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**A PROFILE OF CHARTER OPERATORS: A SURVEY OF ON-DEMAND CARRIERS**

Robert W. Kaps and David A. NewMyer

**ABSTRACT**

Several years ago, one of the authors made a presentation before the National Air Transportation Association Convention in Tampa, Florida concerning the elements of Aircraft Charter Pricing. In research for that project, it was found that a dearth of information was available to adequately describe some of the elements to be considered in making a blanket pricing arrangement. Particularly vexing was the fact that at the meeting itself several of the operators and operator representatives present were unfamiliar with the type of business structure employed by the Fixed Base Operator (FBO) and some were unfamiliar with the make up of the demand elements of their operations. In 2003 and again in late 2004, the authors set out to study this anomaly by surveying large numbers of Fixed Base Operators in the United States. Using a Likert style survey methodology, a representative sample of the on-demand air carriers listed with the National Business Aviation Association was surveyed. The survey was designed to learn something about the business structure of the FBO, their aircraft mix; how many charter flights were flown annually; the number of employees engaged in the 135 portion of the FBO operation; experience levels and a host of, heretofore, unknown elements of the business. In short, the intent was to develop a snapshot of what a typical 135 operator looks like from its business structure to its operation matrix to how it maintains and supplies its basic product, charter aircraft.

**INTRODUCTION**

Historically, the commercial airlines have supplied an aviation oriented public with efficient, economical and safe means to transportation. Willingly, American business enterprises have utilized this system to further their own business goals, albeit the pecuniary cost of business travel has left much to be desired, as well as the service provided by commercial carriers. As pointed out by Kaps and Gardner (2002), the commercial carriers have failed in their delivery of a reliable product, experiencing poor on time arrivals, increasing rates of denied passenger boarding, passenger complaints, congestion around major hubs and increased fares for the business traveler. And now, since 9/11, airline passengers have experienced additional inconvenience due to new aviation security regulations, and have experienced cut-backs in all service levels, due to and coincident with financial difficulties almost all present day carriers are experiencing.

These failures, coupled with poor service levels

have created a new venue in which carriers may operate. For the first time in carrier history the end customer might be setting the pace for schedules. Much talk has recently surfaced about the need for an airline that will cater to the public's concept of when flights should depart and arrive, rather than the traditional airline schedule. This discussion has centered on the on-demand air carrier; one that will depart when the passenger wants to depart.

Almost 3,000 businesses are certificated by the FAA as Part 135 on-demand air charter air carriers. The majority of companies in the industry are small businesses regulated by the FAA with similar oversight to that given to the large scheduled airlines.

The on-demand air charter industry provides a vital transportation link for medical services, important cargo needed to promote commerce, and personal travel supporting the growth of the economy. These companies use smaller aircraft to meet the customized needs of the traveling public for greater flexibility in scheduling and

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access to almost every airport in the country. In passenger service, flights are planned according to the customer's schedule, not the operator's. Likewise, air charter serves a vital role for commerce across the country and the world providing short notice delivery of parts, important documents, supplies and other valuable cargo. On-demand air charter also saves lives since air ambulances transport critically ill or injured patients to higher levels of trauma care. In addition, on-demand air charter flights transport vital organs for those requiring transplants. All of these services are contingent upon the ability to respond quickly to the needs of customers.

Several years ago, one of the authors made a presentation before the National Air Transportation Association convention in Tampa, Florida, concerning elements of Aircraft Charter Pricing. In research for that project, it was found that a dearth of information was available to adequately describe some of the elements to be considered in making a blanket pricing arrangement. Particularly vexing was the fact that at the NATA meeting, several operators present were unfamiliar with the type of business structure employed, while others were unfamiliar with demand elements of their operation and/or clientele. In the article Chartering for Business: The Wave of the Future, But Does The Market Know?, Kaps and Gardiner drew the conclusion that business and corporate travelers are becoming more and more willing to use charter aircraft for air transportation needs. However, despite such willingness much information is missing from a marketing perspective to bring the supplier and ultimate consumer together. Additionally, as we view the world of the on-demand air carrier, much information is missing from an identify standpoint; who are they, what do they look like and how do they operate. The purpose of this study was to continue the work of Kaps and Gardner (2001) and survey the industry in an attempt to ascertain the 135 Operators business model profile.

### **PURPOSE OF THE STUDY**

The study sought to determine, on a national basis, if there existed any commonality in the business model of the on-demand air carrier industry. This study was designed to define the business structure of the on-demand air carrier, or charter, aviation business, with emphasis on discovering a basic business profile, as well as finding out as much as possible about how such companies market their products. The focus of the study concerns itself only with on-demand air carriers operating multi-engine piston, turboprop and turbojet/turbofan aircraft as charter services providing those aircraft tend to serve the business customers airlines might

also serve.

### **METHOD**

#### **Survey Participants**

Late in 2002 and extending into the first quarter of 2003, a national survey was undertaken to determine a profile of the Charter Operator engaging in air taxi and air charter operations. This study was again undertaken in the fall of 2004 to verify the results received in the spring of 2003.

Whereas the United States government has listings and archival information concerning Charter Operators, there is no singular location providing data of the nature sought (overall business profile, market segmentation and advertising venues.)

By the mid 1990's the National Aviation Transportation Association (NATA) estimated a drop in FBO numbers from more than 10,000 to less than 5,000; forecasting 2,000 FBO's by the year 2,000 (Phelps, 2000). However, during the mid 90's, the economy demonstrated unparalleled growth due to declining interest rates. The effect on the FBO industry is that, according to Phelps (2,000) the mid 90's saw an increase on the industry where at that time the FBO population in the United States approximated 4,000 to 4,500 in total numbers. Continuing, Phelps went on to say that of this number, twelve to fifteen percent operate specialized servicing of turbine-powered business type aircraft for charter services.

Impacting further on an inability to pinpoint a precise number of industry operatives has been the 2001 economic recession, combined with the lingering effects of the events of "September 11<sup>th</sup>." These events coalesced resulting in the loss of jobs in general aviation manufacturing and in the airport service industry as well.

The starting point of this study became the identification of the target population. To identify the population the National Business Aircraft Association (NBAA) 135 On-demand Air Carriers listing was utilized. This listing, encompassing 114 pages of text provided in excess of 2950 operators, closely approximating the number identified by the NATA (infra). Parsing this information to a workable survey number, a ten-percent audience was selected. This size was consistent with Rowntree (1941) contention that small sample size reasonably approximates population characteristics when utilizing random sample selection, and, McMillan and Schumacher (1989) who stated that small sample size is appropriate for exploratory research and group comparison.

Using a random sampling technique, all NBAA defined operators were provided numbers from 1 to 2950. Two

rounds of sampling procedure provided the ultimate participants in the survey. Round one considered the state of the FBO operation. Whereas the survey was national in scope, it was decided early on that each state must have, at least, one representative. Round two used the remaining 2900 operators for random selection. In both instances, selection was made according to the initial number assigned the operator utilizing a table of random numbers.

#### **Survey Administration**

The study utilized a return mail questionnaire survey, which sought answers to questions concerning the specifics of the FBO's business make-up. Potential responses were in a Likert range format with answers flowing from one to five. Where answers could not be categorized, such as 'What type of business structure is utilized in the operation of your business?' a specific ranges was given. For example, in the instant question, the range was 1.) Sole Proprietorship; 2.) Partnership; 3.) Corporation [C Corp]; 4.) Sub-Chapter S Corporation; 5.) Limited Liability Corporation [LLC]; and 6.) Don't Know.

A total of two hundred ninety-five surveys were mailed to the addresses contained in the NBAA directory. Of these, seventeen mailings were returned as undeliverable. Whereas, non of the returned surveys were from the initial state selection, no replacement surveys were initiated, making the potential survey group two hundred seventy-eight.

Of the two hundred seventy eight, one hundred sixty-six, or 59.7% completed and responded to the material. However, when the seventeen returned surveys marked either 'incorrect addresses' or 'undeliverable' by the U.S Post Office are factored in, the result is a net response rate of 56.3%.

#### **Limitations of the Study**

Due to the wide range of operators responding a large degree of variability could be caused by traditional sampling error and by non-sampling errors. To borrow a statement made by the Federal Aviation Administration (March 2003) in their attempt to provide survey feedback to the General Aviation and Air Taxi Activity Survey:

As in any sample survey, variability could be caused by traditional sampling error and by non-sampling errors. With small groups (such as rotorcraft, turbojets, etc), the estimates are heavily influenced not only by the number of respondents, but also by who responds. For example, if a large operator with high utilization rates for a particular aircraft type responded to the survey one-year but not the next, the effect would be to

reduce the activity estimates for that particular aircraft type. This would happen even if that operator had no change in activity for that particular year.

Thus, no attempt is present to imply that the findings of this survey reflect the average United States Fixed Base Operator in commission of the 135 environment. However, the methodology employed and the validity of the return could be construed to give such an impression.

#### **DEFINITIONS**

**Charter Operator (on-demand air carrier)** – A category of aircraft operating under FAR Part 135, passenger and cargo operation, including charter and excluding commuter air carriers.

**Charter marketing portals** – A middleman, or broker, who specializes in bringing the charter client and the operator together through the use of various advertising techniques.

**FAR Part 135 Operator** – A fixed base operator who also is involved in the operation of charter aircraft requiring the operator to comply with Federal Air Regulation embodied under Federal Air Regulation Part 135.

**Fixed Base Operator (FBO)** – Generally an airport business that specializes in line services which include the retail sales of fuel and oil, minor repairs, emergency service, and other flight continuation services for general aviation aircraft. Some FBO's may be involved in active selling of new and used aircraft, the operation of flight schools and air charter or, on-demand operations.

**LLC – Limited Liability Corporation** – a corporation under the law that provides limited liability to its members, although being taxed as a partnership or sole proprietorship business. An LLC is formed upon filing articles of organization with the proper state authorities and paying all fees. LLC's are a relatively new corporate structure in the United States, gaining more widespread acceptance during the early 1990's. An LLC is a hybrid of a partnership and a corporation in that it combines a 'pass-through' treatment of profitability with the limited liability accorded to corporate shareholders.

**'C' Corporation** – The primary form of business employing the use of stock, a legal entity separate from the legal identities of its owner, the shareholders. All form of corporate enterprises emanate from the "C" Corporation.

**Subchapter 'S' Corporation** – A form of business structure that limits each shareholder's liability (similar to a 'C'

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corporation), but enjoys the profit 'pass-through' benefits of a sole proprietorship or partnership. Sub chapter 'S' corporations are limited to 75 stockholders and may have no foreign investment. The Sub 'S' corporation is sometimes called a 'professional corporation' because it embodies many doctors, lawyers and small businesses.

### **FINDINGS**

Based, therefore, on the specific population of the instant survey, the average on-demand air carrier has the following characteristics.

- The nature and structure of the average on-demand air carrier falls under the corporate laws of the United States with the totality of the 'C' Corporation giving way to the subsection of the "S" Corporation and the Limited Liability Corporation (LLC). The Subsection 'S' Corporation is by far the more predominant. These categories allow corporate flexibility while eliminating individual exposure to liability.
- The average respondent carries between \$125M to \$200M in liability insurance.
- Respondents have been FAA certified and operational a total of fifteen years as an on-demand air carrier operator, employing a total employment of twenty-one employees dedicated solely to charter operations.

- The average on-demand carrier business grosses in excess of \$2.1 million dollars; the charter portion of the business contributing \$1.5 million dollars.
- The average on-demand air carrier business employees 6.3 piston, 2.1 Turboprop and 4.2 Turbojet aircraft.

### Business Profile

Identifying how the on-demand air carrier obtains their business activity, the number of charter flights flown annually and the average flight duration make a significant contribution to the rudiments of the charter business. The business profile section of the survey indicates that the average operation has more than two hundred one charter flights annually or almost four flights a week. Of these the average duration is 3.25 hours and 64.3% are flown for repeat clients. In terms of who books the operators business, 81.4% are booked directly by the operator, while 18.6% come from bookings made by some external source, other FBO's, Travel Agencies and charter portals.

The forecast for future charter operation growth is more optimistic among operators than industry forecasters such as the Aerospace Industries Association of America (AIAA). In estimating growth of annual charter operations and future aircraft purchases operators believe a blanket growth rate of 5.2% is a realistic goal. This conflicts sharply with AIAA whose predictions include a decline in aircraft shipment and billings approximating 13.8%.

Table 1

### On-Demand Air Carrier Operator Business Profile

<ul style="list-style-type: none"><li>▶ 201 Or More Charter Flights Annually</li><li>▶ 81.4% Of Charter Flights Booked By Operator</li><li>▶ 18.6% Of Charter Flights Booked By External Source</li><li>▶ 64.3% Of Charter Flights Flown For Repeat Clients</li><li>▶ 3.25 Hours Average Charter Flight Duration</li><li>▶ 5.2% Annual Charter Operations Growth Forecast</li></ul>
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**Client Profile**

A major concern of the survey was to determine the nexus of the charter market and the operator's clientele; who are they, and where do they come from?

More than half of the charter activity reported comes from the commercial business sector. Of that number, 16.66% operated their own flight departments, traditionally using their own transportation when available.

Interestingly, as cited in the Kaps & Gardner (2001)

study, the travel agency community provides a small portion of the operators business. Such was also found in this survey, only 2% of on-demand clients were derived from travel agent bookings. This according to Kaps & Gardner could be an overlooked market distribution center for the on-demand air carrier.

When questioned as to the time it takes for the operator who has carried passengers to receive remuneration for services rendered, the response was one month after the trip has been completed. This time lag is a major factor in cash drainage for the typical on-demand air carrier.

Table 2

**Charter Client Channel Profile**

- ▶ 50% Businesses Without Flight Departments
- ▶ 10% Businesses With Flight Departments
- ▶ 15% Other Charter Operator Referrals
- ▶ 3% Groups
- ▶ 2% Government
- ▶ 6% Individuals
- ▶ 12% Charter Marketing Portals
- ▶ 2% Travel Agencies
- ▶ 4 Weeks Average Trip Reimbursement

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### Operation Presentation Profile

It has long been a perception in many minds that the on-demand air carrier business is a sideline of the operation of a larger Fixed Base Operator (FBO) thus, playing a secondary role in the attention given to it as a business line, and the operational services it provides.

The survey showed that 87% of respondents had uniformed ground crews, while 60% had uniformed flight crews. Also, 80% reported that they had in-flight communication systems and another 64% had CPR-certified flight crew members. Such attention to detail belies the perception of a sideline operation.

Table 3

### Operations Presentation Profile

<ul style="list-style-type: none"><li>▶ 60% (100 Operators) Have Uniformed Flight Crew</li><li>▶ 87% (145 Operators) Have Uniformed Ground Crew</li><li>▶ 18% (30 Operators) Have Identical Aircraft Exteriors</li><li>▶ 18% (30 Operators) Have Identical Aircraft Interiors</li><li>▶ 80% (133 Operators) Have In-flight Communication Systems</li><li>▶ 64% (103 Operators) Have CPR Certified Flight Crew</li><li>▶ 3% (5 Operators) Have Onboard Defibrillators</li></ul>
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**Client Side Services Profile**

A vast difference seems to exist between the kinds and types of services provided by on-demand air carrier

operators. However, the vast majority of respondent operators provided hotel reservation services, car rental and limo rental services, catering and beverage service along with custom clearance support services.

Table 4

**Client Side Services Profile**

- ▶ 92% (153 Operators) Provide Catering & Beverages
- ▶ 76% (126 Operators) Provide Customs Clearance
- ▶ 95% (158 Operators) Provide Car Rental Services
- ▶ 90% (149 Operators) Provide Limo Rental Services
- ▶ 45% (74 Operators) Provide Aircraft Lavatory Service
- ▶ 51% (84 Operators) Provide Aircraft Cleaning Services
- ▶ 99% (165 Operators) Provide Hotel Reservation Services
- ▶ 50% (83 Operators) Provide Transient Aircraft Storage
- ▶ 23% (38 Operators) Provide Internet Enabled Lounges



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**Advertising**

Before reporting the methodology uncovered of the average operator towards the method of advertising employed, the authors believed it best to determine what the operator perceived as the operations most important selling points. In other words, what attributes do operators believe to be those most appealing to potential clients? Here

operators believed the criteria most appealing for advertising purposes was twofold; good customer service and a high reputation in the industry. The following, listed in order of importance, indicates what the on-demand air carrier operator perceives as the message that needs to be delivered to the ultimate consumer concerning their product and service.

Table 5

**Operator's Advertising Message**

▶ Best Customer Service	▶ Best Mechanical Record	▶ Most Aircraft Choices
▶ Reputation	▶ Best Rates	▶ Best Availability
▶ Highest Certification	▶ Newest Fleet	

**Market Advertising Profile**

Recognizing that a large number of operators do advertise their product, the question became where and how much of the on-demand budget is utilized for advertising purposes. Companies within a same industry

differ considerably in how they divide their promotional budgets. Therefore this survey confined itself to the specific aspect of advertising rather than other promotional activities of sales promotions, personal selling, publicity or marketing approaches.

Table 6

**Business and Aviation Related Publications**

- ▶ **57% (93 Operators) Advertise In Business Publications**
- ▶ **61% (57 Operators) Spend <=10% Of Advertising Budget**
- ▶ **39% (39 Operators) Spend 11-20% Of Advertising Budget**
- ▶ **These 93 Operators Indicate This Market Channel Generates <=10% Of Total Charter Revenue**
- ▶ **68% (112 Operators) Advertise In Aviation Publications**
- ▶ **64% (72 Operators) Spend <=10% Of Advertising Budget**
- ▶ **36% (40 Operators) Spend 11-20% Of Advertising Budget**
- ▶ **These 112 Operators Indicate This Market Channel Generates <=10% Of Total Charter Revenue**

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According to Kotler (1996), consumer goods companies normally devote most of their funds to advertising, with other promotional tools of sales promotion, personal selling and publicity occupying a distant second. So it was in this market. Advertising was considered the promotional necessity of choice. In fact, so pervasive is the use of advertising that 95% of respondents indicated usage of direct advertising via newspapers, magazines and

billboards. And, only 6% indicated a designed personal selling approach to the market place, i.e., calling on potential clients. This low personal selling involvement by charter operators parallels the findings of the Kaps & Gardner (2001) findings that 97.3% of travel agents surveyed had never had anyone from the charter business call on them to promote their services.

Table 7

Local & National Newspaper Advertising

- ▶ 95% (159 Operators) Advertise Charter Operations
- ▶ 22% (36 Operators) Advertise In Local Newspapers
- ▶ 77% (28 Operators) Spend  $\leq 10\%$  Of Advertising Budget
- ▶ 23% (8 Operators) Spend 11-20% Of Advertising Budget
- ▶ These 36 Operators Indicate This Market Channel Generates  $\leq 10\%$  Of Total Charter Revenue
- ▶ 22% (37 Operators) Advertise In National Newspapers
- ▶ 100% (37 Operators) Spend  $\leq 10\%$  Of Advertising Budget
- ▶ These 37 Operators Indicate This Market Channel Generates  $\leq 10\%$  Of Total Charter Revenue

A great source of advertising in the charter industry has, by member indication, been local or regional. While some operators have utilized the services of a national newspaper, the Internet has taken charter advertising to a whole new audience and perspective. The worldwide reach of the Internet now permits advertisers to reach untold audience members. This direct access to customers, regardless of their location, removes a barrier

with which the charter operator has always had to contend, lack of exposure. The proliferation of this form of advertising is obvious in this industry as 72% of those responding to the questionnaire identify the Internet as an advertising choice. Contrary to this is the fact that only 22% of the operators indicate using local and/or national newspapers to deliver their advertising message.

Table 8

## Direct Mail and Internet Advertising

- ▶ 52% (87 Operators) Utilize Direct Mail Programs
- ▶ 61% (53 Operators) Spend  $\leq 10\%$  Of Advertising Budget
- ▶ 39% (34 Operators) Spend 11-20% Of Advertising Budget
- ▶ These 87 Operators Indicate This Market Channel Generates  $\leq 10\%$  Of Total Charter Revenue
- ▶ 72% (119 Operators) Utilize Internet Ad Programs
- ▶ 100% (119 Operators) Spend  $\leq 10\%$  Of Advertising Budget
- ▶ These 119 Operators Indicate This Market Channel Generates  $\leq 10\%$  Of Total Charter Revenue

Deviating from direct advertising to a more indirect form of advertising, the use of the web for email purposes, 72% of surveyed operators also indicate usage of email facilities. A variety of internet services are provided including such things as providing trip quotes (70% of respondents) but only a small portion of the operators use these facilities for airline or other on-demand air carrier cost comparisons (2%).

With regard to other forms of traditional advertising, usage of the telephone "Yellow Pages" are a dominant method of advertising with 89% of the respondents indicating using of this method. Another 40% indicated they have used some form of telemarketing while only 6% have ventured into outdoor advertising by billboards.

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Table 9

Internet Profile

<ul style="list-style-type: none"><li>▶ 72% (119 Operators) Have Charter Web Sites</li><li>▶ 50% (83 Operators) Offer Online Aircraft Availability</li><li>▶ 44% (73 Operators) Offer Online Flight Planning</li><li>▶ 27% (44 Operators) Offer Online Flight Booking</li><li>▶ 70% (117 Operators) Offer Online Trip Quotes</li><li>▶ 2% (3 Operators) Offer Online Airline/Charter Cost Comparisons</li><li>▶ 43% (71 Operators) Offer Online Hotel Reservations</li><li>▶ 43% (71 Operators) Offer Online Car/Limo Reservations</li></ul>
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Table 10

Tele-Marketing, Outdoor Advertising and Yellow Pages Advertising

<ul style="list-style-type: none"><li>▶ 40% (66 Operators) Utilize Telemarketing Programs</li><li>▶ 77% (51 Operators) Spend &lt;=10% Of Advertising Budget</li><li>▶ 23% (15 Operators) Spend 11-20% Of Advertising Budget</li><li>▶ These 66 Operators Indicate This Market Channel Generates &lt;=10% Of Total Charter Revenue</li><li>▶ 6% (10 Operators) Utilize Billboard Programs</li><li>▶ 100% (10 Operators) Spend &lt;=10% Of Advertising Budget</li><li>▶ These 10 Operators Indicate This Market Channel Generates &lt;=10% Of Total Charter Revenue</li><li>▶ 89% (147 Operators) Utilize Yellow Page Programs</li><li>▶ 100% (147 Operators) Spend &lt;=10% Of Advertising Budget</li><li>▶ These 147 Operators Indicate This Market Channel Generates &lt;=10% Of Total Charter Revenue</li></ul>
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Maintenance and Audit Profile

Although generally outside the marketing aspect of this research, the maintenance and audit profile was included in the questionnaire as many charter portals, e.g. BizJets, SkyJet, and others require some sort of audit certification before utilizing an on-demand air carrier operator's fleet in their portal mix. According to the Aircraft Charter Consumer Guide (NBAA, 2004), safety, security and productivity are key reasons why individuals and companies increasingly are choosing on-demand air travel for personal and business travel. Thus, not only from a charter portal perspective, but also, from corporate and individual concerns come a need to know understanding of how safe and secure these operators are. Federal Aviation Regulations Part 119 defines commercial aircraft operation and certification requirement for operators and FAR Part 135 prescribes

the rules governing on-demand passenger charter operation. However separate audits can act as added security to assuage potential client concerns. Audits, external to those required by the government are oftentimes cosmetic, however, all investigate how well the charter operation is managed and whether formal safety procedures and policies are in place and enforced. The Wyvern Standard and Q-Star audits require certain criteria above and beyond those required for FAR Part 135 certification. As a device, such audits are both precautionary and practical, while at the same time marketable. It is interesting that 46% of those surveyed have gone beyond the traditional model of Federal certification to that of an outside independent audit. One could assume that there is a movement to obtain additional consumer oriented data to add to one's marketability.

Table 11

Maintenance and Audit Profile

- ▶ 29% (49 Operators) Maintain Charter Aircraft Internally Except For Heavy Airframe Checks (10 Year, De-Mate, Etc.)
- ▶ 1% (2 Operators) Maintain Charter Aircraft Internally Including Heavy Airframe Checks (10 Year, De-Mate, Etc.)
- ▶ 70% (116 Operators) Utilize Contract Maintenance Services
- ▶ 22% (37 Operators) Indicated Q-Star Audit Certification
- ▶ 25% (41 Operators) Indicated Wyvern Audit Certification
- ▶ 1% (2 Operators) Indicated Alternate Operations Audit Certification 1-Argus 1 Avcam

Charter Aircraft Equipment Forecast

A total of 63% of the respondents reported they would acquire one to three turbojet or turbofan aircraft

within the next two to five years. Fifty-three percent reported they would acquire one to three turboprop aircraft, while only 15% reported they would add either one or two piston twin aircraft

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Table 12

Charter Aircraft Equipment Forecast

- ▶ 14% (23 Operators) Forecast Adding One(1) Piston Aircraft
- ▶ 1% (1 Operator) Forecasts Adding Two(2) Piston Aircraft
- ▶ 36% (59 Operators) Forecast Adding One(1) Turboprop Aircraft
- ▶ 16% (27 Operators) Forecast Adding Two(2) Turboprop Aircraft
- ▶ 1% (1 Operator) Forecasts Adding Three(3) Turboprop Aircraft
- ▶ 36% (58 Operators) Forecast Adding One(1) Turbojet Aircraft
- ▶ 25% (40 Operators) Forecast Adding Two(2) Turbojet Aircraft
- ▶ 2% (3 Operators) Forecast Adding Three(3) Turbojet Aircraft

**CONCLUSION**

Many of the 166 respondents included in this survey have a complete line of aircraft available for chartering, including an average of 6.3 piston, 2.1 turboprop and 4.2 jet aircraft per company. The business structure of choice is that of the "Sub S" corporation and the average charter operation employs twenty-one employees, operating twelve to thirteen aircraft. From this base the business volume for all elements of the Fixed Base Operators business is \$2.1 M with the on-demand air carrier side of the business contributing almost seventy-two percent of total revenue.

In the Kaps & Gardner's (2001) conclusion it was surmised that the industry needs to transition from advertising to itself, or primarily within aviation related media, to more directly targeting the final customer. It needs to educate the customer and refine the understanding of a key potential middle person in the distribution equation, the travel agent. Whereas Kaps and Gardner was a localized survey encompassing the major cities of Chicago, St. Louis and Kansas City, the results of this national survey coincide in terms of the role of advertising. In almost all instances cited, the on-demand air carrier portion of the FBO operation spent less than 10% of the advertising budget on charter promotion. This is a very small amount of the total advertising budget when, according to respondents, 72% of the average FBO business revenue is comprised of money derived from on-demand air carrier, or charter, operations.

It appears as though the operators are using an inadequate marketing or advertising mix for a large portion of their advertising dollar.

Optimism towards growth, in terms of demand, and for new and replacement equipment does prevail as they reported a generalized projection of 5.2% annual business growth. Paralleling this is a projection of two hundred eighty-eight new or replacement aircraft added to their combined fleet. In the original evolution of this research, it became difficult to ascertain the exact size and scope of the on-demand air carrier industry as well as the total number of both on-demand air carriers and FBO's in operation in the United States. Even though the NBAA list of on-demand air carriers was selected for use in the survey, this did not resolve the problem of understanding the size and scope of the industry. For example, it is still unknown as to whether the survey results are a representative sample of the industry. Because of this uncertainty, it is recommended that further studies should be undertaken to more adequately determine the number, size, business scope, variations, seasonality, and operation characteristics of the Fixed Base Operator, as well as on-demand air carriers. A new age is dawning on the air transportation as we have historically known it. The new approach very well may be the growth of the on-demand carrier. It behooves us, passenger, observer and entrepreneur alike, to understand the market place. →

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