

Regent Jet Proposes "Hedging Strategy" for Optimum Value



By Alec Rosekrans 08/07/2008

Whether you own a jet fraction, use a jet card, or opt for on-demand charter, it's probably clear that there is no one solution for all of your private jet travel needs. The length of the flight, the number of passengers, and final destination vary by trip, and it's likely that what may be the most economical solution for one flight could amount to a tremendous waste for another. Now, thanks to Regent Jet, and their concept of private jet hedging, fliers have a way to find the lowest cost for their flights.

Regent Jet helps private fliers identify those flights where they are likely to save money by flying within their fractional or jet card program and the ones where they'd be better off opting for charter. Jet hedging proposes that travelers use a jet card or fractional plan only on those flights where the providers cover most costs, and opt for charter flights for other trips.

Here's how it works. Fractional and card programs operate on a fixed-rate pricing schedule, charging the same hourly rate for a cross-country flight between two major hubs as they do for a 45-minute hop between two small regional airports. With the cross-country flight, the cost of servicing the plane and the pilots' fees are mitigated by the fact that you'll be charged for a full five hours in the airplane. The operator likely won't have to reposition the jet to pick you up since you are leaving from a major airport. However, on the shorter flight, the fractional provider will have to pay to reposition the jet from its base to the small airport to pick you up. The provider will pay the same maintenance and service fees as it would for a longer flight, yet only charge you for an hour's worth of flight time. With on-demand charter, each flight is billed according to its actual cost to the operator. The quote received is a reflection of all costs including fuel, repositioning, and service.

Regent Jet works with clients to develop a custom travel program, looking at the variety of trips taken and the type of planes flown. The company then analyzes the likely cost of future flights. If

Regent Jet determines that a particular flight is more costly if a client uses their fractional or card program, the company will book a flight with a charter operator able to deliver a better deal.

Regent Jet's founder Justin Sullivan, a former executive at OneSky Jets, explained that he often noticed the efficiencies (and inefficiencies) of the various private jet travel programs. Hedging, he said, aims to "arm private jet travelers with the information they need to make smart, savvy buying decisions about when to use a fixed-rate program, and when our program can provide a superlative value."

In a time when the private jet industry is beginning to feel tightening economic purse strings, look to hear more about this hedging strategy, as fliers increasingly try to get the most value out of every flight.