

NEW GLO AIRLINES WILL COUNT ON BUSINESS TRAVELERS

News / Airlines



Flying 30-seat Saab turboprops between Memphis and New Orleans doesn't strike aviation entrepreneur Calvin Fayard III as a huge business risk.

But scaling up a hub-and-spoke airline to fill in for the old hub at Memphis International Airport is a far riskier bet than the New Orleans lawyer wants to take on.

Fayard's new **Glo Airlines** last week announced a daily round-trip Memphis route would begin in November, catering to tourists and **business travelers**.

In a recent interview, Fayard described the market research that supports his decision to launch a charter line serving Little Rock, Memphis and Shreveport, Louisiana, from New Orleans.

"Memphis suffers the way New Orleans does," Fayard said. "It has decent air service but it could be a little better."

Memphis travelers have missed nonstop flights ever since Delta Air Lines dismantled the Northwest Airlines' southern passenger hub inherited in the 2009 takeover of the former Minnesota carrier.

New Orleans business travelers including engineers, lawyers and sales professionals once changed planes in the Memphis hub for an array of regional commercial centers such as Birmingham, Little Rock and Greenville, Mississippi.

Once the hub was gone in 2013, Fayard, who practices business and real estate law, said he found himself chartering so many small airplanes on business trips to Memphis and other destinations that business travelers in New Orleans began contacting him to ask if there was room aboard the plane.

"People would call me from all around town," Fayard said. "I became like a de-facto charter broker. If this many people have this much trouble getting to where they need to go -- that was the long and short of it. I said, let's start an airline."

Fayard realized he'd need several routes to provide enough passenger volume to pay the bills for a new carrier. He rented a car and visited nearly 60 cities, driving 20,000 miles to research demand for air travel within 500 miles of New Orleans. That distance is how far the typical passenger can remain comfortable riding in a 30-seater.

He narrowed the choices to a handful of cities, met with civic leaders and corporate executives and culled the list to the three destinations, he said.

"What Glo is trying to do is a sensible plan," said aviation consultant Michael Boyd of Evergreen, Colorado, noting that charter carriers cannot market their routes to the public like a regular airline but are easier to start under federal rules than scheduled airlines.

And looking for a few under-served cities is less costly than creating a regular hub, which must endure slack travel times and convince travelers to pay relatively expensive tickets. "You'd lose your shirt starting a small hub-and-spoke airline," Boyd said.

Fayard also shied away from ramping up a bigger airline. Scaling up an airline to service the seven most promising destinations on the tour would run up first-year expenses he estimated at about \$25 million.

"It's sort of a slot machine" at that size, he said, because it's not certain there's more than \$25 million worth of revenue to pay the bills and make a profit.

Memphis airline entrepreneur Stan Little said he doubts Glo will disrupt his Southern Airways Express, which was created in 2013 to take travelers daily to the Gulf Coast and Atlanta in 10-seat Cessna 208 turboprops. Southern also operates weekend vacation shuttles to New Orleans between Memorial Day and Labor Day.

"I hope Glo fills up their planes," said Little, a lawyer in Hernando, Mississippi. "The more people we can get in the habit of flying, the better."

At the height of the Northwest hub, only about 25 Memphis-area residents boarded each New Orleans flight, Little said, noting the big jets were often filled with out-of-town travelers changing planes in Memphis.

Fayard, who uses the first name Trey, is the son of Louisiana lawyer Calvin Fayard Jr., regarded as a prominent plaintiff's attorney in the legal settlements reached with the tobacco industry and BP over the Gulf oil spill.

Glo is the brand name for the charter airline, and the parent firm is FlyGlo LLC.

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