

Private Jet Charter: A Quality Experience



An Interview with Nathan W. McKelvey,
Chief Executive Officer, Jets.com, Quincy, Massachusetts

EDITORS' NOTE Prior to founding Jets.com in 1999, Nate McKelvey served as the President and Co-founder of Aviation One, an aircraft charter operator. He holds a B.A. in economics from the University of Massachusetts at Amherst.



Nathan W. McKelvey

COMPANY BRIEF Established in 1999, Jets.com (www.jets.com) offers online private aviation auctions. The company's proprietary technology automatically sends trip requests/itineraries to a network of Jets.com-approved operators to locate available aircraft, who competitively bid for the users' business. Jets.com "titanium membership" provides additional benefits including first-class concierge service, guaranteed fixed pricing, and escrow services. All Jets.com-approved operators meet extensive safety, training, and inspection requirements. They are FAA Part 135-certified and approved by ARG/US (Aviation Resource Group/US), an aircraft safety auditing authority.

Do your target customers have adequate knowledge and understanding of the Jets.com brand?

One of the primary reasons for picking up the domain name Jets.com was the ease with which one can remember it. We launched it in January of last year, and we grew 60 percent in 2006. We have a great product, and we have some great referrals, which is where most of the business comes from. It's a crowded marketplace, but having Jets.com certainly makes it easier.

How do you differentiate Jets.com from its competitors?

It's all about safety and service. Price is not the primary issue. What differentiates us from the other players is transparency. You know who you're going to fly with. To give you an example, if you were to call us, we'd post your trip request on an online auction, which would allow operators to bid on it. You then have all of the information necessary to make an informed booking decision. You have the third-party auditing company's information about their safety and information about their pilots. We also show you customer feedback on the service of each of the bidding operators. After you fly, I personally send out a survey, asking you to comment

on the interior of the aircraft and the service received.

People might think lower prices mean lower quality. Is that the case?

It really isn't, because the primary factor of price is availability. In other words, you might have a corporate plane, based out of Florida, sitting idle in New York. And there's an empty travel segment during which the plane will fly back to Florida to pick up other passengers. That operator is willing to take a Jets.com customer to Florida

on that leg of the trip. We are the largest collector of availability information in the world right now. Having that information allows us to offer lower prices without skimping on safety or service.

Your system also allows customers to select specific aircraft for their needs.

Yes. Other providers allow you to select a "light jet," but with us, customers can select a Lear jet, a Citation, or a Beech Jet, specifically. They have individualized choices for every trip. They can see the interior of the actual jet they're going to fly on. Other programs don't offer that.

Do you guarantee availability for your customers?

We guarantee availability with 12 hours notice, and we will guarantee the results in the auction. So if you sign-up for our membership program in advance, you can post a trip itinerary and be guaranteed a fixed price on a particular category of a jet, and you'll be guaranteed availability.

Do you have to join a membership plan to fly with your company?

No.

What sort of special add-on services do you provide?

We have a great group of people who spend most of their time customizing each and every flight. For example, clients recently flew to South Africa with their kids. We put together a bunch of DVDs and books, and we printed out the history of the area they were going into, wine reviews for the area, places they might want to visit – an entire package that they could use during their trip.

You recently entered an alliance with Active International. Can you describe what Active International does?



Active International is a global marketing and business solutions firm. Using strategic investments and trade, the company connects relationships across industries, channels, and continents to provide marketing solutions that grow and extend brands, and enhance the financial performance of its clients. This strategic investing and trade model enables them to maximize the value of a company's assets.

How will working with Active International benefit your clients?

Let's say a company purchased a fractional share three years ago with the assumption that they would fly 100 hours per year. For whatever reason, this client may now only fly 50 hours per year or less, but is contractually obligated to pay for the full 100 hours plus related fees. In addition, the asset may have depreciated significantly over the three years, causing a substantial tax liability for the company. Active, through its strategic trading model, can acquire the fractional share, relieving the company of its financial obligation. The model also works for a company that owns its own jet, or is looking to update its fleet.

Looking back to 1999, what made you feel that was the right time to found Jets.com?

At the time, I was managing just a couple of airplanes for a small operator, and I was taking evening classes for my computer science degree. And I really just put my two passions together. I always enjoyed flying and computer programming. I knew how difficult it was to do the background research on all of the operators – there are over 3,000 across the United States. Jets.com has paired our list down to 400 – the highest-quality, most consistent operators, because they're who our customers want. They're not looking for just a cab ride from point A to point B; they're looking for a quality experience. ●

The stylish Legacy, inside (left) and out (right)