

Running head: MARKETING FOR THE PRIVATE JET CHARTER INDUSTRY

Marketing for the Private Jet Charter Industry in the US

Yusuke Ishikawa

MARKETING FOR THE PRIVATE JET CHARTER INDUSTRY IN THE US

On-demand air transportation, comprised of joint and fractional ownership programs, in-house flight departments, time-share agreements, managing companies and charter companies, has seen significant growth due to its attractive benefits over the airlines. Used by executives, technical troubleshooters, sports teams, entrepreneurs and families, on-demand air transportation is defined as “the transportation of passengers and cargo by aircraft from one point to another in a manner and at a time designated by the person exercising operational control” (Sheehan, 2003, pp.1.1-1.2). However, the focus will be on the private jet charter companies and their efforts in communicating the right message to the right people, in an effective method. Air charter is “the easiest and least expensive means of obtaining on-demand transportation,” as it “is just about easy as calling for a limousine” (Sheehan, 2003, p.2.23). In marketing this convenient service, jet charter companies focus on their target market, marketing points and method or medium of delivery.

As with any other marketing plan, the identification of a target market is required for a successful campaign. Although the majority of the U.S. population may have the want to travel in a privately chartered jet, not everyone has the ability to do so. The group of people with the ability, the charter clients, can be identified as consumers who do not have the resources to operate a private jet or enter into a fractional ownership program, patrons wealthy enough to have access to personal jets, and unique individuals with the need for private air charter services. Jodie Brown, president of Summit Solutions LLC, describes the first group of individuals: “If you can’t get your own airplane, you can get a fraction of your own airplane. If you can’t get a fraction of your own airplane, then

you're going to charter" (Yamanouchi, 2005, p.2). The groups of users who do not have the full means to own an aircraft have subsisted for a while, and they can be acknowledged through less expensive air charter services (Esler, 2004, p.2). According to Nick Solinger, chief strategy officer of XOJet, individuals who are able to afford fractional ownership programs are another potential market (Esler, 2008). Issues concerning "availability, rules, restrictions and day limitations" have displeased many fractional owners and "as a result, it doesn't feel like owning your own plane any more" (Esler, 2008, p.2). Due to these dissatisfied clients, Solinger states that the fractional ownership industry has come to a halt, with a stagnant number of shareholders and aircrafts. Richard Santulli, NetJets founder and President, supports this occurrence as he "admits that NetJet's growth is in the charter card through Maquis," NetJet's charter program (Esler, 2008, p.2). The last group to be included in the target market consists of clients who have a unique need for private jet charters. As stated by Fred Gevalt, a publisher with Air Charter Guide, "these users are occupationally unique – entertainers, athletes, celebrities – who are on tight schedules and constantly moving around" (Esler, 2004, p.3). The individuals mentioned above possess the need and the ability to charter a jet, providing them the services discussed in the next section.

As the target market is identified, the consumer's wants and needs in air travel are addressed. For charter clients, these include time savings, safety and security and flexibility. Time savings not only includes the time that travelers save by avoiding long lines and increased security measures, but also the increased productivity of the employees flying on private aircrafts. By flying private, travelers are able to avoid busy airports and eliminate the chance of overbooked and missed flights (Amer, 2006). A

greater time savings is associated with the productivity of workers in chartered aircrafts. As compared to a crowded and restrictive airliner, employees are able to continue to work in private jets. As an example, “if a company has three employees spending four hours to get to downtown San Francisco, about 12 hours of productivity has been lost” if flying commercial (Eventov, 2001, p.2). In a study conducted by Louis Harris & Associates, it showed that productivity in private aircrafts is even greater than in the traditional office, as “executives felt that they were 20 percent more productive in the company jet than they were in the office” (Sheehan, 2003, p.1.10). As private aircrafts are designed as flying offices, travelers are able to access all of the equipment required to maximize their productivity in the air (Eventov, 2001). Overall, related to the previous marketing point, the charter companies market the cost savings associated with chartering an aircraft. “Marketing has gradually reflected an emphasis on cost savings over both fractional ownership and traditional charter offerings” (Esler, 2004, p.1).

As safety and security is of major concern in air travel, especially since the September 11th attacks and the increase in terror threats, this has been one of the major selling points for charters (William, 2008). When an aircraft is chartered, everyone that is onboard, including pilots and passengers, and the baggage carried, is all controlled by the company, resulting in a safer travel (Eventov, 2001). Overall, charter flights “have a safety record comparable with or better than that of scheduled airlines” (Sheehan, 2003, p.1.12). Also, confidentiality is of great concern for many companies, and chartering a flight allows executives and employees to work and communicate without concern (William, 2008). A private cabin circumvents eavesdropping and reduces travel visibility to protect the sensitive information carried by company personnel (Sheehan, 2003). The

flexibility associated with chartering an aircraft is another marketing point. Unlike owning an aircraft, which limits the owner to just his or her plane, chartering offers clients the flexibility and opportunity to travel in various planes. “Each charter aircraft has unique speed, range, payload, and comfort features” which allows clients fly in the appropriate plane for a given situation (Sheehan, 2003, p.2.24). As each aircraft is best suited for a particular operation, this leads to lower costs for the customer. A different aspect of flexibility is presented as chartered aircrafts “have the advantage of flying into smaller airports” (Eventov, 2001, p.2). Unlike airliners, which require more runway length than private jets, charters are able to operate out of 5,400 airports as compared to 420 in the United States (Eventov, 2001). Therefore, clients are able to fly into airports that are more accessible and closer to their final destination.

Finally, to reach out to the clients and to inform them of the benefits of private jet charter travel, specific and effective methods are utilized. These techniques range from employing direct sales personnel, making indirect customer contact and other practices. The deployment of the traditional sales team is one effective approach. As the face of a charter company, sales personnel must prepare, present and sell the company to potential clients. During the preparation stage, NBAA’s Travel \$ense travel analysis software can be used to prepare solutions, with graphics and examples involving various travel analysis variables, to present to the customer in an easy-to-understand format (Sheehan, 2003). Once all materials are prepared, the actual presentation is made to the client in steps, consisting of defining the consumer’s problem, discussing alternative solutions and providing a solution (Sheehan, 2003). All of this leads to the actual sale and the

scheduling of a flight to meet the needs of a client. Again, a solution and its benefits to the traveler are communicated to finalize a deal.

An extension to the previous method of delivery is customer contact via direct mail, word-of-mouth and customer surveys. In order to get the attention of individuals and businesses that are able to afford the services, direct mail is sent out to affluent zip codes near the operating airport (Winslow, n.d.). This will ensure that the right people are getting the message, and will infuse a personal touch that many clients may favor. Word-of-mouth advertising will complement and enhance direct mail, as well-off individuals are a gateway to more wealthy citizens (Winslow, n.d.). Also, to better understand what these customers are looking for in the service they are acquiring, customer surveys are distributed. Surveying the frequent flyers will allow them to define the standard level of service (Sheehan, 2003). Methods can vary from “voluntary comment cards, written surveys, informal sessions with selected passengers, and formal interviews” (Sheehan, 2003, p.4.49).

A unique marketing tactic, used by some companies such as PrivatAir, is the utilization of marketing alliances with major international airlines (PrivatAir floats idea of business class link-up, 2004). In this agreement, airline passengers are presented with the option of chartering an aircraft to get to their final destination, once they are on domestic soil. Last but not least, the charter company’s web site plays a big role in marketing their image. “They are seen as great or small in terms of how good their Web sites are, as perception is easily cultivated on the Web” (Esler, 2004, p.4). In today’s age, as the Web site may be first and only face of the company a potential client sees, a poorly maintained Web site can easily dissuade an individual of pursuing the service.

As shown above, marketing for the private jet charter industry is very distinctive, as it combines a unique blend of target markets, marketing points and mediums of delivery to create an effective marketing recipe. However, these marketing tactics seem to be effective, as “fifty percent of charter operators surveyed by the Air Charter Guide last year said they wanted to expand their aircraft fleets” (Yamanouchi, 2005, p.2). Both leisure and business travelers seem to be swapping their fractional and wholly owned aircrafts for charter services, due to its economical operations. While the rest of the on-demand air transportation industry growth is beginning to slow down, noted by Nick Solinger and Richard Santulli, all the benefits and qualities of private jet charter should be marketed to capture and retain the market.

References

- Amer, S. (2006, March). Going private. *Sales and Marketing Management*, 158, 44-46.
- Esler, D. (2004, September). Inside the card membership programs; Charter card membership programs claim they're negotiating the best travel deals for their customers—but at what price to the contracting operators?. *Business & Commercial Aviation*, 95, 68-75.
- Esler, D. (2008, January 29). New business plans for charter. *Aviation Week*. Retrieved February 3, 2009, from http://www.aviationweek.com/aw/generic/story_generic.jsp?channel=bca&id=news/bca0108p3.xml&headline=New%20Business%20Plans%20for%20Charter
- Eventov, A. (2001, October 13). Corporate jet travel is taking off; Aviation; Business charters, though expensive, can save time and fly into more airports. *The Press - Enterprise*, p. E01.
- Jaworowski, R. (2009, January 26). Market forecast for business jet sector. *Aviation Week & Space Technology*.
- Preston, H.H. (2008, August 30). Flying on private jets with much more ease card programs offer flexibility and quality, but not the high cost and complexities of aircraft ownership. *International Herald Tribune*, p. 15.
- PrivatAir floats idea of business class link-up. (2004, September 14). *Business Aviation*. Retrieved February 3, 2009, from <http://www.flightglobal.com/articles/article.aspx?liArticleID=187429>
- Sheehan, J.J. (2003). *Business and corporate aviation management: On-demand air travel*. New York, NY: McGraw-Hill.

William, B. (2008, January 19). Rising insecurity: Rising demand for private jet charter services. *Consumer Watch*. Retrieved February 3, 2009, from <http://ezinearticles.com/?Rising-Insecurity---Rising-Demand-for-Private-Jet-Charter-Services&id=936842>

Winslow, L. (n.d.). Direct mail for aircraft charter. Retrieved February 3, 2009, from <http://ezinearticles.com/?Direct-Mail-for-Aircraft-Charter&id=316396>.

Yamanouchi, K. (2005, July 24). Upstart firms target rich but jetless; Niche market gaining altitude; For those who don't own a jet, options abound, from buying a share of a plane to booking a luxury ticket. *Denver Post*, p. K01.