

# New products shake up the charter market

All-you-can-fly memberships, bargain prices, and even free trips are among the offerings from providers who seem to be following Apple's advice to "think different."

by James Wynbrandt

A handful of innovative business models—including so-called private airlines, membership programs, and shuttle flights (aka per-seat charter)—are offering new ways to fly. Driving the trend is a conviction among neo providers and their investors that technology can improve fleet utilization, dropping costs while preserving profits, and spurring increased use of private air travel.

Common denominators exist among the various types of programs, but there are enough differences among providers and overlaps among categories to keep things mildly confusing for business jet travelers. For example, per-seat shuttle flights offered by membership-based charter providers and the so-called private airlines are basically the same product, though they're marketed differently. Meanwhile, private airlines are often referred to as membership-based access models, though at least one is open to any traveler.

To help you sort things out, here's a guide to some of these new charter products.

## Membership Programs

Typically, these programs have a buy-in cost, and often a recurring fee, the latter either an annual renewal or monthly



## Leading Neo-charter Providers at a Glance

	SERVICE	ONGOING FEES	SERVICE AREA	WEBSITE
<b>JetSmarter</b>	Discount charter brokerage, shuttle flights, empty legs	Membership and annual fee	North America, Europe, Middle East	<a href="http://jetsmarter.com">jetsmarter.com</a>
<b>JetSuiteX</b>	Private airline offering per-flight, per-seat fares	None	California, Las Vegas	<a href="http://jetsuitex.com">jetsuitex.com</a>
<b>Rise</b>	Private airline with all-you-can-fly service	Monthly subscription	Texas	<a href="http://iflyrise.com">iflyrise.com</a>
<b>Surf Air</b>	Private airline with all-you-can-fly service	Monthly subscription	California, Las Vegas; Europe in 2017	<a href="http://surfair.com">surfair.com</a>
<b>Wheels Up</b>	Fleet access, charter brokerage, shuttle flights	Membership and annual fee	North America; Europe in 2017	<a href="http://wheelsup.com">wheelsup.com</a>

charge. Charter fleet owner Wheels Up, for example, assesses an initial membership and annual renewal fees in exchange for guaranteed rates and access to its aircraft and other privileges; JetSmarter charges similarly for use of its discount charter brokerage services and free shuttle flights.

One new practice that's garnering attention: offering one-way trips completely or almost free to members. Moreover, rather than simply listing empty-leg inventory available through industry platforms like Avinode, today membership programs may purchase exclusive repositioning flight inventory from major charter operators.

**Pros:** Convenient one-stop offerings that provide defined benefits not available through traditional charter providers. Free or ultra-low-priced empty legs represent bargains for travelers who want luxury, have the flexibility to go at the

last minute, and don't mind finding their own way back.

**Cons:** May not always provide the optimum solution on a flight-by-flight basis. Empty legs are rarely posted more than a day or two in advance, limiting their utility.

### Private Airlines

So-called private airlines—an oxymoron used to describe services that mimic airline offerings—provide scheduled, shared charter flights on established routes, operating from aviation facilities that typically host general aviation aircraft.

They use airplanes with 30 or fewer passenger seats, allowing them to dispense with the TSA screening protocols found in airline terminals. Although these are charter flights, they operate under the FAA's Part 380 rules, which allow such scheduled operations, rather than under Part 135 rules.

Most private airlines employ the all-you-can-fly model and charge membership and monthly fees. In mid 2016, however, light-jet charter operator JetSuite launched JetSuiteX, with no membership fee or other access restrictions, and began operating scheduled flights on 30-passenger Embraer E135s, in California and Nevada.

The membership programs typically offer two or three tiers, with higher levels allowing members to hold more reservation slots (two, four, or six, for example) at one time.

The model's history is not unblemished; Beacon, a Northeast U.S.-based service launched in late 2015 by a Surf Air cofounder, went out of business early last year.

**Pros:** Affordable, low-hassle commutes on popular routes.

**Cons:** Limited service availability, and little service model history.

### Shuttle/Per-seat Charters

Shuttles are scheduled, shared charter flights operated

under the same Part 380 FAA rules that govern private airlines, and these flights are a feature of a growing number of programs. Many industry insiders have long dismissed the per-seat model, believing charter customers don't want to fly with strangers. But shuttle flights are finding success today, with JetSmarter and Wheels Up among the providers offering them on popular routes and for special events, like day trips to college football games.

Through their platforms, these providers also allow members to crowdsource, or organize their own shuttle flights, proposing trips, or opening seats on an upcoming flight to other members.

**Pros:** Shuttles can offer low- or no-cost private jet transportation that justifies membership charges.

**Cons:** Aircraft are shared, and service is typically limited to the most popular routes. **BJT**

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## Key Players

Here are some of the providers that are defining the neo-charter category:

**JetSmarter.** At its heart JetSmarter is a membership-based discount charter brokerage, but the company has gained attention with its aggressive promotion of free shuttle flights and empty legs. Founder Sergey Petrossov says the firm can track every user interaction with its platforms, enabling it to know market demand and scale operations efficiently.

Operating some 40 routes in the U.S., Europe, and the Middle East, JetSmarter offers a limited number of shuttle flights for free to members; if all seats are spoken for, members can start another shuttle flight on that route and pay a per-seat rate—for example, \$1,990 on a light jet from New York to South Florida—that's guaranteed to make the trip even if no other passengers sign on.

JetSmarter offers several membership programs, including Smart, for members who want access to the shuttles, which are available just in some major markets; and Access, for those seeking only ad hoc charter. Smart costs \$15,000 for the first year and \$10,000 annually thereafter; Access is \$6,000 for the first year, then \$4,000 annually, and provides flight discounts. A Sophisticated membership, delivering "elevated services," costs \$40,000 annually plus a one-time \$5,000 initiation fee.

The company backstops the lift it sources from a vetted network of charter operators by guaranteeing access at preset prices, ensuring members can always get a favorable deal.

**JetSuiteX.** Launched in 2016 by California-based light-jet charter-fleet owner and operator JetSuite, this private airline flies new Embraer E135 commuter jets (operated by Delux Private Charter), outfitted in 30-passenger executive configuration, with extra soundproofing, power outlets at every seat, and free Wi-Fi. The company serves Burbank, San Francisco East Bay (Concord), Mammoth Lakes, and San Jose/San Diego (Carlsbad, serviced by four-passenger Phenom 100s) in California; Las Vegas, Nevada; and Bozeman, Montana.

Unlike other private airlines, JetSuiteX is open to all travelers and charges no membership fees. Fares start at \$129. (Same-day flights between Burbank and Las Vegas were recently priced at \$219.) Members of SuiteKey, JetSuite's ad hoc charter program, get a 20 percent discount on flights.

**Rise.** Texas-based Rise offers 60 flights per week aboard Beechcraft King Airs operated by vetted companies between Austin, Dallas, and two Houston locations (Houston Hobby and NW Houston/David Wayne Hooks Airport). Plans call for adding Midlands and San Antonio to the route structure, along with New Orleans and Oklahoma City.

The initiation fee for the all-you-can-fly service is \$750, and subscriptions start at \$1,950 per month, providing two reservations. Additionally, the company's Rise Anywhere app lets anyone, not just members, crowdsource to create or join flights.

**Surf Air.** California's Surf Air started the private airline model, using an owned-and-operated fleet of Pilatus PC-12/PC-12 NG single-engine turboprops, and currently serves 11 destinations, including two in Los Angeles and three in the San Francisco Bay Area, and Las Vegas. Individual all-you-can-fly memberships start at \$1,950 for two reservations, enough for one round trip. (As soon as you use one reservation, you can make another.) Unlimited Preferred membership (\$2,450) allows four reservations and Unlimited Premium (\$2,950) allows six. Like all the membership-based private airlines and access models, Surf Air also offers corporate memberships.

The company is preparing to introduce service in Europe, with daily flights (operated by U.K.-based TAG Aviation) between London, Geneva, and Zurich, with Paris, Amsterdam, Dublin, and other cities to be added next year. Surf Air is in discussions with Textron Aviation, manufacturer of Cessna Citation jets, and Brazil's Embraer, to purchase new aircraft for the expansion. Monthly memberships will cost \$3,235 or about £2,500.

**Wheels Up.** Wheels Up CEO Kenny Dichter—who started the Marquis jet card program operated by NetJets—launched this company in 2013. Membership provides access to Wheels Up's owned nationwide fleet of King Air 350i twin turboprops and refurbished Cessna Citation XLS light jets. (Gama Aviation operates the aircraft.)

The company, which aims to provide bespoke service rather than discount access, added a charter brokerage arm (Flight Desk) in 2016

to meet members' lift needs outside its own fleet. It has also added shuttle flights, and shuttle crowdsourcing capability.

Individual memberships start at \$17,500 (\$8,500 for annual renewal) and provide guaranteed access to the fleet at fixed hourly prices (\$3,950 for King Airls). The company also offers members exclusive entertainment and experience offerings on the ground under its Wheels Down program.

Last year, Wheels Up introduced an entry-level program, "8760" (\$5,950 per year), a stripped-down offering without all the perks of full membership. The company plans a European expansion in about a year.

Among other recently introduced or upcoming charter access options:

**Bliss Jet** has launched weekly shuttle flights between New York's La Guardia and London's Stansted Airports aboard large-cabin business jets.

**Linear Air** in Bedford, Massachusetts, and **FlyOtto** in Chicago have recently established free access platforms listing piston and light turboprop aircraft available for charter nationwide at price points well below traditional charter rates. Keep in mind that Argus, Wyvern, and similar services don't audit these categories of aircraft, but given the pace of innovation, that could change.

**MemberJets**, a new company in Overland Park, Kansas, offers a platform that any operator can sign on with and individuals join, allowing for the creation of shuttle flights, crowdsourcing, and ad hoc charter booking. KCAC Aviation of St. Louis is among the launch operators. The one-time fee for individual travelers who want access to the offerings is \$1,500.

Japan's **Sky Trek** has ordered 20 Kodiak Quest turboprop singles for a new membership-based private travel service. **EJT**



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