



The ROI of Wi-Fi

How charter operators can drive profits with inflight connectivity





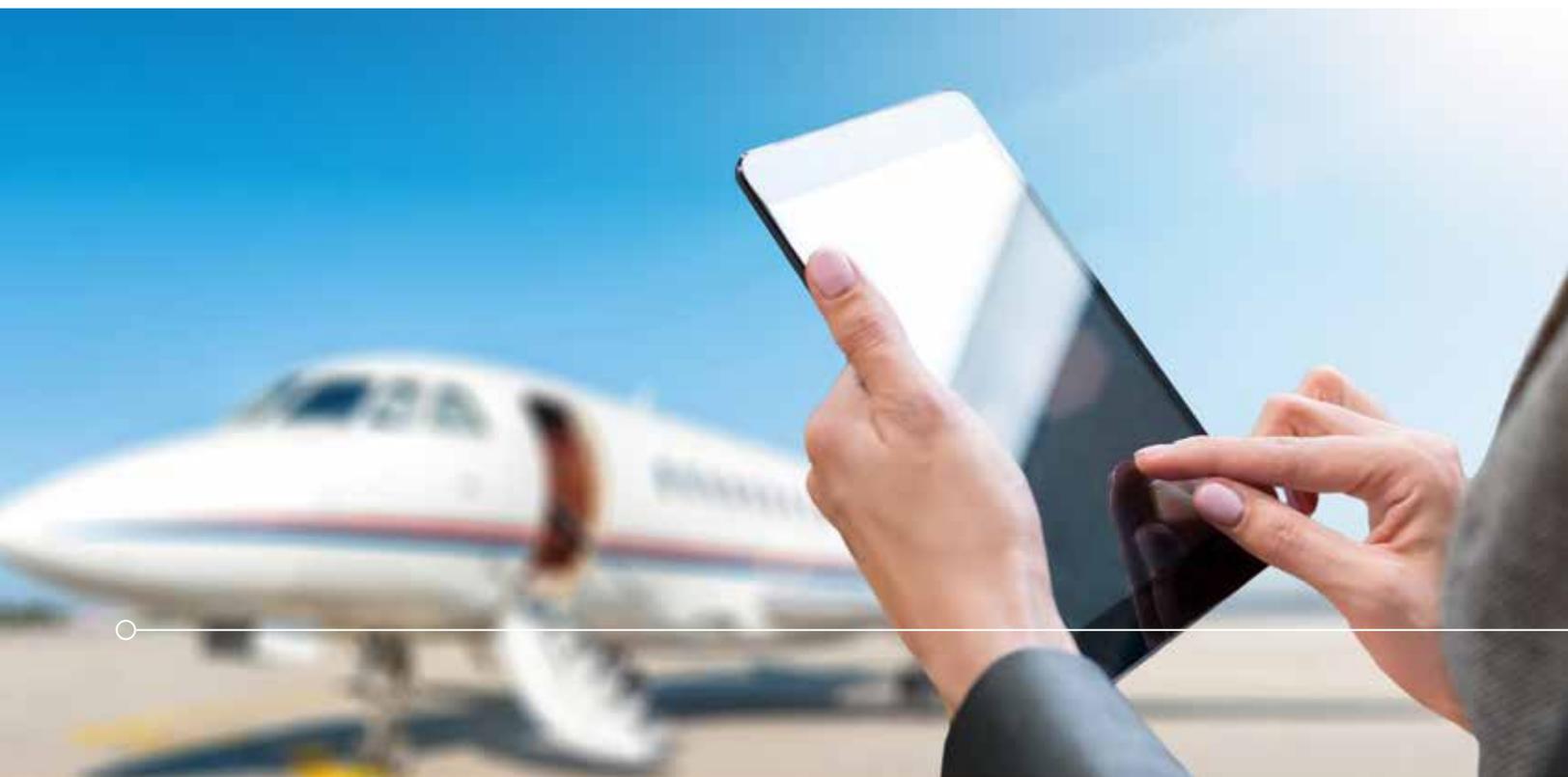
Inflight connectivity, once a financial obstacle for charter organizations, has become a necessity. Even five years ago, Wi-Fi on an airplane was an unexpected, though highly valued, perk. Today, consumers expect that constant connection to their work or life on the ground – even while they are flying 35,000 ft in the air.

Passengers don't understand the technical and financial limitations of achieving that ideal, but frankly, they don't care: they want to work and play while flying, and if you don't enable them to do so, they'll find someone else who will.

“Connectivity is an absolute requirement. If you step on Southwest for \$99 and have connectivity, you certainly expect a private or charter aircraft to have connectivity, too.”

ROBERT RABBITT, MANAGING PARTNER, AVPRO

As quoted in the *Business Jet Traveler* online article: “Which Cabin Upgrades Pay Off,” <https://www.bjtonline.com/business-jet-news/flying/which-cabin-upgrades-pay-off> (May 2016).



THE COST-VS-CUSTOMER DEMAND CONUNDRUM

Charter operators understand this expectation, but also face the reality that adding inflight connectivity to their fleet can be expensive and time-consuming. While cosmetic upgrades can be accomplished in a few days, technological improvements often ground aircraft for weeks. Like installing Internet service on the ground, doing so for an aircraft involves both hardware installation and ongoing service fees. In an industry already battling the pressure of tight profit margins, these challenges can often overshadow the demand from consumers.



*“A charter company today has to have
Wi-Fi if they want to compete –
it’s a must-have.”*

SCOTT WISE, CEO, TRAVEL MANAGEMENT COMPANY (TMC) JETS

Have it all: 5 proven benefits of inflight connectivity for charter organizations

Fortunately, you can get past that conundrum and meet customers' connectivity expectations without sacrificing profits. As you'll see below, outfitting your fleet with Wi-Fi carries several proven benefits that translate directly to business value.

- **Protect your reputation.** Simply put, a charter operator that does not offer Wi-Fi on at least some – if not all – of its aircraft risks being perceived as out of touch with modern traveler needs. Like the quality of your cabin interiors, the external appearance of your airplanes, and the service and attitude of your personnel, your investment in the in-cabin passenger experience has a dramatic, immediate, and often irreversible impact on your brand.

Your customers' emotional reaction to your brand can often carry more weight than a logical cost/benefit analysis. Even if your prices are lower and the lack of connectivity seems like a reasonable trade-off, the perception around outdated technology and lack of investment speaks volumes to a consumer base with high expectations.





- ▶ **Enhance your marketing.** On the flip side, offering inflight connectivity opens a myriad of marketing options. Whether you target new or repeat passengers directly or through a flight broker, onboard Wi-Fi enables you to promise (and deliver) a greatly enhanced travel experience. With Wi-Fi onboard, you can assure your audience that they won't get behind with business activities, they can stay up to date on social media, and their family can enjoy the latest movies on the flight. You're not selling them on the technology; you're guaranteeing they don't need to put their lives on hold when they fly with your organization.
- ▶ **Grow new bookings.** Your stellar reputation and those strategic marketing efforts translate to new bookings. Brokers can book flights more quickly, easily, and consistently when Wi-Fi is on the table.

Scott Wise, CEO at TMC Jets, shares: "Our company provides great aircraft, professional pilots, and all around great service. These are the main things that keep our business viable. But, Wi-Fi is something that customers want and another reason why they choose TMC."



- **Boost return customers.** It's true for all of us: once we get used to an amenity, it's hard to go back. When your customers experience the professional and personal benefits of inflight connectivity, they rarely return to the days of the paperback.

"I have flyers who won't take my 400-XP because it doesn't have Wi-Fi," Wise continued. "They still fly with our organization, they just upgrade to a mid. Once they get it, they can't fly without it."

- **Increase resale value.** When the time comes to sell your aircraft, connectivity is a must-have.

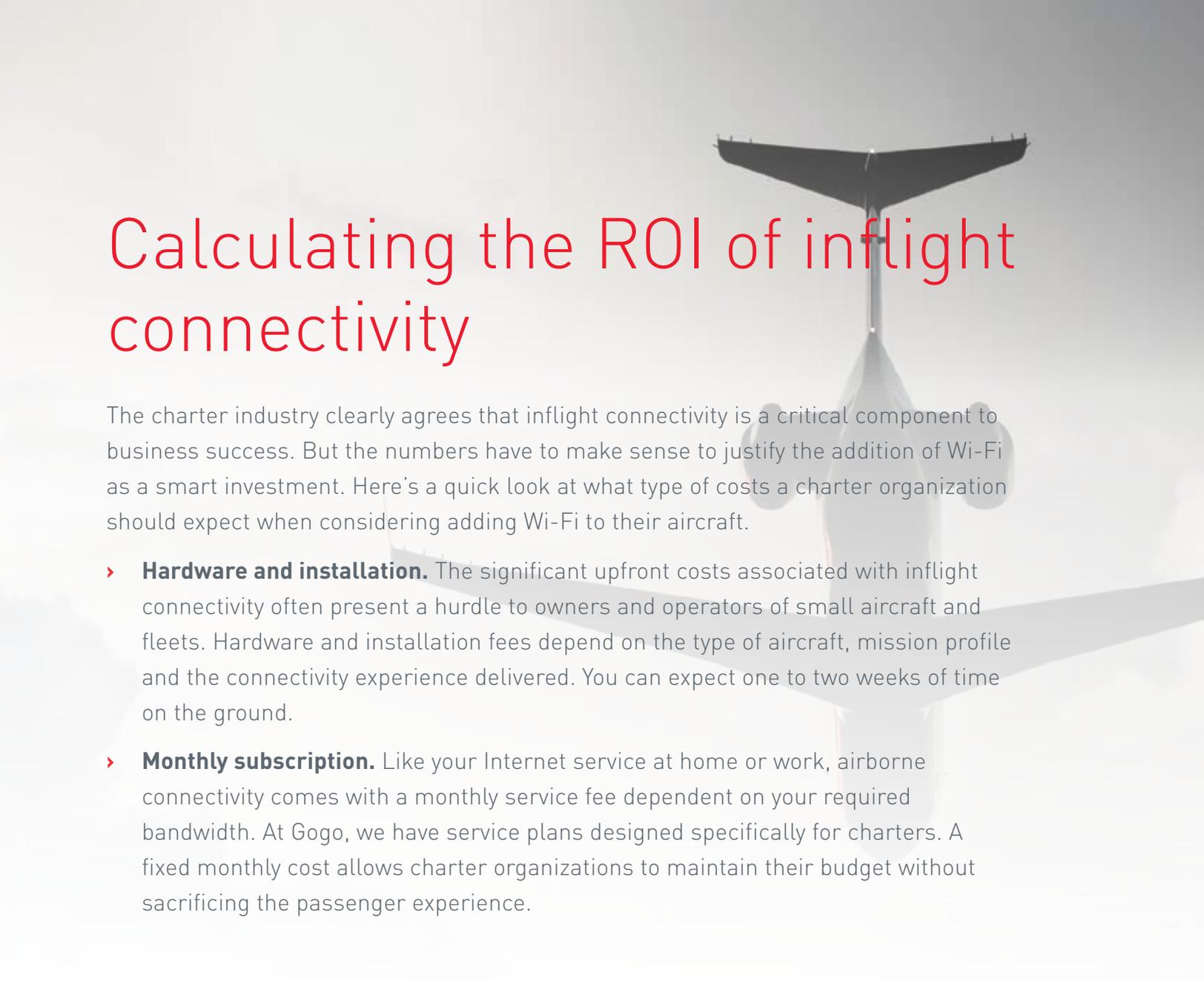
"Wi-Fi is one of the few aircraft upgrades that will give you a positive return on investment," states Charlie Bravo Aviation, a leading aircraft broker and dealer. "If you have an airplane that doesn't have [connectivity], it's going to be a disability when you want to sell it," concurs Randy Groom, President of Groom Aviation.

Increased resale value is especially critical given the growing number of charter operators that run as owned and operated fleets. You want to make the best possible investments in your aircraft, and Wi-Fi is at the top of that list.

AIN CHARTER REPORT: "EVERY AIRPLANE HAS TO HAVE WI-FI"

A recent report on the charter market by Aviation International News (AIN) identified Wi-Fi as a leading trend in the industry:

"One of our biggest challenges is finding aircraft available for charter that are less than 10 years old," said Don Haloburdo, vice president and general manager for Jet Aviation U.S. aircraft charter and management division. "People who call for charter want to know, does it have Wi-Fi? And is it less than 10 years old? This definitely puts a strain on the overall marketplace; we're either using one of ours that's newer or a qualified vendor."



Calculating the ROI of inflight connectivity

The charter industry clearly agrees that inflight connectivity is a critical component to business success. But the numbers have to make sense to justify the addition of Wi-Fi as a smart investment. Here's a quick look at what type of costs a charter organization should expect when considering adding Wi-Fi to their aircraft.

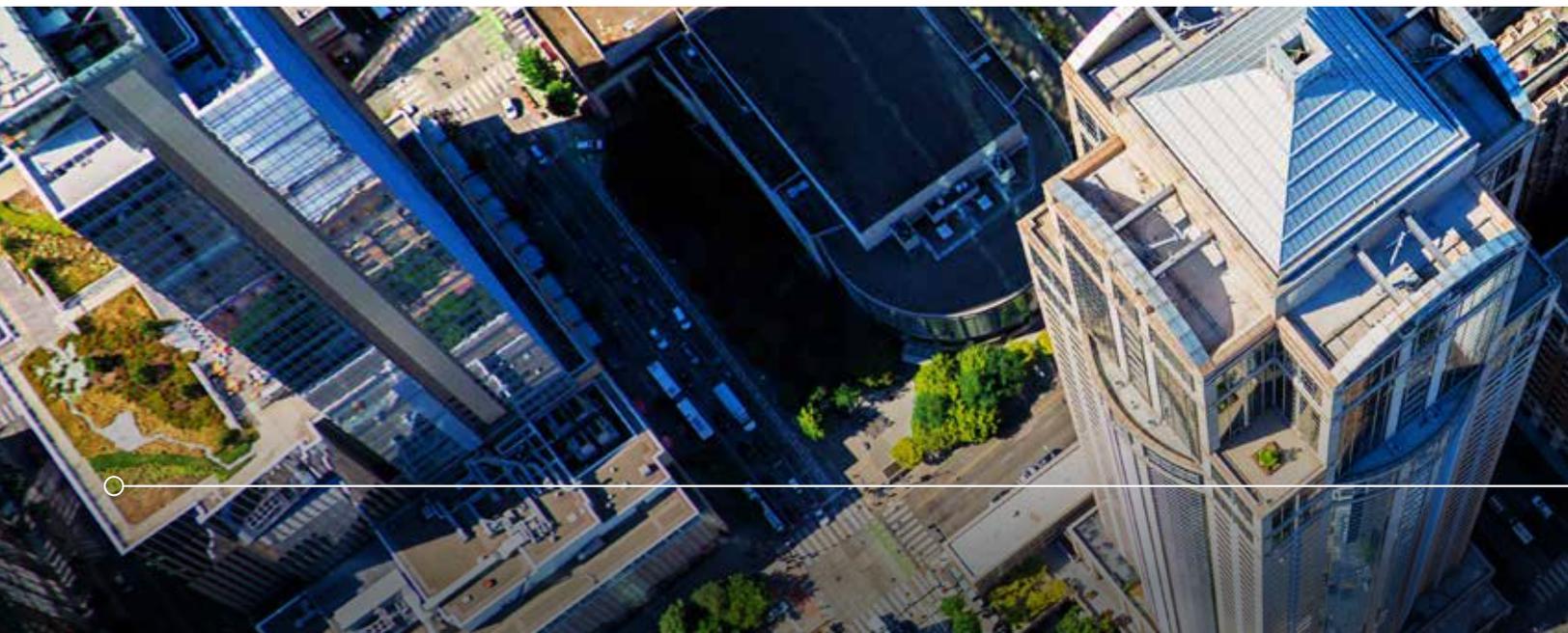
- ▶ **Hardware and installation.** The significant upfront costs associated with inflight connectivity often present a hurdle to owners and operators of small aircraft and fleets. Hardware and installation fees depend on the type of aircraft, mission profile and the connectivity experience delivered. You can expect one to two weeks of time on the ground.
- ▶ **Monthly subscription.** Like your Internet service at home or work, airborne connectivity comes with a monthly service fee dependent on your required bandwidth. At Gogo, we have service plans designed specifically for charters. A fixed monthly cost allows charter organizations to maintain their budget without sacrificing the passenger experience.

“People are buying airplanes again,” said Paul Class, senior vice president of charter sales at Solairus Aviation, and owners are also buying supplemental charter. “As airplanes come into the market, they tend to be newer airplanes,” he said. “People are attracted to newer aircraft, and every airplane has to have Wi-Fi.”

It's not surprising that many charter operators feel that inflight connectivity, while highly desirable, is just not financially viable. In fact, a recent survey from Cascade Insights revealed that cost-related factors are the greatest impediment to charters offering inflight Internet, with almost two-thirds of responses citing ongoing cost for service, upfront cost of equipment, and installation costs as the biggest barriers. However, when you take a closer look at the return on investment, the decision starts to add up.

Let's consider the basics: the hourly VOC, charter rate and expected profit. Then, weigh that against the costs for hardware and installation, plus an ongoing service subscription. And, add in the fact that people want connected planes and will book them over those without Wi-Fi service. The numbers may quickly add up to demonstrate that a charter organization that adds Wi-Fi can expect to see immediate response in increased bookings, and quantifiable results over the long run in business.

Jessica Naor, Director of Sales & Marketing at Grand View Aviation agrees: "We can capture more trips because we have this capability. If I get a phone call about a trip, and I have Wi-Fi and a competing aircraft doesn't, we get the trip. No question. And, we generally get the trip even if it's a few thousand dollars more than the competitor because Wi-Fi is so important to people."

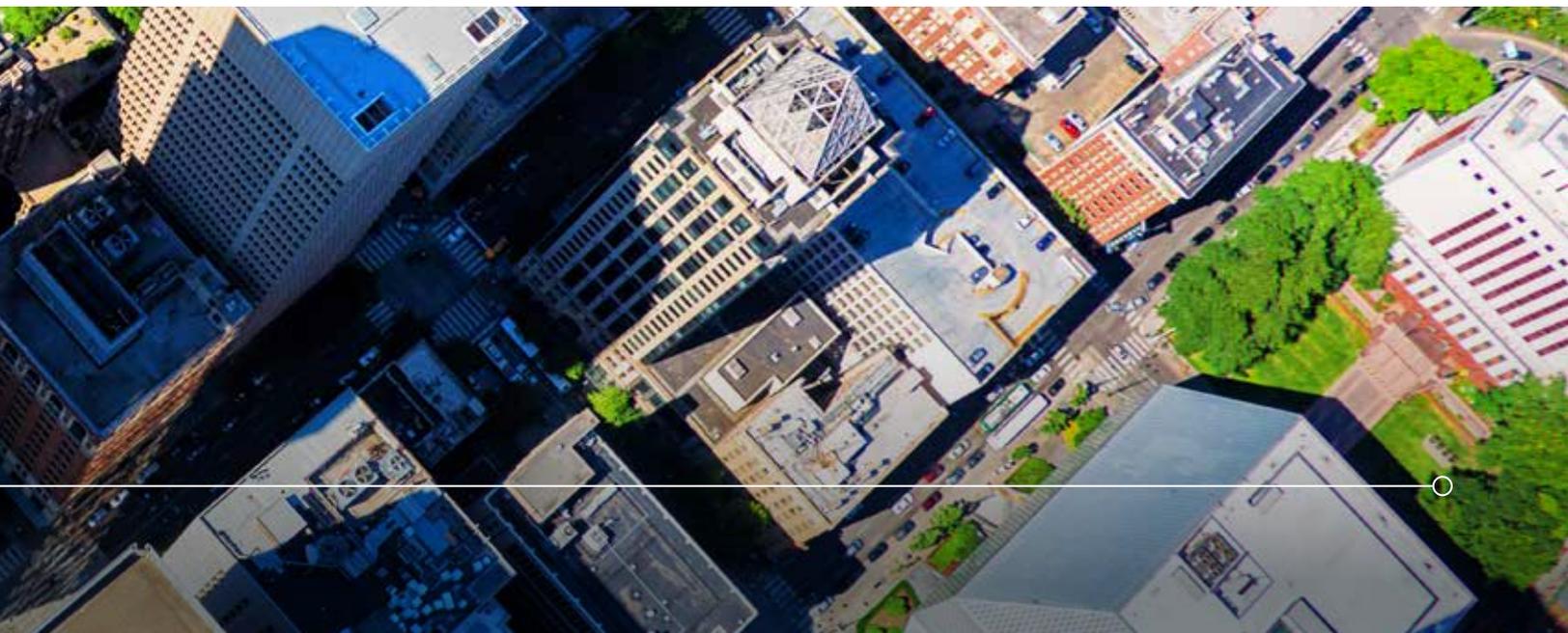




INFLIGHT CONNECTIVITY: A SMART INVESTMENT FOR CHARTER ORGANIZATIONS

The addition of Wi-Fi service to your charter organization's fleet can bring both qualitative and quantitative benefits. Inflight connectivity improves your brand equity, boosts your reputation, and gives your customers confidence that they can expect a lifestyle enabling experience from your company.

Inflight Internet on charter flights has become less the exception and more the rule. So the question is not if to make the investment, but when. We invite you to talk to a [Gogo inflight connectivity expert](#) about how to get your fleet online so your business can outfly the competition. After all, Gogo Business Aviation works with more charter organizations than any other provider. We understand how to make your move to inflight connectivity as smooth and profitable as possible – enabling your business, and your passengers, to fly smarter.



Fly smarter

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