

# Flying Discounted Skies

*Xojet runs its fleet differently so clients pay less.*



By Jeff Burger

LAUNCHED IN JANUARY 2006, XOJET OPERATES 47 SUPER-MIDSIZE business jets out of Brisbane, Calif. Its service differs from those of competitors in several ways. It deploys its private fleet unconventionally, often passing the resultant savings on to customers, and its pricing is transparent compared with that of many rival outfits flying the skies. Even its marketing efforts crack open tired industry practices. Xojet—which private-equity investment firm TPG Capital acquired in 2009—picked up its odd name when the firm’s founder, Paul Touw, saw a bottle of Hennessy XO.

Let’s start with the Xojet fleet, which includes 14 Bombardier Challenger 300s, 26 Cessna Citation Xs, and seven Hawker 800XPs made by Hawker Beechcraft. The firm’s jets have an average age of just three years, and it claims to have been the first in its industry to equip all of its airplanes with Wi-Fi. Many private-jet companies deploy aircraft they manage for others, while Xojet, in contrast, owns or leases all of its airplanes.

The jets are painted entirely white, a conventionally perceived drawback because the color suggests unsold aircraft. Furthermore, the Xojet name is plastered across the engine covers. That’s another marketing no-no; passengers typically like folk outside the plane to think they are flying their own jets, not just some air taxi. But customers apparently like the look, and the branded planes on tarmacs around the country have spread word that Xojet serves many cities.

The outfit claims that owning and leasing its fleet results in better efficiency and more consistent quality. By concentrating on just a few aircraft models, moreover, Xojet minimizes costs for crew-training, insurance, parts, and maintenance. It also flies its airplanes 95 to 100 hours per month—more than twice the industry average, it says—and makes relatively few repositioning flights (trips without paying passengers). All this efficient fleet utilization helps Xojet of-

fer highly competitive pricing, according to CEO Blair LaCorte.

To better understand the prices on offer, we reviewed Xojet’s current menu of six flight options, all introduced since 2009. Three of them compete with traditional charter:

**Fixed-Price Charter** offers set charges for flights between 22,000 U.S. city pairs, including San Francisco/Atlanta (\$22,000), Los Angeles/Houston (\$17,000), and Chicago/Seattle (\$25,000). As with traditional charter, availability of aircraft isn’t guaranteed. What’s different is that Xojet’s prices are transparent. The published prices include ground transportation in departure and arrival cities, in-flight catering, phone calls, and Wi-Fi connectivity—everything but federal excise tax.

**Preferred Access** allows you to cut costs for each flight by prioritizing your needs. You can pay less, for example, if you’re flexible about departure dates and times, airports, and other issues. Aircraft availability isn’t guaranteed here, either, but CEO LaCorte reports that Xojet fills requests 90% of the time. Discounts are also available if you make a refundable deposit.

**Custom Charter** is a traditional charter offering and is the only Xojet product that sometimes utilizes aircraft from outside the company’s fleet. In this case, Xojet will find you an airplane to take you wherever you want to go and provide a customized quote—which, by definition, will be more than you’d pay with the Preferred Access program.

Xojet’s other offerings compete more with fractional providers—companies that sell aircraft shares—and with jet cards, which are really airtime coupons. Aircraft availability is guaranteed in these cases. But unlike fractional shares, these programs don’t require buying a portion of an aircraft or suffering a loss if airplane values dive hard.

**Coast2Coast** is for those travelling cross-country at least three times a year. The service covers more than 100 routes between East Coast and West Coast airports and costs \$115,000 for 25 hours of airtime. Such flights can cost

**Clients get lower prices on long distance routes and by booking well ahead of travel dates.**

40% less than with a fractional share, Xojet claims, because it’s less expensive to operate popular, long-distance routes. The company passes those savings on to clients; rival fractional-share providers typically charge the same rates regardless of route.

**Elite Access** lets you use Xojet’s fleet for \$8,500 per flight hour, including fees, taxes, and fuel. There’s a \$100,000 refundable deposit; the company bills you on a per-flight basis, with a minimum charge of 1.5 hours per flight, and requires an annual 50 hours fly-time commitment. “Minimal” charges apply for canceled flights or schedule changes with less than 12 hours’ notice during non-peak days, or less than 48 hours during peak-demand days.

**Jet Membership**, a variation of Elite Access, offers the best Xojet market price per trip to those purchasing membership for a “low” fee. Asked what “low” means, a representative replied that the program “is highly customized” to address “when, where, and how a customer prefers to fly.” Membership is for anywhere from one to five years, the hours associated with the membership don’t expire, and there are no blackout days or aircraft-repositioning fees. Furthermore, you pay only for the airtime used.

Xojet’s offerings can look sweet if you want simple, competitive pricing with minimal commitments and fine print. But LaCorte admits that some consumers—particularly those who want a waiting plane to whisk them off on a whim—may be better off with a fractional provider or full ownership. Traditional charter can make sense in other circumstances.

Private-jet charges are not nearly as easy to scrutinize as airline fares. Some companies charge for every little extra, and even Xojet’s relatively straightforward deals often involve flight-hour commitments and upfront deposits. Given the amounts of money involved, it’s always wise to carefully consider all the alternatives before signing on any firm’s dotted line. ■

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