

economy, strategies, pressures from discounters, international routes with domestic routes—has a hard time keeping pace.” EOS’s usual fare to London, \$7,500, undercuts BA’s by 20%; its lowest fare is \$3,280. Silverjet weighs in at \$1,798.

With the roughly 3,600 seats in premium cabins (about 30% of the total) generating 70% of the revenue—and 100% of the profit—on the \$1.75 billion New York-London route, it’s no wonder the big carriers are not taking this front-of-the-plane challenge lying down. As part of an 18-month rollout, BA will spend \$190 million on improvements to its Club World offerings and its “2.0” plan for flat beds, which BA originated in 2000. American Airlines, which has 18% of the J.F.K.-Heathrow seats, just invested \$20 million to upgrade its 767s.

Given the complexities of a traditional carrier’s operations, this new business model seems like a logical one. A single-class cabin streamlines onboard service and crew training, and using smaller jets, like 757s, lowers fuel and maintenance costs. So the new entrants can offer competitive premium service at a reduced price.

But it’s not all smooth air for the start-ups. Virginia-based MAXjet launched in November 2005 with 102 all-business-class seats on a 767 flying between J.F.K. and Stansted. Price: \$1,500. But MAXjet’s expansion to the Washington-Dulles/London route has floundered. The company suspended that service and says it will resume in May. CEO William Stockbridge, who abruptly took over after Gary Rogliano stepped down just a year after launch, says MAXjet will soon add two jets to its fleet, making a total of five, and offer another destination in the summer. Says analyst Lobbenberg: “Its price proposition is perfect, but they need to sharpen up the operational execution.”

That’s where EOS has excelled. Focusing on business flyers has yielded both cachet and efficiency. “Ours is the difference between shopping at Tiffany and shopping at Sears,” says Spurlock, who spent five years at BA. “If you produce a product that has a higher quality, that is somehow more nimble and you can be more efficient, that business is going to succeed,” he says. EOS has added a third daily flight each way, has been negotiating for new jets and is planning additional routes after raising another \$75 million in financing.

The only public start-up of the group, Silverjet, splits elitism and efficiency down the middle. It’s not every day that you see the CEO of an airline collecting trash and empty champagne glasses. But Lawrence Hunt, 40, is a Richard Branson-style British maverick who rolls up his sleeves, raises \$55 million in capital and takes flight with

Premium flight data. Comparing the majors and the start-ups in the New York-London market

BRITISH AIRWAYS

Airports: J.F.K. and London Heathrow

Fares: \$3,500-\$14,000*

Aircraft: 767s, 747s; First-class seats: 1.98-m fully flat beds, 53 cm wide

Business-class seats: 1.98-m fully flat beds, 64 cm wide

Flights per day: 11

AMERICAN AIRLINES

Airports: J.F.K. and London Heathrow

Fares: \$3,300-\$12,000*

Aircraft: 777s; First-class seats: 2.03-m fully flat beds, 53 cm to 76 cm wide

Business-class seats: 1.96-m lie-flat beds recline 171°, 64 cm wide

Flights per day: 6

EOS AIRLINES

Airports: J.F.K. and London Stansted

Fares: \$3,280-\$7,500

Aircraft: 757s with 48 seats, 1.98-m fully flat beds, 53 cm wide

Flights per day: 3

SILVERJET

Airports: Newark Liberty and London Luton

Fares: \$1,800-\$2,500

Aircraft: 767 with 100 seats, 1.91-m lie-flat beds recline 160°, 56 cm wide

Flights per day: 1

MAXJET AIRWAYS

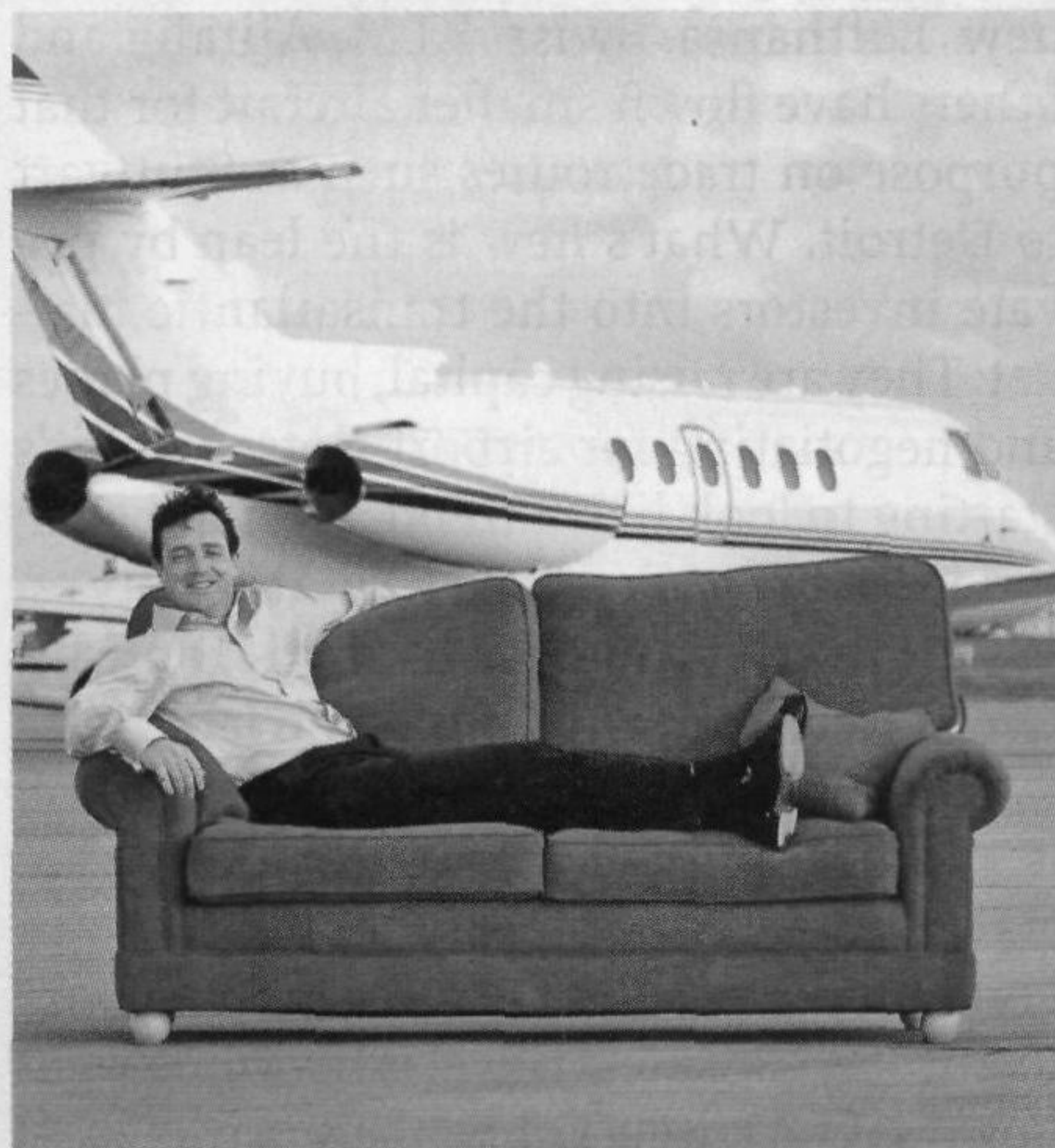
Airports: J.F.K. and London Stansted

Fares: \$1,500-\$3,400

Aircraft: 767s with 102 seats, 1.98-m lie-flat beds recline 160°, 48 cm wide

Flights per day: 2

*Business and first class
Sources: Airlines listed here



Wheels up In eight months, Hunt got Silverjet in the air and crossing the Atlantic in comfort

100 business-class seats on a 767 just eight months later; most start-ups take two years. Hunt expects to break even in six to eight months and will soon add two more planes.

My flight on Silverjet had a few firsts: my first time passing through security and boarding a plane in seven minutes; the first women-only loo in the troposphere (the result of a heartfelt suggestion from a woman at Heathrow); the first carbon-neutral airline, which takes up to \$23 from round-trip fares to fund projects that neutralize carbon emissions.

It was economics rather than environment that attracted Nigel Hysom and Craig Thrussell to Silverjet, whose \$1,800 price appeals to a category of flyer called SMES, for “small and medium enterprises.” The two London-based financial consultants fly as often as twice a month and usually take Air India because of its low \$2,000 round-trip business fare. “We don’t have the buying power to fly BA or Virgin,” says Hysom. “As a growing business, we have to look at costs—and a flat bed is everything.”

For now, the transatlantic market, buoyed by corporate travel, can keep a lot of planes in the air, but should the traffic slow, the incumbents could always resort to price wars, a tactic they’ve used in the past to shoo away upstarts. The upstarts, on the other hand, need new markets, which could test their operating capability. “EOS is still the gold standard, but Silverjet is proving that the alternative carriers are here to stay,” says Michael Holtz, owner of the Smart Flyer, a high-end travel agency in New York City. As a publicly traded company, Silverjet will be under pressure to deliver profits. Lobbenberg says the airline is likely to compete with MAXjet in efforts to capture the bottom end of the up market.

As for EOS, UBS transport analyst Tim Marshall says, it “would be prudent to target the SME and leisure market rather than the global corporates,” arguing that network depth, breadth and frequency are important to corporate flyers. “The presence of EOS may actually stimulate the business-class leisure market,” says Marshall.

That might allow many people, like me, who are now crammed in coach to upgrade. And it would give business flyers more flexibility. Simon Martin, a British futures exchange analyst who usually flies BA, Delta or American, was on an EOS flight for two reasons: he didn’t want his business compromised by potential labor troubles (since resolved) at BA, and he was the company’s guinea pig for finding other airline options. He would report to colleagues that EOS was “slightly better” than BA’s first class. “It’s a dirty job,” he said, after finger sandwiches and a sweet cheese soufflé, “but someone’s got to do it.”