

CHARTER REPORT

AIN
SPECIAL REPORT



Business picks up as operations become more complex

by Matt Thurber

The improving U.S. economy, in contrast to challenging economic circumstances affecting the rest of the world, seems to be reflected in the charter business, and activity has never been better, according to companies **AIN** interviewed for this special report. Charter/management firms report steady growth in fleets and business, from both management customers and buyers of charter lift.

Statistics from market analyst Argus support these claims. The Argus July TraqPak Business Aircraft Activity report (U.S. and Canada) showed charter operations up 9.6 percent compared with July 2014 and 6.1 percent month-over-month. During the past year, charter activity rose 3.4 percent, and Argus projects an increase of 4 percent during the coming year.

The charter industry doesn't change much, but the way charter

buyers and operators use technology is having an effect on quoting and selling trips, managing operations and meeting compliance requirements.

On the buyer side, the ubiquitous nature of mobile devices has spawned a race for the first company to become the so-called "Uber of aviation," and while plenty of apps make this claim, no one has truly replicated Uber's business model: connecting non-regulated drivers with passengers. This model is not possible in aviation, unless the provider is willing to facilitate illegal charters.

This special report examines the current state of the charter industry and some of the developments that are affecting operators and the brokers that account for the majority of charter bookings.

FOCUS ON GROWTH

Landmark Aviation, headquartered in Houston, has acquired a significant number of operations and now has 120 airplanes under management, 70 of which are on charter certificates. Landmark's acquisitions include Piedmont Hawthorne

Aviation, Panorama Flight Services, Midlantic Jet Aviation, Galvin Aviation, TWC Aviation and Sterling Aviation. Five of the companies are being consolidated under one charter certificate (Sterling Aviation's), while TWC Aviation will retain its own charter certificate, but all charter and management will be branded under Landmark Aviation.

"We worked closely with the FAA to design that plan," said Ben Murray, president of Landmark's Aircraft Management & Charter division. The consolidation includes merging information technology, human resources, financial and legal services and providing shared services for charter and management sales and dispatch functions.

Landmark's charter/management division is adding an average of seven new aircraft per quarter, according to Murray. One of the



Jet Aviation is seeing more demand for large-cabin aircraft such as the Global 5000.

chief attractions for customers, he said, is that the company can support customers across the U.S. "Customers want to leverage Landmark's network of FBOs and maintenance bases, and they benefit from Landmark's national fuel program.

Owners get great value by being part of that family," he said.

One factor that is driving Landmark's management business, Murray said, "is a real demand dynamic where there is more demand than can be fulfilled with the availability of your charter fleet." This is



As companies move to ownership, customers seek management opportunities, says Landmark's Ben Murray.



Avjet expanded its fleet by 14 aircraft last year, with heavy jets, such as the BBJ, accounting for more than half of that number.

Guarantee Programs

According to Delta Private Jets, much of its growth is attributable to its Ownership Assist Program, which guarantees charter hours to aircraft owners and covers most operating costs, including maintenance expenses such as engine and parts programs, airworthiness directive and service bulletin compliance, paint and interior refurbishment and scheduled/unscheduled maintenance. “The owner benefits by a guaranteed revenue stream, and we benefit by having the aircraft available for our charter and jet card customers,” the company noted.

There are three different guaranteed programs at Delta. Ownership Assist is for owners with limited needs to fly on their aircraft. These aircraft are more readily available for charter and thus are used in the operator’s floating fleet. There is a waiting list for this program, according to Delta. For owners that fly fewer than 100 hours per year, aircraft are placed on the high-utilization Aircraft Deployment program. These aircraft also serve on the floating fleet. The Charter Management program helps owners defray some of the costs of ownership, but these owners fly more than 100 hours a year.

Unlike many charter/management companies, Priester Aviation also offers guaranteed flight hours, thanks to strong demand in key markets such as New York, Dallas, Houston and Chicago. ■

causing customers who are typically charter and fractional-share buyers to move into ownership, where they have guaranteed access to their aircraft. Customers like having Landmark hire flight crew, take care of maintenance and provide hangar space and fuel, he explained.

“Flying has been robust,” said Robert Molsbergen, president and COO of global aircraft management for Berkshire Hathaway-owned **Executive Jet Management (EJM)**. The EJM charter/management fleet has grown more than 8 percent from last year and now stands at 210 aircraft and is expected to reach 225 by year-end. Approximately half the fleet is on EJM’s charter certificate, “and a big portion of our flying is done internationally,” he said. The EJM fleet includes about 45 aircraft types, ranging from helicopters

to Bombardier Global 6000s and Gulfstream G650s, with super-mid-size and large-cabin types accounting for approximately half the fleet.

Molsbergen attributes some of EJM’s growth to the complexities of aircraft ownership, including more sophisticated avionics systems and complex flight operations, tax rules and financial reporting. “You have either flight departments or individual owners and operators who would rather see that handled by a management company to make sure they do that part right,” he explained.

As probably the largest charter/management company in the world by fleet size, EJM enjoys substantial purchasing power. It doesn’t hurt, either, that fractional share provider NetJets and training provider FlightSafety International are

Top U.S. Part 135 Operators in 2015

Rank	Operator	Fleet Size	2015 Hours	2015 Flights	2014 Hours	2014 Flights	Change
1	Travel Management Co.	69	40,025	27,255	40,193	26,792	1
2	Executive Jet Management	139	39,627	24,252	38,906	23,872	1
3	XOJet	42	39,386	18,524	40,642	18,717	-2
4	Delta Private Jets	60	26,437	17,868	19,568	13,495	0
5	Gama Charters	70	23,412	18,235	6,418	4,330	10
6	Landmark Aviation	80	18,458	12,855	15,845	11,263	0
7	JetSuite Air	19	16,789	14,323	18,681	15,576	-2
8	Jet Linx Aviation	49	14,183	10,333	11,678	8,436	0
9	Clay Lacy Aviation	46	11,939	6,349	10,683	5,604	0
10	Solairus Aviation	39	11,303	6,297	9,218	5,236	0
11	Jet Edge	35	10,379	5,216	7,353	3,697	3
12	Jet Select	25	9,904	6,214	8,166	5,112	-1
13	Kalitta Charters	21	9,402	6,053	7,494	4,969	0
14	Jet Aviation Business Jets	29	8,075	4,176	7,596	4,041	-2
15	Red Wing Aeroplane Co.	10	7,252	4,420	6,224	3,719	1
16	LJ Associates	23	6,600	5,834	6,087	5,286	1
17	Meridian Air Charter	22	6,495	4,186	6,023	3,875	2
18	Talon Air	20	6,452	5,122	6,015	5,218	2
19	Starbase Aviation	20	5,871	3,670	6,050	4,147	-2
20	Mountain Aviation	15	5,788	4,343	5,443	4,179	4
21	Pak West Airlines	11	5,702	2,059	4,350	1,752	8
22	Priester Aviation	23	5,608	3,793	6,014	4,051	-1
23	Corporate Flight Management	21	5,490	5,399	4,016	3,790	10
24	Ultimate Jet Charters	8	5,481	5,599	5,437	5,176	1
25	Northern Jet Management	11	5,388	4,441	4,047	3,330	7

also owned by Berkshire Hathaway, further expanding the purchasing power opportunities.

Like all management companies, EJM is acutely aware of the need to preserve the value of its customers’ assets. “If nothing else, I see EJM more as an asset management company than anything else,” Molsbergen explained. “You cannot underestimate the difficulty of making sure that customers or prospective customers understand that the value you have to bring is measured only at the time of disposal. The better you do that, the better you take care of the asset, the better [the results] at disposal.”

“From an activity perspective, we’re about on par with last year,” said Don Haloburdo, U.S. Aircraft Management and Charter division vice president and general manager

with **Jet Aviation**. “We haven’t seen any huge growth or decline on the charter side.”

While Jet Aviation’s charter/management fleet includes some smaller jets such as Citations, the focus is large-cabin airplanes, typically Dassault Falcon 2000 size and up. About 40 percent of the charter flown by Jet Aviation’s U.S. fleet is international, he said, including the occasional trip to Asia. The firm’s European division serves customers primarily in Europe, the Middle East and Asia.

The company’s U.S. fleet numbers 97 aircraft and should reach more than 100 by year-end, Haloburdo said. These are located at about 40 airports, and most of the aircraft are pure management clients, with 32 on the charter certificate.

Like its competitor Landmark Aviation, Jet Aviation owns FBOs

and maintenance facilities worldwide, and this infrastructure and purchasing power is attractive for customers. “From a comfort perspective, when flying around the world, if you’re going to Jet Aviation there’s going to be support,” he said. “That’s a significant benefit to using our services.” The Jet Aviation infrastructure also helps customers access information about their accounts through an online portal. Customers can filter their information and see any receipts associated with their aircraft.

This fits with Jet Aviation’s adoption of Avianis software, which helps with the effort to eliminate paper. Many customers are younger and more technology savvy, Haloburdo explained, and they expect to be able to go online to check their aircraft’s schedule and request a trip, instead of asking their assistant to call Jet Aviation to make arrangements. “It reduces the amount of back and forth,” he said, “streamlines the process and removes the opportunity for errors. We don’t have to retype times into the schedule. We want [it] to be easy for customers to do business with us.”

At the European division, Jet Aviation’s fleet continues to grow, and the company attributes this expansion to the increasing complexity of aircraft operation. “In a more regulatory environment where rules are strictly enforced, aircraft owners depend more on professional operators to ensure all rules are observed and paperwork meticulously filed,” the company noted.

Solairus Aviation, which is headquartered in the San Francisco area, has seen its greatest growth in the management business on the U.S. East Coast. “The charter business has been growing along with that,” said Paul Class, senior vice president of charter sales. The company has 42 aircraft on its charter certificate and 95 in the charter/management fleet, primarily large-cabins such as Gulfstreams, Globals and Falcons. The majority of Solairus customers are corporate travelers who use aircraft for personal trips only occasionally.

“Our charter demand is the strongest it’s been in our 70-year

Executive Jet Management (EJM) so far is the only U.S. company that has gone through the complicated process to secure its own **air operator certificate (AOC)** in mainland China and is now gaining valuable experience flying charters in that region. A problem in China is the lack of hangar space, and valuable aircraft are bearing the brunt of exposure to the elements. “In China, aircraft look so bad after a couple of years,” said Robert Molsbergen, EJM president and COO of Global Aircraft Management. “People are not taking care of them. G450s and G550s come back to be sold and they look horrible, and this has an effect on overall market. Our philosophy is always first take care of the asset for the owner. The trade-in value is the biggest part of the financial impact, not the couple of thousand per month of management fees.”

In China, EJM operates two of its own Hawkers and one managed Global, all of which are available for charter. EJM also holds an AOC in Europe. “Most of our customers have that international demand, and we can accommodate that [with] the three AOCs,” he said.

“China will play a big part in the global economy,” he asserted. “Comparatively, it’s lopsided from what happened in the U.S. and Europe. There is almost the same number of high-net-worth individuals in China who want to fly, but there’s no product.” The infrastructure is not ready to support private flying, he explained. However, “it will come and people will reap the benefits,” he continued.

For EJM, China remains a good bet, although “increasingly

challenging,” according to Molsbergen. “We are of the opinion that there will be continued use [of general aviation] and with the ebbs and flows of the economy, the [number of people] able to afford private aviation will grow,” he commented. “It’s good to be in business. The challenge lies in consolidation, which we’ve seen particularly in Europe, and will happen in the U.S. as well, and I would not be surprised to see it in China. There are too many operators there. The ones that have some scale will probably see their market share increase, not necessarily because they want to, but [because] operating a flight department becomes increasingly complex.”

Some people suggest that EJM’s timing for moving into the China market might be bad, because of how the slowdown in China’s economy and the crackdown on corruption are affecting use of general aviation products. “Both factors are [important] for anyone having general aviation activities in China,” Molsbergen said. “I look at it differently. We do not have the overhead as [some companies had] coming into that market. Knowing that it is coming [to fruition] over time, we have to have the appetite to stay there for the long haul, and we have to look much further out. If we have the appetite, we will reap the rewards.”

European charter operator VistaJet earned its own China AOC earlier this year, after three years of effort, and this is part of its expansion in the Asia-Pacific market as VistaJet China. The company is operating a Challenger 850 under Chinese B-registration, in **partnership with Apex Air**. ■

history,” said Andy Priester, president and CEO of **Priester Aviation** in Chicago. “We’ve noted an increase in new clients who have decided not to renew fractional ownership and simplify their private travel with our on-demand service.”

Net fleet growth for Priester Aviation during the past year has been 11 aircraft, with newer and more efficient jets most desirable. “The direct operating costs of newer jets allow owners to retain more of the hourly charter rate because they’re not spending it on fuel and maintenance,” he said. The most requested charter jets are the super-midsize Cessna Citation Sovereign, Bombardier Challenger 300/350 and Textron Aviation Hawker 4000.

Burbank, Calif.-based **Avjet** continues expanding its fleet, and last year added 14 aircraft, including one midsize, four super-midsize and nine heavy jets. The fleet is transitioning to newer types, and owners are upgrading GIVs to G450s and GVs to G550s and G650s. The entire fleet is Wi-Fi-equipped.

The company attributes growth to a positive economy and its willingness to grow its capacity to meet rising demand. “Once you have the proper foundation in place, you can effectively

Customer Demographics

The customer base in the charter/management business is changing somewhat. When Landmark Aviation’s Ben Murray first became involved in business aviation more than 20 years ago, it was all about demonstrating the productivity of business aviation versus the airlines. Now with so many ways to access business aviation—charter, fractional shares, jet cards, ownership—the industry has transitioned into showing customers the best way that they can use business aviation to fit their needs. “That’s how we’ve matured,” he said. “The industry should be proud of where we’ve come.”

Delta Private Jets’ charter customer base is “generally an even split between business and pleasure travel,” the company said. “As far as demographics, we do see an interest from younger customers entering the market.”

Attitudes of charter customers have changed, according to Key Air. “We have found the charter clientele to be more experienced and seasoned, less picky,” the company stated. “They are moving away from exclusivity to necessity. The private jet is being considered more as a mode of transportation to get them to where they want or need to go, rather than being part of the destination.” The company further explained that it believes customers are much more focused on the utility of the aircraft than the luxury that is possible, a viewpoint that extends to increased interest in one-ways and empty legs.

One change that Priester Aviation president and CEO Andy Priester has noticed in younger charter customers, he said, is “they sometimes feel more comfortable arranging their ground transportation through their Uber app than using traditional sedan and driver services.” And, he added, “In-flight Wi-Fi is a must. Touchscreen cabin controls and centralized media servers are amenities that more travelers are expecting.”

“Our customer base is changing as a new generation of business jet owners is entering the market,” according to Jet Aviation Europe. “While the purpose of their travel remains a mixture of business and leisure, they definitely have different service expectations, requiring more transparency, a wider range of service coverage and generally higher service standards.”

Delta Air Lines is offering elite passengers upgrades to business jets operated by subsidiary Delta Private Jets.



and efficiently grow your charter and management business to answer the industry's needs," an Avjet spokesperson told AIN. "On the charter side, we have placed a higher level of focus on a new one-way program that has proven to be quite successful. While our end-user client base has been and always will be strong, we have also placed an increased focus on valuing the relationship between the broker and operator as [brokers] continue to play an important role in this industry.

"On the aircraft management side, Avjet's approach has always been to build a partnered relationship with our owners versus feeling like they are simply 'managed.' It's a relationship that should include integrity, consistent dialogue, face time, full transparency and a personal touch."

According to **Key Air**, "more and more companies and/or their executives are turning to experts in the field to manage their aircraft rather than operating and maintaining it themselves." In Key Air's view, this is even more prevalent with companies wishing to place their aircraft under a Part 135 certificate or charter their aircraft to offset their operating expenses.

For Key Air this trend has contributed to a net fleet growth of 28 percent during the past year, with new fleet additions including a Falcon 2000LX and 7X and a GIV-SP and G650ER. Demand has been greatest for larger Gulfstreams and Falcons and midsize jets such as Challengers and Learjets.

Key Air also provides FBO

and maintenance services at its two locations in Oxford, Conn., and the Twin Cities in Minnesota. According to the company, "With hangars and FBO facilities, in-house maintenance services and oversight; operational control, advanced coordination and flight-following systems; individualized accounting and fuel desk services; to a fully developed charter sales-force and comprehensive marketing program—for those electing to offset ownership costs with charter—we provide a true turnkey solution for their operations."

According to **Delta Private Jets**, the business aviation arm of Delta Air Lines, charter activity is up about 33 percent year-over-year and the fleet has grown to 66 aircraft, up 30 percent over the previous year.

Hawthorne Global's **ExcelAire** is celebrating its 30th year as a New York City- and Long Island-area charter operator and has added three jets to its fleet of large and midsize aircraft in the past year. "We are seeing that there is an improved comfort in charter today because of the stronger economy," said ExcelAire president

Greg Brinkman. "And charter continues to be a good way to offset the cost of ownership, and that continues to be a strong part of our business. We continue to do a lot of charter for music tours and corporate road shows," he said. "We see a 50/50 mix of customers traveling for business and holidays, and there hasn't been any change in this during the past few years."

Silver Air of Fresno, Calif., is something of an anomaly in the charter/management world, charging aircraft owners essentially nothing for its management services and, instead, earning all its money on charter revenue, said CEO Jason Middleton. But recent changes at the company highlight other trends in the charter world. After seeing more pilots than expected leave for lower-paying airline gigs, six

months ago Silver Air instituted personality tests for its pilot applicants.

"We're trying to hire smarter," Middleton said. The company gives its pilots a high degree of both responsibility and independence, and the personality assessments are meant to identify applicants with the requisite traits. "If they fit in our personality category, we do a full interview process and move toward hiring," he said.

Silver Air has also overseen equipping of its fleet with Wi-Fi, paid for by the owners. "This is a tool you pretty much have to have to compete at leading edge of the [charter] industry," Middleton said he explained to owners. The service plans are all-inclusive, so charter customers aren't charged for broadband usage. □

Charter Trends

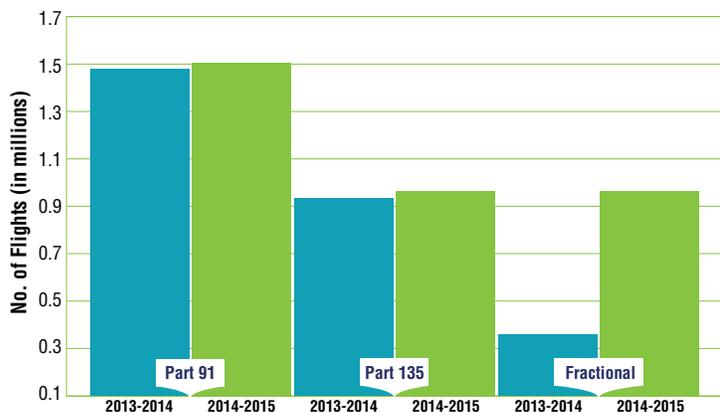
"One of our biggest challenges is finding aircraft available for charter that are less than 10 years old," said Don Haloburdo, vice president and general manager for Jet Aviation U.S. aircraft charter and management division. "People who call for charter want to know, does it have Wi-Fi? And is it less than 10 years old? This definitely puts a strain on the overall marketplace; we're either using one of ours that's newer or a qualified vendor. Other companies are doing the same, looking in their fleets, or calling us looking for a newer airplane."

"People are buying airplanes again," said Paul Class, senior vice president of charter sales at Solairus Aviation, and owners are also buying supplemental charter. "As airplanes come into the market, they tend to be newer airplanes," he said. "People are attracted to newer aircraft, and every airplane has to have Wi-Fi."

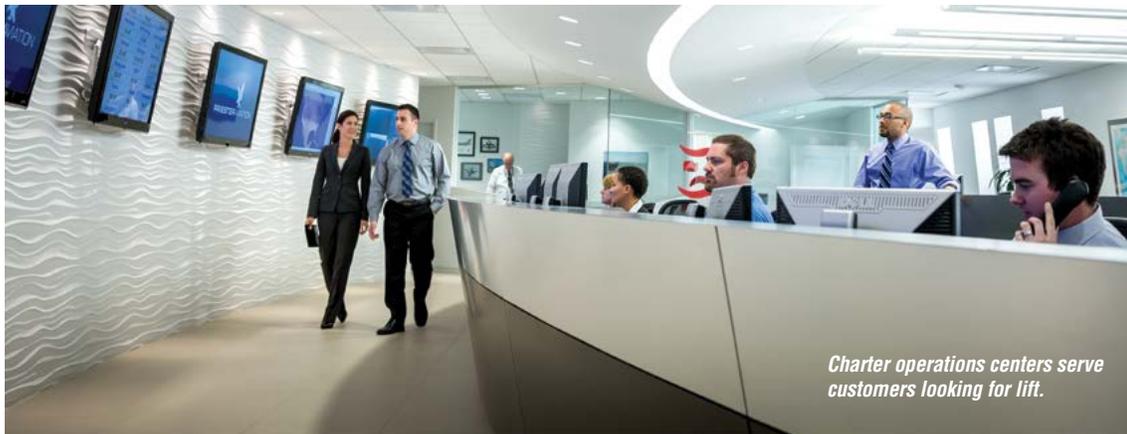
Class has noticed two key trends in the charter business: growth of owned charter fleets, allowing much more competitive pricing because the airplanes are part of floating fleets and not based anywhere in particular. "The traditional model of managing and chartering [makes it] difficult to compete with floating-fleet airplanes," he said.

The other trend is that some charter operators have certain aircraft types, such as the GIV, dedicated to popular routes, and these are "keeping pricing pressure on," he said. This isn't just the California to East Coast operations but includes some now flying these types of routes between the U.S. and Europe. "As airplanes get dedicated to this fixed-pricing model of point-to-point [service], it erodes the market share for airplanes under the traditional model." ■

TOTAL FLIGHT ACTIVITY BY OPERATIONAL CATEGORY
JULY 2013-JUNE 2014 VS JULY 2014-JUNE 2015



Part 135 flight activity rose 3.4 percent over the last 12 months. Part 91, the largest segment in terms of volume, rose 1.8 percent during the same period. Fractional flight activity increased 0.3 percent during the last 12 months.



Charter operations centers serve customers looking for lift.

As card sales continue to grow, providers offer new enticements

by James Wynbrandt

FOCUS ON JET CARDS

Operators and brokers report rising sales for their jet card products over the past year as they fine-tune programs to better appeal to potential customers and differentiate themselves from competitors. Delta Private Jets (DPJ) reports 22 percent year-over-year card revenue growth, as it seeks to leverage opportunities created by its airline ownership. DPJ already gives card customers Diamond Medallion status, the highest level on the Delta Air Line frequent-flier program.

Now working from the airline side, DPJ recently began offering Medallion passengers on certain routes the option of upgrading to DPJ for the flight, which has led to a spike in inquiries about the card program, according to James Murray, DPJ's v-p of operations. In late July a pair of passengers traveling from Cincinnati to Atlanta swapped their first-class seats for a private jet, inaugurating the program. Plans call for a slow expansion of qualified routes, tied to DPJ's fleet availability.

In place of the "use it or lose it" provisions of early jet cards, in

today's offerings deposits typically remain on account, with only the guaranteed hourly rate expiring, as providers appeal to buyers' sense of economy. DPJ offers 10-percent savings on select round trips, and 5- to 10-percent savings on super-mid-size jets flying between many East and West Coast states. Marquis' X-Country Card delivers discounts of more than 20 percent for transcontinental travel. JetSuite, which operates Embraer Phenom 100s and Citation CJ3s, has cut prices for top-tier car depositors on routes including Chicago-Aspen and Nantucket, Mass.-White Plains, N.Y.

Dallas-based brokerage Horizon Air Charter, founded last fall, has introduced two new types of jet cards: its FlyNext "equity building" card, and its FlyCorp cash-back card for supplemental corporate lift.

FlyNext is a \$100,000 debit-style card requiring only 10 percent down and \$7,500 per month thereafter, eliminating the up-front cost that Horizon founder and

CEO Luis Barros sees as "the biggest barrier" to card sales.

If customers haven't accrued enough money in their accounts to pay for a charter, "we invoice them for the remainder," Barros said. Deposits are kept in a segregated account and are fully refundable. The program offers light-, mid-, super-mid-size and large-cabin jets without interchange fees. Larger deposits receive free catering and ground transportation.

The FlyCorp card, which Barros likens to an Amex cash-back program, returns 1.5 or 2 percent cash back on the cost of flights, or 3 percent if taken as a credit on the card. But, we noted to Barros, American Express takes the cash from the merchant's pocket, not its own. His response: "The charter market has become so transparent, we can't afford to just upcharge people. They can call [other brokers

for trip quotes] and tell if we're just trying to build it in."

Underscoring the range of possible options, charter broker Magellan Jets introduced a "design your own" jet card providing model-specific access to four categories of business jet (Citation X and Challenger 300 in the super-mid-size class), and giving card buyers a choice of perks and add-ons including waived peak surcharges; two free category upgrades; 1.5- (versus two-) hour flight time minimums; fuel surcharge discount; waived interchange fee; and free catering or ground transportation.

XOJet reports adding 100 Preferred Access cardholders in the first half of the year.

The \$200,000 card offers rebates on flights aboard XOJet's owned and operated fleet of Challenger 300s and Citation Xs (versus using aircraft from partner providers such as TMC).

Also gaining traction is XOJet Enterprise, a customized, corporate version of its Elite Access guaranteed access card program.

"We work really closely with companies to design a program with tiered pricing," said XOJet president and CEO Bradley Stewart.

Sentient Jet has continued its growth as it streamlined its offerings down to one basic card type, the SJ25 25-hour card, available for "preferred" or "select" fleet access, and sold in light, mid-, super-mid-size and heavy jet categories, sans interchange fees.

The company now claims 5,000 active cardholders who use their hours in an average of nine months, said president Andrew Collins.

Sentient's cardholder benefits guide, introduced in 2013, is now a 50-page glossy with two dozen "exclusive luxury-brand perks." Meanwhile, Sentient isn't through with card innovations.

"We are going to introduce some form of new offering, though it's not a departure from a jet card," Collins said, declining to disclose details. □



Cabin crew enhance flight safety and service

FOCUS ON OPS

As more charter operators fly larger aircraft, the question of whether or not cabin attendants are included in the crew is becoming more important. Although cabin (or flight) attendants aren't required to be on board under most charter regulations, they are a key part of the safety equation but also play an important role in serving passengers in a way that makes them want to become repeat customers.

"Anything Falcon 2000-size or larger requires a flight attendant," said Paul Class, Solairus Aviation senior vice president of charter sales. "It's a company policy. They're there for the safety of the passengers and the airplane, and for the service." Class said a few times a year customers request no flight attendant, but "I say no."

At Priester Aviation, flight attendants are standard on all large-cabin aircraft, according to president and CEO Andy Priester, and they are available for smaller aircraft. "While safety is paramount, elevating the on-board client experience is an important role of any crewmember, including flight attendants," he said.

Customer Service Role

Jet Aviation has seen a new twist in requests for flight attendants: "Some [customers] want to have somebody who travels with them who's more of an assistant than a standard flight attendant or cabin service rep—a flying assistant on the airplane and afterwards," according to Don Haloburdo, vice president and general manager for Jet Aviation's U.S. aircraft management and charter division.

Being a traveling administrative assistant, he added, "is a hard role to fill. Not a lot of people want to do that; it's too much to manage the schedule, and they don't have time to do it all. We've tried to discourage this.

From a safety perspective, if somebody is not able to be rested because they're dealing with the

principal [all day and into the evening], it's not the best situation. We would rather have folks on the airplane taking care of our customers, fully rested and focused."

Susan Friedenber, president and CEO of Corporate Flight Attendant Training & Global Consulting Services, sees many charter flights operating without flight attendants, mainly because customers aren't educated about the importance of a flight attendant but also because some operators and brokers are trying to save money.

What passengers remember, she pointed out, is their experience in the cabin. If a flight attendant isn't on board, passengers will remember that they didn't get the service they expected, "and the charter operator is going to lose their business," she said. "In addition to the safety aspect, if [operators] put a savvy, trained person in back, it would guarantee return business. There are charter companies that get it."

"We've been noticing a lot of charter companies going back to hiring cabin attendants full-time instead of on contract," said Stefany Kisling, CEO of training and placement provider SkyAngels. "They are recognizing that the cabin crew is the face of their company."

Charters operators with large jets typically include a flight attendant, she said. European customers expect a third crewmember. "They want catering and the whole nine yards. They want service regardless of type of aircraft."

Kisling was working a flight where turbulence was so strong that galley doors popped open and loose items rolled around the cabin. "The guests were freaking out," she recalled. "I kept smiling even though I was freaking out.

On the ground, they said, "You made it so much better because you were so calm." Without a flight attendant, the outcome could have been worse, with pilots having to deal with the terrified passengers. "It's safer for the pilots," she said. "They have to deal with their own issues." —M.T.

Charter Apps Simplify Booking

Many companies promise to make booking a charter simpler using mobile device apps, and apps like these keep proliferating. While there are many that appear to be just ways to hook up prospective charter customers with brokers, there are some that offer unique capabilities.

Skyjet

Directional Aviation's Skyjet charter brokerage subsidiary (and sister company to Sentient Jet) released its Skyjet app for iOS devices in early August. Unlike other apps, Skyjet allows customers to pay for trips using Apple Pay (U.S. only). The initial limit for Apple Pay purchases is \$50,000, although customers can also use the normal credit card and wire transfer methods.

The Skyjet app also offers instant city-pair pricing estimates for different classes of airplane.

No membership fee or sign-in is required to use the app. All a prospective buyer has to do is plug in the desired airports, dates and times and whether the flight is a round-trip, one-way or multi-city journey plus the number of passengers. The app outputs options for four jet categories (light, midsize, super-midsize and large). For each category, the app shows typical jet types, average passenger and baggage capacity, range and speed. The market price spread is shown from low to medium to high.

The app gives prospective customers a good idea of the pricing, and then they can ask for a quote and a Skyjet salesperson will respond within one hour. "We've been doing online quoting for quite some time," said Skyjet CEO Greg Richman. "Often the consumer wants to get an idea of the price, then talk to an expert. The market now is lot savvier than many years ago."

The transaction is then completed through the app. All of the options for the quote are pushed back via the app, including the make and model but not the tail number. After the customer agrees to the quote, the trip details (including the itinerary, special requests and the passenger manifest) and the tail number is pushed into the My Trips section of the app. "The purpose of the app is to focus on ease of booking," Richman said. "We have to have great service, but also have to be competitively priced."

Avinode

Avinode's new Marketplace iPhone app provides tools for brokers and charter operators to manage their businesses, including searching the company's database of charter aircraft and empty legs, and organizing trip requests and responses. According to Avinode, brokers can easily compare trip quotes from operators and view push notifications when an operator accepts a trip request. Avinode plans to add an Android version of the Marketplace app as well as a feature allowing charter operators to modify and respond to quote requests.

BlackJet

BlackJet members can book seats on brokered charter flights or request a charter using the BlackJet iOS app. According to BlackJet, the app provides "instant confirmation guaranteeing seats and pricing" and allows members to book and fly a trip, then pay after flying. Customers can also order catering and ground transportation.

EmptyLegMarket

EmptyLegMarket was an early technology adopter, creating a simple Web interface for buyers and sellers of charter aircraft that have to be somewhere and would otherwise earn no revenue for that portion of the trip. EmptyLegMarket pioneered name-your-price bidding for empty legs, and buyers are using the EmptyLegMarket iOS app to bid on and travel on reasonably priced empty-leg trips.

JetSmarter

Available on iOS and Android, the JetSmarter app allows mobile access to empty seats or full aircraft charters. Members, who pay a \$3,000 initiation fee and \$9,000 membership price, can travel for free on some empty-seat trips and receive discounted rates on charters. JetSmarter also offers members access to exclusive events and concierge services.

Relations improving among charter operators and brokers

by James Wynbrandt

FOCUS ON
OPERATORS/BROKERS

The sometimes-contentious relationship between charter operators and brokers appears to be mending against a background of expanding bookings and changing market dynamics. Over the past year, U.S. Part 135 activity rose 3.4 percent, according to aviation data provider Argus, whose TraqPak data also projects a 4-percent increase for the year ahead.

Meanwhile, full-service charter brokers have taken on a larger sales role, even as a welter of online brokers and app-enabled access options aim to disrupt traditional charter market channels.

“The way the industry has evolved, charter brokers are the sales mechanism, and that has really changed the dynamics within the industry,” said Jason Middleton, CEO of California-based operator Silver Air. “People don’t call operators anymore. Do a Google search for jet charter, and everything on the first two pages is brokers.”

From the other side of the Atlantic, Tony Coe, chairman of Baltic Air Charter Association (BACA), which represents brokers, finds justification for their growing importance. “The world is becoming more complex and there’s a bigger mix of jets, so in many ways a broker is more valuable now,” he said.

Middleton is among those who view the shift favorably. “I think it’s actually good,” he said. “We can focus on running operations versus having a big sales force.”

But how can operators create brand loyalty when passengers aren’t really their customers? “My belief is our true customer is the broker,” Middleton said.

Meanwhile, in the absence of overdue charter broker regulations from the U.S. Department of

Transportation, the broker community continues promoting self-regulation. BACA is developing a three-level online certification program through a Web-based education services provider. The association also this summer formally endorsed the Argus Certified Broker program, introduced last year, which now has four members: Apollo Jets, R&M Aviation, Stratos Jet Charters and Transplant Transportation Services. On the operator side, certification through the Air Charter Safety Foundation and Wyvern and Argus audit programs remains important.

Silver Air has also worked to streamline the owner approval process, which the Air Charter Association of North America (Acana) earlier this year labeled a significant source of cancelled charter flights and a “widespread problem” that “can ruin a [broker-]

client relationship,” said Joel Thomas, Acana v-p and CEO of Stratos Jet Charters.

“We set some clear parameters on what [owners] approve for a trip, from leg length to daily minimums, to airports” approved for operations, and if the proposed trip falls within those parameters, Silver Air can book the flight without formal approval,” said Middleton.

Cooperative Spirit

Increasing reliance on brokers notwithstanding, operators are also enhancing relationships with each other to service clients who otherwise might look elsewhere for needed lift. Priester Aviation, for example, has a Strategic Sourcing Team that arranges extra-fleet lift from its Global Preferred Network of vetted operators and aircraft. XOJet offers its Preferred Partner Network of 900 aircraft, sourced through vetted operators including Travel Management Company and Landmark Aviation.

Meanwhile, in news welcomed throughout the operator community, XOJet no longer offers transcontinental rates below \$23,000. Those prices brought new transparency—and customers—to the charter world, but competitors grumbled that the privately held

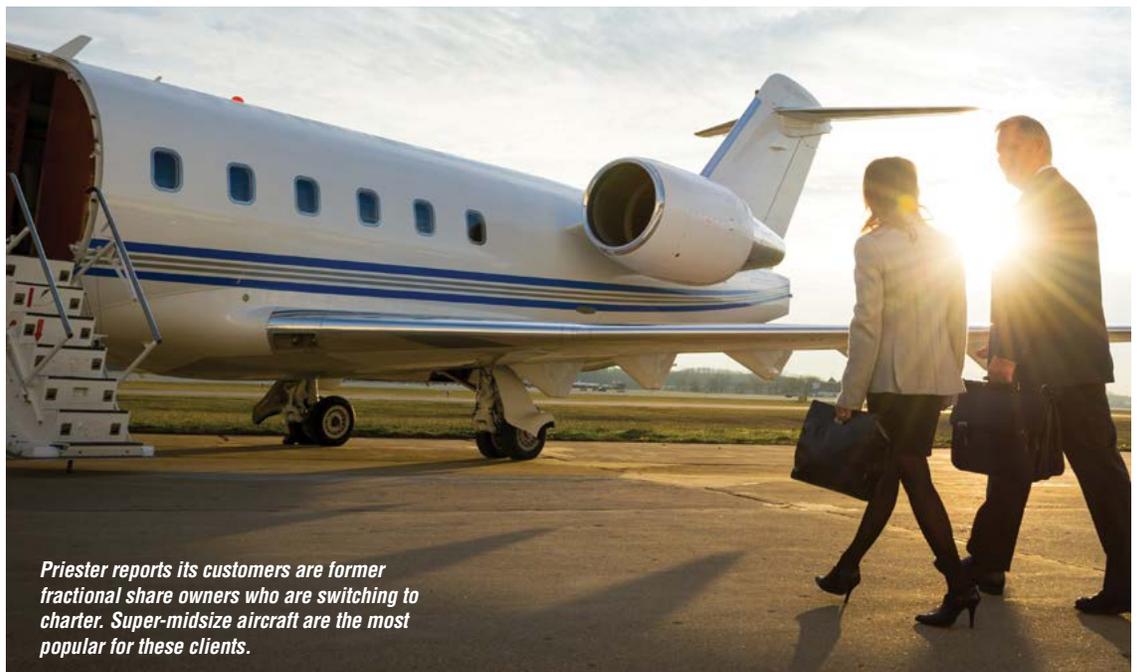
Charter brokers are the sales mechanism, and that has really changed the dynamics within the industry.

—Jason Middleton

owner and operator had to be losing money on its operations, while forcing others to cut prices to the bone to remain competitive.

“Looking back, we can safely say we bought too many airplanes relative to our customers, and ended up dropping prices.

We were growing and doing more business, but were not profitable,” admitted Brad Stewart, who became president and CEO in 2013. “I made the decision we were going to be a healthy company. We’ve shrunk fleet capacity, but dramatically expanded our client base and had the ability to raise pricing to what we feel is sustainable and profitable.” For the first half of the year, XOJet reported a 20-percent increase in retail charter business. □



Priester reports its customers are former fractional share owners who are switching to charter. Super-midsize aircraft are the most popular for these clients.