

Taxi, Sir?

Air transportation today is undeniably one of the most promising growth industries in the world. Why? Simply because the various needs of global commerce and a mobile society have no truly viable alternative. By the year 2000, airline scheduled passenger traffic is expected to double.

Air travel has become an essential part of everyday life. That's not to say public air carriers in the US and abroad are without problems. According to present economic indicators, airline earnings in 1990 may fall. A general slowdown in leisure travel, promotional fare cuts and rising operating expenses are all squeezing profits.

There are three critical facets of airline operation that require immediate attention:

- **Safety.** Except in 1985 and 1989, the US scheduled airline fatal accident record has steadily improved in a decade of deregulation. But increasing concerns over pilot inexperience, proper crew coordination, aircraft maintenance and training have eroded public confidence. Also, technological advances will eventually make management of flight almost wholly automatic.

- **Service.** Apparently passenger-pampering went out with the big band era. From ticket counter to baggage claim, the passenger should be treated as if he or she owned the company. Customers are perishable, especially business fliers.

- **Sales.** Scheduled carriers are in the transportation business, not the airline business. They should all have marketing-oriented innovators in the cockpit along with the money managers.

Opportunities for new business abound, but one of the best, in my view, is an air taxi service in airline livery. Operated separately under the airline's umbrella, such a service would supplement and complement the scheduled carrier, offering a tremendous potential for greater growth in the years ahead.

Witness what's happening now. Corporate flying hours are up, as are the sales of business aircraft. And despite bureaucratic, economic and regulatory constraints, jet charter operators are opening new markets worldwide – especially in Asia where there's still a significant shortage of airline seats.

In much of Europe and America, scheduled air service is infrequent and high-priced. As a result, business travel is often inconvenient and expensive. Airline managers don't realise that people in

business will pay almost any price for a competitive advantage.

Flexible, random-access, non-scheduled service is the answer. Such a service has been proposed in the US and Europe, yet so far airline chiefs have had their headphones turned off. KLM may have taken a pioneering step in this direction, however. KLM Air Taxi Services connects KLM's scheduled flights with non-scheduled operators who fly to more than 1,500 destinations in Europe, the Middle East and North Africa. KLM does not own any business aircraft, it merely handles air taxi assignments to meet market demand.

“ Airline managers don't realise that people in business will pay almost any price for a competitive advantage ”

But, there is still one big problem with the KLM concept: image. KLM should own and control its own fleet of air taxis rather than act as reservation and scheduling agent for people going places not served by the airlines. In the European market, a “squadron” of Learjet 31s or Citation Vs, or some used Learjet 35s or Citation IIs would be a better investment, in my judgement, than Northwest Airlines.

Today more and more business and professional people shun the airlines in favour of company aircraft, charter services or air taxis. They avoid airport congestion, schedule delays and missed connections. And in an age of international terrorism, they feel safer and more secure aboard a “private” jet.

At last count US airlines alone had some \$100 billion worth of new transports on order. If one carrier spent a small fraction of that amount on turbine-powered business category aircraft, its air taxi service could be in place within two years. For KLM, it could happen sooner. A market already exists.

Only 10 per cent of Europe's 3,000 airports have a major airline service. In the US, 75 per cent of all scheduled traffic is

concentrated at 22 hubs. And around the vital Pacific Rim, few points are served by scheduled carriers. Yet the 14,000 corporate jets and propjets now flying, about as many planes as there are in the world's active turbine-powered airline fleet, can easily use some 5,000 airports in the US and as many or more overseas.

So, the obvious solution to commercial aviation's growing pains is the amalgamation of all levels of air transport services. This would integrate scheduled carriers and the “on-demand” air taxis in a single system.

On the other hand, for the US airlines to participate in the European Community market on an equitable basis will undoubtedly require considerable negotiation and political bargaining. But US policy must remain strong, demanding equal exchange of benefits and operating rights with each of its trading partners. It is a two-way street. For example, if an American carrier wishes to continue flying from New York to London, Frankfurt and Rome after 1992, then a European airline should have the right to fly, say, from Amsterdam to New York, Chicago and Los Angeles.

Also, the present limitations on European airport capacity and airspace might be minimised in any future expansion of services if scheduled and non-scheduled operations were wed.

Today, geographic barriers no longer separate nations. World trade, diplomacy and a hundred other human endeavours depend more than ever on the expediency of flight. Distances that once took days, or even months to cover can now be achieved in a matter of hours. The modern aircraft has made this possible.

Benjamin Franklin, the statesman and philosopher, may have unwittingly stated the value of air travel best when he said: “Dost thou love life? Then do not squander time, for that's the stuff life is made of.” Nobody knows this better than the airline CEO who must occasionally use a business jet to reach points directly – and on his schedule – that his own or other carriers do not or cannot serve. And that validates my whole premise.

James B Taylor has had senior management and marketing roles at Pan Am, Cessna, Canadair and Gates Learjet. Since retiring from Gates Learjet as president and chief executive officer in 1988, he has been a management and marketing advisor to both business and commercial aviation industries in the US and abroad.