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“We love strikes”

Are you the Airbnb or Uber of the private jet industry?

Eymeric Segard: We carried over the technology concept from companies such as Uber and Airbnb to the private jet industry. We are Europe’s largest independent online private jet booking platform, and have access to 4,800 aircraft.

Which came first? LunaJets or Uber and Airbnb?

We founded LunaJets in 2007 in Geneva. The others came later: Airbnb started in 2008 and Uber in 2009. We placed a lot of emphasis, since day one, on technology, as it greatly simplifies the search for flights and best deals. In addition to technology however, the expertise of people is still required, to filter the information, negotiate the prices, advise customers and supervise the smooth running of flights.

Isn’t it enough just to have a cool App?

The Uber concept does not work completely in the private jet world: this is not a taxi ride for a few dollars. The average price for an Uber car is \$12. With us, it is \$19,000. When you spend \$19,000, you expect a different level of service and quality. Furthermore, the Uber car is available within a few minutes; a private jet is usually not booked in such a short time, but days or even months earlier. There is also the issue of regulation: almost anyone can drive, flying a private jet is a much more complex process.

How did you get the idea of setting up LunaJets?

I used to work for the advertising agency, Ogilvy. A friend of mine in London said that he might go on vacation to southern France by private jet. He mentioned how expensive it was - since the plane took him to France, and then flew back empty. Back then, I had never flown on a private jet. When I heard that there was a fully-paid, but empty return journey, I thought that one should market that empty flight. So, together we launched a website offering such empty flights. Maybe there is someone in the South of France who wants to go to London, and is willing to pay 10 or 20 percent of the airfare.

Did the empty flight business pay off?

No, not really, so we then also started a charter business. Just offering empty flights is not a sustainable business model. There are not enough of them, and you are limited in terms of routes and timing.

So you quit Ogilvy for good?

That's true. My friend and I invested our own money. I brought my family to Geneva and founded LunaJets. In the first year, I received no salary. After 18 months, we reached the financial breakeven point.

What did you say to your friends, when you launched a start-up?

It was a unique opportunity that I had to take. Otherwise, I would still have my old employee job. We did not invent empty flights, but we developed a unique sales channel for them.

You had no experience in aviation?

No, I had none. But, it was a good marketing idea.

You claim to be much cheaper than traditional private jet providers, who require their customers to become part-owner of a plane, or to pay for a minimum flight time in advance.

Our aim is to offer a private jet for the best price. Although, the clients are very wealthy and are able to travel by business jet - why should they pay more than best market rate?

How much is the discount?

For example, take the very good provider NetJets: we are usually 30% cheaper for any single flight. It is possible to be as much as 40 to 50% cheaper. If we offer an empty flight, we are able to offer a discount of up to 70%. The better our economies of scale, the more buying power we have, and the prices for our clients are correspondingly lower.

You must have made many enemies - you are cutting prices!

Yes, it's true. But more importantly, we made many friends amongst our clients...

Are private jets no longer affordable just for the super-rich?

It has become more affordable; but of course, private jets are always more expensive than a commercial airline ticket in First Class or Business Class.

Who are your customers and what are the most popular routes?

At LunaJets, 60% are leisure travellers and 40% are travelling for business reasons. Among the most popular routes is definitely London-New York-London. We charter many transatlantic flights, not always from London, but also quite often from Paris, Geneva and Nice. Zurich and Milan are also in great demand.

And, what about business in Switzerland?

In terms of private jet flight movements (landings/take-offs), Geneva is twice the size of Zurich. From Switzerland, we often fly to Asia, such as Singapore, and Hong Kong, and also the Middle East like Dubai and Abu Dhabi.

So, in the summer, do they all go to the beach, to their yachts?

Mediterranean islands like Ibiza, are naturally very popular in summer. Also, Sardinia is doing well; after that, destinations such as Greece and Turkey saw less demand than last year, because of the political situation. Currently, demand is strong in the western Mediterranean, especially Palma de Mallorca, and of course the Caribbean and the Indian Ocean as well.

Why should private jet owners offer their planes for charter? Is maintenance too expensive?

It is very expensive to own a private jet. Chartering the planes, if the owners are not in need of them, helps to reduce costs.

Could we book individual seats?

For the past few weeks, we completely redesigned our App; and now, we offer exactly that! Just imagine that someone wants an aircraft with a large cabin and fine catering. However, he also knows that there is still plenty of room aboard the plane, and he says to himself: "let's bring more people and share the cabin, since the aircraft has places for up to 14 passengers. "

Is there a market? Whoever can afford a private jet, surely wouldn't want strangers on board.

Each customer is, of course, completely free to decide. If he wants to travel alone, he will travel alone. But, there are customers who are very price sensitive. Recently, we had a flight from Zurich to Marrakech, for which a client paid 900 euros for a seat. He flew with a family of four that had booked the jet. Nothing too discrete or private needed to be discussed on the flight, so that the family was not bothered to welcome a passenger. Therefore, they offered two seats through us, and one was sold.

The business model of offering private jets for cheap is highly competitive. Even companies such as Victor and JetSmarter entice business with apps and discounts. How much market share do you take from the competition?

Victor has been around since 2011; but we are 40% larger in terms of sales. Many competitors have also tried to copy the Uber model for the brokering of private jets. Yes, those Apps can book a flight from A to B; but, then you have to take care of a lot of little things like slots, catering and licenses. Also, there are customers who want to go by jet with eight people to Saint-Tropez, but then you learn that you cannot land an eight-seater jet there, because the runway is too short. Such cases show that you just cannot solve everything with an App.

Just in terms of these digital times, who has the best software? Each process can be analysed perfectly, and at the end, the computer brings together supply and demand as efficiently as possible.

Software is very important; but the human element, to think with experience and from the point of view of the client, should not be omitted. Software alone does not work in the private jet sector.

How will you ensure that LunaJets will continue? Anyone could be a broker and connect jets with people. There could suddenly be a provider that takes everyone by surprise, as happened with Airbnb in the hotel industry.

Of course, many companies have tried to offer a private jet App. But, that alone doesn't work, because the industry is not regulated and many customers lack the visibility and quality of service. Getting a good overview of prices online is also not easy. There is little transparency. An aircraft can have a completely different price from one day to the next - for the same route. In addition to innovative technology, we rely on human expertise. We work hard to make efficient use of both tools, and optimise the booking process and quality of service, since the requirements will increase over the next few years.

How do you guarantee that your subcontractors comply with all standards, in terms of safety and service? Companies like NetJets do not say without reason: We have our own aircraft, our own pilots - all under one roof.

Therefore, a broker, like us, must offer additional services, and not simply provide a technology platform for the booking of business jets. We know who is good, and who is only average. And, we also know who offers low prices for less service. Soon we will also introduce a rating system, like TripAdvisor, whereby the clients evaluate the jet operators according to their own experience. This ends up in a database with real customer reviews. In addition, we are the first private jet broker, outside the United States, to have been awarded the demanding Argus security certificate.

The business jet industry is undergoing a strong consolidation; will the pressure in the industry affect safety? The issue of safety is monitored by the national aviation authorities. Of course, we require evidence and proof of insurance from operators, to ensure that the aircraft is operated safely. At this point, we have now processed around 25,000 flights. We know pretty well which aircraft have technical quirks, and which run smoothly.

The consolidation also means that fewer aircraft will be available. Will prices go up

No, I do not think so. The purpose of consolidation is precisely in order to reduce costs. Smaller jet operators are joining forces to take advantage of economies of scale, such as fuel purchasing. Therefore, consolidation is good. It lowers the cost of private jets.

Nevertheless, the business jet industry has never really been able to recover from the downturn during the financial crisis.

2007 was a boom year; then came the financial crisis, from which the industry has not yet fully recovered. Since it has improved admittedly but the beginning of this year has experienced a drop. The economic uncertainty puts us under a strain, and some customers from the financial sector hesitate long before they book. Fear of terrorism also keeps customers from travelling.

Are customers more price sensitive?

Certainly. Before 2008, customers might have booked a jet with eight seats, now they say: A six-seater or a four-seater is enough. In 2008, it would have been two weeks in Mauritius, Seychelles or the Caribbean, now the destinations are closer.

Does it much hurt that the rich Russians are not as free spending?

Demand from Russian customers disappeared since 2014, due to the political crisis; it is coming back slowly. Despite the slump, we gained other markets, so that we are not particularly concerned by this fall.

Where is it doing well?

Despite the macroeconomic crisis, of course, there are always companies that are doing well and who also need private jets. It's simply a great advantage when a CEO or board directors go on trips, and can save six hours on the inbound leg and another six hours on the return leg, because they do not have to transfer on a scheduled airline multiple times, but fly directly, by private jet. Furthermore, instead of a long check-in, you drive a car to the private terminal, and in just 5 minutes are on board. Also on arrival, the procedure takes a few minutes.

How is your business developing?

Last year, we had revenue of 24 million francs; this year, it will be 30 million francs. Last year, we organised 2,000 flights; and this year we want to reach 2,500.

Airline employees keep on striking, especially in France and Germany. Does this help you?

We love airline personnel who go on strike, whether pilots, cabin crew or luggage handlers on the ground. This always ensures chaos at airports and brings us many clients who need to travel no matter. What we do not like however, are air traffic controllers strikes because they also affect us, and can cause delays (albeit much less than commercial flights).

What other challenges do you have?

Maintaining the start-up atmosphere in the company is a challenge. We now have 25 employees, and will have 40 next year. We are a young team, where the average age is 25. We want to continue expanding, whilst keeping costs low – one of the reasons we only have one office in Geneva., which works very well.

You want to offer a discount product, while working in Geneva, which is a very expensive location.

The product that we provide is of high quality, and the price is low. Geneva is simply ideal for us as a location. In Switzerland, we find talented employees who are willing to outperform.

How much does the currency issue impact you?

90% of our revenue is in euros. After the shock to the Swiss franc in January 2015, we did not have to take extreme measures at our company as we are well managed and protected; but we all had to work harder than before.

Uber, as well as your competitors, such as JetSmarter, have recently received large sums from investors.

What about you - or do you even want to sell?

There are always people who want to buy us. But, that is now becoming more expensive. The balance of power in the industry has changed. Let's see what happens. In any case, I don't want to sell.

Translated from German. - Original article from Tim Höfinghoff - Handelszeitung - June 10th 2016

About LunaJets

Based in Geneva since 2007, LunaJets is the leading European Private Jet Booking platform, offering the best price. We have an access to more than 4,800 aircraft, 24/7, with no minimum notice, anywhere in the world, on all aircraft type from Very Light jet to Super Large jet. LunaJets is the first private jet booking platform in Europe to achieve the ARGUS certification. Combining smarter technology and human expertise, LunaJets has experienced an exceptional growth since its creation, having offices in Geneva, London, Dubai, Budapest, Olbia, and Ibiza. Download our app – lunajets@lunajets.com – +41 844 041 844.

Learn more : www.lunajets.com