



It's about time.

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## New Air Sort

Monday, January 4, 2010 - MiBiz

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### **WEST MICHIGAN - To be a business traveler of late is an exercise in patience.**

From crowded airplanes and reduced numbers of flights to baggage and fuel surcharges, the business traveler has seen prices go up while the level of service has dropped.

Chuck Cox, president and CEO of The Company Jet in Grand Rapids, is giving companies with travel needs another way to cut the queue via its fractional ownership jets, the Freedom Leasing program. The on-demand executive charter business sells partial ownership of corporate jets and has added a leasing option to reduce the capital outlay firms must make toward jet travel.

"Businesses are seeing fewer seats on fewer flights heading to fewer cities. Airfare prices are up and all this continues to drive people to look for alternatives," Cox said. "Businesses still have a need to get out and visit their customers, their people and their vendors. Those needs have not changed. (The leasing option) is a recognition that the capital market is still tight. Companies can get the access to aircraft without the capital outlay."

The Company Jet's target is the mid-sized business with more than \$30 million in sales.

For business travelers with a slightly smaller pocketbook, regional airports are looking to expand services and draw new carriers to their runways. The current situation is not surprising, said Cliff Moshoginis, airport director at Kalamazoo/Battle Creek International Airport, as cutbacks in air services have coincided with economic downturns over the last 50 years. Business is off 18 percent at the Kalamazoo/Battle Creek airport this year, with 23 percent fewer seats and departures down 21 percent.

"Over the last year, starting in the latter part of 2008, we have seen reductions in terms of capacity," Moshoginis told *MiBiz*. As fuel spiked in June 2008, airlines reduced capacity as the economic downturn hit and businesses cut back on travel to



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control budgets. "We, like other airports, are trying to bring in new service. Airlines are not expanding their systems; they are reducing the number of flights as they are operating at such low margins."

Airports are working to bring in new carriers to increase the number of flights and have seen some growth in point-to-point carriers such as Allegiant Air in Grand Rapids and Direct Air in Kalamazoo, and are looking at sweetening the deal with incentives to waive landing fees and offer promotional support for the first year of business, which could mean as much as \$500,000 at Gerald R. Ford International Airport.

As some airports are trying to bring in new business, others are working to keep air service by legacy carriers. In July, Delta notified the Muskegon County Airport that it would be ending its service from Muskegon to Detroit Metro Airport, airport manager Marty Piette told *MiBiz*. Muskegon won't be without service, however, as regional carrier SkyWest will be flying twice daily routes to Chicago's O'Hare International Airport for United Airlines.

"There are a lot of changes going on in the industry," Piette said and the result has been a shift away from smaller regional airports as the legacy carriers have consolidated routes.

The downside of point-to-point carriers, say airport officials, is that they particularly cater to leisure travelers. With less frequent flights than in a hub system, carriers such as Allegiant and Direct Air can turn profits on routes to in-demand travel destinations in Florida, Las Vegas, and Arizona.

The role of the passenger is changing, said G.R. Ford International Airport spokesman Bruce Schedlbauer. As the popularity of travel Web sites have grown, passengers are more likely to choose to drive to an airport up to two hours away for cheaper flights than they were a decade ago.

"We found that a quarter of customers who would use this airport are going elsewhere because of the way airlines have been pricing this market," Schedlbauer said. "We'd like to see that number reduced, but I don't know (if) we'll ever get that down to zero."