

# AVIATION *for* BUSINESS

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# Regional airports play more than supporting role to London giants

*UK civil aviation is usually perceived in terms of commercial flights and an endless debate about expanding London's Heathrow or Gatwick, but this ignores the enormous economic contribution of smaller, regional airports*

## ◆ UK AIRPORTS

● MICHAEL DEMPSEY

### BUSIEST UK AIRPORTS

■ TOTAL PASSENGERS 2013

72.4m

London Heathrow

35.4m

London Gatwick

20.8m

Manchester

17.9m

London Stansted

9.8m

Edinburgh

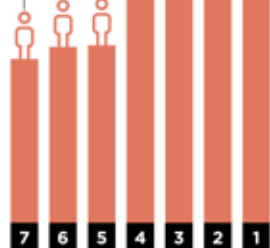
9.7m

London Luton

9.1m

Birmingham

Source: CAA



Luton Airport is known to many as a departure point for low-cost airlines, yet one third of arrivals and departures through this airport just north of London are of private jets. This business aviation market matters to Luton and is key to understanding how the airport fuels the wider local economy, says Luton Airport's chief executive Nick Barton.

"We can offer to support private and corporate aircraft, fix them if they have technical problems, service them if that's needed and provide good overnight accommodation for the crew," he says. All of this activity means the 29,000 annual business jet movements at Luton support well-paid technical jobs which in turn boost the local economy.

Gulfstream, manufacturers of long-range executive jets, has based its European maintenance hub at Luton. The 185 staff of the Gulfstream facility are just a small part of the 8,000 people employed in 100 companies operating in and around the airport.

Capitalising on the site's proximity to the M1 motorway link with London, Mr Barton wants Luton to increase passenger levels from 10.5 million a year

**Regional airports and associated businesses bring £14 billion to UK GDP and support 250,000 jobs**

to 18 million, a growth curve that he says will create 5,000 more jobs, contributing £250 million in economic value to the surrounding area.

Co-ordinating all this activity is not easy and keeping smaller airports in profit is notoriously difficult. Luton posted an operating profit, including revenue from investments and other sources, of nearly £29 million in 2013. Also Mr Barton notes that multiple parties, including local communities concerned about noise, have to be kept happy when expansion is on the cards.

Manston Airport in Kent illustrates the difficulties this sector faces. Man-



1. Luton Airport  
2. Farnborough Airport  
3. Liverpool John Lennon Airport

ston has been the subject of much controversy since it was sold in September 2014. The future of aviation on the site hangs in the balance, with other potentially more profitable uses, such as housing or industrial development, threatening to close its long, historic runway. Even Manston's proximity to London has not proved sufficient to attract passenger business in the face of competition from Heathrow, Gatwick and nearby airports, such as Luton, Stansted and Farnborough.

John Grant, a director of aviation data specialists OAG, notes that regional airports and profit do not always go together. "You have a huge infrastructure and often a very low level of utilisation," he says. "Airports operate under a curfew, you can't fly in or out between 23.00 and 06.00. But at the same time there are a lot of fixed costs, such as security, that you've got to fund." Mr



AIRPORT TRAFFIC

4.8%

fewer passengers handled by UK airports compared to the pre-recession peak in 2007

Source: CAA

Grant regards the current status of the main London airports, particularly Heathrow, as unassailable. "Regionals play on the fringe, London is the great magnet for air travel," he says.

Chris Lynch, head of global aviation at PA Consulting, has been involved in organising the Airports Commission, assessing future runway capacity in south-east England. Mr Lynch thinks that this question needs to be kept quite separate from the business case for regionals. "The Heathrow versus Gatwick argument is a decision of national importance," he says. "When it comes to the viability of smaller airports, you have to look at what really works."

Mr Lynch singles out Farnborough, south west of London, as an example of how a smaller airport can add real economic value to its surrounding area. The runway is used exclusively by private jets, but a series of what he terms "spec-





NEW RUNWAYS?

The Airports Commission was set up by the government in September 2012 and tasked with making recommendations on the timing and scale of any future airport capacity. It will not publish its recommendations until after the general election, but in September 2014 it announced that no Thames estuary airport, favoured by London Mayor Boris Johnson, would be included in the commission's shortlist of options.

tacular British businesses", such as defence giant BAE Systems and high-tech innovator QinetiQ, operate around it. He credits the airport owner, TAG Aviation, with creating "a fantastic example" by integrating supplementary businesses, such as the Aviator Hotel on the airport perimeter, with the site.

Cross-fertilisation between defence and high-tech engineering work in the Farnborough area owes a lot to the airport, says Mr Lynch. This in turn spells out why aviation matters to the broader economy. The contribution that well-paid aviation jobs make to the economy is measured in gross value added (GVA), the amount each job brings to national GDP. While the

average UK job has a GVA of £46,000, air transport work chalks up a GVA of £77,000.

Higher productivity in the aviation sector and a supply chain that extends far into the economy play their part in making this sector so important. The latest assessment credits regional airports and associated businesses with bringing £14 billion to UK GDP and supporting 250,000 jobs. This benefit stretches well beyond the aviation mecca of the South East, with regional airline Flybe operating at 36 airports across the UK from its Exeter HQ and ranging as far north as Stornoway.

Making any airport work takes imagination, and an ability to identify and play to the site's unique strengths. This approach is evident at Liverpool Airport. Passengers there are discovering that regional aviation can offer a pleasing alternative to the stressful experience of negotiating queues at internationally renowned airports.



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CASE STUDY: LIVERPOOL JOHN LENNON AIRPORT

Andrew Cornish is a veteran of the aviation industry. The chief executive of Liverpool John Lennon Airport came to his post via the board of Aer Lingus and the role of managing director at Manchester Airport. Manchester is popularly regarded as the arch-rival of Liverpool, a much larger northern sibling with connections spanning the globe.

But Mr Cornish sees things differently. "We will never be Manchester, but we have our own unique selling propositions," he says.

Mr Cornish's candour reflects his experience bringing long-haul overseas routes to Manchester. "People are not going to fly direct to Beijing or Shanghai from Liverpool, but we can connect them via other airports," he points out.

Although Liverpool lacks a route to any London airport, Mr Cornish is pursuing links to Paris, Amsterdam, Frankfurt and Dublin. He has announced new routes to destinations such as Prague in recent months and thinks that removing the frustration most

passengers feel, when sucked into the requirements and formalities of flying, can give Liverpool an edge.

"Our aim is not to process passengers, but to give them an experience they will enjoy," he says. "Airports have allowed the necessary security checks to turn into processing." Mr Cornish sets great store by airport industry polling that measures customer satisfaction against 32 aspects of passenger experience. "Out of 19 peer-group airports, we are number two for check-in time, number three for security-check time and first for baggage reclaim," he says.

This focus on service is what Liverpool hopes will continue to set it apart as it expands passenger numbers to embrace new routes. "We want to be the airport that the region loves," says Mr Cornish, as he anticipates passenger numbers growing from four million to seven million. That expansion will only be a success if travellers can continue to move from the car park to the flight gate in just 20 minutes.

COMMERCIAL FEATURE



CITY TO CITY

Thanks to London City Airport's unique location, its Jet Centre '90-second proposition' proves a winner for the private jet passenger



When it comes to property it is, famously, all about location, location, location. The same might be said of airports.

"Well, with a location like ours, you might expect things to take off, no pun intended," says Darren Grover, chief operating officer of London City Airport, the only London airport actually within London. "Stansted, Biggin Hill, the other main airports are all a long way from the City."

This perhaps explains why London City Airport's Jet Centre – its facilities for handling private jets, which Mr Grover was recruited to establish – has proven such a big success. With Mr Grover joining the airport's management in 2001 just after 9/11 – "which was awesome timing", he notes with a hefty dose of English sarcasm – by 2006 the Jet Centre was one of the UK's top-three busiest, handling 14,000 private jets a year.

But then came the financial crash of 2007-8 and a resulting shift from businesses favouring smaller private jets to larger, longer-distance aircraft, which means fewer can be facilitated.

Then private jets for the lucky few have only ever just been part of the London City Airport package. Its location, after all, is as convenient for London-based business and leisure travellers alike, which perhaps explains why it expects to handle a record four million passengers this year. And if the Jet Centre has what Mr Grover calls its "90-second experience" – that a flyer should be able, in that time, to move from sitting in a car to sitting on their aircraft – then the rest of the airport operates under a similar 20-minute rule for its commercial flights.

"That ease of experience is something we actively promote," says Mr Grover, who notes how passenger surveys consistently record punctuality of flights as their number-one concern, which is good news given that London City Airport is the UK's most punctual.

“Our whole focus is on making the process so fluid you don't notice how fast it is

"It's a cliché, but time is money. Why should anyone give up two hours of their day to sit in our lounge? Let's face it, nobody wants to do that. Our whole focus is on making the process so fluid you don't notice how fast it is. And we do that by modelling everything to within an inch of its life."

He isn't kidding. If new seating goes into the airport, the ability to negotiate you and your trolley's way between it will be factored into the timings of the entire operation. The latest tech is playing

a key part too with bag drops, for instance. Getting to security should take no more than a minute and new technology should allow the 130 or so passengers typically processed by each X-ray machine an hour at other airports to be more than doubled to 300 or more at London City.

"It's about managing a long chain of events," says Mr Grover. "You have to think from the very front how any change will affect the end of the process."

The airport is about to begin a comprehensive £200-million expansion programme that will almost double its flight capacity. It is major building work, including marine piling. But the result is likely to put London City, so often overshadowed by the big guns of Gatwick and Heathrow, more firmly in the limelight.

"I'd love to say the way we work is a template for how other airports might operate," says Mr Grover. "But the truth is we're the great product of an exceptional set of circumstances. Everything just comes together."



1m  
increase in passenger numbers at Manchester to 20m was the biggest UK rise

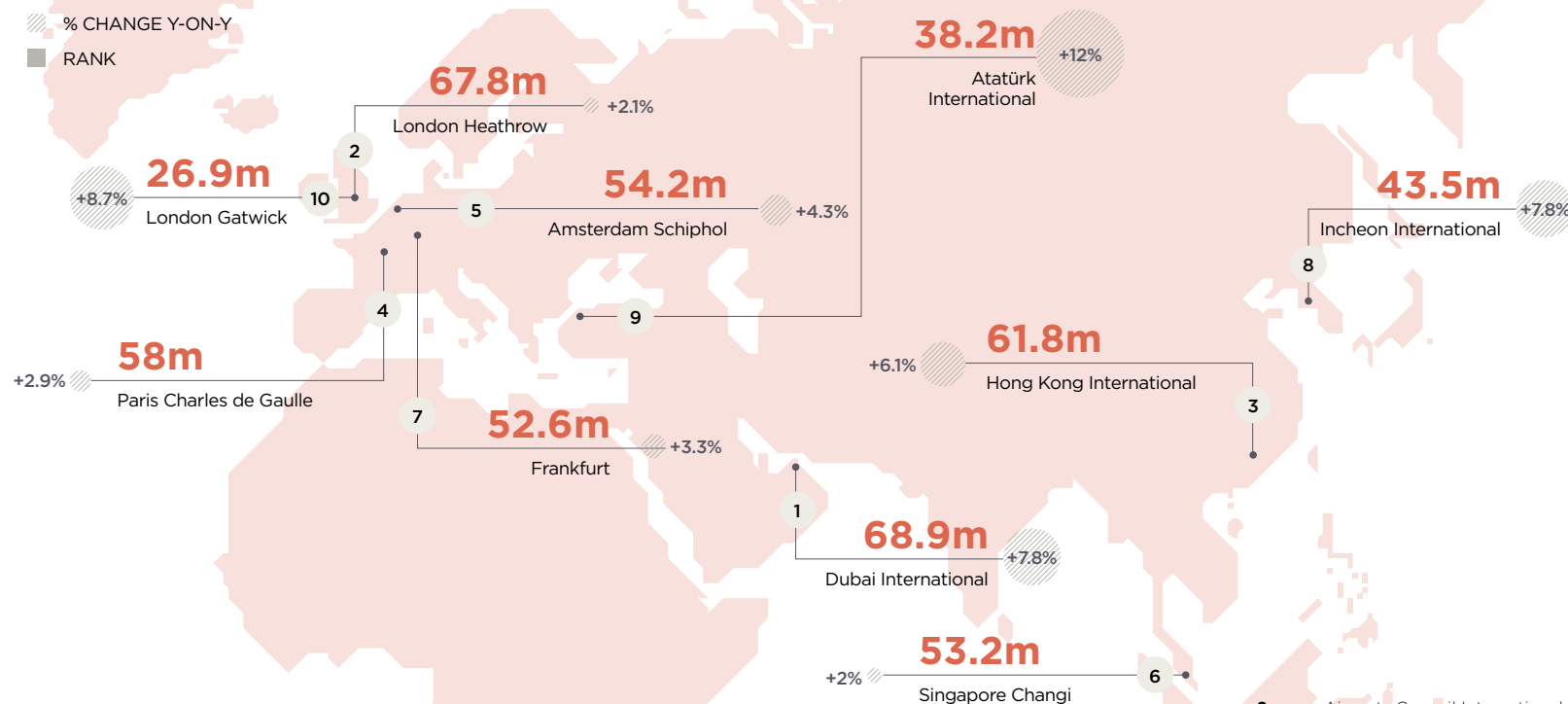
Source: Civil Aviation Authority

## WORLD'S BUSIEST AIRPORTS BASED ON INTERNATIONAL PASSENGER TRAFFIC

■ TOTAL PASSENGERS

▨ % CHANGE Y-ON-Y

■ RANK



# Survival of fastest as hubs turn into economic dynamos

*Hub airports are no longer simply places to pick up a connecting flight - they are set to become global economic drivers*

## ◆ HUB AIRPORTS

### ● ALEC MARSH

In 2014, the world's ten busiest airports moved more than half a billion people. For the first time the airport with the highest number of international passengers was Dubai International with 70 million passengers. It pushed London Heathrow into second place on 68 million, while Hong Kong came third with just under 62 million passengers.

Lump in the next ten busiest airports as defined by international passenger numbers and altogether the top 20 moved in excess of 700 million people internationally, representing more than one in every ten humans on the planet. Over the 12-month period, half of these airports saw passenger numbers rise by more than 5 per cent and three – Bangkok, Istanbul and Taiwan – experienced double-digit growth, according to Airports Council International.

What most of these airports have in common is they are hubs, offering a high number of routes and moving people internationally rather than necessarily being the final destination. Probably the world's most notable hub, Dubai International (DXB), experienced a 6.1 per cent growth in passengers in 2014, raising its international passenger manifest to around 33 times its national population. Last year DXB's retail turnover was a staggering \$1.9 billion.

Dubai also recently opened Al Maktoum International, which will have five runways and capacity for 160 million passengers a year when it is completed. By 2020 it's estimated that aviation will contribute \$53 billion to the emirate's economy, representing 37.5 per cent of GDP and support 750,000 jobs.

According to John Kasarda, director of the Center for Air Commerce at the University of North Carolina's Kenan-Flagler Business School, Dubai has become the *de facto* hub for anyone in India or Africa, as well as a leading stopping point for those travelling between Europe and Asia. In his words, Dubai is a "global aviation hub with a city-state attached".

It's also indicative of a trend that's changing the world, from the way people do business to macro-urban planning. "Hubs are the routers of the modern physical internet that connects people and products quickly and efficiency around the world," says Professor Kasarda, for whom hubs have become part the strategic business infrastructure that will be even more important in the 21st century.

And business agrees that air matters. A 2013 study found that half of Fortune

500 companies were headquartered within ten miles of a hub airport. That compares with just 29 per cent for all businesses in the United States. Closer to home, Dutch banks ABN Amro and ING have put themselves close to Amsterdam's Schiphol Airport, just six minutes away in fact. And in Heathrow, which is seeing rising competition from Amsterdam (Heathrow's unofficial third runway, apparently) and Paris Charles de Gaulle, Professor Kasarda says that the Sofitel Hotel, directly accessible to Terminal 5, has become a business hub in its own right.

Elsewhere, there's the example of Zhengzhou International Airport in China, where Taiwanese technology giant Foxconn has built a manufacturing base within a bonded zone at the airport, employing 240,000 people assembling Apple products. Raw materials fly in, products fly out.

"What they're doing in China is very big," says Professor Kasarda, co-author of *Aerotropolis: The Way We'll Live Next*. "It's targeted on high-value manufacturing and advanced business services. They're going about it very systematically and they're doing it so well."

He predicts Zhengzhou will become a full-blown "aerotropolis", built over the 160-square-mile Zhengzhou Airport Economic Zone, with the airport at its centre. Professor Kasarda foresees the rise of the aerotropolis as the fifth wave of transport-based human economic expansion, following the development of port, rail and car-based economies. Crucially, it means that instead of having airports at the margins of our living space, cities of tomorrow will have airports at their heart.

**Instead of having airports at the margins of our living space, cities of tomorrow will have airports at their heart**

Wherever the airports are they'll need aircraft. Airbus predicts that the world will want 31,258 new passenger and freighter planes worth nearly \$4.6 trillion by 2033, which is about 1,700 aircraft a year. That's a lot of aluminium and carbon fibre, not

to mention, engines, avionics, seats, life-vests – you name it.

For David Bentley, a UK-based analyst from the Centre for Aviation, while the Airbus figures speak for themselves, hubs will be in the driving seat for the next five years.

"The growth in the market is coming principally out of the major hubs," he says. "They're seeing spectacular levels of growth, in some places well into double figures in both passenger numbers and freight. Hubs provide a huge opportunity for companies in-

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volved in aircraft manufacture, hotels and retail. The amount of work that's going into the retail at some airports, such as the new Istanbul airport, is phenomenal. They're re-evaluating the way people buy things. I can imagine supply industries growing up around hub airports, perhaps in a way we haven't seen before."

And therein lies the broader business benefits of hubs. "Hub airports are critical for competitive strategy," says Professor Kasarda. "They're not just city or regional assets, they're national assets." Citing the examples of Singapore or



Hong Kong, he cautions that business is now the survival of the fastest. "It is no longer the big eating the small, but the fast eating the slow," he says.

That's why business needs to speak up, to ensure that hubs such as Heathrow are allowed to grow. "Business has an obligation to emphasise to government leadership how absolutely critical hub airports are to their competitiveness and prosperity," Professor Kasarda concludes. "Time is not only money, time is currency. Businesses need to be connected. Hubs provide that connectivity to maximise that currency."

## QATAR'S DOHA IS BIG AND GETTING BIGGER



Arabian Sea wave-inspired design, is Doha's largest building.

Pretty obviously, ambitious Qatar, already known for its Al Jazeera media network and its winning bid to host the Fifa football World Cup in 2022, has other things in mind. Namely, the gas-rich state wants to ape the success of nearby Dubai to become a major worldwide hub for air transport.

And HIA, which opened in May, is their boarding pass. Aligned with Qatar's national flag carrier now based there, it bills itself as the "five-star gateway to Qatar and on to the rest of the world", and boasts being eight hours' flight from two thirds of the world's population.

Destination architecture includes a 90-metre-high crescent-shaped air traffic control tower, plus there's a 200-room luxury airside hotel and 25,000 square metres of shopping. While the seafront HIA complex as a whole spans 11 square miles – about one third the size of the city of Doha – it's only getting bigger, with plans to surround it with an airport city free trade zone covering a further four square miles.

Boasting two runways longer than Heathrow's – one of them 900 metres longer – and with capacity planned for 50 million passengers a year, Doha's new Hamad International Airport (HIA) is not about to run out of space.

After all the Qatari capital's population is just 800,000, so even if they all decided to jet off at once, the queues at HIA's 137 extra-wide check-in desks would almost be manageable. Don't forget also that the new 600,000-square-metre terminal, with its

## KUALA LUMPUR 'AEROPOLIS' IS MALAYSIA'S SCI-FI VISION



ten square miles of land, which it has already earmarked around the existing airports.

When it's completed, KLIA Aeropolis will offer seven zones optimised for activities you would expect, such as logistics and cargo, as well as business, but also services such as medical tourism, agro-tourism and theme parks – yes, plural. There will also be a university, a golf resort and a free zone for shopping. In addition, it will encompass the Sepang F1 circuit, host of the Malaysian Grand Prix. "Move your business to KLIA Aeropolis for success, prosperity and progress," entreats its owner.

And work has begun: in the coming months the first massive 25,000-square-metre phase of an outlet retail park, the biggest in South-East Asia, will open just four miles from the airport, with a shuttle bus operating between the two, all part of the master plan.

In the developer's own words, KLIA Aeropolis aims to become "a truly remarkable new airport city development with top-class tourism attractions – to become a destination in its own right". Already the world's 20th busiest airport in terms of passenger numbers, with 47 million passing through its scanners in 2013, for KLIA and KLIA2 the sky, it seems, is the limit.

With a vaunting vision to redefine what we understand by the word "airport", the owner of the Malaysian capital's principal hub Kuala Lumpur International Airport (KLIA) and its recently opened sister low-cost hub KLIA2, is working on a plan that reads like an improbable 1970s sci-fi novel.

During the next decade, it is building a full-blown airport city called KLIA Aeropolis over

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# Flight paths back on track as private sector levels off

*The private aviation sector has responded to global economic turbulence with innovative ways of keeping jets in the air*

## ◆ PRIVATE JETS

◆ SIMON BROOKE

Once the preserve of the super-rich and Hollywood movie stars, private aviation or, as it now likes to be known, “business jet travel” is open to more and more corporate travellers. A host of market disruptors and new business models, alongside lower oil prices, are lowering fares and making it more accessible than ever.

“Since the recession of 2008, the UK’s private aviation industry has been improving,” says Patrick Margetson-Rushmore, chief executive of London Executive Aviation (LEA). “The market as a whole has never returned to pre-recession levels, but last year LEA recorded its strongest-ever financial and operational performance, reflecting stronger charter demand and growth in our aircraft management revenues, as well as an increase in flown hours, number of sectors and employee numbers.”

However, over the past winter, since November 2014, LEA has seen a downturn in business again due to the exchange rate and market uncertainty about a possible Grexit by Greece from the eurozone and the UK general election, says Mr Margetson-Rushmore.

Downward pressure on travel budgets and the fear, in an age of austerity, of showing ostentatious wealth has affected the sector adversely, but innovation is rife with new players and business models entering the market.

One of the new disruptors is Victor, a price comparison website with a social media element. Victor members can buy single seats on a private jet that is already flying at a time and to a destination that fits with their schedule.

“The private jet market is alarmingly opaque due to the lack of regulation within the industry,” claims Victor’s commercial and operations director

Mike Ryan. “The market is controlled by jet brokers who generally do not declare the name of the flight operators to their clients or their fee. Brokers also work with paper contracts so historically simple online or mobile booking has not been available.

“Victor wanted to create market transparency and, with its technology, customers have access to all the information about the specific aircraft, crew and costs upfront before making the booking.”

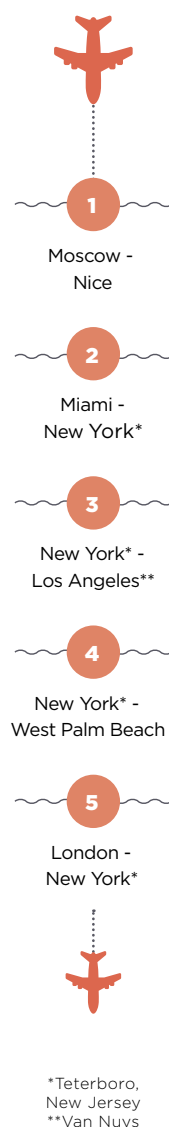
Another company challenging the traditional private aviation market is Jet Partner, which offers for sale the empty, return journeys on private aircraft.

“Empty legs have always been around, but it became increasingly clear in the last few years that sophisticated, experienced charter customers wanted to save money, and owners/operators wanted to maximise utilisation and revenue,” says co-founder Antony Rivolta. “The problem has always been, first, that operators do not market empty legs effectively and, second, it was not easy to find empty leg availability. All we’ve done is bring this all together in one neat platform.”

Mr Rivolta believes the image of private aviation as the exclusive preserve of billionaires and movie stars is misplaced. “The range of users of private aircraft has always been much wider than people imagine,” he says. “The growth of private aviation in the last ten to fifteen years has been phenomenal and on-demand charter has been at the forefront of this growth as the easiest and most economically viable way for users to enter the market.”

Other players, though, question whether the private jet market can be made so democratic and accessible. “Private aviation still needs the personal touch,” says James Leach, group marketing director at Air Charter Service, which has been in business for 25

## PRIVATE JET TRAFFIC TOP ROUTES 2013



Source:  
NETJETS/  
EUROCONTROL



years. He describes the apparently great deals offered by some of the new disruptors, especially those with a strong online presence, as “smoke and mirrors”.

Having explored the empty leg model, the founders of LunaJets rejected it in 2007 to focus on offering something more akin to the traditional private service, while bearing down on fares. “We adapted our business strategy, repositioning the company as the best price private jet charter company,” says chief executive Eymeric Segard. “This was unheard of at the time, before the economic crisis, when clients would fly private without worrying about price. When the crisis came, our business grew 30 per cent every year, as passengers were then looking to spend the right amount for their flights.”

The current market is generally healthy. “There is, however, a general growth curve across the industry, which can be attributed to the increasing availability of large cabins and long-range aircraft for spot-charter, as large corporations continue to sell their own aircraft and rely on this market,” says Victor’s Mr Ryan.

“The business aviation market is recovering and we are seeing an increased number of flights in the ultra-long-range sector,” says Graham Williamson, president aircraft management and charter services, TAG Aviation Europe. “Businessmen and women have ever-changing travel requirements and often have to be in places that commercial airlines do not serve. Business aircraft can take travellers more efficiently and quickly to destinations worldwide, avoiding slot-re-

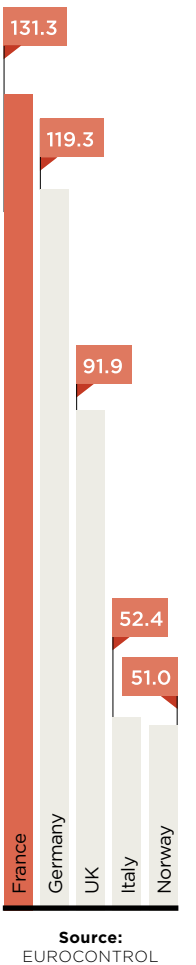
strictions at congested airports.”

He points out that four or five first-class tickets with commercial airlines can often cost as much as a business jet charter. “Our expert team is available at all times to support clients no matter where they are in the world, offering personalised and high-value services with efficient operations at the highest quality and safety standards. Our clients can choose where, when and with whom they want to fly.”

Even at the very upper end of the market, among those who can afford to buy rather than just charter, value is increasingly important. “The part of the market that would buy at any price is gone – everyone wants ‘a deal,’” says Steve Varsano of The Jet Business, the first street-facing store retailing private jets. “That said, the activity level today is very strong in the super mid-size aircraft and up. There’s been an increased demand for large and ultra-long-range aircraft in a number of the emerging and frontier markets, but we have seen US demand recently start to increase.”

Overall Mr Varsano is optimistic. “As the bigger and longer-range aircraft have decreased in price since 2008, there are a lot more buyers coming into the market who can justify buying these assets at these more ‘reasonable’ prices. In addition, the US economy is strengthening and companies need to get their executives to and from business destinations quicker to remain competitive,” he says. “Time kills deals and businesses are seeing how the corporate jet adds time to the executive’s day.”

## AVERAGE DAILY FLIGHTS FEBRUARY 2015



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# Connecting business and opportunities in Europe

*Innovative and entrepreneurial strategies that facilitate dynamism within the business aviation industry will deliver economic opportunities*

OPINION



COLUMN

“What do I talk about when I talk about business aviation?

I talk about connections. Connections between cities and regions – business aviation serves around 103,000 European cities. I talk about connections between business-to-business and business-to-consumer companies and people – face-to-face.

Business aviation is an indispensable part of the air transport network, allowing people to schedule business travel to at least three times more destinations in Europe than airlines. Although, on average, the users of business aviation are also the biggest users of airlines because they utilise the most appropriate mode of transport for the business situation.

Consider this: you're a chief executive; you, along with your executive team, have an important meeting in London, followed by one in Paris and one in Milan, but not this month, not even this week – you need to get to all three meetings tomorrow.

Business aviation is the only way this is going to happen. But why are these meetings so urgent? Because they enable business deals, increase company activity and profits, and result in economic growth.

As the chief executive, it's your responsibility to make the connections and sign the deals that create growth for your company, jobs for its employees and value for your shareholders. Ultimately, the benefits disperse further. The economic contribution touches cities, regions, countries.

Business aviation is an enabler for business and what Europe needs today is tools that enable business opportunities. It is also intrinsically tied to the economy. Since 2008, as the economy dipped, so did business aviation activity. But in 2014 the sector delivered its first positive growth year in flight movements since 2011 and we're optimistic that this is just the beginning of its upswing.

Three of the four key European markets – UK, France and Italy – contributed robust traffic growth figures up to 2.2 per cent, despite the overall growth rate being slightly muted at 0.7 per cent.

The European business aviation aircraft fleet – that's 60 per cent corporate fleets, 20 per cent government, 17 per cent mix of charter, fractional ownership, emergency and medical, and just under 3 per



**FABIO GAMBA**  
Chief executive, European Business Aviation Association

cent private individuals – has been growing steadily since 2001, by 6 per cent in 2014 compared with 2013. Ultra-long-range aircraft have best weathered the economic storms and today the average flight duration is on par with business aviation's best years. This is Europe doing business with the world.

In addition, average fare prices are trending upwards, but this is not supply-side imposed, since operating costs have not increased thanks to a drop in fuel price which represents around 18 per cent of operating costs. This points to demand-side pressure. Businesses and business owners in today's global economy see the value of using business aviation to lift their companies to higher levels of efficiency and growth.

So with the beginning of the upturn, where are the opportunities? For users, the content of this *Raconteur* report should make it obvious; for the industry, we need to look a little deeper. The opportunities, in many ways, lie in overcoming some of the major challenges of the operating environment.

Ill-suited legislation, at EU and national level, due to misapprehension by governments and regulators is one aspect. In recent years, new regulations have created obstacles for business aviation. For example, at a time when European businesses and regions need more than ever to be fully connected, small airports are being threatened by closure as a result of new European state aid guidelines.

Yet hubs are suffering from congestion without clear solutions for more space or better efficiency within the current available space. Reduced access to airports and infrastructure hits the industry at its core, but it also hits those regions facing airport closure.

The subtler issue is that regulations for aviation are becoming “one size fits all”. Unfortunately, one size does not fit all and this kind of thinking is uncondusive to enabling business opportunities for Europe.

I believe what is needed is a rethink – a change in perception. Developing solutions and new business models to best serve the market is where the opportunities lie. Innovative and entrepreneurial thinking that facilitates dynamism within the industry will essentially drive businesses and economic opportunities further.



## FLYING TO THE HEART OF LONDON

*CityJet, the independent European regional airline, has ambitious plans for the future as it focuses on upgrading routes and aircraft*

**CITYJET**

**Renowned for its friendly service and attention to detail, CityJet serves a range of routes into easily accessible airports that deliver business passengers where they want to go, in a convenient, reliable and stress-free way.**

Founded in 1993 by Irish businessman Pat Byrne, the airline has certainly returned to its roots in Dublin, but still delivers on its core values of offering an unrivalled service at very competitive prices. Headquartered in Swords, near the Irish capital, the airline employs some 500 people across Europe, mainly in Ireland. Its founder, who previously served as chief executive for seven years, recently returned to take up the post of chairman and is providing hands-on leadership at an exciting time for the airline.

The airline serves an already impressive number of airports – Amsterdam, Antwerp, Avignon, Brive, Cardiff, Deauville, Dresden, Dublin, Edinburgh, London (LCY), Nantes, Paris (Orly), Florence, Rotterdam and Toulon – with a network of routes which offers fast turn around and onward journey times.

Serving the only airport that is actually in the capital, London City Airport (LCY), this prime route operates as a centrepiece of the airline's operations, providing the fastest and most efficient business travel to and from the UK's financial centre. One of its busiest routes – Dublin to LCY – offers up to nine flights daily.

LCY is probably the most efficient and accessible airport in Europe, and CityJet is at the forefront of utilising all that the airport has to offer travellers. CityJet last year introduced the Sonic Phase 5 Self-Bag System, reducing check-in times in London to under a minute. The system is simple: having checked in online or at the airport kiosk, passengers weigh their bags and use their boarding pass at the Self-Bag Tag kiosk to generate labels for the bags. CityJet passengers are then directed to the designated bag drop zone which allows them to expedite the entire check-in process.

“Serving the only airport that is actually in the capital, London City Airport (LCY), this prime route provides the fastest and most efficient business travel to and from the UK's financial centre

And all this at an airport that was recently voted, in a poll of the UK capital's top five airports, the most welcoming to overseas visitors. For business travellers, LCY is a destination that is in the shadow of the City of London, providing ease of access to the financial district, but also for weekend and short breaks for those who love the West End and everything else London has to offer.

But it is not just the cities and flight schedule which bring CityJet customers

back time and time again. It is the other extras, such as the first checked bag flying free and complimentary inflight beverages, including beer and wine, as well as free snacks, which differentiates the service from most other airlines.

Increasingly, the leisure market is contributing significantly to CityJet's market share. The airline's service to Nantes, in the heart of the wine-making Loire Valley, is proving increasingly popular. Likewise, Florence, the birthplace of the Italian Renaissance, historic Edinburgh, Cardiff and Antwerp, the iconic capital of Flanders, are all places of significant interest and growing popularity.

CityJet's entrepreneurial reputation rests in the teamwork of its enthusiastic staff, who provide the family-friendly ambience which customers have grown to love and cherish. The airline has ambitious plans for the future, including new routes and changes to its fleet to build on its offering to both business and leisure customers. Its investment programme in the coming years will enhance the range of services and value for money it offers.

Airline chairman Mr Byrne concludes: “We are extremely proud of our staff and the service we offer at CityJet. We value our customers and believe we offer an excellent product, competitive pricing, an unrivalled flight network and airport destinations. We would love to welcome you on board.”

Learn more at [www.cityjet.com](http://www.cityjet.com)



# Flying at the height of luxury

Major airlines compete for first-class fares with increasingly luxurious seating, beds, showers, entertainment, fine cuisine and champagne

◆ FIRST CLASS  
● MARK C. O’FLAHERTY

Ten years ago, it seemed first class was heading the way of smoking sections, Pan Am and Concorde. The airline industry was in a parlous state and new product was focused on elevated, premium twists on economy class rather than those four or five seats in the nose.

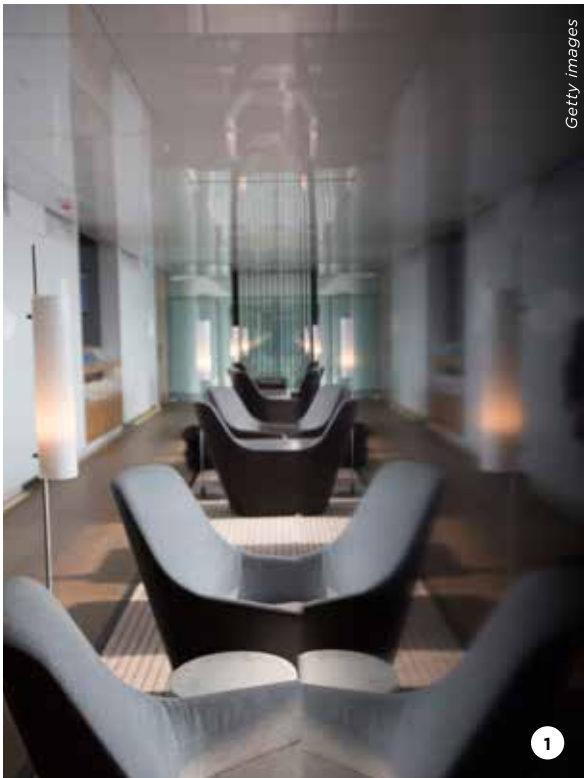
The 2008 economic crisis did plenty to compound the misery. But canny partnerships over the last decade – Delta and Virgin Atlantic; Air France and KLM; Qantas and Emirates – and the introduction of the Airbus A380 have led to robust innovation in first class.

For some, notably the Middle-Eastern airlines, the product isn’t just an incentive for upgrade for loyal flyers or a photogenic marketing opportunity, it’s a way to keep chief executives and high-net-worth travellers off private jets and on their biggest birds.

“First-class product has been a key focus for the airline since it started flying in 2003,” says a spokesperson for Etihad, which is currently installing its ground-breaking Residence by Etihad concept – a three-room, 125-square-foot cabin, with bedroom, shower room and lounge – in new A380s. Passengers are also assigned their own personal butler, trained at the Savoy Butler Academy in London. No flight could be long enough to enjoy it all.

Etihad is also offering two other variants on first class. Its First Apartments on the A380, configured along a single aisle, have a 30.3-inch lounge chair and separate full-length ottoman, which converts into an 80.5-inch-long, 26-inch-wide, fully flat bed. While the First Suite on the new Boeing 787 Dreamliner has a single seat that converts into the same size of bed.

Qatar is also rolling out a new product. “The latest developments can be found on our new A380s, which began flying between Heathrow and Doha after delivery last October,” says Richard Oliver, Qatar’s country manager for UK and Ireland. “First-class passengers have access to two large dressing rooms with oversized sinks, seats have a 90-inch pitch and the



in-flight entertainment incorporates a cutting-edge dual-screen system. The 26-inch high-definition LED screen has the highest LED resolution on any aircraft in the world. An intuitive 3.8-inch touch-screen control unit lets passengers choose intuitively and create playlists with a simple tap or swipe.”

The “soft” product is similarly high-end: Nobu and Vineet Bhatia are name dropped on the menus, and the champagne is Krug. But this won’t be available across the whole fleet. “As part of our business strategy, first class is being phased out on all new aircraft being delivered to the airline apart from the Airbus A380,” says Mr Oliver.

The Airbus A380 has become the stage that allows for major productions in first class. It may indeed have rescued the whole concept, although Virgin Atlantic still focus on their Upper Class product, initially conceived as superior to international business class,

The Airbus A380 has become the stage that allows for major productions in first class

while suggesting the redundancy of traditional first class. “We are currently introducing a redesigned Upper Class cabin on our 787 aircraft,” says Debbie Hulme, head of customer experience at Virgin Atlantic. “The first aircraft arrived in October and we will take delivery of a further 20 by 2018.”

The refreshed look includes seating with a “geisha white and mica” finish, and a redesigned bar (British Airways, notably, has no bar on its A380s for business or first-class passengers), with a Corian surface, a layout that allows for two passengers to dine and sophisticated LED lighting to create a variety of moods.

For airlines upgrading their first-class concepts, the ultra-private cabin is the model that everyone seems to be following. Singapore Airlines, for example, has created new first-class product for the largest planes in its fleet and it’s getting a lot of use. “Across much of our long-haul network and even on some of our intra-Asia routes, we continue to see healthy demand for first class,” says Wilson Young, general manager for the airline in the UK and Ireland.

Flying in a Singapore Airlines suite on the London, Paris, Frankfurt, Sydney, Mumbai and Hong Kong routes gives you a 78-inch bed and separate arm-





7

2



chair, hand-stitched in Poltrona Frau leather. You can also pre-order meals that you wouldn't normally find at 30,000 feet: the perfect medium-rare rib eye steak or lobster thermidor.

The look of first class changes from carrier to carrier – it's a huge investment that acts as shorthand for an airline's style. "We relaunched our first-class product in 2010 and redeveloped it for the A380 in 2013," says Sara Dunham, head of marketing at British Airways. The aircraft carries 14 first seats, in a herringbone formation, each with a fully flat 78-inch bed. USB ports wired to the 15-inch screens allow passengers to plug in their own entertainment.

"The look is very British and sophisticated," says Ms Dunham. "It draws on the colours and fabrics of senior ranking British naval officers' uniforms." The BA style is about conservative, reliable, establishment luxury. While they don't serve Nyetimber (as they might), the champagne in first isn't pedestrian or obvious – the choice of Laurent-Perrier Grand Siècle is something to impress the true wine snob.

The first-class cabin that Cathay Pacific launched in 2013 is functional, slick and vanilla, designed by Foster + Partners, after Lord Foster's company rebooted the airlines lounges in Hong Kong. The new Air France La Première suite on their Boeing 777-300 aircraft is styled in the spirit of a contemporary Parisian five-star hotel, with a curtain for privacy, chic duck egg-blue upholstery, Givenchy amenities and a menu devised by superstar chefs, including Joël Robuchon and Guy Martin of Le Grand Véfour.

It flies in stark contrast to Emirates' offering: its first-class suite looks more like a cabin on an oligarch's yacht, with plenty of graphic glossy wood and brassy accents. Given that Emirates business class is more lavish than many airlines first, they had to go the extra mile. "Our first passengers can fresh-

en up mid-flight in the bespoke A380 First-Class Shower Spa," says Laurie Berryman, Emirates vice president for the UK. Bulgari fragrances and fluffy white towels are laid on too.

When Qantas appointed futurist visionary Marc Newson as creative director in 2006, it was one of the boldest moves any airline had made in the field of design. His concept for the first-class lounge in Sydney was a masterstroke. In comparison to other companies' dark corporate holding pens, his was bold, bright, sci-fi and incredible, and brought the company millions-of-dollars-worth of press.

His 2008 first suite for Qantas was equally innovative – the airline was an early adopter for the A380. It currently flies between Australia, Dubai and London, and from Australia to Los Angeles and Dallas/Fort Worth. As well as working with Australia's most famous product designer, who joined Apple last year, they are aligned with the most celebrated Australian names on so-called soft product too.

"We invest over \$15 million in the Australian wine industry a year," says a Qantas spokesperson. "And our menus,

by chef Neil Perry of Rockpool, are updated seasonally." The Newson look is so strong that Qantas has an online store to market the ceramics used for in-flight service; a collection of white plates, bowls, cups and jugs, featuring alluring, curved and tapered silhouettes reminiscent of 2001: A Space Odyssey.

Not all airlines can afford the investment needed to create high-concept, world-class product for first class. Many US-based airlines lag behind their international counterparts. But then consider this: American Airlines has only just emerged from bankruptcy. Peter Miller, director of marketing at Skytrax Research, which publishes airlinequality.com, the most influential online forum and awards system for international airlines, believes the US airlines take a unique approach to first class.

"It may be that they use it more for upgrading higher-tier members and find it difficult to sell first-class seats at first-class fares," he says. "The quality of US carrier first-class cabins does not come close to matching the standards of Asian and Middle-East carriers. The general trend is that airlines have been tailoring their product to provide first class only on routes where there is a proven demand."

Where there is a demand and revenue stream, new products will be developed. "We introduced first class five years ago," says Jamal Al Azki, Oman Air's UK and Ireland country manager. "The fluctuation in demand for business class caused by, for example, the recent global economic downturn does not appear to have affected first class – fully booked, or close to it, is the norm for Oman Air." The airline's first-class cabin features six mini-suites, each of which converts into an 82-inch lie-flat bed. The centre of the front row features a two-seater leather sofa.

"It's similar to a private-jet experience," says Mr Al Azki. Which is, of course, precisely what the product has to emulate and compete with to survive.

The look of first class changes from carrier to carrier – it's a huge investment that acts as shorthand for an airline's style

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1. Cathay Pacific Airways' lounge at Hong Kong International Airport  
2. British Airways' First Class, redeveloped for the Airbus A380  
3. Virgin Atlantic's Upper Class bar, redesigned for the A380, with LED lighting  
4. Singapore Airlines' new first-class offering for the largest planes in its fleet  
5. Eithad Airways' Residence concept is a cabin with bedroom, lounge and shower  
6. Emirates first-class suite resembles a cabin on an oligarch's yacht





# 74%

of all travellers are influenced by reward programmes, so it has never been more important to understand what your programme members desire.



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# Come fly with me – again

*Airline loyalty schemes are not just about free flights anymore, but personalised services and benefits*

## ◆ LOYALTY SCHEMES

● DAN MATTHEWS

When the original air miles schemes were set up in the 1980s, they were revolutionary. Yet the principle behind them was extremely straightforward. If you fly a lot, you should pay less than people who only fly a little.

These reward systems essentially offered a future discount, meaning flyers could redeem points and travel cheaply or for free at a later date. Now, however, what was an elegant system may seem outdated, especially in an internet world where daily deals and personalisation have changed expectations about what it is to be rewarded.

"With instant rewards available from retailers, it is not surprising that the longer game offered by the travel industry is resonating less with consumers," says James Berry, e-commerce director at Collinson Latitude.

Collinson Latitude recently published research showing the extent of dissatisfaction with airline incentives. The travel industry ranked fourth out of six for its rewards and two thirds of respondents said they were not fully satisfied with the scheme they were on.

Respondents pointed to a range of problems: it takes too long to qualify for rewards, the rewards cost too much and there is not enough choice, they said. Many frequent flyers were found to be on multiple schemes, which further diluted their impact.

So the aviation industry is going back to the drawing board. The important question it needs to answer is what do carriers want to achieve with their loyalty programmes – and is this target anywhere near being hit?

The answer is no, in many cases, and so carriers are shuffling the pack. An example is British Airways' high-profile rebalancing of its rewards programme Avios away from low-cost travel in favour of more lucrative business and upper-class flyers on long-haul routes. Big spenders, not frequent flyers, get the goodies.

Victoria Fox, chief executive of LIDA campaign agency, has worked on several reward schemes and believes carriers generally are starting to reimagine the essential meaning of frequent-flyer loyalty. She also has a few tips for companies that want to impress their customers.

"We believe the future lies in creating 'me shaped' loyalty," she says. "This is about becoming an indispensable part of the customers' world."

"It's about designing a frequent-flyer programme that takes account of a much broader range of behaviours. One size fits all does not apply anymore. Get it right and your customers will not only talk about you again, but they will start advocating for you just as they did when these programmes first came to the market."

This means taking a grown-up approach to loyalty and using all the modern methods retailers have already adopted to drive people into their stores on and off-line. It's not just about free flights anymore, but personalised services and relevant benefits.

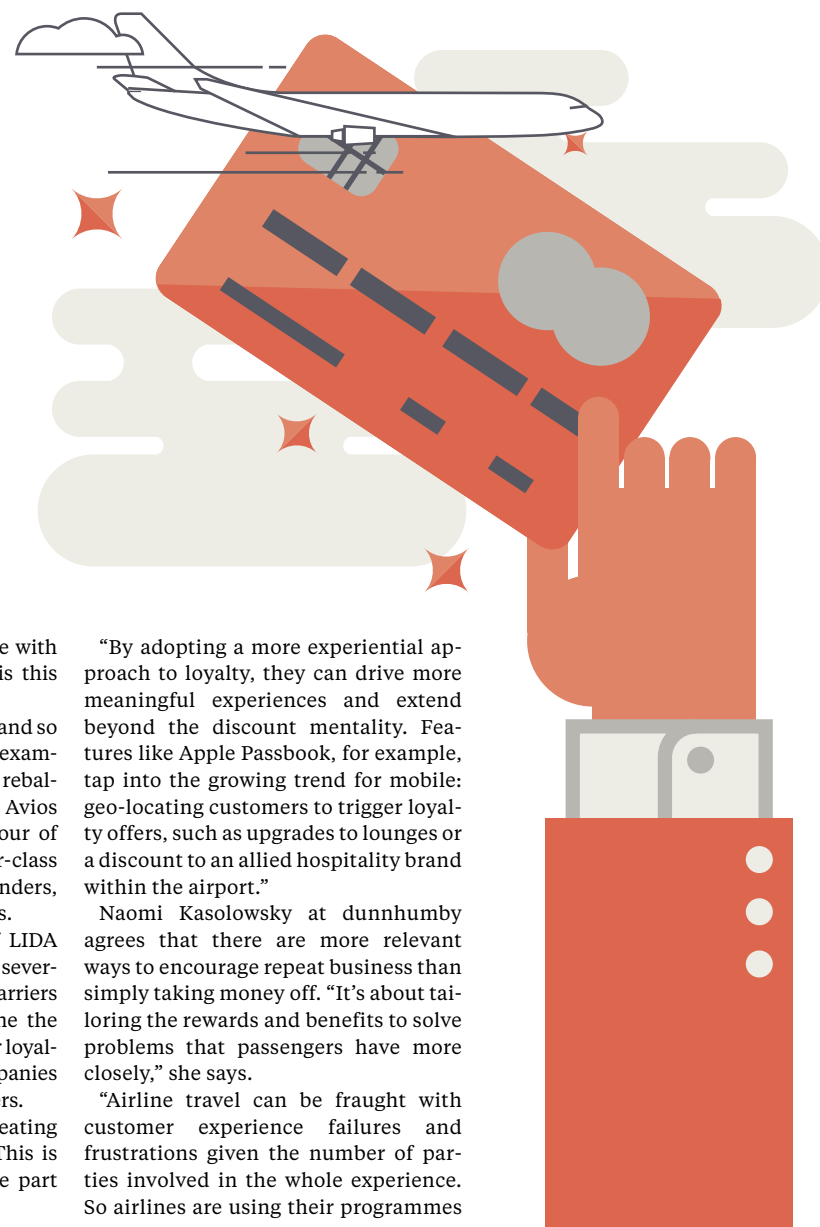
"To differentiate themselves from the competition, airlines should look beyond the traditional reward point structure, moving away from engaging customers via monetary features alone, to better establish and personalise interactions," says Richard Kolodynski, senior vice president at iVend.

to alleviate some of this pain for customers, particularly business customers who fly a lot and value easy low-stress travel."

Creating enticing offers is one thing, getting rewards to people is quite another. One of the chief issues with reward-points systems is that it's hard to redeem goodies even after customers qualify. Ms Fox at LIDA says the days of lengthy phone calls and form-filling should be behind us.

"The future needs to be about letting travellers redeem their rewards more effortlessly, while streamlining programmes together so people can travel the globe with minimum fuss," she says.

"The aim should be to reward customers with the flights they most want to take and by improving the overall travel experience. So less about pages of terms and conditions, and more about limited blackout fly days, a breadth of privileges across different cabin levels and exclusive partner offers at destination."



"By adopting a more experiential approach to loyalty, they can drive more meaningful experiences and extend beyond the discount mentality. Features like Apple Passbook, for example, tap into the growing trend for mobile: geo-locating customers to trigger loyalty offers, such as upgrades to lounges or a discount to an allied hospitality brand within the airport."

Naomi Kasolowsky at dunnhumby agrees that there are more relevant ways to encourage repeat business than simply taking money off. "It's about tailoring the rewards and benefits to solve problems that passengers have more closely," she says.

"Airline travel can be fraught with customer experience failures and frustrations given the number of parties involved in the whole experience. So airlines are using their programmes



◆ CABIN DESIGN  
● ADAM GAVINE

If you want to be a millionaire, start with a billion dollars and launch a new airline. So says Sir Richard Branson, recounting his experience of setting up Virgin Atlantic.

Taking aircraft purchase costs as an example, even the relatively small Airbus A320 has an average list price of £63 million, while the newly launched A350-900 is £199 million and the A380-800 £279 million.

Clearly these birds are expensive to buy and operate, so the revenue-generating potential of every inch of cabin space needs to be carefully considered, especially with regard to fitting the optimum number of seats – a factor that is absolutely critical to an airline’s revenues and survival.

There are airline teams dedicated to directing and evaluating cabin configurations, which draw upon a wide range of skills, including mathematics, economics and forecasting passenger trends. Their work is something of an art and involves many complex calculations, but some basic key factors can help give a sense of how it all works.

In airline parlance, each seat on an aircraft flying one mile represents an available seat mile (ASM) and each paying passenger flying one mile represents a revenue passenger mile (RPM). Dividing RPM by ASM gives the load factor, which indicates how full an airline’s planes are, and dividing ticket revenues by RPM establishes the yield (even a full plane isn’t profitable if the fares paid are too cheap). Multiplying that yield by the load factor gives the revenue per ASM (RASM), which shows how much money each seat is earning the airline. The final key calculation is

With load factors of around 66 per cent required for many airlines to break even on a flight, each extra seat filled represents profit

the cost per ASM (CASM), arrived at by dividing total airline operating expenses by ASM.

According to the International Air Transport Association, in 2014 the average airline load factor was 79.2 per cent. A high figure, but that extra 20.8 per cent represents a lot of unrealised potential revenue. After all, with load factors of around 66 per cent required for many airlines to break even on a flight, each extra seat filled represents profit. So how can airlines squeeze more seats into their cabins?

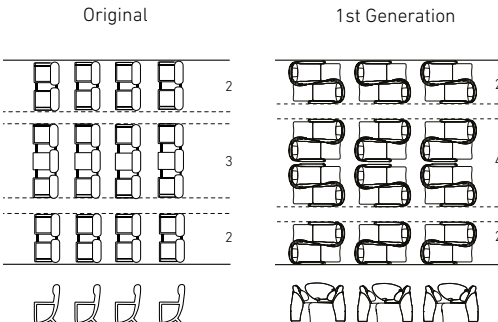
Airlines with business and first class want as many passengers as possible flying in those lucrative cabins. Their plush seats may take up more cabin space than those in economy, but with ticket prices up to five-times higher on long-haul routes, they generate a high RASM.

Long-haul business class is a particularly interesting sector at the moment, with myriad new designs appearing every year, featuring flat-bed functions, large HD TVs, some even with



# Game plan to make every square inch count

*Slick marketing and clever branding may help sell tickets, but if an airline’s cabins aren’t configured efficiently, it can all be for naught*



Pictures and illustrations show British Airways’ Club World “yin-yang” configured seats-cum-lie-flat beds

a footstool that doubles as a seat so a companion can join you for dinner. Luxury is one thing, but the really clever part of the designs is their space efficiency – remember, the more seats they have available to fill, the more profit an airline can make.

Perhaps the best example of a space-efficient seat design is British Airways’ Club World, which was a landmark moment for the airline – and for commercial aviation – when it launched in 2000, as it was first business-class seat that could convert into a fully flat bed. The distinctive forward-aft configuration, sometimes called “yin yang” due to its shape when viewed from overhead, was devised by the Tangerine design consultancy in London to maximise passenger comfort and cabin density.

Other airlines have introduced their own solutions to reaching the ultimate compromise of passenger and fiscal appeal, such as Virgin Atlantic with its Upper Class Suite, while many others choose the more “off the shelf” seats offered by airline seat manufacturers, which are still innovative and space efficient.

Such is the efficiency of modern business-class seats that many airlines are finding their consistently high load factors and RASMs more attractive than those of first class, and are phasing out first class from some routes, while some are dropping it completely. As carriers vie for business-class custom, the product is evolving into “super business”, great examples of which can be found on Qatar Airways, Etihad Airways and

Singapore Airlines. However, as business class has increased in luxury, for airlines still keen to cater for the top tier of flyers, first class has also had to move forward accordingly.

At the other end of the scale, in theory, cabin configuration should be simpler for the “pack ‘em in, sell ‘em cheap” low-cost carriers, who need the maximum number of economy seats on board to get a return on those low airfares. But without advances in the cabin-space efficiency of economy seats, these carriers can soon reach a plateau in cabin capacity.

Some seat manufacturers are leveraging the thin and strong properties of composite materials to make the seatbacks of economy seats more sculpted, in order to carve out as much knee-room as possible. By creating that space, the space between seat rows can in turn be reduced, meaning that additional rows of seats can be squeezed into the cabin without, airlines claim, loss of comfort. Even lavatory walls are being sculpted to create space for another row of seats – every square inch of cabin space really is evaluated for its potential to make money.

However, there are further complications when packing in extra passengers, including safety regulations such as the US Federal Aviation Administration’s requirement that flights must have a minimum of one flight attendant per 50 seats and all passengers must be able to evacuate the aircraft in 90 seconds or less using only half the exits.

Many new and innovative aircraft seats are introduced every year, all built around the key considerations of how they can be attractive to passengers and profitable for airlines. Look around you on your next flight to see how strong the load factor is. If you’re in economy and the load factor is weak, then who knows, you might even be upgraded to business class. Just don’t let the thought of the low RASM put you off the champagne.



COMMERCIAL FEATURE



BEST OF BOTH WORLDS

Unlike some charter companies, the latest technology isn't replacing personal service at Air Charter Service – it's complementing it



Justin Bowman  
Chief executive



Technology is changing the private jet industry, but not quite to the degree that it has revolutionised services such as banking and retail. Booking flights online on Expedia is a completely different ball game to choosing the right private jet for your journey. The multitude of different parameters involved often means that a degree of manual correspondence, over the telephone or via e-mail, is needed to help guide you through the process, regardless of how you want to book your flight.

Leading aircraft charter company Air Charter Service (ACS), which has been in business for over quarter of a century, recently announced that it will spend £10 million over the next five years advancing the company's charter booking technologies and online presence. With access to 50,000 aircraft and websites in a number of languages, each tailored to the local marketplace, as well as a very popular app launched two years ago, ACS is constantly updating and revamping its technology.

ACS's new website [www.aircharter.co.uk](http://www.aircharter.co.uk), which went online last month, offers customers a vast range of aircraft and specialist services, and the new design will

soon be rolled out worldwide, supporting the company's 18 offices.

But, as the company's chief executive Justin Bowman is keen to point out, when it comes to giving customers the best service, cutting-edge technology is not the whole story. "We know many people are very happy to book online, but we believe removing the human element of the process completely is something that only benefits the company, not the customer," he says. "The fact is many people who are chartering a jet will want to speak to someone, a human being on the end of the phone, before they book – looking at a list of aircraft and prices online is useful, but can be confusing. Private aviation is about bespoke solutions, it is not as simple as booking a seat on an airline."

Mr Bowman believes that, in their rush to adopt new technology and automate services, some charter companies are forgetting this essential fact. "We find many customers are often keen to make an enquiry via the website, check prices and explore the options, but want to speak to a real person before they make a booking," he says. ACS staff are experienced in every aspect of private aviation, and can give

the kind of additional information and guidance a website alone, however sophisticated, cannot.

A blend of technology and that personal touch is especially important should something go wrong. Weather delays, airport closures and a host of other situations, which are beyond any airline's control, cannot be dealt with by an app; phone calls would have to be made to arrange alternative transport or keep the customer informed of when their aircraft is able to depart.

**“Many customers are often keen to make an enquiry via the website, check prices and explore the options, but want to speak to a real person before they make a booking**

A PA arranging a flight for a busy, demanding boss, for example, will want to ensure that every detail has been confirmed and the person they're booking for will have exactly the flight they want. "There is also the risk that they may book a charter online on an aircraft with a poor record of reliability, but if they speak to one of our experts, they can advise the pros and cons of each aircraft available at the time they want to book."

ACS believes that constantly evolving technology offers huge advantages to those booking private planes for themselves or others. But it is the blend of personal service and technology that saw the company increase sales by 16 per cent in 2014 – with receipts reaching almost £300 million.



Business case for private jets

The idea of travelling by private jet can ring up dollar signs, but there are savings to made, especially in the use of a busy executive's time

◆ INTERVIEW
● EDWIN SMITH

In a recent letter to a newspaper, a businessman described his run-of-the-mill small talk with a client at the close of a meeting: "So what time's your flight?" he asked. The response, "Whatever time I get to the airport", made it quite clear who was in control.

Indeed, more than 50 years after the first Learjets were sold in the early-1960s, private aviation still enjoys undeniable status. Perhaps it's the exclusivity; passengers take off when they like, from wherever they like and bring with them as many pets and bottles of shampoo – never mind champagne – as they please. There isn't a resealable see-through plastic bag in sight.

And the lack of the usual rigmarole which accompanies standard commercial flights means that, especially in Europe, a private jet can easily drop off and pick up its well-heeled cargo in three separate global cities within a single day, if it should be required to do so. Of course, this kind of service doesn't come cheap, but then again, time is money.

That might sound like a trite thing to say but, for a number of businesspeople, private aviation is an attractive investment and an increasingly regular fixture in their professional lives.

Manchester-based events and party planner Liz Taylor (picture), whose Hollywood namesake was no stranger to travelling in style, first flew privately a couple of decades ago, but began to do so more often after recognising the business benefits on a trip to Venice.

"I did a wedding about seven years ago in Venice and the client had a private jet, so we were able to do the food tastings and the site visits in a single day," she says. "It was a revelation – you walk on to the plane, no one asks about creams and gels, you just get on, then get off at the other end. You're straight on a water taxi and on the way to do the tasting in the most spectacular city in the world. Then, at three o'clock, the client might say, 'Right we've done the tasting, now I've got a meeting.' And so you get back on the plane and go home."

Ms Taylor's business, the Taylor Lynn Corporation, has a starry list of clients thanks to close associations with Manchester United and *Coronation Street*. She also recently planned a charity dinner hosted by the Duke and Duchess of Cambridge at Kensington Palace, and other clients include Take That members Gary Barlow and Howard Donald.

She explains that her experience of the industry has taught her some private-jet passengers are more equal than others. "The likes of Robbie Williams and Gary Barlow aren't going to wait

PRIVATE JET FACTFILE

45%  
of all private jets in flight are actually empty

Source: Victor





in airport lounges, whether they're private ones or not," she says. As a result, some people expect to be driven directly to and from the tarmac. Again, this comes at a cost, but there are less financially demanding ways of enjoying the convenience and time-savings of private air travel.

Although a second-hand 1977 model can reportedly be picked up for as little as \$295,000, the price of purchasing a top-of-the-range craft can soar up to \$80 million, according to the private jet charter company Sky Service. Then there are the added costs of storing, staffing and refuelling, as well as ongoing maintenance costs which, Sky Service says, tend to amount to about 15 per cent of the purchase price a year.

As a result, organisations that aim to give customers more bang for their private-aviation buck are in bullish form. Ms Taylor says she has worked with NetJets, the Warren Buffet-backed business that allows customers to buy a certain number of hours' flying time in a year. The fractional ownership model effectively sees customers share an aircraft with several other people, paying another fee on top to cover the pilot and other services. In 2012, the company made a record \$9.6-billion order for new planes and, last year, received approval to launch aircraft charter services in China.

"As lavish and ostentatious as they might be perceived to be, the bottom line is that it's actually a great time-saver," says Ms Taylor, adding that the ability to work efficiently is an extra benefit. But a journey can also act as

a way of carving out some quiet time for busy people to sit down together and talk, and have those discussions and meetings that normal working life sometimes pushes to the margins. "It was very chilled and very productive," she says of a journey she made with a client who did so much international travel that time on board a private jet was the only real opportunity for a meeting. "That's why it works."

The ability to have meetings, combined with the flexibility of take-off times, means Ms Taylor estimates that, on occasions, private air travel has en-

**Ms Taylor says that, for her, the chief business benefits of private aviation remain flexibility and the capacity to save time.**

abled her to get a week's worth of work done inside 48 hours. "That said, it is difficult to work out [just how cost-effective it can be]. It's not as simple as saying, 'If I have access to a private plane, then it's going to save me half a million pounds.' But it can work out very well," she says.

Another way of travelling by private jet, which has the potential to be even more cost effective than fractional ownership schemes, is to use online booking platforms that allow passengers to fill up what would otherwise

have been "empty legs". Much of a private aircraft's time is spent repositioning, usually either so it can pick up its owner or a client from their chosen location, or in order to be stored in a hangar. In fact, it's estimated that each month 3,000 private jets make 40,000 flights with only crew on board.

By booking through companies, such as Victor, PrivateFly or Jet Partners (which has been described as "the Airbnb of private aviation"), customers are able to fill up these empty legs and enjoy some of the benefits of private air travel for less; often less than a first-class or business-class berth on a standard scheduled flight. At £171 per person to fly to Cannes, PrivateFly has even offered a trip to the south of France for less than the comparable easyJet flight.

However, as with many cut-price options, there is a catch. Booking this way usually saddles the customer with the cost of all the seats on the plane. So those cheaper rates only materialise if you can fill all or most of them and if fellow passengers are willing to pay their way. Also, there's no guarantee that a similar flight will be on hand for the return leg of the journey.

Ms Taylor says that, for her, the chief business benefits of private aviation remain flexibility and the capacity to save time. But she does admit glamour can play a part too. "People do get very excited," she says. And that can work in a salesperson's favour if discussions about budgets or commissions for extra work are being bandied around. "Being 34,000 feet up with a glass of champagne, well, it doesn't hurt."



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**2.8**  
average number of passengers flying in each private jet

Source: Victor

**75%**  
of all jet charters are arranged via a middleman or broker

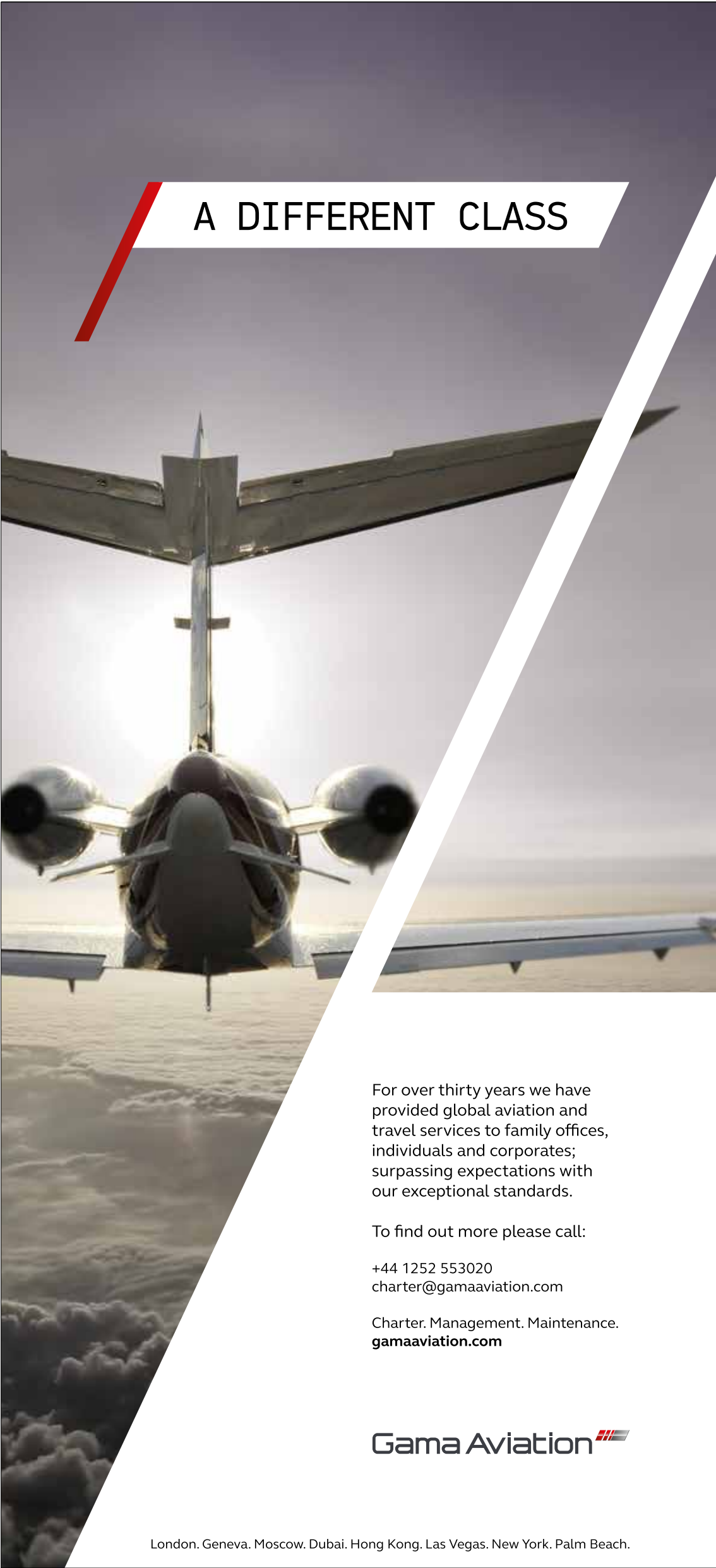
Source: Victor

**£10,000**  
average return cost in a Citation XLS private jet from Luton to Nice, seating up to eight passengers

Source: PrivateFly



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◆ BUSINESS TRAVEL

● JOSH SIMS

People sit around on wide armchairs in lounges, laughing, chatting and, invariably, smoking. The white-gloved, girdled stewardesses wear designer uniforms often more revealing than professional. Indeed, these hostesses might be mandated to be both single and slim. Meanwhile, the businessmen looking on – and it is almost all men flying – match the hip interior decor in their Don Draper *Mad Men* panache. And they called this working?

If they were flying Air France, for example, they will have eaten well too. They might have watched *An American in Paris* while tucking into, as the menu has it, “foie gras topped with truffle, a range of trout with tarragon, filet of sole, a roast and bombe glacée feuille d’automne”. The only time, for sure, that passengers have been pleased to know there is a “bombe” on board.

Welcome to commercial airline travel of the 1950s and the jet age of the 1960s. It was a supposed golden age, in the high style of the Leonardo DiCaprio movie *Catch Me If You Can* or the 2012 mini-series *Pan Am*, an experience so rare that travellers would be handed a postcard on board so they could write home about just how amazing it all was.

And golden it must have seemed. Air travel for business or pleasure back then was glamorous and exotic, as staff recruitment posters underlined. “Marriage is fine! But shouldn’t you see the world first?” asked a 1967 United Airlines ad. And without laptops and today’s communications technology, the amount of work an executive could do on board was limited.

But it couldn’t last forever. Since the late-1970s, when the launch of the Boeing 747 “jumbo jet” opened international business travel to the masses, although many of the early aircraft still had piano bars, meal trays became standard. Then, in 1978, deregulation of the airline industry in the United States sparked a pricing war. Lower prices arguably meant lower standards. And if so many business passengers aren’t going to be treated well, why should they worry about how they behave or dress?

“Air travel today is now less of a privilege and, in modern society, more of a necessity. People travel for business more and accordingly prices have gone down dramatically,” says Martin Riecken, spokesman for Lufthansa.

The German airline is currently outfitting its first-class cabins with new interiors, as well as a pioneering air humidification and lighting system to help combat jet lag so business passengers can arrive refreshed and ready for work. “Say a flight today from Germany



Travellers would be handed a postcard on board so they could write home about just how amazing it all was

to the United States in a premium class is €2,000. Well, it was the same price in the golden age, only back then that amount would buy you a small car,” says Mr Riecken.

Flying for business in the golden age was most definitely an elite pursuit only available to what today we call C-suite. A ticket in the 1950s was roughly 40 per cent more expensive than the same ticket today, but average salaries are higher today too: a round-trip ticket that would cost the average person today one per of their annual income would have cost five per cent back then.

And that’s not all: statistically the golden age was more dangerous too. Today for every 100,000 hours that planes are in the air, there are 1.33 fatalities, compared with 5.2 deaths in 1952, and this despite the fact that the number of passengers on US carriers alone has gone up 42 times in the last 60 years.

“The reality of modern life, the need for more security, for example, makes aspects of flying more process driven, but I think we look on the golden age through rose-tinted glasses,” says Abi Cromber, head of customer experience for British Airways.

“People hark back to the simplicity of life then, when everyone could take the time and care about their appearance when flying. Flying seemed to offer the space to relax and breath. But hands down, premium travel is better now than it was then in terms of comfort, food, the overall experience. Aircraft today are quieter, safer and faster too.”

Certainly airlines are increasingly seeking to reproduce the best experiences of the golden age for business travellers. “There’s definite-

### UK BUSINESS TRAVEL SPENDING



Source: Statista

BUSINESS TRAVELLERS



\$41bn  
total 2013  
business-travel  
spending in the UK

Source: Statista



# Can business class create a new golden age?

*At the dawn of the jet age, business travel was the preserve of high-flying executives – but just how glamorous was it and are airlines flying back to the future with retro style?*



**Certainly airlines are increasingly seeking to reproduce the best experiences of the golden age for business travellers**


ly some reference in what we do today to that golden time-frame,” says Bruno Delile, executive vice-president of long-haul operations for Air France.

Last year the airline launched an ad campaign that was positively retro in its nod to golden-age graphics. “Our latest travel kit is very close to the ones we had on Concorde and people love it,” says Mr Delile. “Even the curtains that divide seating areas have that haute couture spirit of the 50s. Such details matter – there’s a lot of emotion linked with the golden age, and the fact is that competition is tough and in the current environment every customer wants the best value for money.”

Similarly, a recent ad for Emirates highlights just the kind of business travel experience that *Mad Men* has encouraged us to believe was the norm. It features a party-setting with a barman mixing cocktails – “Make Friends in High Places” is the tagline.

Such benefits are not uncommon at the top end of the market. BA’s Ms Cromber argues that digital technology in particular can be expected to allow for yet further improvements for those flying for business. In fact, a benefits arms race has long been in the making. Services introduced by Virgin Atlantic, the likes of in-seat entertainment as well as airport lounge spas and limo transfers – for the new “golden age” is not limited to the aircraft – have all become the industry norm.

“The fact is that now some people just want to get from A to B at the cheapest price. And for business travellers, who take a more rational approach, it’s less about that romantic idea of flying as the idea of buying time, wellbeing and assurances they’ll be taken care of,” says Lufthansa’s Mr Riecken. “But then there’s a growing group of customers who want to pay extra to be treated specially – to get that taste of the golden age.” Don Draper would raise a glass to that.

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1. The jet set of the 1950s and '60s were served luxury in the skies  
2. The business-class bar on an Airbus A380 – reminiscent of a golden age



**17.2%**  
of business passengers fly business class only for flights over five hours

Source: Statista



**37.7%**  
of flyers said their first-class and business-class airline bookings had increased in 2014 over the previous year

Source: Statista



**\$595**  
on average per day makes Geneva the most expensive city for travel costs, including hotel, car and food

Source: Statista, 2011





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# The new kids on the block mean business

*Travelling for businessmen and women used to mean business class on a major national carrier, but now there are other options*

◆ **DISRUPTERS**  
● **SIMON BROOKE**

You're planning a business trip abroad. Five years ago, unless you were very junior or very senior, you would almost certainly assume that you'd fly business class on one of the main airlines. Not anymore. Business travellers now have new options at both ends of the price scale. At the upper end, the luxurious and exclusive world of private aviation is undergoing major changes. New disrupters are coming into the market offering cheaper seats and innovative business models that make private jet travel more accessible. At the more price-sensitive end of the market, low-cost carriers, such as easyJet and Ryanair, are aggressively targeting business customers.

"Business travel is no longer the domain of an exclusive elite," says Chris Lynch, head of global aviation at PA Consulting Group. Business passengers pay more and therefore provide better yields for airlines, he explains. "That's why airlines, including low-cost carriers, are fighting over them." When low-cost carriers first launched, they were very much aimed at volume, but now they are looking to increase margins, he says.

The percentage of business travellers at Flybe has risen from 40 per cent to 50 per cent in the last year, while the number of low-cost tickets booked by business-travel specialist Carlson Wagonlit Travel rose by 17 per cent between 2013 and 2014.

Even before it began targeting business passengers in a typically aggressive fashion last August, some 27 per cent of Ryanair's passengers were travelling on

business, according to the company. Its Business Plus tickets offer unlimited flight changes free on the day of departure plus priority boarding and extra leg room. In January it announced the extension of its Business Plus fast-track security service to London Gatwick, Rome Ciampino and Eindhoven, from April 1.

"Uptake has been very strong," says Ryanair spokesman Robin Kiely. He compares the success of Ryanair for business passengers with that of Aldi and Lidl among middle-class shoppers. "Our London to Dublin route is the second busiest business route in the world. And we now have flights to more

**When low-cost carriers first launched, they were very much aimed at volume, but now they are looking to increase margins**

major business airports, such as Rome Fiumicino, Paris Charles de Gaulle and Brussels Zaventem. Today business people, especially those running small and medium-sized enterprises [SMEs], don't want to waste money on warm champagne and all the frills that you get in traditional business class."

Passengers travelling for business now account for more than a fifth of easyJet's passengers with over 12 million choosing the airline every year – and that number continues to grow. Anthony Drury, the company's head of business says: "We have built a network which lends itself perfectly to business passengers, focused on main

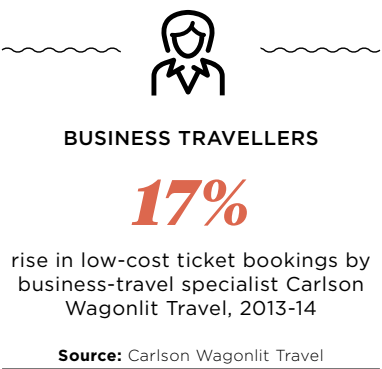
primary airports with multi-frequency flights and a flexible fare. In many ways traditional business-class airlines are rapidly playing catch-up and trying to emulate the low-cost operating model by taking out frills, including free hold luggage, inflight catering and free seating."

Both easyJet and Ryanair argue that innovations, such as allocated seating, have made them more appealing to business passengers.

At the upper end of the private jet or business jet market, operators are also keen to take a chunk out of scheduled airlines' business. Paul Dear, director of supplier and industry affairs at corporate travel group Hogg Robinson, says: "From a group air perspective, where you've got a number of travellers from the same organisation going to a single destination, we are seeing private jets increasingly being considered."

Eymeric Segard, chief executive of private jet hire LunaJets, adds: "With private aviation, executives can travel to two or three European capitals in the same day, or fly to smaller airports that are in fact much closer to the final destination or to home. If you count all this time saving and its value for the company, then business aviation is an investment, not an expense."

British Airways and others are keen to defend their offering. "Customers travelling in Club World or Club Europe can take advantage of our extensive network of lounges around the world," says a BA spokesman. "Last year, we celebrated the fifth anniversary of our unique Club World London City service." Offering just 32 full-flat bed seats between London City and New York JFK, the sole business class-only service between the world's two



financial centres, it offers much of the comfort and exclusivity of a private jet. Recently, BA re-launched its SME programme On Business, allowing small and medium-sized businesses to earn and spend points.

However, Caroline Strachan of American Express Global Business Travel maintains most travellers prefer to use scheduled airlines via Heathrow. "We find most senior businesspeople are based in London and the Home Counties, and so it's most convenient for them," she says. There has been a move from business to economy, espe-

**LOW-COST BUSINESS**

Even before it began targeting business passengers in a typically aggressive fashion last August, some 27 per cent of Ryanair's passengers were travelling on business

cially for short haul, says Ms Strachan. However, she sounds a note of caution to companies looking to reduce their travel costs further in sectors where the talent is tight. "Offering business-class travel to potential employees can be an important differentiator," she says.

The increase in business passengers travelling economy or no frills has seen additional services spring up to make the experience a little bit more luxurious. No.1 is a service that provides a range of lounges and premium products to improve the pre-flight experience, regardless of airline or seat class. It's increasing its footprint at Gatwick by 70 per cent this year.

"Slightly better food and a curtain are essentially the only benefits a business traveller gets out of a short-haul flight," says No.1's founder Phil Cameron. "The real value is on the ground: being able to optimise time before the flight, by speeding through security and having the right services available on demand during the waiting time that follows. If the objective of business-class travel is to arrive fresh, bolting on lounge access to a premium economy flight is easily justifiable for the business traveller."

1. A Norwegian plane on the tarmac  
2. Easyjet's provocative ad campaign aimed at business travellers  
3. Inside a Ryanair Boeing 737-800



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Source: "Heathrow Airport North West Runway: Business Case and Sustainability Assessment", November 2014.