>Seating flexibility, Pre-flight Services, Fast-track Services through the airport, More baggage allowance.</td>
<td>Extra In-flight services, Skin care, chauffeur-drive service, fast track service.</td>
<td>Seating flexibility, More baggage allowance.</td>
</tr>
<tr>
<td>First Class</td>
<td>Extra in-flight services, Extra entertainment, Dedicated check-in.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Field work July, 2017

Table 2 above shows the available services in each class of ticket the airlines offers their passengers. The Airport pick-up service that British airways offers is a game-changing new service for passengers, that allows travelers to check in their luggage remotely from anywhere in London to their destination airport. The service enables British airways passengers to travel completely luggage free, until they reach baggage reclaim at their destination. While both Virgin Atlantic and Med-view airlines offer more improved services to their Business class passengers’ than
their economy class passengers such services are: Fast track services, Skin care, chauffeur-driven service, more baggage allowance etc.

The table 3 below shows the estimate of annual passenger movement and revenue generated by the airlines under consideration in the past ten years on their direct flight from Nigeria to London route. The estimated total amount generated by the airlines is closely to $6.2 billion (estimated) in the past 10 years. Over the past ten years’, British airways has made closely to $4 billion (estimated) on just Nigeria to London route with market share of 59.35% while Virgin Atlantic has made over $2.3 billion (estimated) on Lagos to London route in the past ten years with market share of 38.47%. Finally, Med-view airline which is a nascent national carrier has made over $133 million (estimated) in the past three years on Lagos to London with market share of 2.18%. This gives an impression of loss of involvement and revenue loss of over $6 billion from Nigeria due to the absence of National carrier.

The airlines under consideration had a steady increase in passenger movement and revenue over the years and encountered downturn in revenue and passenger carriage in 2016 due to economy recession in Nigeria except of Med-view airline that made an increase in both passenger movement and revenue in 2016. Over the past ten years, Virgin Atlantic airline generated their highest revenue in the year 2015 generating $267,176,372.9 and the year 2014 generating $25,640,368.2. British airways generated highest revenue on Lagos to London route in the year 2015 generating $243,755,022.9 and the year 2014 generating $242,833,600.9 while generating its highest revenue on Abuja to London route in the year 2013 generating $165,813,935.8 while generating the lowest revenue on both routes to London in the year 2016 generating $189,617,224.8 on Lagos to

Table 3 Average annual passenger revenue by airline operating international flights

<table>
<thead>
<tr>
<th>Year</th>
<th>Virgin Atlantic (annual passenger * average ticket fee) (₦)</th>
<th>British Airways (annual passenger * average ticket fee) (₦)</th>
<th>British Airways (annual passenger * average ticket fee) (₦)</th>
<th>Med-view airline (annual passenger * average ticket fee) (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>153,738 * 37,9000 = 58,266,702,000</td>
<td>155,987 * 37,1000 = 57,871,177,000</td>
<td>83,001 * 349,200 = 28,983,949,200</td>
<td>128,225 * 298,000 = 38,211,050,000</td>
</tr>
<tr>
<td>2015</td>
<td>215,151 * 37,9000 = 81,542,229,000</td>
<td>200,523 * 37,1000 = 74,394,033,000</td>
<td>142,656 * 349,200 = 49,154,752,000</td>
<td>8613 * 298,000 = 2,566,674,000</td>
</tr>
<tr>
<td>2014</td>
<td>206,476 * 37,9000 = 78,254,400,000</td>
<td>199,765 * 37,1000 = 74,112,815,000</td>
<td>145,850 * 349,200 = 50,930,820,000</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>203,902 * 37,9000 = 77,278,858,000</td>
<td>195,647 * 37,1000 = 72,585,037,000</td>
<td>144,921 * 349,200 = 50,606,413,200</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>188,320 * 37,9000 = 71,373,280,000</td>
<td>180,305 * 37,1000 = 66,893,155,000</td>
<td>141,943 * 349,200 = 49,566,495,600</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>196,480 * 37,9000 = 74,465,920,000</td>
<td>174,392 * 37,1000 = 64,699,432,000</td>
<td>129,443 * 349,200 = 45,201,495,600</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>192,649 * 37,9000 = 73,013,971,000</td>
<td>168,866 * 37,1000 = 62,649,286,000</td>
<td>109,663 * 349,200 = 38,294,319,600</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>181,962 * 37,9000 = 68,963,598,000</td>
<td>179,836 * 37,1000 = 66,719,156,000</td>
<td>120,796 * 349,200 = 42,181,963,200</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>181,404 * 37,9000 = 68,752,116,000</td>
<td>185,716 * 37,1000 = 68,900,636,000</td>
<td>121,846 * 349,200 = 42,548,623,200</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Sub Total (₦)</td>
<td>Total (₦)</td>
<td>Total ($)</td>
<td>Grand Total($)</td>
</tr>
<tr>
<td>------</td>
<td>---------------</td>
<td>-----------</td>
<td>-----------</td>
<td>---------------</td>
</tr>
<tr>
<td>2007</td>
<td>674,417,527,000</td>
<td>720,634,495,000</td>
<td>2,361,187,729</td>
<td>6,137,165,455</td>
</tr>
<tr>
<td></td>
<td>437,233,151,600</td>
<td>1,111,650,678,600</td>
<td>3,642,367,883</td>
<td>133,609,843</td>
</tr>
<tr>
<td></td>
<td>119600*349200</td>
<td>176800*371000</td>
<td>65,592,800,000</td>
<td>41,764,320,000</td>
</tr>
<tr>
<td></td>
<td>108x108</td>
<td>145x145</td>
<td>244x244</td>
<td>350x350</td>
</tr>
</tbody>
</table>

Source: Author’s Field work January, 2018.

*₦305.2= $1 source: CBN official exchange rate, 1/19/2018.

London route and generating $94,967,068.15 on Abuja to London route in 2016 also. Moreover, Med-view airline which is a nascent airline started its scheduled international carriage in the year 2015 generated $8,409,809.96 in the same year and generated a whopping amount of $125,200,032.8 in the year 2016, making Med-view airline as the only airline that had a bullish revenue in 2016 while the other two airlines had a bearish revenue in the year 2016 and this is as a result of reduced passenger carriage by the two airlines and increased in passenger carriage by Med-view airline in 2016.

The airlines annual passenger traffic volume carriage for the past 10 years was assessed in table 3 above where British airways has a good and high passenger movement in Nigeria in the past 10 years however, they have low passenger carriage in 2010 while reaching their peak in passenger traffic in 2014 and having a lower passenger traffic movement in the year 2016 maybe due to recession and FOREX hardship in the Nigeria economy. However, Virgin Atlantic has shown a steady trend in passenger movement to and fro Nigeria. The airline has low passenger traffic in the year 2007-2009 but shows an astronomical passenger movement in 2013 while reaching its all-time highest in 2015 also. Passenger traffic movement carriage capacity for Med-view Airline for the past 10 years was not available because it is a nascent airline in Nigeria. Moreover, Med-view Airline has enjoyed an increase in passenger carriage from its commencement of scheduled international flights in 2014 till date. Both British Airways and Virgin Atlantic shows a downward trend in passenger traffic movement in 2016 while only Med-view Airline shows an upward trend in passenger traffic movement in the year 2016.

6. Conclusion and Recommendation

The aim of this research is to estimate the amount of revenue Nigeria is losing to capital flights for not having a viable national carrier. The study solely focuses on direct flights that are from Nigeria to London route, whereby British Airways, Virgin Atlantic airline and Med-view airline direct flights were considered. The study shows that types of services/ticket class being rendered by the airlines with their fares, available services in each class of ticket the airlines offers and the amount of revenue generated by the airlines in the past ten years. The research reveals that over $6 billion were being generated by both British Airways and Virgin Atlantic airline over the past ten years and the Nigeria’s private national carrier generated over $133 million and both foreign airlines establishing themselves on the route and having over 97% of the market share on the route while the Nigeria’s private carrier having 2.18% of the market share. Moreover, revenue loss to other international flights was established due to absence of a viable National carrier.

The federal government in coordination with the Ministry of Aviation and other relevant agencies in the aviation industry in Nigeria need to establish a viable National Carrier to serve Nigerians and also encourage new entrants into international flight operations which will help Nigeria to drastically reduce revenue loss to various international airline capital flights and this will ensure that Nigerians and foreigners are well served with provision of multiple job opportunities in the aviation industry. Moreover, in establishing the National carrier, structures and frameworks need to be put in place to ensure high service quality was being offered to passengers. However, strong financial institutions such as Bank of Industries and others in Nigeria should provide lump sum of loans to corporations that are ready to venture airline business, and those in existence to finance the purchase of large jumbo jets that are being used in the aviation industry so as to make Nigerian airlines more competitive in the market with delivering of quality services to passengers.
References


Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal. This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (http://creativecommons.org/licenses/by/4.0/)