



LUXAVIATION GROUP WILL NOT BE EXHIBITING AT EBACE 2019

News / Business aviation, Events / Festivals



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I truly appreciate much of the work that EBAA is doing in defending business aviation's interests with the European Union and local institutions. This is why the Luxaviation Group is supporting your association with many of our resources. However, as the CEO of Luxaviation Group, one of the largest business aviation groups globally and in Europe, I decided to share with you my frank thoughts on EBACE. As I am convinced that these thoughts are not only mine but are echoed throughout the European business aviation industry, I decided to make this an open letter and hope that some of my industry peers see this as an impetus to share the same concerns and conclusions with you.

Let's start with the conclusion. This year Luxaviation Group will not participate as an exhibitor at EBACE in Geneva and we will limit our presence to the organisation of some fringe events.

The explanations for this conclusion are many and I will share these, as well as my concerns and suggestions, with you in the paragraphs hereunder.

Business aviation's main concerns should be safety, safety and safety. Accordingly, most money and attention should be spent on improving the quality and safety of the services that we deliver.

From Luxaviation Group's presence in many countries and our M&A activity over the past years, I am very well positioned to know that, on the one hand, the costs of safely operating, handling and maintaining aircraft have increased significantly. This evolution is mainly driven by regulations and by a constant and welcomed drive to improve safety. EBAA is also playing its constructive and supporting role in this.

On the other hand, and particularly in Europe, we notice that the clients are becoming more price sensitive, mostly driven by tremendous competitive pressures. The numbers on the market fragmentation which EBAA presents on such competition are self-explanatory. The results of such heated competition are reduced operating margins at best or a chronically loss-making industry at worst. Such developments should be worrisome to EBAA and to anybody who cares for safety.

Finally, the continuing uncertainty about Brexit and other geopolitical matters are two additional concerns with financial impacts facing the business aviation industry at present.

Over the past years EBACE, organised by EBAA, has certainly also improved in quality, but I can assure you that for operators, handlers and maintenance organisations and I assume even for OEMs, it has become very expensive to participate in and exhibit at. Not just because of the direct costs, but because of the indirect costs too.

One particularly big problem for EBACE right now is its location in Geneva. Exhibiting at events in Geneva is far more expensive than exhibiting at business shows elsewhere in Europe. To take just one issue – accommodation – research published this year by professional services giant PwC shows Geneva has the highest average hotel daily rate (€242) of any city in Europe. And believe me, these average rates are not the ones applied during EBACE, which are much higher.

Attending EBACE can easily cost businesses hundreds of thousands of euros in direct and indirect costs. We believe that moving EBACE to a less expensive city than Geneva would undoubtedly bring huge cost savings to exhibitors and attendees.

Also, of note is the fact that the cost of exhibition space charged by EBAA will increase for 2019.

Finally, digitization often has the effect that exhibitions and conferences are ill-suited events to engage with clients. EBACE is simply not the place where the clients are anymore (especially in our industry where marketing money is better spent in personalized formats).

We all accept there is rarely a clear-cut return on investment when attending a business show but the cost of going to EBACE still needs to be justified in annual budgets and justified to our clients and stakeholders. There is no way an industry that is facing thinning margins should be prompted by its own industry association to increase its marketing spend on a yearly basis as that money would be better invested in safety.

We believe that EBAA should use its resources, financial and operational, to support the business aviation industry in Europe and not organise events that might be financially profitable for the EBAA but have counterproductive effects on the industry it serves.

The time has come for EBACE to change. The event must respond to economic realities and EBAA should ask itself if an event in this format is truly representing the many facets of business aviation as claimed by its Expanding Horizons campaign.

As industry leaders, committed to supporting the development of business aviation globally, we at the Luxaviation Group appreciate how EBACE has been helping the industry come together for the last 18 years. Nonetheless, changes are needed now.

Rest assured that as one of the major players in this niche we are aware of our responsibility to contribute to the industry. We are willing to support new developments, to promote young talents and initiatives like the recent EBAA One Young World Summit. We are willing to continue investing in building industry relationships and we value the work which has been done since 2001 by the European Business Aviation Association (EBAA) and the National Business Aviation Association (NBAA) in jointly hosting EBACE.

EBACE certainly should continue existing...but you must reinvent it for the event to be having a positive value to the industry. I certainly hope that more people would share their similar views with you and that this open letter could thus bring change to a passionate and value-creating niche.

Yours sincerely,

15 NOVEMBER 2018

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