



Factors to Reaching Decision – The Case of a Private Aviation Agency in Malaysia

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ABSTRACT

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Private aviation agency is considered as one of intermediaries that provide high-end or luxury tourism services. The purpose of this study is to conceptualize the factors considered by private aviation agency in Malaysia in decision making process. Qualitative approach was taken and semi-structured interviews were conducted on one Operational Manager, one Marketing Manager and three technical workers of Elite Jets Sdn Bhd to obtain required information. Content analysis was done to emerge themes based on the findings. Results show four themes related to factors of decision making by private aviation agency which are money, relationship, value and safety.

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1. Introduction

The private aviation industry came about during the golden age of air travel and was kick started by Bill Lear seeking to build a small affordable jet designed for the business market and Learjet was born. The first of its kind and fully in its own class the Luxurious aircraft first took flight in 1963. In the beginning Private Jets were designed solely for the wealthy individuals and substantial companies, and over the years they were referred to with a range of names such as “Executive jets,” “Business jets”, or “Corporate jets”. The main motivation for utilizing private jets was categorized under private personal luxury use or for business use [1]. Industry forecasts predicts there will be a total of between 7,722 to 8,349 of new business jet deliveries in the next decade raking in a dollar value of between \$221billion and \$252 billion.

Looking back at the global trend, the commercial airline industry at the beginning was regarded as a luxury service only afforded by the wealthy. However over the years with technological advancements, the sector tremendously evolved and commercial air travel became available to the masses. The private aviation industry is going through a similar phase where it was once seen only for the extremely wealthy but it is now being slowly democratized by new age companies in the field, where Elite Jets of Malaysia as one of them. Therefore the objective of this study will be looking at

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the factors considered by the private aviation company in Malaysia in making decisions pertaining to the wellbeing of the business from all sorts of aspect.

2. Literature Review

2.1 Private Aviation as a Form of Luxury Tourism

As the luxury industry keeps evolving and growing at a faster rate, there has been a notable phenomenon of the democratization of luxury. According to Chapman [8], the “private air travel has been the domain of the ultra-wealthy” and this attracts the consumer base that are right below them. When analyzed through time, commercial aviation was initially regarded as a luxury industry. With technological advancements the sector evolved and became economically accessible to the masses.

Meanwhile the United States have been one of the largest contributor of the private aviation market in the world. From largely inventing and improving the private aviation industry, the United States also acts as provider of solid framework for other countries to build upon [20]. One of the most notable impact on the private aviation industry came about at the advent of mass access to the internet which contributed in simplifying the decision making process for the consumers compared to the pre internet ages [26].

Prior to the arrival of internet, operators and owners of jet aircrafts did not have a proper means to market the jets based on price, location and availability to the potential jet travellers. However all of that changed as the internet enabled private jet service providers to advertise to the global audience. It opened up doors that allowed for private jet travellers to easily connect with the brokers and intermediaries further facilitating the process. New business models appeared after the advent of the internet. From fractional ownership to membership programs which removed the risk associated with ownership, however had their short comings. Next, on demand chartered flights were introduced and as a new alternative, and it didn't require the customer's capital commitment and fees [25]. However, it is not proven that on-demand charter, or even membership programs, are always more cost effective than fractional ownership as sometimes it could be less expensive [13].

According to the CEO of XOJET, “It's one of the good times to be involved in the private jet marketplace”. Due to the variety of options and new services of jet air providers, it's never been easier and cheaper for the private jet travellers to find a great jet service provider. Top of that the private jet industry players are investing heavily in the research and development when compared to the prior times which should contribute to the future growth of the industry. Malaysia is still a young market for private aviation compared to the US and Europe counterparts and holds up to 50 private jets as of now. With a goal set to increase the number of jets to 150 in 5 years times, plans have been proposed to expand operation capacity of the Subang airport to allow hosting of more private jets [27] as private jets are accounting to a growing share of the premium luxury market of business travel [25]. The ever changing platform of the growth of the private aviation industry brings forth new challenges and opportunities for the agents, distribution channel intermediaries and the companies alike.

The role of travel intermediaries in the tourism industry is continually challenged and in constant change. Travel intermediaries are and will still be a key component playing an important role in the tourism distribution channel [9,15,28] and in this case of the private aviation industry. With the change in the technical logistics of the travel purchase, traveling intermediaries such as agents are no longer present in every transaction [28]. Individual travellers can now identify different traveling options online and make their own choices and purchases, especially for the less and simpler components. In this case where the travelling intermediaries are not always required in all the transactions [23,2,14,28].

This trend has led to a reduction in the use for intermediaries especially for the high-volume low price category of tourism and travel distribution [12,18,28]. However in the case of low-volume high-end specialized sectors the travel intermediaries have become brokers of information, using their skills and expertise to find better experiences at better prices or to plan, purchase and package customized personal itineraries for their respective clients [17]. Travel intermediary decisions can exert substantial influence in these higher price low-volume specialized sectors and can lead to success or failure of the individual travel tourist business or an entire tourism destination.

The factors and the process these travel intermediaries (agents) consider to reach their final decision will be of interest from both the practical and theoretical areas [16]. There have been several studies on decision process on individual tourists and high volume low price travelling intermediaries and agents, however the area of decision process for high-end low volume specialist travel service providers and intermediaries has the potential to be studied. The decision process of these specialist high-end travel agencies could be difficult to access due to their business being heavily based on confidentiality and tacit expertise applied [28]. The private aviation sector falls into the category [25] and seen as a luxury item due to the nature of its business. In the Malaysian context little to no prior study exists on the private aviation industry. Our study aims to analyze in-depth the area of decision making process of high end travelling intermediaries in this specialist sector, namely the private jet charter service provider in Malaysia.

2.2 Elite Jets

In Malaysia there are a few handful of private service jet providers which are Berjaya Air, Safura Holdings, Elite Jets and so on. Our research objectives were to interview the head of a few major jet service providers. However due to the nature of the business as a luxury product and also due to the time constraints and capital on our part, only Elite Jets responded to agree on providing us with information through an interview.

Elite Jets is one of the pioneering private jet service providers of Malaysia and has been in operation for more than a decade. Their service ranges from chartered private flights, chartered helicopters to ground handling. Elite jets fulfills and serve the trend of passengers travel for the luxury and business segments, ensuring unprecedented level of freedom and working towards providing a charter experience that is incomparable, all while flying elite group of clients through the stratosphere [10]. One of their biggest achievement came in 2015 when Elite Jets was trusted upon to handle the Air Force One Aircraft carrying the former President of United States, Barack Obama, during their visit to Malaysia. Elite jets emerged successful and etched a milestone in their journey when they were charged with ground handling services involving more than 40 flights. Other accolade includes their contribution to ensure smooth operation during the search and rescue for MH370 in 2014 and their contribution to the One Round World Tour when a young Malaysian captain attempted a solo flight record around the world 2013 [10].

Based on the caliber of Elite Jets past accomplishments they can be considered a formidable player in the chartered private aviation industry of Malaysia. Hence our study will be based on their expertise in this industry.

3. Methodology

The private aviation industry in Malaysia is still considered as a small and growing industry where the sectors involved are low in volume despite providing high-price products. Thus, qualitative approach and case-study strategy is utilized due to the scarce of studies focusing on specialist travel

agents or luxury tourism sectors [28], specifically in the industry of private aviation in Malaysia. As the nature of this study is exploratory, this study hence aims to explore in-depth the factors take into account when making decision by a company who acts as a pioneer broker in providing private aviation or jets services. In gathering the data, semi-structured interviews were purposively conducted to the Operational Manager and Marketing Manager with ten years of experience with the company and three technical workers of Elite Jets Sdn. Bhd who have more than five years of experience in order to obtain the desired information [24].

Table 1

Respondent Profile

Respondents	Position	Experience
A	Operational Manager	More than 10 years
B	Marketing Manager	More than 10 years
C	Technical Staff	5 years
D	Technical Staff	5 years
E	Technical Staff	5 years

Interviews were conducted for around forty minutes in a relaxing atmosphere, with no bias and any conflict of interest emerged in delivering the questions. Photos and vital documents of the company were documented and the interviews were recorded to strengthen the results [22]. Next, the analysis of the data was based on Buathong *et al.*, [5] which follows content analysis. This analysis helps in contextualizing the relationship between categories and themes. Maxwell [19] stated that content analysis is a proper research technique as it makes the inferences replicable and valid based on the text and context, it also widens the understanding of a researcher regarding a phenomena. Based on the literature, the design of the interviews were constructed emphasizes on the decision making of the company's business strategy, the company's strategy on their customers and the company's service implementation. Some of the questions asked were *"how did the company plan its research strategy?"*, *"what are the priorities in the company's business strategy?"*, *"what are the concerns in providing the best services for the customers?"*, *"what are the factors taken into account in making decision for company's business strategy?"*. The result were then arranged according to the factors and categorized. Double checking was done on the original transcript to improve the credibility of the results obtained. Authors then achieved a consent together and finally, four themes of decision making factors concerned by private aviation travel agency in Malaysia are formed [3].

4. Results and Discussion

Interviewees directly and repeatedly highlighted the company's concerns in making decision in which emphasized mainly on two category of factors; customer and company sequentially. The very first factor which is customer includes cost, demands, needs, expectation, experience, well-being and security where the interviewees mentioned that they serve customers *"based on the budget, because the longer the haul of the journey or the better the type of the aircraft, the higher the cost."* They also mentioned that *"when a customer pays a lot, they demand for their needs, expectation and experience to be strictly fulfilled exactly to what they have asked to"*. These people are very holding on to *"classy image"* that they want everything that reflects them to convey the *"classy view"* mainly because they can afford to pay. As an 'elite' service provider, Elite Jets will surely have to encounter with it no matter how *"ridiculous"* it is as they also highlighted that *"we simply want customers to always be loyal and position us as the main aviation channel"*. Plus, they admitted that *"Elite Jets does not rely on mass marketing, because it is believed that the experience of the customer itself will*

lead to more loyalty, recommendation and wider market scope”. The emotion of the interviewees was firm during commenting and explaining about their customers and how they perceived the high-end clients’ need, plus they directly stated that *“customers are everything, but the first and foremost, is their safety during the service consumption”*.

Next, the company factor. The interviewees asserted that *“it is important for us to retain a good reputation, both in the eyes of consumer and suppliers”*. This is because these elite people are mostly those who take care of their good names, and that includes every service that they consumed. Plus, they also commented *“maintaining relationship with the suppliers is important because customers’ demand are always unexpected. This is where good relationship with suppliers plays its role by easing our process of dealing and negotiating with them to provide just as exactly as what the customers requested for at any time, any places and any how”*. They added that *“it is not impossible for someone in Dubai suddenly wishes to go to Las Vegas and chooses us to arrange his private flight”* and *“we can do that because we have good connection and contact with suppliers all around the world.”* They also gave a notion that *“company’s prosperity and well-being are key to achieving sustainability”*. The interviewees also mentioned that *“we would try our best in maximizing our capabilities and profit”* from giving the customers exactly what they want. Besides providing private aviation service, the company also provides ground-handling, body evacuation (Bodyvac) and medical evacuation (Medivac) services as a way in expanding their capabilities and making more profit. Table 2 summarized the categories and factors sorted out according to the results of the interview.

Table 2
Results of the interview

Category	Factors
Customer	<ul style="list-style-type: none"> • cost • demand • expectation • experience • loyalty • safety
Company	<ul style="list-style-type: none"> • Reputation • Capabilities • Profit • Sustainability

Based on the factors sorted out of the interview conducted, which is in parallel with Buckley and Mossaz [28], there are four main themes extracted in regards to the concerns of the company’s in decision making based on open coding. The themes are money, relationship, value and safety.

The first theme is money. This group of high-end or ‘elite’ people don’t mind to spend because they afford it. Rich people have money but not time. Every single seconds or minute is like a gold to them. Besides, to attend meeting, meet client or investor from all around the world they need to be there on time. If they used the commercial airlines, there will be some delays and sometimes flights cancellation due to certain circumstances. Hence, by having this private jets service, they can reduce the time consuming and also, obtain a sense of privacy only by having to pay some certain amount. Sometimes, they can make a discussion in the jet because it keeps the privacy and it is more exclusive. By having this exclusive service can also improve their performance. On the other hand, by using private jet it shows their class. Usually this kind of people fall in a group ‘bluxury’, which is a combination of business and luxury. They are cash-rich but poor in time, thus with money they buy

the time and the experience to travel by using private jet. This is because private jet have flexible flight schedules than the commercial flights. In the industry of private jet, you can request the type of flight and the service that you want, with one condition-- Money. For example, a journey to Las Vegas from KLIA by using commercial flight needs to undergo change of flight but using private jets they can save time and arrive at the destination on time. As an example, it is mentioned by the interviewee that some of the customers said " ... give me a comfortable flight from New York to Helsinki and I don't care how much it costs, just give me the quotations". Sometimes the clients book less than 3 hours than they supposed to. Usually they need to make a reservation a day before or in 48 hours before their flights. But some certain clients need an ad-hoc flight due to emergency cases. In pertaining to this situation, it is asserted that as long as they have money, Elite Jets will surely fulfil and give what they want or what they prefer. For the side of the company, money or profit is the top priority in assessing the company's survival. By giving the customers as exactly as they want, the company will secure the advantage of customers' loyalty, wider market scope and eventually contributed to more profit and company's sustainability.

The relationship theme is the crucial thing in Elite Jets service. Customer is like a King to them. They act like a genie in a bottle that can fulfil all the clients' needs and wants. They put clients on the first stage and make them loyal with their company. They do all the requests by the clients just to make a good relationship and then become loyal to them. As told by the interviewee, there were customers who requested like "... please make sure that only Evian water are being served and I want rocket salad from SukaSucre Bistro and dessert curry puff from Saujana Impian only". Thus, the company needs to inform and remind the caterer to serve those things. Just because the curry puff is different from the requested one, one of the staffs was almost being fired by the company. In this industry, to win the clients heart, it is vital to fulfil all their requests. Good service can bring not only just the loyal clients but new clients based on the word of mouth of loyal clients.

The third theme is value which indicates that what is served must be unique. The most important thing is a private jet allows individuals to fly without being recognized. Many clients are operating under a corporate banner and business trips involving well-known executives which can be conducted in relative secrecy. Jet owners also said they feel more secure as they have full control over the pilot and other staff on the aircraft. This of course is less obvious on a membership or fractional ownership basis but can be achieved to a degree. There is one big downside, however, as full ownership of a plane means that as it flies around, others will know who is likely on board and where they are going. Next, the rich can often be fastidious about controlling elements of their life and travel is a common concern. One private jet customer noted that if a meeting overran, it provided no stress as the jet would be there waiting.

Lastly, the safety which indicates the safety in the mind of the clients. Managing risk is a common skill for the wealthy and often a high-end travelers will consider private travel to be safer than a commercial offering. It is claimed that the two dominant factors are the age of the plane and the visual condition of both its exterior and cabin. It also said that many wealthy individuals do not like to travel on older aircraft and that commercial airlines cannot guarantee a newer plane. The interviewee in the survey said that the presentation of the plane and staff was important because it suggested a high level of care was also being placed on operation and maintenance.

The results obtained and presented show a parallel consent with the theory of the hierarchy of luxury travel needs. Figure 1 shows the pyramid of the hierarchy of luxury travel.

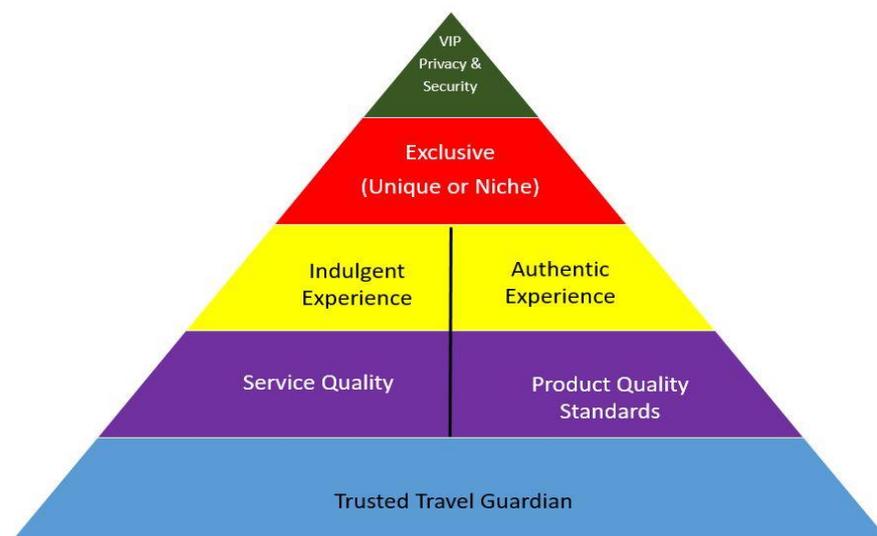


Fig. 1. Centre for the Promotion of Imports

The hierarchy of luxury travel needs (Figure 1) illustrates the levels of luxury travel. The more a traveller is used to luxury, the higher up the pyramid their expectations are. The luxury travellers are generally at the level of expecting exclusive experiences. The VIP demands are limited to a small group, used to the highest level of luxury in their daily lives. The luxury travellers are generally looking for such things as: personalized service, preferably one-on-one good quality beds with good quality bed linen sophisticated design reliable transport comfortable seats when traveling, with plenty of legroom food and wine of outstanding standards exclusivity positive and professional interaction with staff, such as greeting by the doormen.

5. Conclusion

Wealthy individuals seek an experience to remember on vacation. With money, the experience can be anything like a trip to space, testing high-performance, limited edition cars or flying MIG fighter jets in Russia that can cost up to \$25,000 for a 45-minute ride. Experiencing something exclusive is all that matters. There is a new trend wherein companies provide vacation packages or journey that are personalized and includes complete travel by a private jet. The wealthy can go on a vacation on a state of the art aircraft that is exclusively at their disposal. The plane can come with a chef, gourmet food, personal iPads, flatbed seats or beds and an efficient crew that takes care of all customers' needs. Aside from vacations, private jets are good for traveling in general, especially when the time is money. A private plane charter may be a bit expensive, but it allows the flexibility to travel and saves on time. Flying on a private jet also maximizes efficiency and is great for people who do not want to be seen too much in public.

From the company's perspective, catering these high-end people is considered as a challenge to them. In an effort to make the company continuously grow in prosperity, Elite Jets is more than willing to put the customers as their first priority. To them, customers and their well-being are everything. Hence it requires them to always utilize decisions that portray a reputable role in 'branding the company as an 'elite' company which provides 'elite' transportation mode to those 'elite' people.

For the limitation, this study was done focusing only one private aviation agency where the results might or might not be generalizable. Future research may overcome this limitation by focusing on more providers that offer the same service, although the private aviation industry in Malaysia is still not widely recognized- unless for the rich. Quantitative study can also be done such as establishing dimensions or scale that represent the decision making concerns by private aviation or luxury travel service providers.

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