

news

Virgin Group to Start Online Site for Charter Flights (Update2)

By Tracy Alloway and Hugo Miller

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June 12 (Bloomberg) -- Virgin Group Ltd., owned by U.K. billionaire Richard Branson, will expand its aviation operations with an online service to match travelers with private-plane charter operators in the U.S.

Virgin Charter will begin in the U.S. fall season, Brooke Hammerling, a spokeswoman for the company in New York, said today. The business, to be based in the U.S., will run a Web site that lets people book private planes for flights and view customer ratings and safety audits.

The new business will compete with established providers such as Manchester, New Hampshire-based OneSky Jets. Branson is adding Virgin Charter as the Federal Aviation Administration forecasts a 3.2 percent annual rise over 10 years for general aviation, which includes private charters and air-taxi services.

"We all expect private aviation to grow enormously over the next 10 years and this diversifies the risk" associated with the Virgin America Inc. low-cost carrier Branson is also helping to start, said Darryl Jenkins, an aviation consultant in Marshall, Virginia.

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Virgin America, which won flight permission from the U.S. Transportation Department on May 18, expects to begin flights by the middle of this summer, Chief Executive Officer Fred Reid has said. The Burlingame, California-based carrier plans to begin with New York-San Francisco flights.

Contacting Providers

Virgin Charter is being added as long security checks and the threat of terrorism hamper commercial air travel and boost the popularity of private jets. The new company is contacting private-jet operators and has signed up providers including San Carlos, California-based XO Jets Inc., Hammerling said.

The new company said it has hired executives from Google Inc., Expedia Inc. and EBay Inc.

"A lot of travel agents don't book charter jets as it's too difficult," Scott Duffy, who will be Virgin Charter's chief executive officer, said in an interview from New York. "This will make it easier to book" in what has been a fragmented industry, he said.

Duffy founded Smart Charter, a company Virgin first invested in last year before acquiring a majority stake and renaming it Virgin Charter. The company's customer base will include athletes, entertainers, business travelers and private clients, he said. Virgin Charter also plans to offer helicopters and jumbo jets for hire.

'Boost to the Industry'

OneSky CEO Greg Johnson said he welcomes the entry of a company the size of Virgin into the charter market because that helps convince fliers of the value of such online services. OneSky, which expects revenue of more than \$20 million this year, has 300 suppliers, almost a third of the 950 private-jet operators in the U.S., Johnson said.

"Anyone that can bring this awareness is a huge boost to the industry," he said

in an interview. "We're excited to see them join the fight."

Branson's Virgin Group, which includes Virgin Atlantic Airways Ltd., also is creating the online business as part of efforts to reduce carbon emissions from air travel, said Will Whitehorn, a London-based spokesman for Virgin Group.

"In the U.S., corporate jets fly empty about half of the time," he said. "It's incredibly inefficient."

In April, Branson's Virgin Fuels renewable energy investment company said it would team with aircraft-maker Boeing Co. to test the use of biofuels on planes.

The development of very light jets may also boost demand for private-plane travel. The aircraft, such as Textron Inc.'s Cessna Citation Mustang, are less expensive jets that weigh less than 10,000 pounds, generally have lower operating costs and can fly five to seven passengers.

Virgin Group, based in London, also includes travel service, retail, mobile-phone, and music and publishing businesses.

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Last Updated: June 12, 2007 16:53 EDT

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