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Per-Seat Charter Still Available

by Dan Smith

The idea of per-seat charters has been around for a number of years. However, increasing numbers of charter operators are finding the model difficult to sustain in the longer term. In this issue of *On the Fly*, FlyCorporate looks at per-seat operators that are bucking the trend and the long-term future of the charter market.

Big Trees Fall in Storms, Not Small Ones

In India, a country where 90% of cities are not served by scheduled operators, charter is becoming increasingly important. MyJet, based in Mumbai, intends to start offering Per Seat On Demand (PSOD) charter between the main regional markets in India during the first quarter of 2010. Sudheer Nair, President and CEO, believes MyJet can succeed where others have failed. "The business environment in India is very different, because connectivity is a big issue here," he says. "Cities other than the major metropolitan areas still depend on conventional transportation options."

Nair believes many US companies have failed because non-scheduled operators are unable to declare scheduled services under FAA rules. This restriction is partly blamed for the recent demise of the US-based PSOD operator, DayJet.

These restrictions do not apply in India. "In India, a non-scheduled operator can individually negotiate with its customers to arrive at a specific time, even though we are not permitted to declare a schedule," Nair explains. The customers benefit from lower costs, and MyJet increases its load factor.



MyJet remains ambitious with plans to establish air taxi services on launch and a same-day cargo delivery facility later. "The current [economic] situation is really good for growth of a service like ours," Nair told FC. "A service that charges 10 to 25% more than a business-class fare with all the freedom of a charter can attract a good market. And that market exists in India."

The company is still finalising its fleet but Nair confirmed that MyJet hopes to close a deal soon with Embraer for an unspecified number of Phenom 100s. >>

When asked if he was worried about the impact of the current economic downturn on his business, Nair offered refreshing optimism: "Big and tall trees fall in storms, not small ones like us."

Members Only

Cloud9 is a member-only private jet club based in the United Kingdom. The company has just announced a new service called Cloud9 Sharing which enables members to invite fellow Cloud9 members to share a flight. Effectively this enables Cloud9 members to purchase individual seats, thereby dividing the cost of the flight between all members onboard.

The decision to share is made by the client who makes the original booking. Other members can immediately see the flight in the sharing area of Cloud9's member site. Keith Campbell, Director of Cloud9 International, explains how it works: "Seats can be booked five days before departure. However, other members can note interest in the flight before this and they will be contacted when the flight is available to book."

Cloud9 clients purchase a pre-paid level of flight time ranging from 15 to 100 hours which includes all fuel and air-

port charges. The company deducts the flight time from the client's account balance. The Cloud9 Sharing system offers big savings depending on the number of people flying. Chartering a light six-seat jet from London to Geneva normally costs a member 90 minutes. If they are flying alone, and can find five other members to share the flight, the booking member's cost can be reduced to as little as 15 minutes.

The only drawback may be that the members will not know who they are flying with until they arrive at the airport. However, the other passengers onboard will also be Cloud9 members making the shared flight a perfect opportunity for some high-level social networking.

The Future of Charter

The number of operators offering per seat charter can probably be counted on one hand and most companies seem reluctant to revisit the model in the current economy. Aircraft such as Cessna's Citation Mustang and Embraer's Phenom 100 were once touted as ideal vehicles for the PSOD market but are now being rebranded as entry-level jets. Many believe that these aircraft will still enter the charter market, providing a lower-priced option for many clients.»

"A shared flight [creates] a perfect opportunity for high-level networking"

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Although charter demand has dropped by about 40% in the US, industry figures put the drop at around 15 to 20% in the UK and parts of Europe. Neil Harvey, Executive Aviation Manager for the worldwide air charter consultancy Hunt and Palmer, does not believe the drop is uniform across all sectors: "The financial sector, which is very important to business aviation, has been hit hard. However, outside that sector there has been a softening in demand, but not to the same extent."

The slowdown is also not uniform across regions says Harvey: "The Middle East is holding up and in Asia there was slightly more demand in 2008." Both regions have long suffered from a lack of business aircraft. "A few years ago we only

had around ten aircraft to choose from in Asia, now that's up to 35," says Harvey. "The situation is the same in the Middle East. In both regions new deliveries and the transfer of aircraft from Europe and North America are now enabling us to satisfy the existing level of demand."

After a lacklustre 2008, charter operators are looking to see how the market will recover from its usual winter doldrums before they predict how good, or bad, 2009 will be. "The softening in charters began around October last year," says Harvey. "It's difficult to forecast this year accurately until we see the numbers for March and April when there is normally a pickup in the market." It is to be hoped those numbers are not as bad as many are predicting. ■



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