

Marquis Jet Partners has taken NetJets' concept of fractional ownership a stage further, and broadened the customer base for aviation time-shares.

## Private service

By Christian Sylt in London

**A**s disposable incomes have increased, the accessibility of luxury goods has been brought down to the relative masses, but buying time and owning a share in a NetJets plane has always been relatively expensive. At a minimum cost of around €200,000 per year, flying on the NetJets fleet has always been out of reach for all but the wealthiest companies and individuals. And then there is a capital sum to pay on top.

There has always been a market for a cut-down NetJets service, but up to now no one had figured out how to build it. But that was until a service called Marquis was launched in America last October.

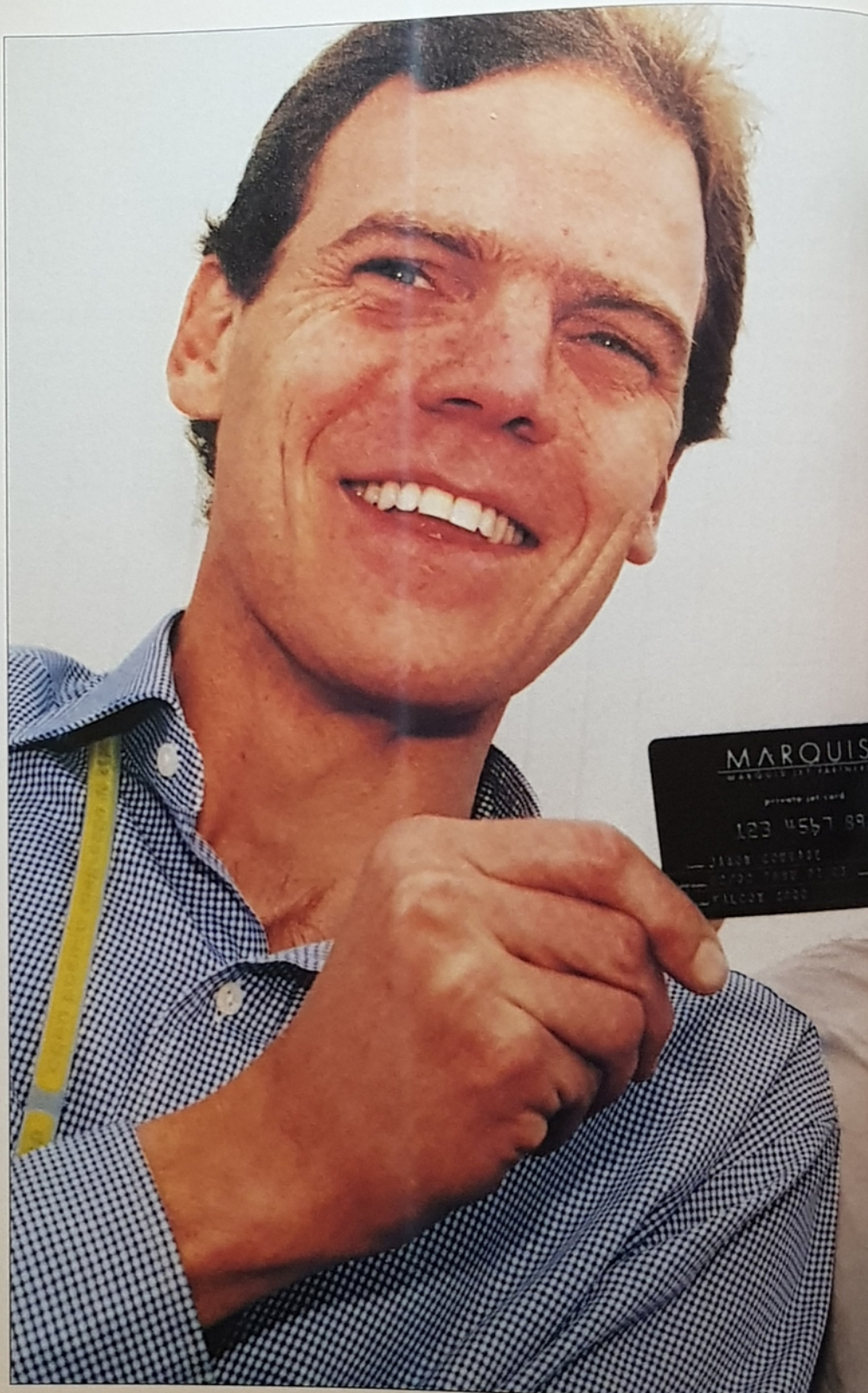
Piggybacking on the fortunes of the fractional ownership segment, which is growing at 45 per cent a year in the US, Marquis founders Kenny Dichter and Jesse Itzler approached Richard Santulli of NetJets with the vision of opening the doors of its fleet to an even wider audience. But without going head to head with the largest fractional operator in the world.

NetJets binds its customers to a minimum commitment of five years, but Marquis wanted to slice the cake thinner and create a more accessible product that was a cross between fractional and chartering – a sort of junior fractional.

Santulli agreed and granted Marquis exclusive rights to remarket its shares in 25-hour packages – half the basic NetJets fraction. It involves something as simple as Marquis buying the fractions and selling them on in smaller chunks. With the deal clinched and some regulatory hurdles cleared, Dichter and Itzler got together with three more entrepreneurs called William Allard, Henry Schachar and Alan Clingman to form Marquis Jet Partners. Later, South African entrepreneur Rob Hersov joined to run Europe.

For as little as €124,000, Marquis offers 25 hours of occupied flight time in a Cessna Citation Bravo and all the benefits of the NetJets service – with no further obligation, no monthly maintenance costs or overheads, and no hourly fees. The service is accessed by a simple credit-type card and jets can be called up in hours.

Marquis started almost simultaneously in the European market, with partner Rob



Hersov running European sales from London. Hersov is an enthusiastic proponent of the product: "NetJets are selling ownership, we are selling hours. Buying flight time through Marquis is as easy as ordering a limo."

The concept has proved so successful that Marquis Jet Europe was launched in February and over the short space of the last nine months, Marquis has become NetJets' biggest customer. Hersov explains that setting up Marquis Jet Europe involved almost no capital investment because it 'has no planes and we buy once we have an order'. So, as Marquis receives requests for more cards, it matches this

by buying more fractions from NetJets. "We are the intermediary," says Hersov, and this is the secret of the Marquis system. As Hersov says: "We are really sales, marketing and customer service. So our investment is in people."

He believes the Marquis system is vastly superior to chartering. "There's a reason why a charter broker has the lowest price," he says. "His planes are older, his crew is less well-trained, he's skimping on maintenance and there's no back-up." But with NetJets behind it, Marquis' strongest point is its service.

NetJets has the youngest fleet of private jet aircraft, and has a 100 per cent safety record.





Jason Courage and Troy Forsythe with the most exclusive membership card in Europe.

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cal cockpit and instrumentation designs, to ensure that the pilots are familiar with the controls of the specific aircraft type they're flying. And while launching Marquis so soon after the 11th September attacks could have been imprudent, it's easy to see why Hersov says that growth has been 'huge' since then.

The Marquis card offers exclusive use of a plane, and all NetJets flight crew must pass pre-employment psychological, criminal and even financial history checks. Passengers' baggage is hand-checked and they are required to present photo identification before boarding the plane, even though most passengers are generally known to the crew.

There is also the comfort of knowing that there is a huge system behind NetJets. The 'what if' department is unique in aviation. Hersov explains: "There's a dedicated team in Lisbon focused on 'what ifs', so once a customer books a flight, Marquis begins to make plans for unexpected eventualities such as passengers falling sick on board and adverse weather conditions that may affect the journey. But of course NetJets takes no chances and employs eight full-time meteorologists to monitor air traffic and weather conditions in real time. "There's not a single charter operator in Europe that does that," boasts Hersov.

The European programme is dwarfed by the growth of the Marquis market in the US, which represents almost 90 per cent of the company's overall business. And Hersov doesn't foresee that the split will shift. He explains that since fortunes in the US have been made largely from 'new money' such as oil and technology, Marquis' US customers are 'more impulsive' and make quicker decisions about capital investments than their European counterparts, who are more conservative with wealth accrued over hundreds of years.

Hersov adds that both the aviation infrastructure and the geography of the US are also conducive to the Marquis card, since there are more airports that are open 24 hours a day than in Europe and customers are required to make journeys of around eight hours just to get between population centres across the country.

"You don't have an eight-hour flight in Europe," says Hersov, but he believes that in fact this makes the Marquis card better value in Europe than the US, because customers are able to make more journeys per card between major centres.

And given that the Marquis card allows customers to fly on demand from over 300 airports across Europe, companies' costly stays in club-class rooms could be a thing of the past. So it's surprising to find that businesses account for only 10 per cent of Marquis' clients. "Corporates often have a number of decision-makers, the sell cycle is much longer and they have to justify the need," says Hersov.

But he adds that businesses are beginning to see the benefits of the card, and companies are already using Marquis if they have a plane on order or if their plane is in repair, because Marquis offers guaranteed immediate availability. One of the biggest advantages to companies, notes Troy Forsythe, is that unlike NetJets' fractional-ownership system, businesses don't have to purchase an aircraft and have it on their books with the Marquis card. "Shareholders don't see it," he says.

Tour athletes, such as golf and tennis players, have been the quickest to see the advantages of the Marquis card and the current client list reads like a Who's Who of European sport. Golfer Ian Woosnam, tennis player Tim Henman and footballer Alan Shearer are all Marquis devotees. As Forsythe explains, "The biggest headache for them is travel so they just want convenience and knowledge that they're going to get from A to B."

Rob Hersov has hired motor-racing personality Jason Courage to handle sales specifically to motor-racing clients, where he feels there is a huge market. Hersov says the convenience, flexibility and speed of Marquis couldn't be more appropriate to Formula One drivers, who travel to races, test sessions and back home during the season. And Marquis' recent signing of David Coulthard is testimony to this.

Courage says that the main advantage of the Marquis card for F1 drivers is that Marquis covers the costs of ferrying the aircraft back to the departure point when the passenger has reached his destination. Marquis is most convenient for young drivers who are new to Formula One and are unsure whether they will have a drive the following year.

"Some people will never want to go into a five-year contract, they will just want to do it in short blocks, and that's why they'll stay with us," says Courage. But otherwise, Marquis is a test bed for the NetJets service and doesn't operate in competition with it. Hersov says, "As people become wealthier or they decide to fly more hours in a year, they'll say, at about 100 hours a year, it's more cost-effective to go to Net Jets."

With Europe and America conquered, Marquis is committed to expanding on the back of NetJets into Latin America, western Russia, Asia and South America.

The fleet is expanding accordingly and Hersov boasts that '45 per cent of all the private jets being manufactured in the world today are on order for Net Jets', so by 2004 it should have over 1,000 planes.

And in future you might not only be able to fly but also stay with Marquis, as Hersov hopes to expand the concept to villas and maybe even helicopters and yachts. "The real luxury is time, space and privacy," he says. These are things that money can't buy, but Marquis clearly can provide.

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Troy Forsythe, vice-president of sales, explains that NetJets' pilots are trained for twice the time that most commercial and private aviation pilots spend training. "Eleven of the pilots are actually ex-Air Force One pilots," he adds. And NetJets' captains also spend more time training for unexpected situations in simulators than other pilots, since Warren Buffet – the owner of NetJets – also owns one of the world's largest flight simulators.

Onboard safety measures are equally exacting, and not only are there two captains on every flight but each pilot flies on one type of aircraft. NetJets operates aircraft with identi-