

1999 NBAA Business Aviation Study



**Utilization
Strategies**

**Prepared For:
NBAA**

**1999 Convention
Summary
Overview**



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Key Objectives

- The **1999 NBAA Aviation Study** has three main objectives:
 - ❖ To analyze and understand the past and present aircraft fleet utilization of organizations which operate business aircraft
 - ❖ To identify and understand key aircraft utilization strategies and their relative impact and importance to an organization
 - ❖ To identify reasons and trends for aircraft utilization increases/decreases

Study Methodology

• Questionnaire

- ❖ Questionnaires were administered via telephone
 - Interviews were conducted among those who individuals at an organization who have direct authorization for use of the business aircraft and/or those who have contributed the most input to aircraft utilization strategy
- ❖ Time frame of data collection: July to August, 1999
- ❖ Sample was obtained via multiple list sources of aviation data
- ❖ Total response rate was 24 percent with 413 completed interviews
- ❖ Sample reflects the incidence of companies/organizations with helicopters, turboprops, and jets

Study Methodology (Continued)

- Utilization strategies and their definitions:
 - ❖ **Key employee travel** – Getting the right person in the right place at the right time. Key employees can be any employee acutely critical to a particular mission
 - ❖ **Customer visits** – Getting your organization’s employees out to your markets to visit your customers on their turf
 - ❖ **Customer trips** – Picking up your customers and bringing them to your offices, facilities, or organization sponsored events
 - ❖ **Scheduled customer service** – Routine trips by your organization’s employees to perform customer service
 - ❖ **Emergency customer service** – Rapid response trips, made almost on a moment’s notice, to fix what’s broken and “put out fires” when and where your customer needs you
 - ❖ **Humanitarian and charitable flights** – Trips that have some public relations benefit, or simply help your organization be a good corporate citizen without any publicity
 - ❖ **Sales and marketing blitzes** – Multi-day/multi-city sales trips by organization marketing or sales teams, typically covering a region or sales area

Study Methodology (Continued)

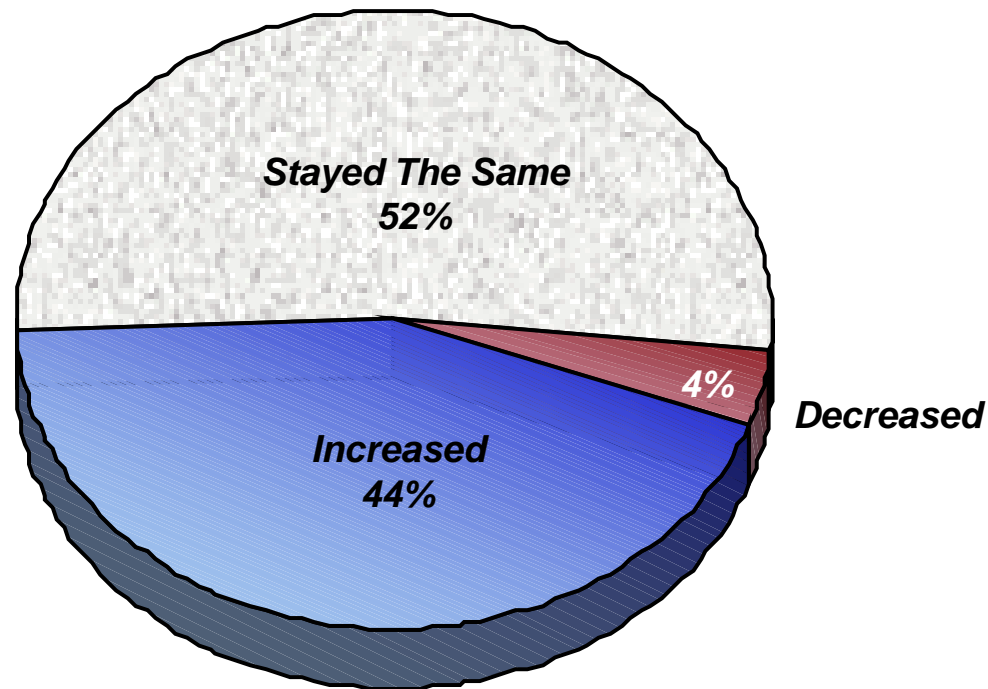
- ❖ **Charter revenue flights** – That is, does your organization have the ability to offer the aircraft for charter to help defray costs via a Part 135 charter certificate?
- ❖ **International flying** – Regularly outside the United States but usually not beyond North America
- ❖ **Global flying** – Regularly outside of North America
- ❖ **Helicopters** – That is, helicopters used for point to point travel between specific destinations; not just for between airports
- ❖ **Management teams** – Transporting management teams to organization sites
- ❖ **Engineering teams** – Transporting production or engineering teams between, for instance, organization factories
- ❖ **Corporate shuttles** – Regularly scheduled flights between organization facilities or customer sights
- ❖ **To make airline connections** – Making airline connections with other flights, particularly international flights
- ❖ **To carry priority cargo, parts, mail**

Study Methodology (Continued)

- ❖ **Special projects** – Such as advertising shoots
- ❖ **For goodwill/lobbying** – Providing transportation for elected or appointed officials, or providing for special customer needs, such as personal travel for family emergencies
- ❖ **Utilitarian purposes** – For mapping, aerial surveys or inspections, etc.
- ❖ **Market expansion** – Using your aircraft to facilitate your market expansion
- ❖ **As an in-flight/en route office** – Proactively planning to work while aboard your organization's aircraft or used as an office destination in-and-of itself
- ❖ **For an employee's non-business related personal travel**
- ❖ **To attract and retain key people** – As an employee moral booster; for instance, getting your people home at night so that they can be with their families
- ❖ **To maximize employee safety and industrial security** – By corporate policy or occasionally as required

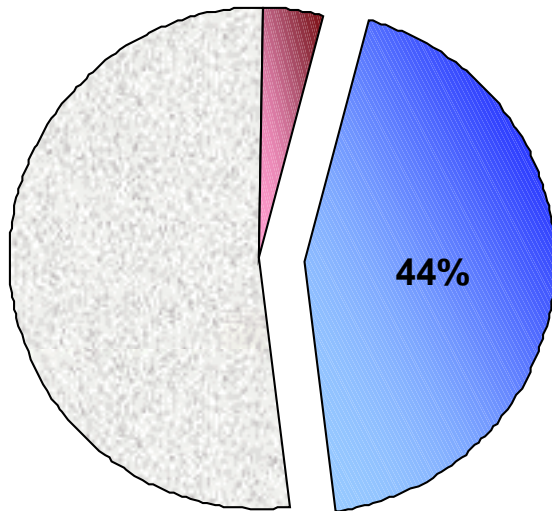
Nearly 45% Of Organizations Reported An Increase In Aircraft Utilization Within The Past Year

Business Aircraft Utilization (Past 12 Months): Total Industry

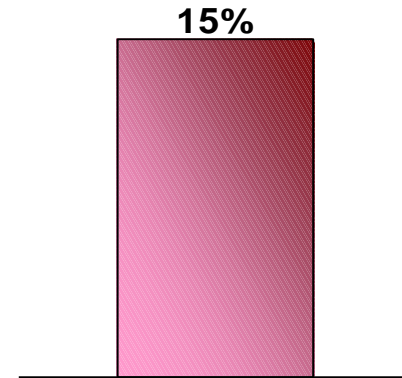


Of Those Who Experienced An Increase, The Increase Was 15%

% Increased Utilization - Past 12 Months

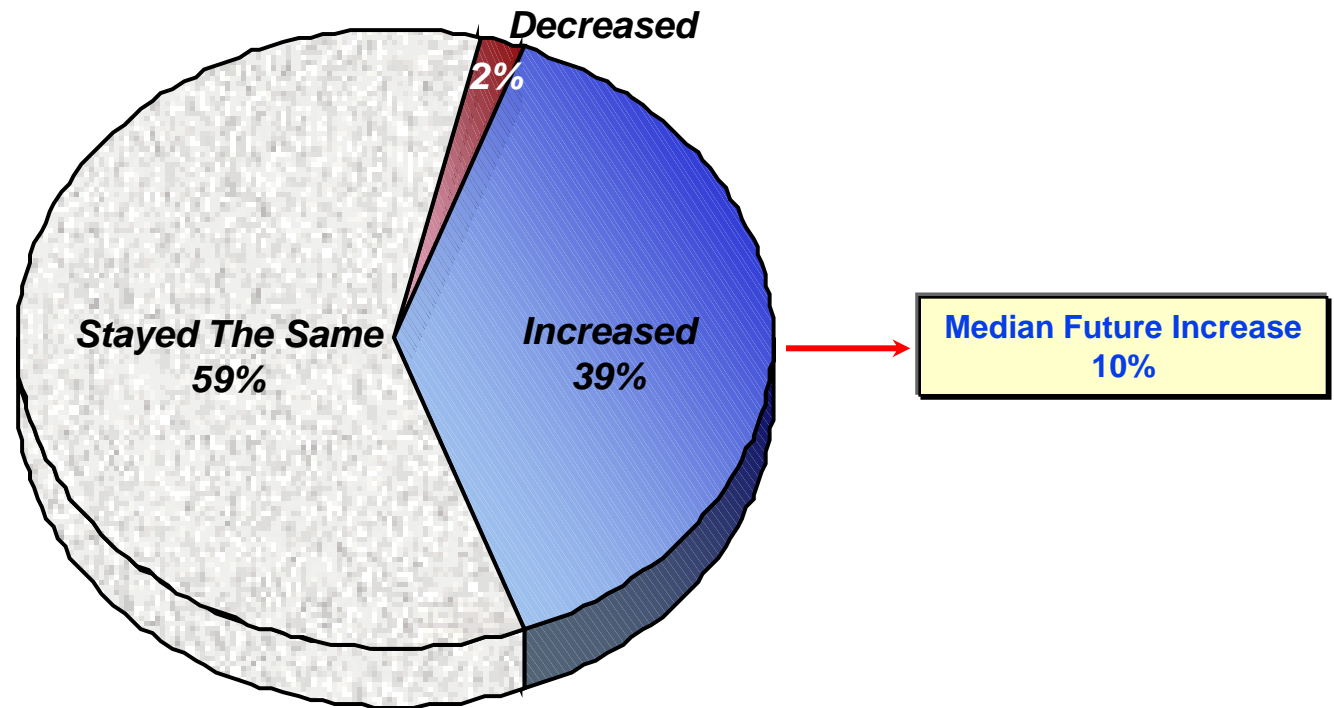


Median % Increase



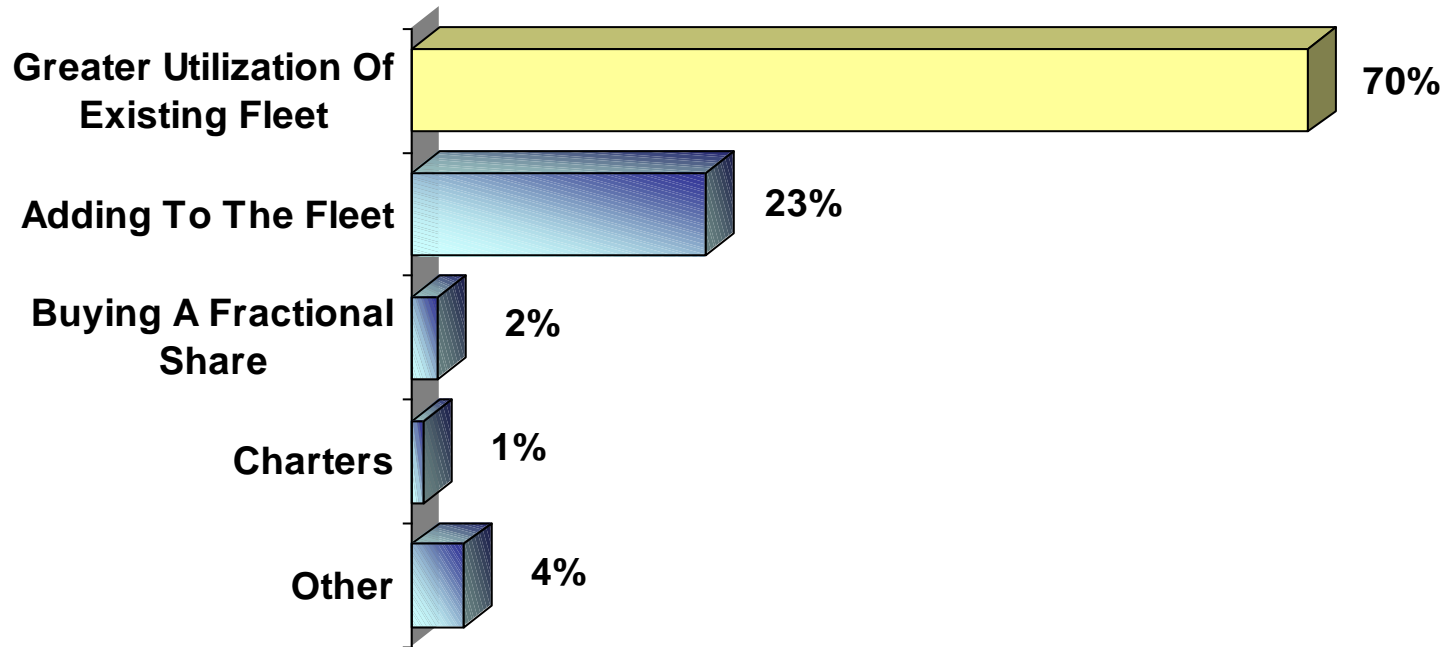
Nearly 40% Expect To Increase Their Utilization Of Business Aircraft Within The Next Year. The Expected Increase Is 10%

Business Aircraft Future Utilization Intention (Next 12 Months): Total Industry



“Greater Utilization Of The Existing (Aircraft) Fleet” Will Facilitate The Majority Of The Increased Utilization In The Next Twelve Months...

Ways Of Facilitating Increased Utilization Of Business Aircraft ‡: Total Industry

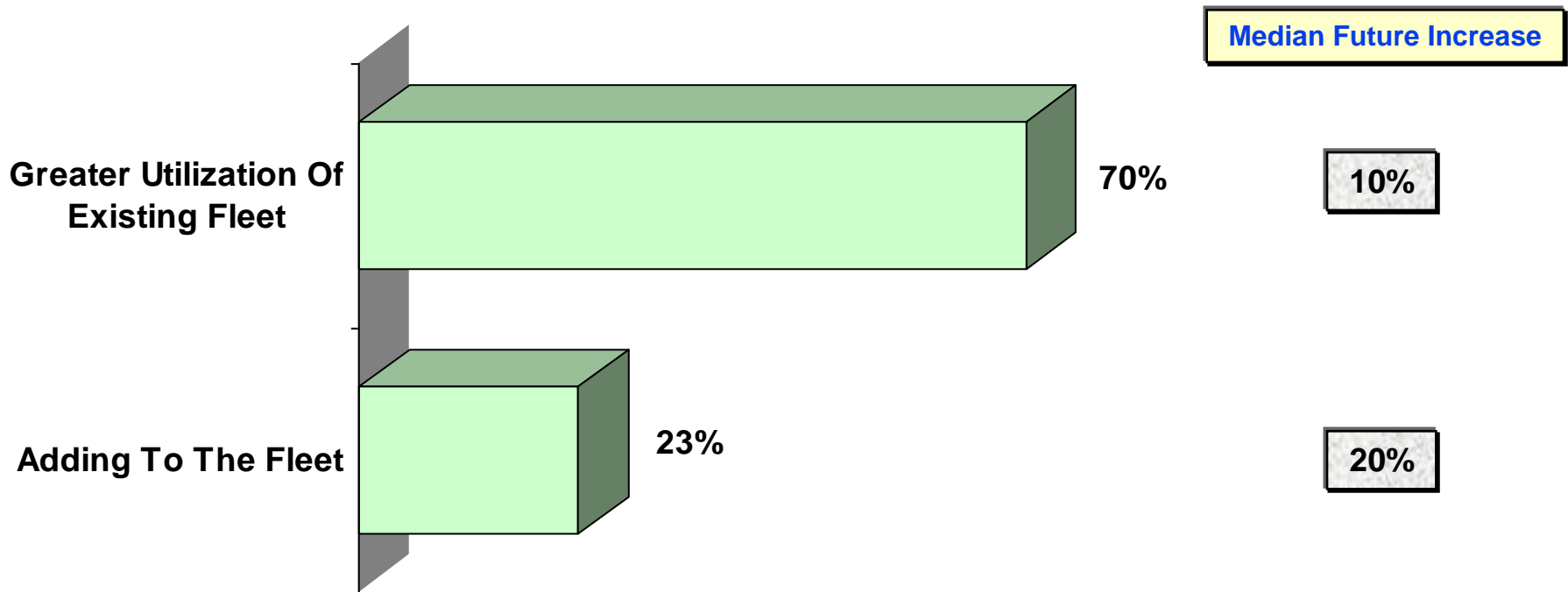


‡ Base: Organizations That Will Increase Utilization Of Business Aircraft- Next 12 Months

...However, When “Adding To The Fleet”, The Increase In Fleet Utilization Is Twice That Of When There Is “Greater Utilization Of The Existing Fleet”

Ways Of Facilitating Increased Utilization Of Business Aircraft‡

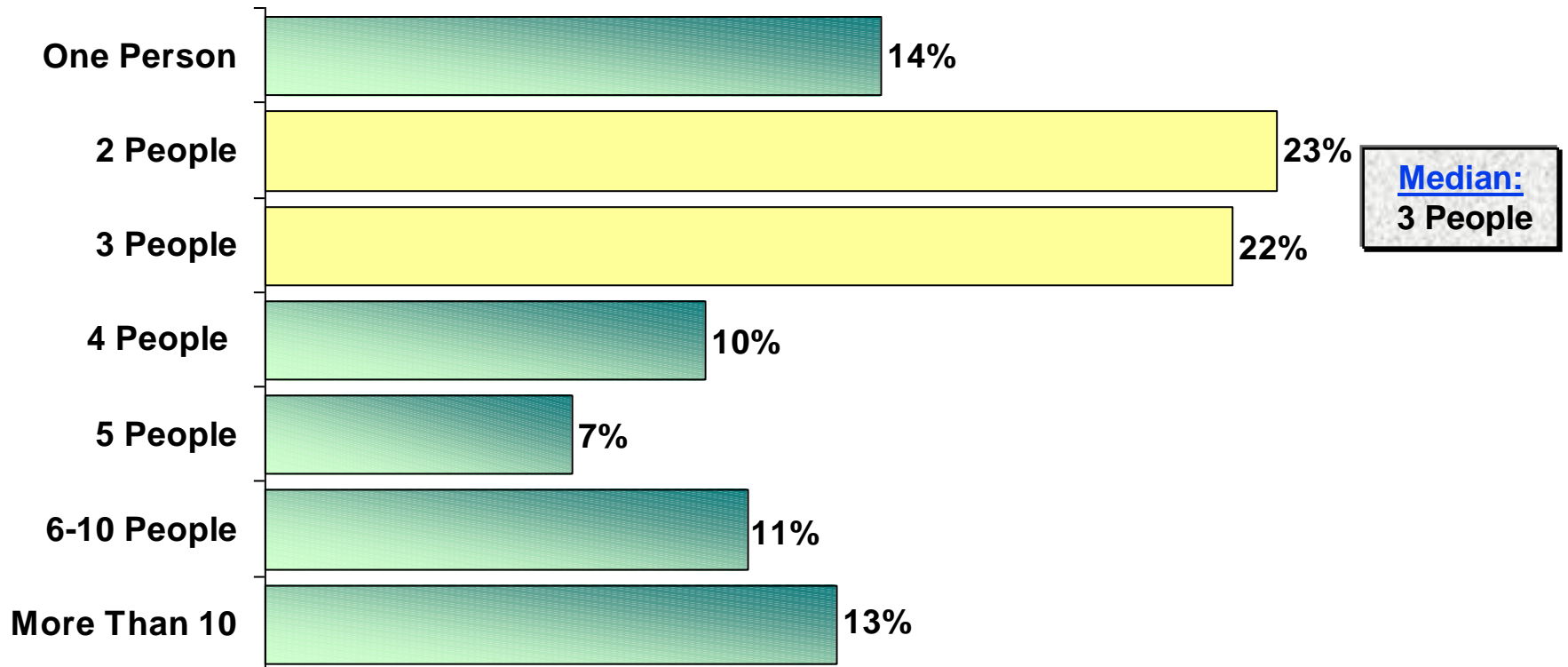
Median Future Increase: Total Industry



‡ Base: Organizations That Will Increase Utilization Of Business Aircraft- Next 12 Months

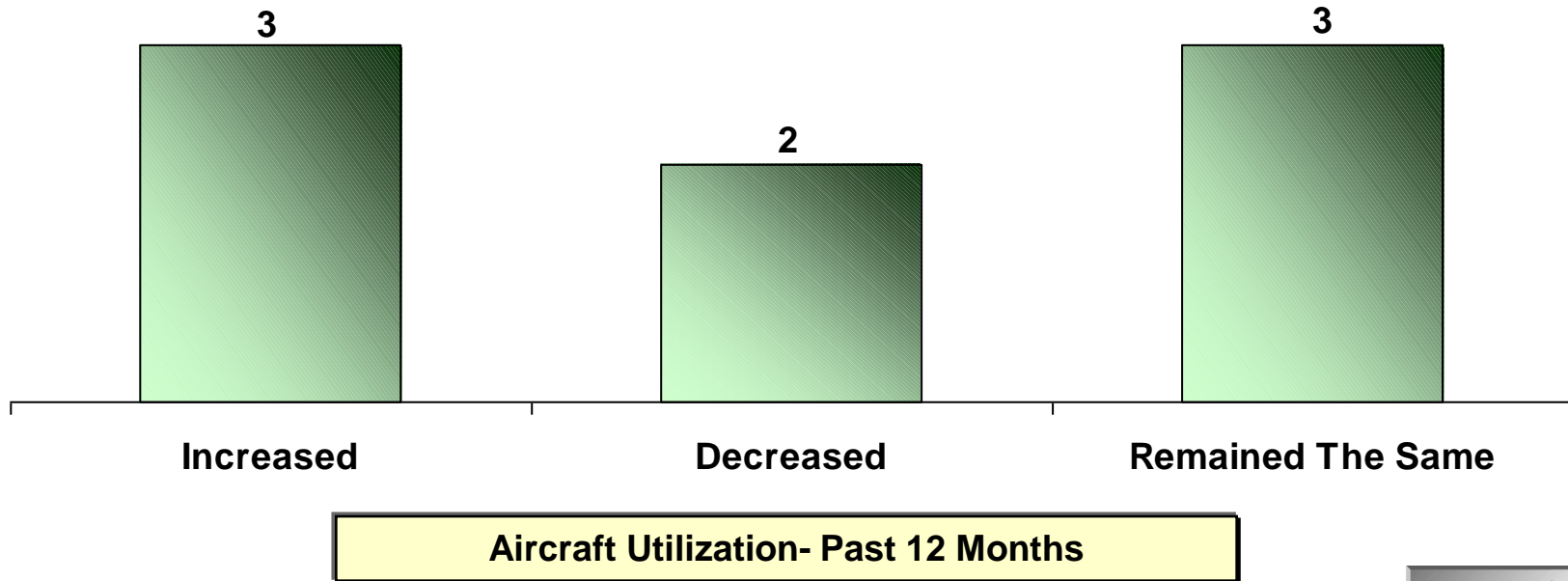
The Median Number Of People Who Can Authorize The Use Of Aircraft Is Approximately 3...

Of People Who Can Authorize Use Of Aircraft: Total Industry



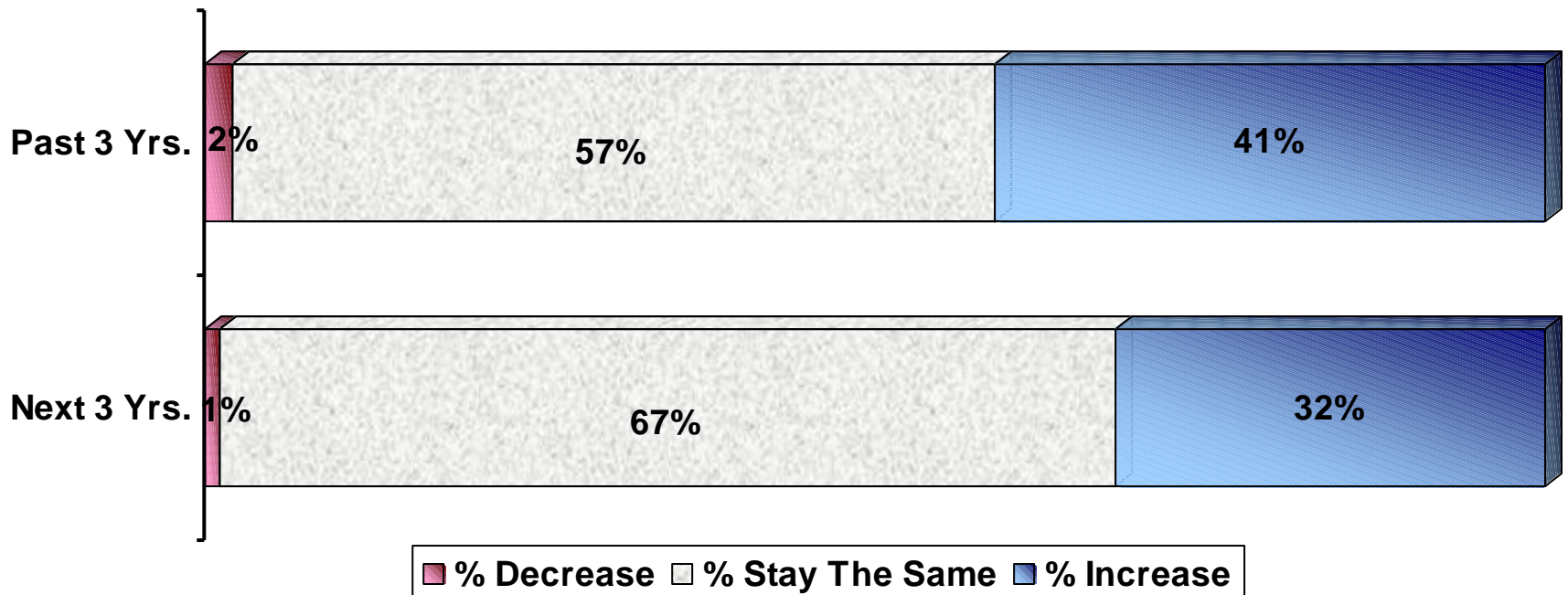
....And, The More People Who Can Authorize Aircraft Utilization Is Directly Related To Increased Utilization

Median # Of People Who Can Authorize Use Of Aircraft By Aircraft Utilization (Past 12 Months): Total Industry



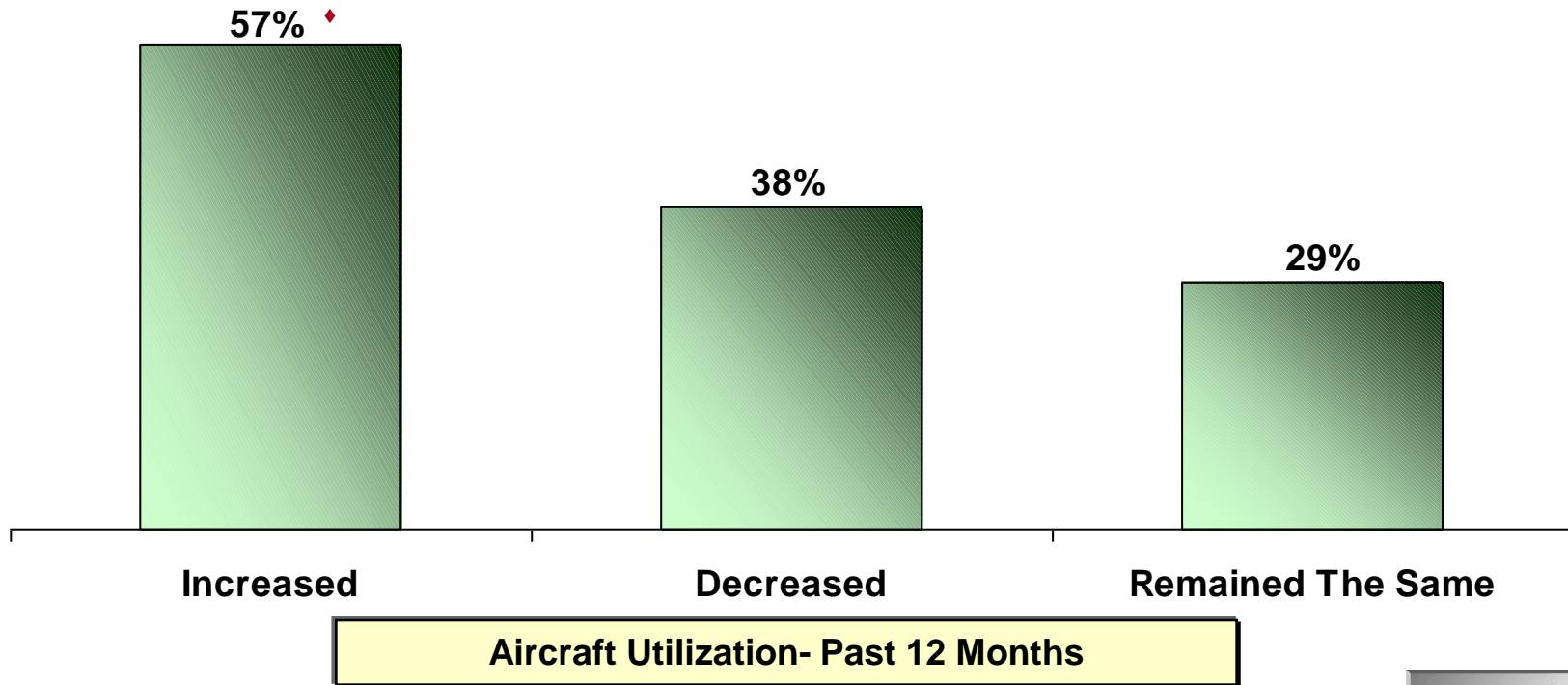
Approximately 1/3 Of Organizations Expect Access To Business Aircraft To Increase In The Next 3 Years....

Employee Access To Aircraft: Past 3 Yrs. Vs. Next 3 Years - Total Industry



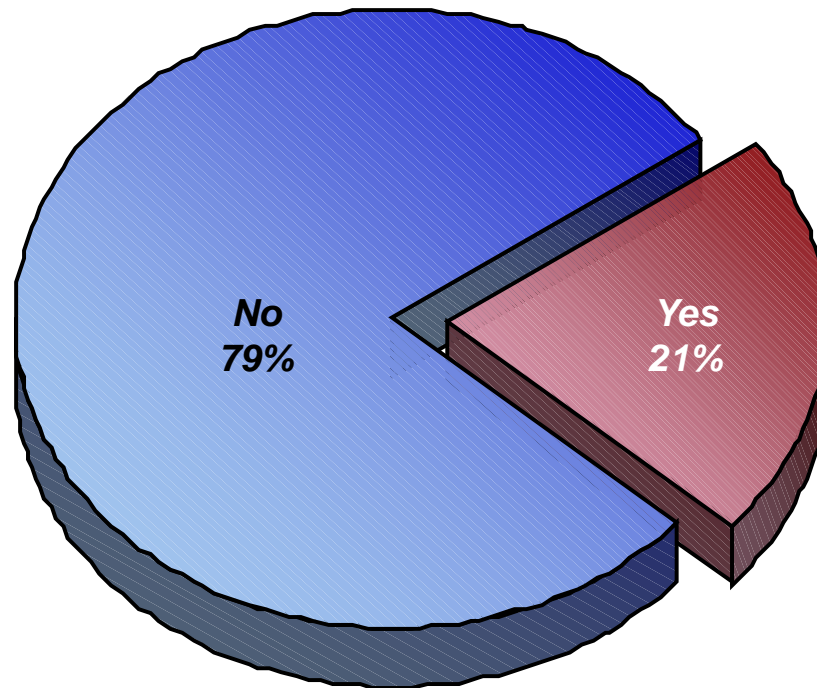
...And Intuitively, Greater Access Means Greater Aircraft Utilization

Employee Access To Aircraft (% Increased - Past 3 Years)
By Aircraft Utilization (Past 12 Months): Total Industry



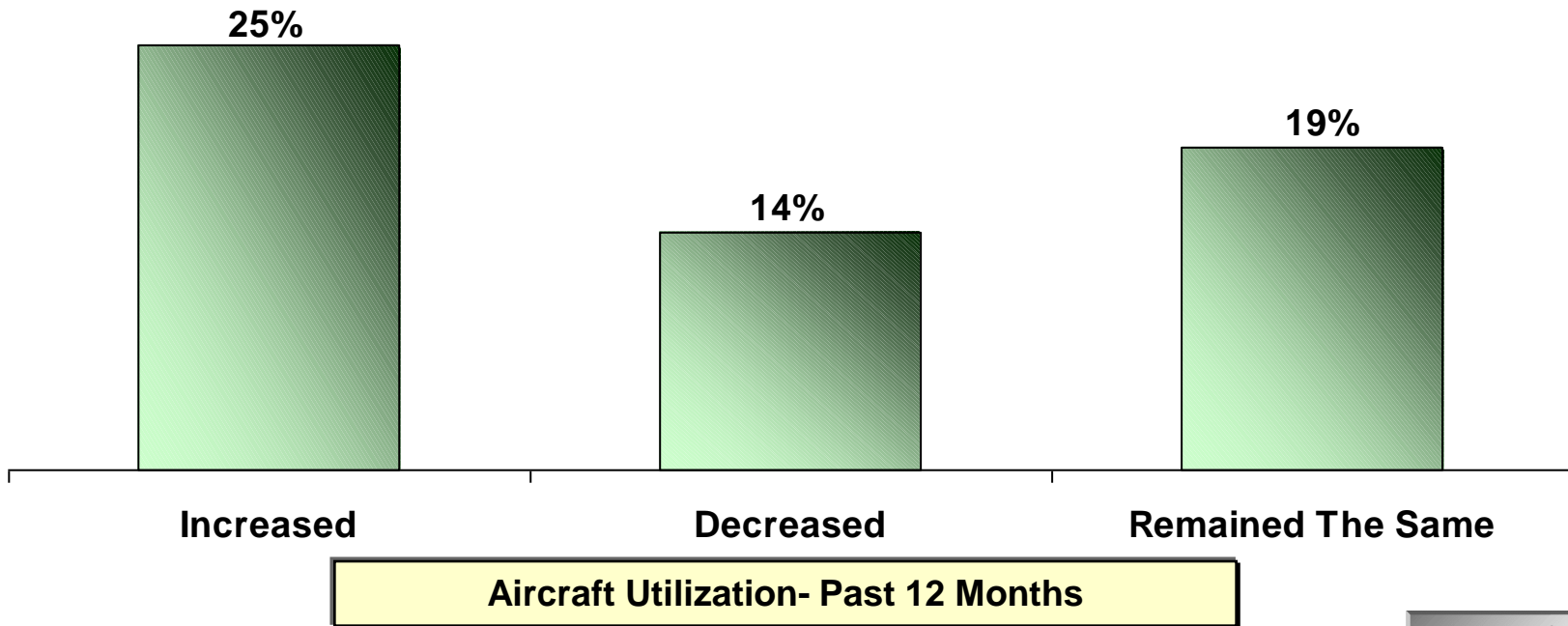
About 20% Of Organizations Have Conducted A Study To Determine The Best Use Of Business Aircraft...

% Conducted Study To Determine The Best Use Of Aircraft: Total Industry



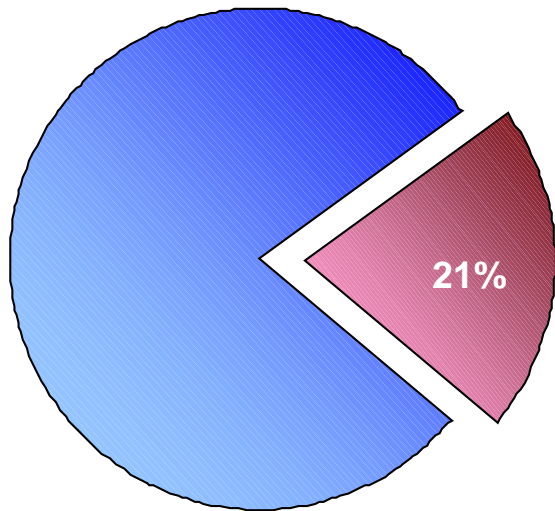
...And Among Those Who Have Experienced An Increase In Utilization, Almost Twice As Many Have Conducted A Study

% Conducted Study To Determine The Best Use Of Aircraft By Aircraft Utilization (Past 12 Months): Total Industry

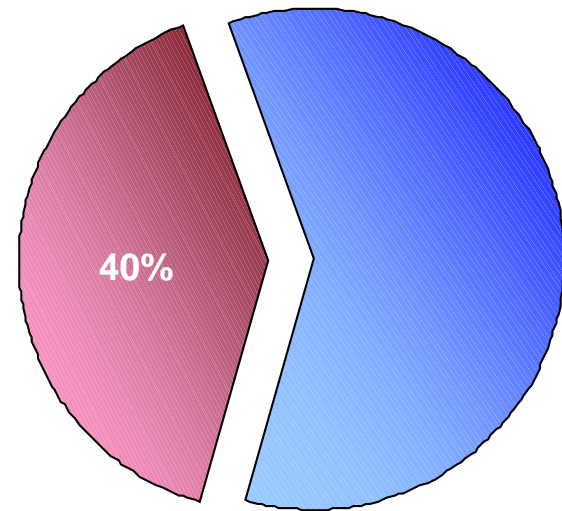


Among Those Who Conducted A Study, 40% Believe The Organization Should Study The Issue(s) Further

% Conducted An Aircraft Utilization Study

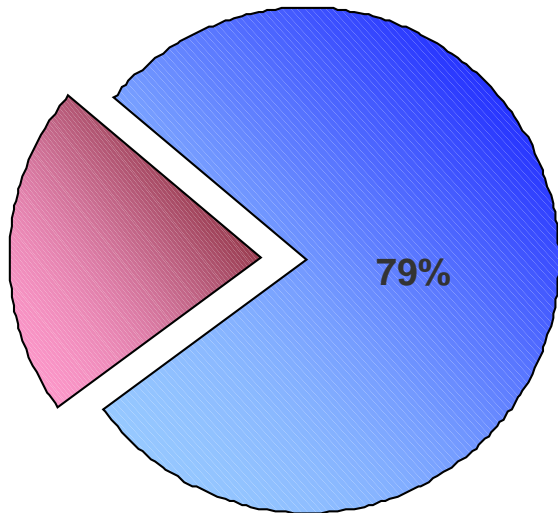


% Should Study Issue(s) Further

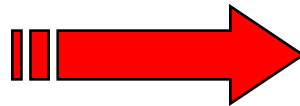
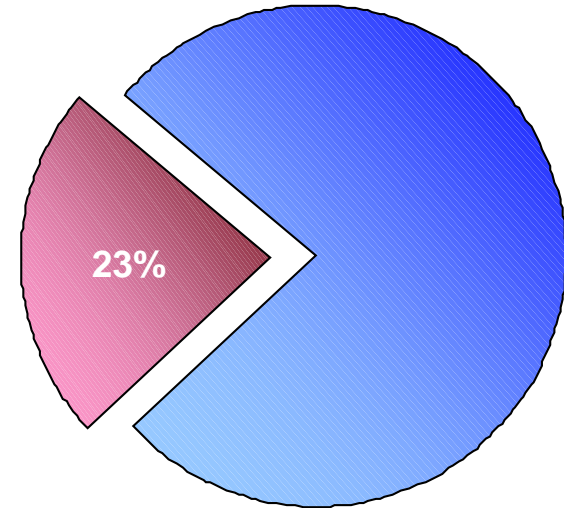


But Those Who *Have Not* Conducted A Study, Only 23% Believe The Organization Should Conduct A Study

***% Not Conducted* An Aircraft Utilization Study**

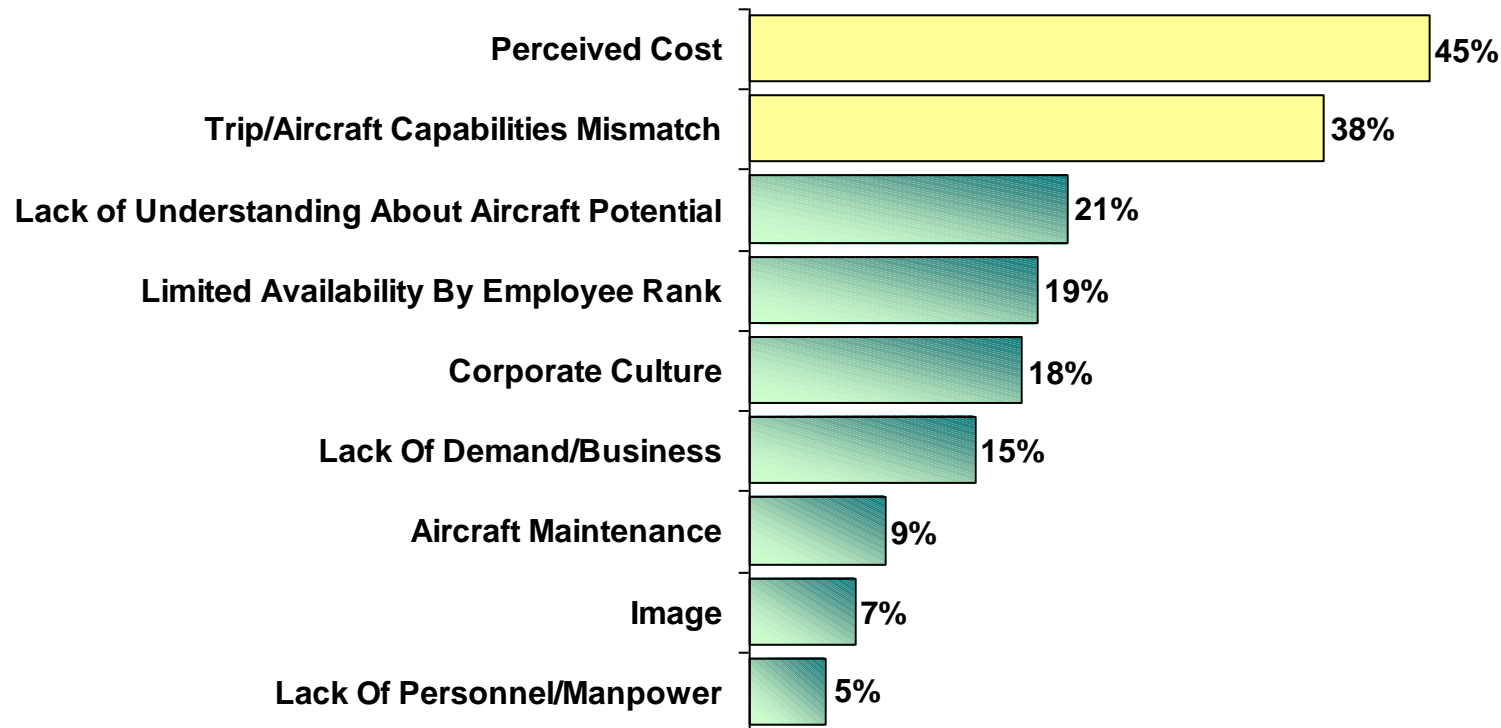


% Should Conduct A Study



Business Fleets Are Operating At 80% Capacity. “Perceived Cost” And “A Trip/Aircraft Capabilities Mismatch” Were The Top 2 Reasons Given For Aircraft Operating At Less Than 100% Potential

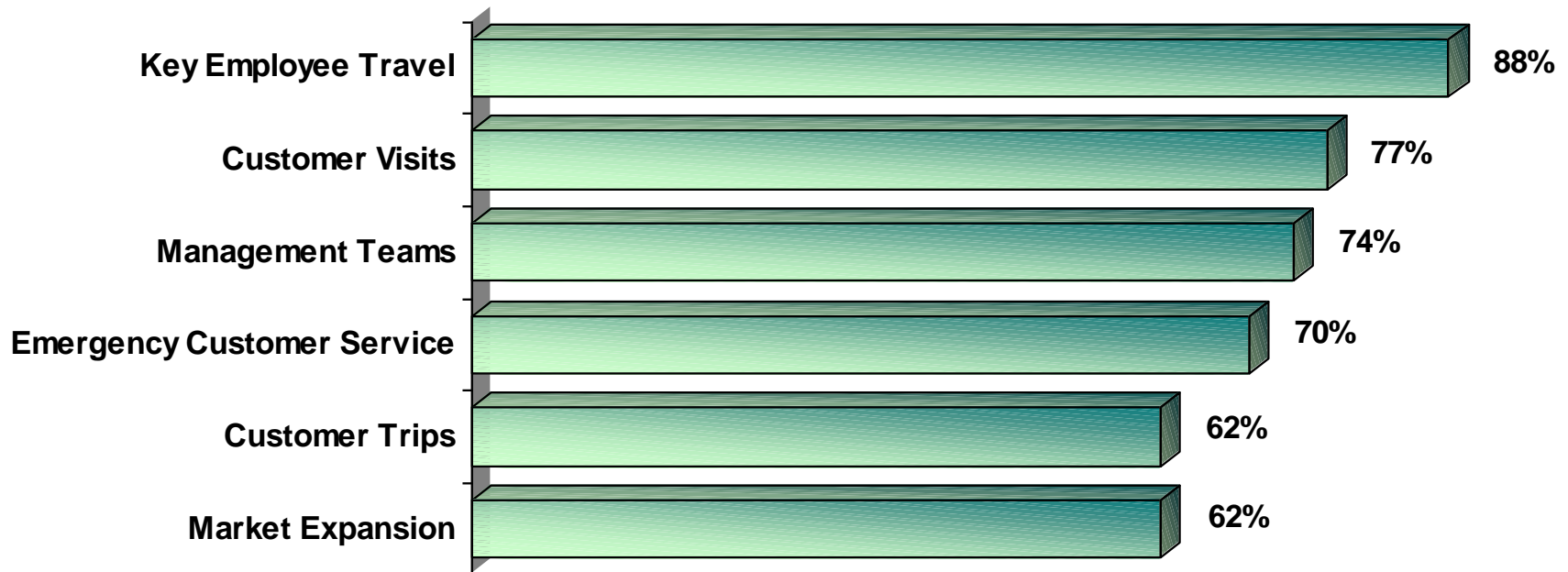
Reasons Aircraft Operate At Less Than 100% Potential: Top Mentions
Total Industry



The Prevalence Of Organizations Employing A Specific Utilization Strategy Can Be Segmented Into Three Tiers. Within The Top Tier Group, 88% Of Organizations Use Their Aircraft For “Key Employee Travel” ...

Utilization Strategies: % Of Organizations That Employ Strategy: Total Industry

First Tier: Above 60% Prevalence

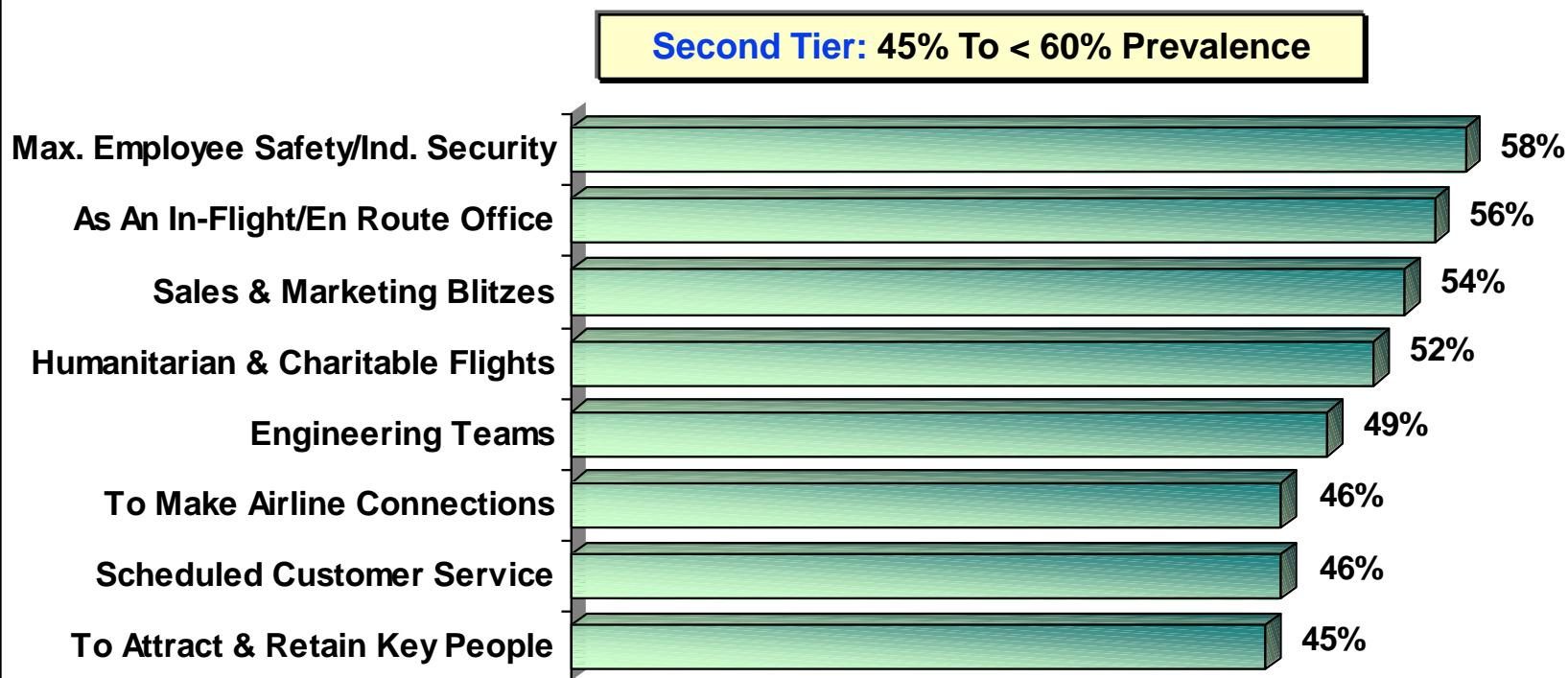


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...“To Maximize Employee Safety/Industrial Security”, “Use As An In-Flight/En Route Office” And “Sales & Marketing Blitzes” Are Among Top Strategies Employed Among The Second Tier Group...

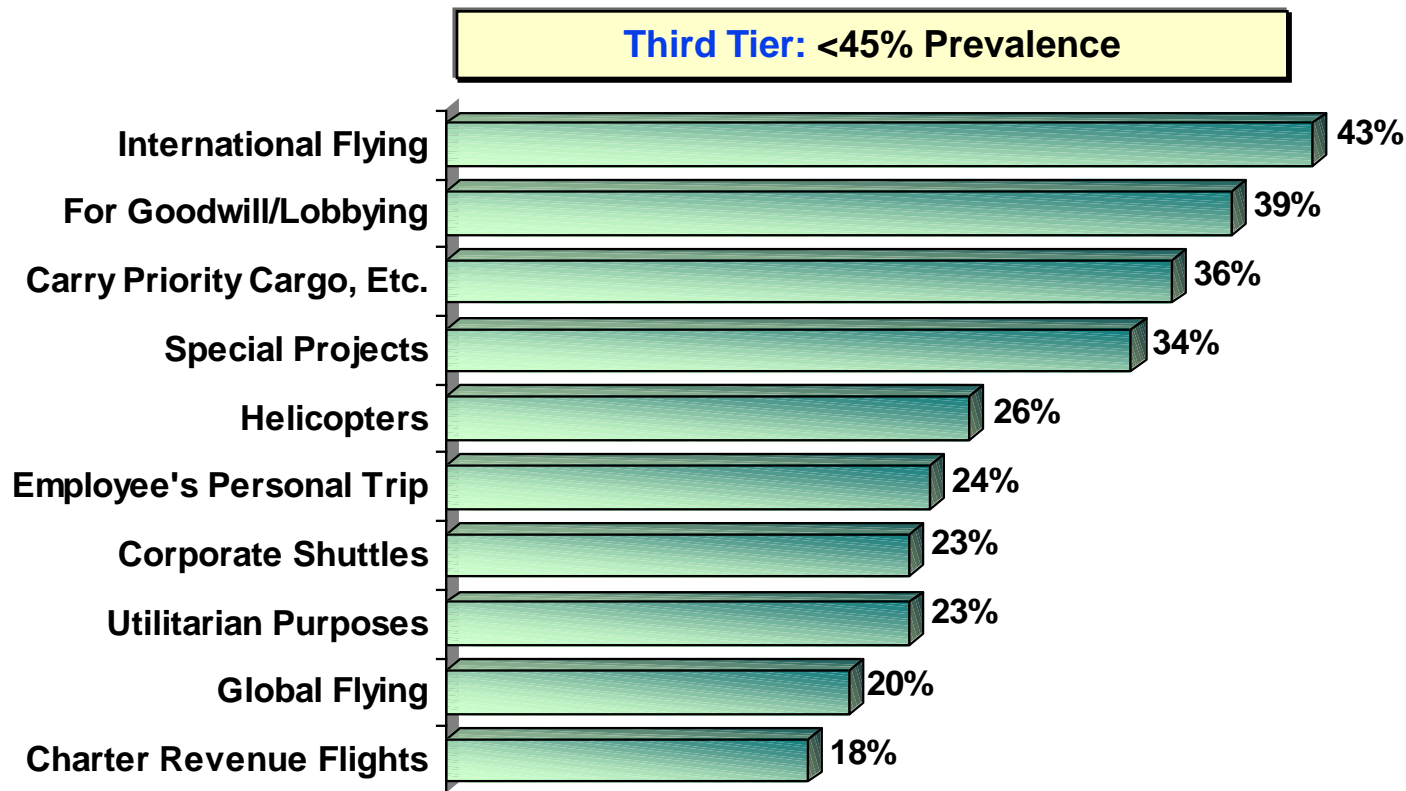
Utilization Strategies: % Of Organizations That Employ Strategy: Total Industry



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“Charter Revenue Flights”, “Global Flying”, “Utilitarian Purposes” And “Corporate Shuttle Use” Are Among The Least Prevalent Uses Of Business Aircraft

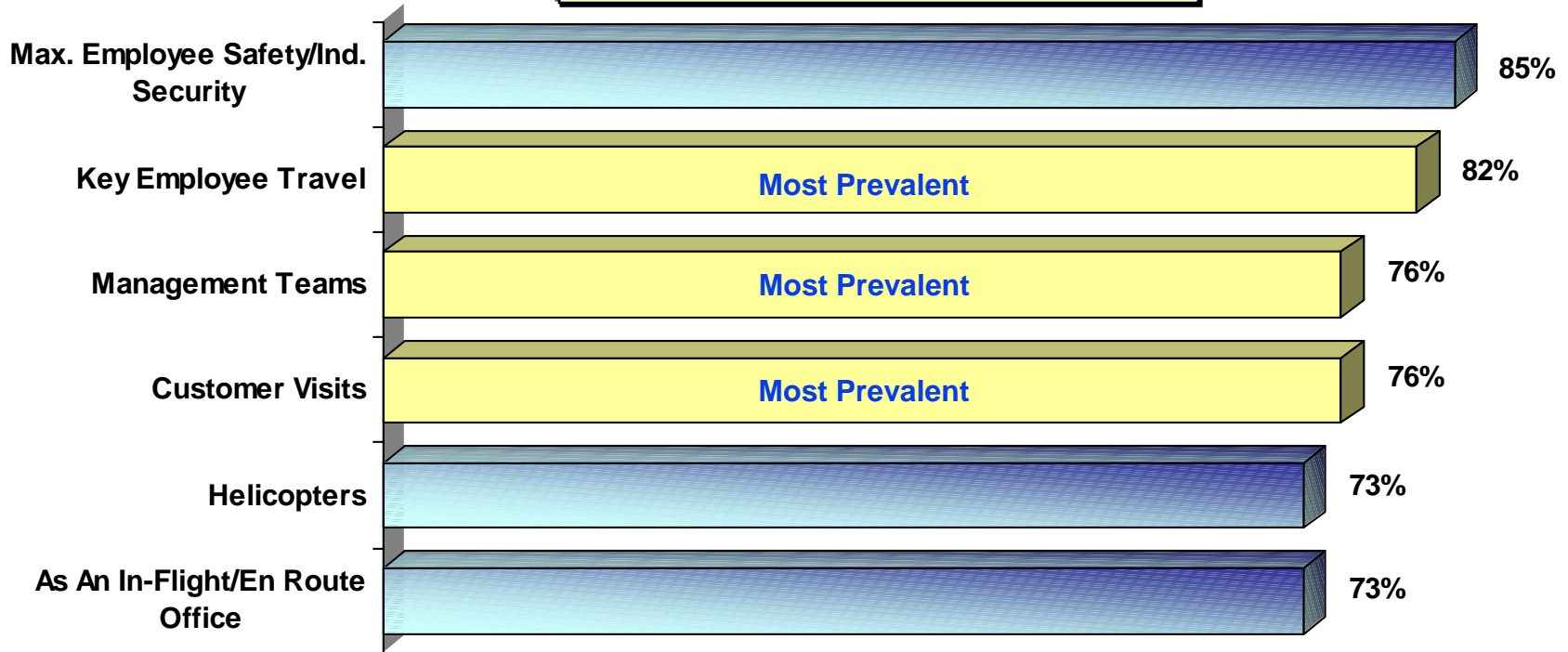
Utilization Strategies: % Of Organizations That Employ Strategy: Total Industry



“Key Employee Travel”, “Customer Visits” And “Management Teams” Are Among The Most Prevalent And Most Important Utilization Strategies...

Utilization Strategies‡: % Of Organizations That Identify Strategy As Having High Importance†: Total Industry

First Tier: Above 70% Importance



‡ Base: Among Those Organizations That Employ A Specific Utilization Strategy

† High Importance = % Rating 5/4. (Based On A 5-Point Scale Where 5 Means “Extremely Important” And 1 Mean “Not Important At All”)

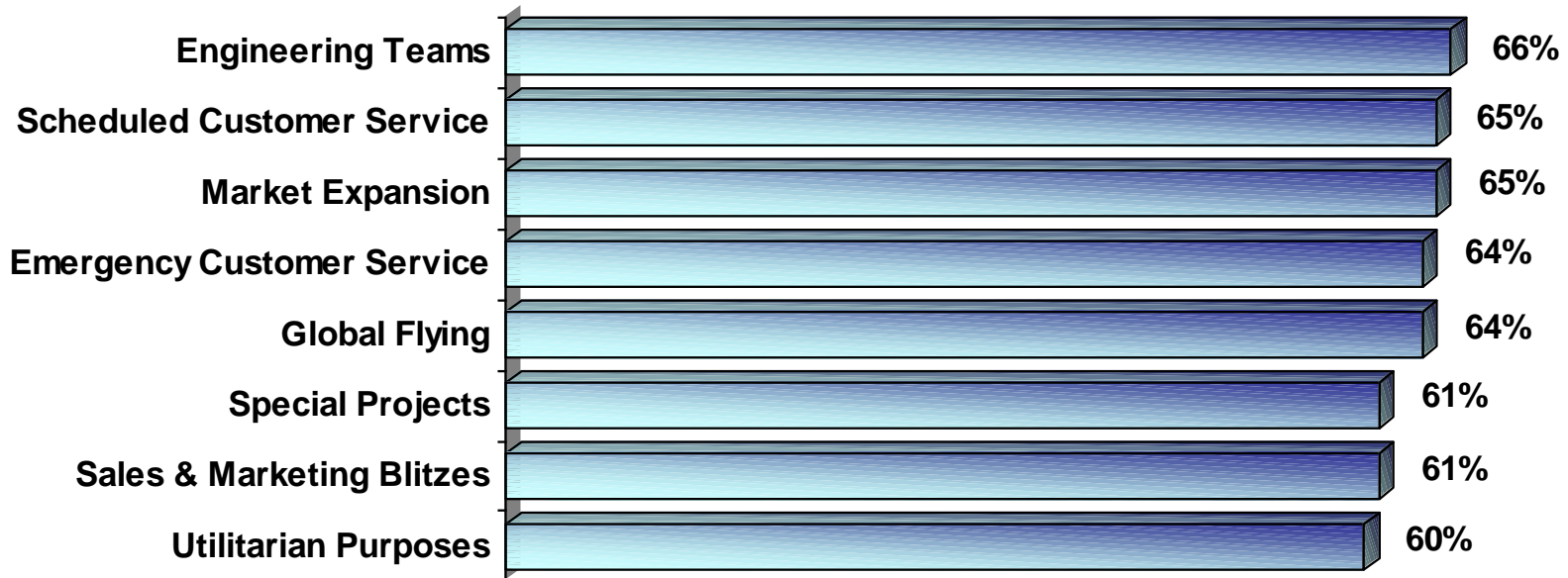
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...“Engineering Teams”, “Scheduled Customer Service” And “Market Expansion” Are Top Among The Second Tier Group In Importance...

Utilization Strategies‡: % Of Organizations That Identify Strategy As Having High Importance†: Total Industry

Second Tier: 60% To < 70% Importance



‡ Base: Among Those Organizations That Employ A Specific Utilization Strategy

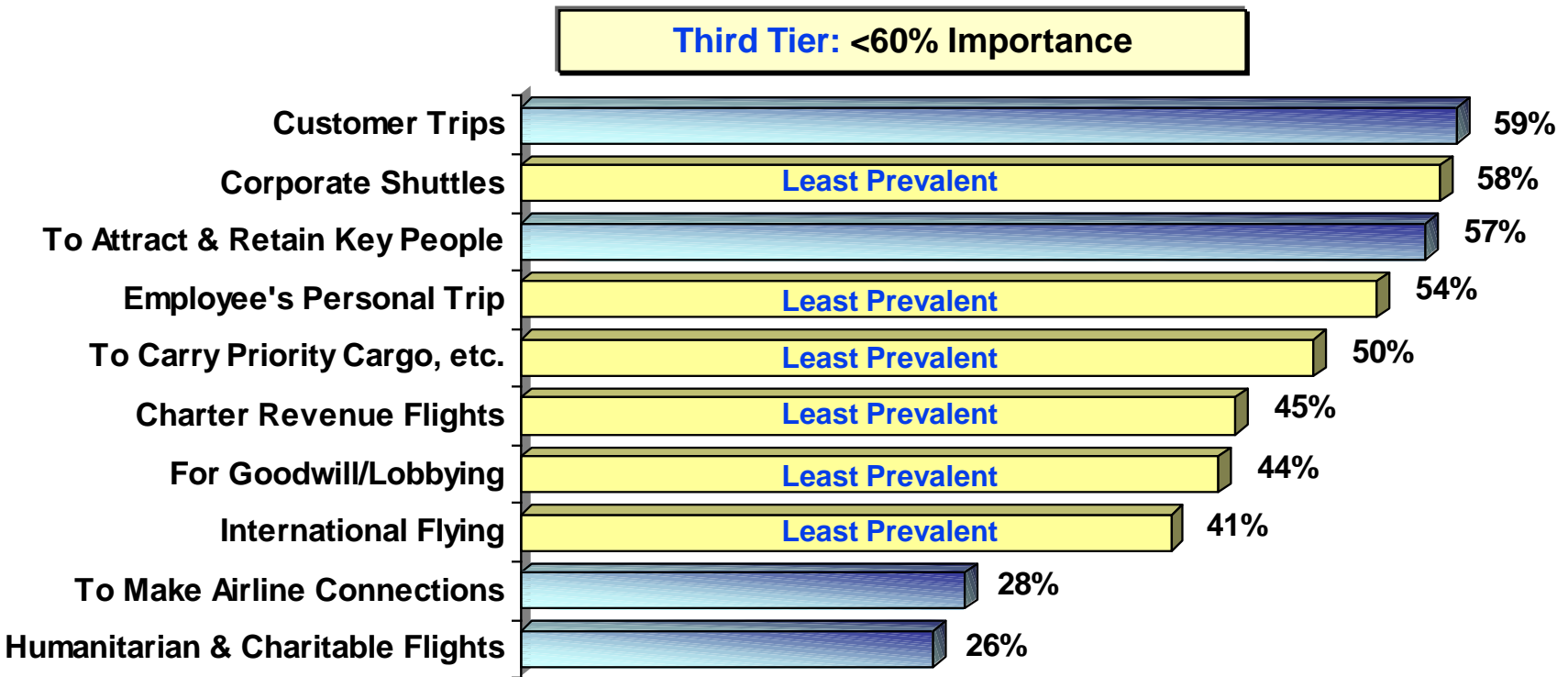
† High Importance = % Rating 5/4. (Based On A 5-Point Scale Where 5 Means “Extremely Important” And 1 Mean “Not Important At All”)

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...Utilization Strategies That Are Among The Least Prevalent Are Also Reported To Be The Least Important

Utilization Strategies‡: % Of Organizations That Identify Strategy As Having High Importance†: Total Industry



‡ Base: Among Those Organizations That Employ A Specific Utilization Strategy

† High Importance = % Rating 5/4. (Based On A 5-Point Scale Where 5 Means "Extremely Important" And 1 Mean "Not Important At All")