Corporate and VIP Aviation is back:
How will its return shape aviation recruitment?
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Corporate and VIP Aviation (CVA) is among the most dynamic and fast-growing aviation sectors.

This sector bore the brunt of the fallout from the recession, with uptake declining significantly and many CVA carriers going out of business altogether. But, the recovery of global financial markets has led to a resurgence of CVA, which is taking the industry by storm.

This unique white paper has been compiled to chart the fall and rise of CVA, and predict how growth might impact on aviation recruitment strategies in the near future.

This guide is divided into three distinct sections:

• Part 1: A view before and after: CVA and the global downturn
• Part 2: What are the key indicators for continued growth of CVA?
• Part 3: How will the resurgent CVA market impact on aviation recruitment?

The white paper has been compiled using top-level industry sources, as well as an in-depth interview with AeroProfessional’s Sam Sprules.

Part 1: How has the CVA sector recovered from the 2008 recession?

What did CVA look like before the global downturn?

Quite simply, CVA was at an all-time high before the global downturn of 2008.

A report issued by CVA carrier Victor notes a steady rise from 2005 - 2007. This was equivalent to a year-on-year increase of approximately 5,000 additional departures per month in both peak and off-season.

As with many industries, there was some lag time between the recession beginning to bite and consumer behaviours changing. The high point for CVA came during peak season 2008, when 82,000 departures were logged within a single month.

At the time, the market appeared to be so buoyant that larger carriers were keen to carve out a slice of the pie. In June 2007, Richard Branson launched a brand-new service dubbed Virgin Charter.

However, this golden era did not last long, as the financial crash caused the CVA sector to shrink dramatically. And despite recent growth, the industry is still yet to reach its pre-recession peak.
People begin to downscale on luxuries [during the recession]. And, in an aviation market, this means Corporate and VIP. Based on this principle, the strength of the VIP market is always a good indicator of the general condition of the industry.

Following the global downturn in 2008, many corporate aircraft were parked as owners looked to cut costs, and many pilots found themselves looking for work.

Demand for pilots operating VIP and corporate aircraft types was exceptionally low. Any vacancies received an abundance of applications, making it a distinctly employer-led market. This forced many flight crew from the VIP world to compete for positions in the commercial sector.

As with any industry subject to market forces, in some circumstances it also resulted in a change to the terms and conditions offered by employers. Reduced packages were just seen as a necessary aspect of cost-cutting.

How did the recession affect CVA?

In 2009, the aviation industry suffered the most drastic fall in passenger numbers since WWII. The global figure fell to just 216.8m, a decrease of 7.4% on the previous year.

Described variously as a "fight for survival" and "bloodbath" by leading figures from BA and Ryanair, this trend prompted calls from campaign groups to halt airport expansion across the UK altogether.

Of all aviation sectors, CVA felt the effects most severely. During 2009, CVA carried 17% fewer passengers than in 2008, compared to a fall of just 8% for domestic flights and 6% for scheduled airline traffic (BBC).

Costs considered ‘luxury’ are most likely to be those cut first in financially troubling times, so this trend is hardly surprising. Suddenly, the cost of a CVA journey was enough to balk at, and sharing a cabin with fellow CEOs, executives and celebrities didn’t seem quite so bad.

One small silver lining for the CVA market was an increase in incidents of HNW private jet owners abandoning their aircraft and reverting to chartered flights instead.

CVA operators who were able to withstand the rocky period and return to growth fastest were those whose fleets primarily comprised Very Light Jets (VLJs), such as GlobeAir. This captured the part of the market that still wanted to utilise CVA, but could no longer afford the costs associated with chartering larger aircraft.

In terms of cost comparison, a BD-700 costs approximately £6,225 per hour to charter, whereas a VLJ - such as the EMB-500 - only costs around £1,441 per hour. This represents a cost differential of over 330%.

Sam Sprules, Director at AeroProfessional
What does the corporate and VIP aviation market look like today?

The executives who spent years tightening their belt buckles have now come back into the fold.

They’ve been joined by a new order of global business elites, as well as other groups who have identified entirely new uses for CVA.

All of these factors have brought CVA closer to pre-2008 levels. Here, we’ll explain why CVA is still an attractive proposition and provide an overview of the market as it stands today.

**Corporate and VIP aviation is still attractive to HNW individuals**

CVA provides four distinct benefits for HNW individuals and companies looking for a method of travel:

<table>
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<th>Convenience</th>
<th>Productivity</th>
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<td>Flights can be scheduled around the needs of individuals or companies. Check-in is much faster, and the plane will wait on the tarmac should a passenger be delayed. All luggage (including pets) can typically be stowed in the cabin and the service can travel to the airport closest to the desired destination.</td>
<td>CVA enables passengers to be far more productive. Without other passengers, there are generally fewer distractions and obstacles. Many aircraft also come complete with integrated office technology. Alternatively, passengers can use the time to recuperate in luxury. On arrival, <em>jet-lag should be minimised</em> due to the low cabin pressure, enabling passengers to adapt to their new environment faster.</td>
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<tr>
<th>Prestige</th>
<th>Diversity</th>
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<td>‘Private jet’ is a byword for prestige. CVA exudes a sense of glamour un-matched elsewhere in aviation. This is particularly important for cultivating the brand image of some individuals and companies. Many business leaders integrate charter flights into their operations, taking clients on private flights or impressing them on arrival.</td>
<td>CVA gives individuals and companies absolute control over the service they receive. An aircraft might be chosen on the basis of size, capacity, speed, range, interior spec, on-board features or almost any other variable. This makes them an ideal option for specific purposes, such as carrying sports teams to international tournaments or taking HNW individuals to remote holiday destinations.</td>
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Two primary trends are affecting the cost of CVA at present. Reduced fuel cost and increased efficiency have enabled prices to fall, while an increase in the frequency of ‘empty legs’ has sent costs the other way:

**Reduced fuel cost**

Oil prices have remained below average since 2014. As one of aviation’s most significant expenses, this trend has enabled airlines to increase profitability and reduce customer costs through direct savings and an increased willingness to open new routes.

Although this has removed an element of incentive for airlines to switch to more efficient aircraft, many carriers foresee an eventual up-turn in oil prices and so have been modernising their fleets regardless. Well-known aircraft including Boeing’s 787 and Airbus’ A350 are being constructed using lightweight composite materials and can now fly at higher altitudes, increasing fuel efficiency by 20%.

**Increased empty legs**

If an aircraft is required to travel to a new location with no passengers on-board, this is termed an ‘empty leg’. The party who chartered the aircraft typically have to cover this cost if they don’t intend to utilise a return service within a given time-frame.

Magnus Aviation estimates that empty legs account for 25% of all private aviation flights today, equivalent to just over 40,000 flights per quarter. This figure rose by 32% in Q1 2016 alone.

This has the capacity to significantly increase (if not double) chartering costs. But, it is possible to take advantage of discounted rates (up to 75%) if they’re able to utilise flights that would otherwise be classified as an empty leg.

Empty legs are becoming an increasingly important factor in the new CVA business model. Many new aviation companies now specialise solely in marketing and administering empty leg flights at a reduced rate. This has helped limit costs for customers and reduce the environmental impact of the sector.

**Cost overview**

So, what does a CVA flight actually cost in 2017? Well, it turns out it’s not quite the preserve of multi-millionaires it’s often assumed to be.

The majority of CVA services are chartered by corporations for business travel. Hiring an entire aircraft can be cost-effective if it’s done in place of purchasing multiple first-class tickets, and the price of executives’ time is added into the equation.

Chartering also shields the customer from having to pay out for maintenance and other costs associated with aircraft ownership (approximately €56,000 - €3,180,000pa).
Average spend per charter

CVA costs will vary depending on factors including aircraft type, distance travelled and current season (among others).

But, here’s an overview of what CVA costs today

<table>
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<th>Aircraft Type</th>
<th>Average Spend</th>
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<tr>
<td>Long-range jets</td>
<td>£52,930</td>
</tr>
<tr>
<td>Medium jets</td>
<td>£15,460</td>
</tr>
<tr>
<td>Regional airliner</td>
<td>£14,590</td>
</tr>
<tr>
<td>Small jets</td>
<td>£8,750</td>
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<tr>
<td>Small prop aircraft</td>
<td>£4,020</td>
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*Figures courtesy of Forbes

Price comparison: traditional CVA vs First Class
The price range for a round-trip ticket from LAX to Tokyo Narita Airport for both a CVA and First Class seat are as follows:

- **CVA**: £9,383 (£5,642 - £6,254 per hour)
- **First Class**: £2,660 - £4,918

This is based on a ticket booked two weeks in advance, and the figure is variable depending on departure time.

*Figures provided by JustLuxe

Price comparison: modern CVA vs Business Class
The prices for a one-way trip from San Jose to Las Vegas for both CVA and Business Class are listed below:

- **CVA**: £432.08
- **Business Class**: £1,296.56 (approximate)

This considerable CVA saving was made possible because the operator (JumpJet) has implemented a new model that helps customers find seats on empty-leg flights.

*Figures provided by Entrepreneur

And, while JumpJet have reduced CVA round-trip prices to as little as £362, First Class travel is going the other way. Singapore Airlines have recently introduced ‘Suite Class’ - a new service for which they charge approximately £25,800 per ticket (JustLuxe).

The corporate and VIP aviation market is growing steadily
CVA is growing rapidly and - while it may not revive in exactly the same way as before due to new market forces (such as UAE) - it will most-likely surpass pre-recession levels.

CVA truly began to recover in 2014, with some providers reporting spending rises of up to 15% over 2013. By 2016, the Air Charter Service (a leading provider of CVA booking) reported a year-on-year rise in sales of 10%. This rose a further 9% during the first half of 2016 alone, and November turned into a record-breaking month for the company.

50,335 CVA flights were made in Europe in January 2017, representing 4.4% growth on January 2016. Despite such rapid growth, the CVA market is still behind the 2008 high-water mark by 15%.

Despite the toll the recession took on CVA, the sector appears to be well and truly back on its feet.
Part 2: What are the key indicators for continued CVA growth?

Not only is CVA back and regaining its market foothold, the growth trend looks set to continue for the foreseeable future. This trajectory is being driven by a range of general and regional factors that are currently working in CVA’s favour.

General factors

Infrastructure
Ageing or non-existent infrastructure is likely to restrain CVA growth, especially in new markets such as India and China.

Governments will need to look again at available airspace and aviation technology to accommodate predicted growth.

Abu Dhabi is already proving it can be done, with plans in place to enhance infrastructure at airports and far beyond in order to cement its place as a go-to holiday and business destination.

Disruptors
Despite increasing growth, Forbes’ travel reporter Doug Gollan predicts the market is about to be shaken up by a ‘disruptor’.

A disruptor is defined as: “a company that changes the traditional way an industry operates, especially in a new and effective way.”

Gollan believes the change in CVA will be towards greater transparency and convenience, with an on-demand, app-based service similar to transportation company Uber.

Entertainment
CVA has long been associated with the entertainment and hospitality industries. But, 2017 will see a more diverse collection of factors begin to influence the sector, including:

• Sports teams
• Musicians
• Politicians
• Intrepid tourists

New aircraft orders
CVA aircraft are generally smaller and quicker to manufacture than larger models produced by the likes of Airbus and Boeing. This enables CVA to be more nimble than commercial operators at adapting to demand.

These are just some examples of CVA aircraft orders placed since the global downturn:

• In 2012 (just as the recession was beginning to lift), NetJets purchased 425 jets for a combined total of £7.6bn - the largest single acquisition in private aviation history (Forbes)
• 716 new jets were delivered across the industry during 2014 (as the market moved into recovery), the first increase in orders following five years of decline
• More than 10,000 new business jets are scheduled for delivery within the next 10 years, equivalent to £199bn
Regional factors

The diversity of personalities now using CVA means the industry is developing at varying rates across the world. A whole range of people now use CVA - everyone from bloggers to CEOs.

The success of CVA within a particular region is likely to be driven - at least in part - by the number of these personalities who wish to travel to the area, as well as the number of people within who view CVA as a statement symbol.

These are some of the most dynamic markets to watch out for in the coming years:

**North America**

**United States**
Following a year of notably strong performance across the United States, CVA operators are experiencing fast growth. In Florida, Air Charter Service are in the process of tripling their workforce to meet increasing demand.

“The US market has always been a leader for Corporate and VIP Aviation. But, with this luxury becoming more readily accessible, we are finding that other markets are showing rapid growth and closing the gap.” - Sam Sprules, AeroProfessional

**Canada**
Growth is evident north of the border too, driven largely by oil, gas and mining companies, as well as incentive trips and sports travel. Air Charter Service estimate that growth is typically **30% year-on-year**.

**Europe**

With European HNW individuals increasingly choosing to charter rather than purchase private aircraft, **GlobeAir reported** growth of 6.4% in Q1 2016 compared to the same period in 2015. Annual growth in 2016 was 11.7% higher than in 2014.

**United Kingdom**
Unsurprisingly, London is at the centre of the action. BlissJet are set to launch a new service running from the capital to New York, while **new routes to Asian markets** are also in line to be strengthened (Corporate Jet Investor).

GAMA and TAG - both based closed to AeroProfessional HQ at **Farnborough Airport** - have recorded steady progress too.

GAMA has experienced revenue growth of **over 10% year-on-year** (initiated by a 12% increase in fleet size), resulting in **dividends for shareholders** and **mergers with other major global companies**.

TAG has just taken on its **first new aircraft of the year** (with more to follow), and have recently secured an AOC enabling them to operate services to Malta.

**Russia**
CVA in Russia has been bucking international trends and declining over the last two years. However, Air Charter Service **recorded four months of year-on-year growth** (averaging 11%) in mid-to-late 2016.
Asia
During the first six months of 2016, the number of private jets flying from China to Europe (primarily London) rose by 43%. From other APAC nations, this figure was 8.6% (Corporate Jet Investor).

Such growth will be welcomed by CVA operators worldwide. However, the implications for staffing in the wider commercial sector could be surprisingly far-reaching.

“Europe and the UAE are seeing strong growth in the corporate sector. Fractional ownership models - such as the one offered and managed by NetJets - are becoming increasingly popular. ‘Empty legs’ are being pro-actively marketed by corporate charter brokers, making VIP travel achievable at a price that was previously unthought-of.” - Sam Sprules, AeroProfessional

Part 3: How will the resurgent CVA impact on aviation recruitment?

The fast-growing CVA sector is set to have widespread implications for aviation staffing across the sector.

Here, we’ll analyse some of the most profound effects and how the industry will need to adapt in order to take account of such factors.

Additional skilled personnel will be required

The aviation industry as a whole will require a higher volume of staff in order to accommodate the predicted growth of CVA.

While fewer staff are typically required to operate a private service, the ratio of staff to passengers is much higher.

With commercial operators, you typically have a much bigger corporate machine and structure, with multiple internal departments needed to satisfy the needs of a fleet of large aircraft.

In addition, larger aircraft require extra staff to operate, including:

- Flight crew for increased aircraft utilization
- Cabin crew for larger cabins and higher volumes of passengers
- Maintenance personnel for increased cycle checks
- Check in staff, customer services agents and booking staff for increased airport footfall
In addition, some CVA operators are frequently able to cherry-pick the most talented and experienced candidates from across the industry, which will increase the number of entry-level vacancies in the commercial sector.

The roles most likely to be coveted by CVA include:

- Pilots
- Cabin crew (primarily on short-term contracts)
- Operational support for ground teams
- Office based roles, such as Charter Brokers

A range of additional staff are likely to be needed to meet immediate requirements (such as a last-minute charter) on an ad hoc basis.

CVA candidates will need something different

CVA staff require something different in terms of training, certification or personal attributes. The requirements for CVA vs commercial airline staff are distinctly different. For CVA, staff with a rare skill set are often needed at short notice on a short-term basis.

Corporate aviation employees are also more likely to turn their hands to multiple roles. For example, pilots often have to assist in the cabin, help with baggage, and even purchase food for customers.

This list contains just a few examples of the outrageous requests that show how resilient CVA staff have to be:

- **Pink-themed flight**: all seats re-covered in pink, pink food and drink, pink uniforms for the crew and Pink Floyd on the sound system.
- **Scottish-themed flight**: all seats re-covered in tartan, bespoke Scottish menu and a bagpiper at the aircraft steps.
- **Crazy entertainment requests**: play Mamma Mia just before take-off, listen to Liberace for the entire flight, pack a plane with Casablanca lilies.
- **Odd food requests**: hot McDonald’s ‘Filet-O-Fish’ burger, birthday cake with naked flame (fireman required), fly a Michelin star meal from New York to Chicago.
These are the some of the attributes that CVAs consider important when hiring:

Crew

Certain demands may be made of crew for purely practical purposes. With a higher ratio of smaller aircraft, cabin crew sometimes have a different height requirement from crew servicing national carriers.

Due to the diverse range of passengers who utilise CVA services, multi-lingual cabin crew can be a real asset. This attribute helps to improve the quality of service for VIP flyers from abroad.

VIPs are used to an exceptionally high level of service, and expect nothing less when flying. Cabin crew in CVA need to be able to demonstrate ‘silver service’ credentials that are sensitive to personal and cultural needs.

VIP experience is usually required and these skills can be transferred from other industries, such as hospitality or yachting.

Pilots

The pilots most likely to be in demand in CVA are those who have extensive experience and can demonstrate flexibility with a ‘can do’ attitude.

In addition, those who are already certified to fly the types of aircraft most frequently chartered will often be top of the list.

According to PrivateFly, the type-rating of aircraft hired most often are:
Both pilots and crew must also be based close to the reduced number of airports that service frequently used CVA routes.

"Location is also a moot point, as flight crew are quite often based from home, commuting out from their nearest international airport to meet their aircraft wherever it happens to be to commence their work pattern." - Sam Sprules

**Job offers will get more competitive**

Working for a national carrier with a reputation for quality isn’t as compelling a proposition as it once was. Smaller carriers - including CVAs - can gain confidence from the fact that competitive employment packages now matter more to candidates than the name on the tail fin.

Candidates are now more attuned to the full range of benefits that can be included in a job offer, such as:

- Increased salary
- Accommodation allowances
- Insurance provision
- Commuting contracts
- Attractive working patterns

Diversifying the benefits included in a job offer will help CVAs land top-level aviation staff. However, CVAs must plan well in advance and begin promoting these offers early to avoid being crowded out by larger commercial carriers.

"Candidates will certainly find that they have more opportunities to consider before accepting an offer. The corporate/VIP sector has always had attractive terms, with high salaries based on off-shore contracts combined with generous on/off working patterns.

As additional package benefits are now just as influential as the salary itself (with candidates placing factors such as roster pattern at the top of their list) hiring Managers in the commercial sector will soon find that they are having to research packages and working patterns offered in corporate and VIP Aviation before building their own." - Sam Sprules

**CVA can feed back into the system**

On paper, an increased staffing demand in an already overstretched aviation job market appears to pose a dilemma. However, CVA is often greater than the sum of its parts. With the most talented and experienced candidates being hired by CVA operators, space will open up in entry-level positions across the commercial market. While this won’t alleviate the industry’s skills shortage, it will at least ensure that the roles left vacant are suitable for those just starting their careers.
Recruitment is conducted on a much smaller scale with CVA, making it much more likely that such airlines will be willing to cover the cost of training in order to make a hire with the right experience and attributes. In the long-term, this can help to alleviate skills shortage by bringing new skills into the industry without the need for investment from commercial airlines.

The increasing visibility of CVA services may also help to bring back some of the glamour and enjoyment once associated with aviation. This could help to inspire more young people to choose a career in the industry, and support the development of career pipelines that can help people grow within the industry.

The change is happening already

CVAs are very active recruiters. So far, this is enabling growth to continue in line with demand.

However, fixed-based operators (FBOs) are already finding it harder to locate and hire the number and calibre of staff they require. If this trend were to continue or worsen, CVAs might well need to start postponing development projects, or potentially even cancelling flights, to accommodate.

"The increasing strength of the corporate industry signals an upturn for aviation as a whole. We’ve noticed that recruitment for charter brokers prominent in the VIP market is very active at the minute, which supports the idea that the corporate industry is growing.

FBO’s are recruiting intensely for flight and ground staff, suggesting that they are struggling to keep up with demand. Many requirements at the minute are of short notice and immediate necessity. These types of requests highlight that VIP operators and businesses are exhausting their existing pool of candidates and unable to replenish them quickly enough to keep up with demand.

Requirements can sometimes be more complex for corporate aviation [compared to commercial aviation], it’s dangerous for these organisations to let their candidate pipelines dry up. Candidates with a rare skill set can be difficult to find and at late notice, and therefore very costly."

- Sam Sprules, AeroProfessional
Conclusion

With CVA developing rapidly in new and un-tested directions, the coming years look set to be fruitful for private carriers. But, growth necessitates change, and aviation recruitment will be on the front-line.

CVAs will need to work out how to attract the top-drawer applicants required. Companies within the sector will need to act quickly to strengthen their job offers, enhance their employer brands and make a move on the most talented staff from the commercial sector.

Meanwhile, commercial aviation will need support in retaining and upskilling existing staff to replace those who make the switch to CVA, as well as help to secure replacements.

How AeroProfessional can help CVA airlines secure top-level staff

As a specialist aviation recruiter, AeroProfessional is uniquely placed to help you find talented CVA staff whenever and wherever you need them.

We live and breathe aviation, and have developed an innovative approach designed especially to support your private charter needs.

We can help find highly experienced short-term staff at the last minute for contract or freelance work, anywhere in the world.

We have the tools and expertise to become an invaluable addition to your recruitment process. AeroProfessional can support you at every stage; from planning and strategy, through sourcing and selection, and on to insight gathering.

We can even provide a host of additional bespoke solutions for your private airline, including extensive flight operations support. Our solutions are fully scalable, and we maintain a comprehensive active candidate pool to make sure you can get your hiring off the ground in no time.

But, don’t just take our word for it. We’re proud to have received glowing testimonials from many of our CVA clients, including HiFly, GMG Airlines, AerGo and Comlux Aviation.

Call on AeroProfessional and gain a level of recruitment support that can help you take your private airline to a whole new altitude.
Get your business set for take-off with AeroProfessional

With the ongoing need to secure the best aviation talent, AeroProfessional can support you right now, helping to fine-tune your recruitment strategy and optimise staffing levels.

Our team have over fifty years combined aviation recruitment experience, so we’ve handled just about everything the industry has to throw at us. Working in partnership with some of the world’s most successful airlines and aviation companies, we have the tools to help keep our partners fully staffed with high-calibre applicants through good times and bad.

Recruitment strategy
Helping you devise and implement your people strategies to get the recruitment results you want.

Skills research and insight
Which skills are available in my markets? Where can I find the candidates I need? How can I benchmark salary and benefits?

Sourcing and selection
Individual roles and high volume recruitment solutions, including managing end-to-end large scale campaigns.

Engagement and Compliance
Cost effective compliant engagement and payroll advice to help airlines fulfil their obligations when recruiting in new territories.

Flight operations support
Whether you need Flight Ops support regularly or as a one-off, we can get your aircraft to any chosen destination worldwide.

Bespoke HR solutions
A 'blank canvas' approach for a tailored solution to meet your specific needs.

For expert advice on your aviation people strategies and resourcing solutions contact us:

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