

time, there is also a possibility for U.S. travellers and shippers to use Canada as a gateway for overseas travel.

## B. Airline Route Systems

Airline route systems have undergone significant change and continue to evolve. The shift in North America to hub and spoke systems is especially important, as is the increase in international gateway competition. Among the most important characteristics of today's route systems are:

- Airline networks should be viewed as competing systems for moving passengers and goods from origin to destination. Consumers will switch their patronage to the air transport system which provides them with the greatest convenience or lowest price.
- Since U.S. deregulation, hub and spoke network systems have emerged as the most effective systems for moving passengers.
- In order to extend their market coverage, the mainline air carriers have forged alliances with smaller feeder carriers serving smaller communities.
- Although the traffic from feeder carriers is small relative to the overall air traffic volumes, it is very profitable traffic for mainline carriers.<sup>31</sup>

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<sup>31</sup> Feed traffic tends to be higher yield traffic than the average. Trunk carriers often consider feed traffic as incremental and therefore very profitable.