

# Rising above the economic clouds

## INTERVIEW WITH MARK BURNS

PRESIDENT AND CEO, GULFSTREAM AEROSPACE CORPORATION



Even as economies ebb and flow around the world, if you have a compelling product you can compete successfully

### How do you see the current state of the global economy affecting the business aviation industry in general, and Gulfstream in particular?

We have a very compelling, broad product range that allows us to compete in the global market in every market sector, from our super-midsize jet, the G280, to our flagship, the Gulfstream G650ER, with its 7,500 nm range. And we have been fortunate to see our customer base become larger and larger over the years. The G650 has been responsible for a great deal of that growth.

In my 34 years in this industry, I've probably seen five significant global economic downturns. But each and every time we've come out of those downturns stronger. I think much of that is due to the quality and strength of the Gulfstream brand. Again, our G650 and G650ER are good examples. In 2008 the economic downturn in the US was a very difficult time, to say the least. But our G650s turned out to be

truly compelling aircraft in that market and despite the adverse conditions, we were able to sell a large number of G650s.

Every year there is something going on in the world, politically or economically, which will challenge the marketplace. You have to be disciplined and bring outstanding products to market. Then you can compete on an equal footing regardless of global market conditions.

### What are the regional dynamics in terms of growth markets?

The US is, of course, the most mature market, where we have had a very strong presence since we began in 1958 with the Gulfstream G1 turboprop. That will continue to be a strong market for us in the next few years as growth continues, albeit slowly. Recently, we're starting to see some growth in Europe. In some areas, infrastructures are still



Right: Interior of the ultra long-range Gulfstream G650ER

emerging, such as those in China, India, Russia and North Asia. You have to decide whether or not you want to be in those markets for the long term. And that is our commitment. We wanted to be there. We are there.

When I started in this business we were predominantly a US company, selling most of our aircraft either here or in Europe. But today we see prospects in virtually every corner of the world. It is a truly global marketplace. For example, trading between the US and Asia is much more prevalent now than what it was 20-30 years ago. I can't help thinking that business aviation helped make that happen.

People simply want to deal face-to-face; they want to see where their products are being made; they want to see where their products are distributed. Business aviation, particularly with long and ultra-long range aircraft like our G450, G550 and G650, enable smart business people to be in the markets where they want to compete every day.

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**How is your customer base distributed in terms of customer types, such as corporations, government and military users, and high net worth individuals?**

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I think our customer base is very unique because we have a very strong contingent of companies around the world that own or operate our products. We have seen a significant acceleration of the number of high wealth private owners of our products as well. We have a small number of Gulfstreams in service with fractional ownership programmes, though the largest group will continue to be the end users; corporations or individuals. As to the charter business, some owners US charter their aircraft, usually via outside management firms. This is not a huge number, but such chartering is more prevalent in Europe and less so in such markets as China, Asia and India.

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**Gulfstream has built a strong presence in the government and defense sectors, both in the US and other countries. How important is that market to you?**

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Very. It's been strong and growing for the past few years and I'm now starting to see more interest in Gulfstreams as platforms for battlefield surveillance missions. I think we have roughly 100 aircraft in the US that are used for government or military missions and probably just as many internationally.

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**Let's address customer loyalty – keeping buyers of their first Gulfstream “in the family,” so to speak.**

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Well our customer retention rate – repeat buyers – is about 80 percent now. Obviously, brand loyalty means

a great deal to us and we pay particular attention to it. Selling the first aircraft is purely based on the merit of that aircraft and its performance overall. I think selling the second aircraft is based on the merit of the company. The more they know about the company the more likely they are to become repeat buyers. They know and have experienced our commitment to our products, continually improving them, and supporting those products relentlessly. That's where brand loyalty really comes in.

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**An aircraft has a long gestation period and you mentioned earlier that Gulfstream is a manufacturer that makes it a point of investing in new technology, no matter what. How do you see that progressing in the near term and in the future?**

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Well, as I said earlier and as one might expect, I think we have the most compelling products in the marketplace today. I don't think anyone would doubt that the G650 and G650ER are unrivalled in the large cabin, ultra-long-range segment. And now



we have a new family – the G500 and G600 – moving along on schedule to certification and first deliveries. Both aircraft will have an unmatched array of technology, such as active side-stick controls, touch screen monitors in the cockpit, and outstanding passenger comfort and overall performance. (The 5th G500 in the test programme is now flying with an installed full production interior.)

We will bring those aircraft to market on time; the G500 in 2018 and the G600 in 2019, as we've projected and promised our customers. The two new aircraft serve to demonstrate the fact that we have a robust R&D programme. While we're not prepared here to discuss new aircraft planned, we are certainly looking way down the road. Many years down the road, even beyond ten years, as to what the market place might be then. One thing we always do is listen carefully to our customers: How they are using the aircraft. How their passenger experience has been. And the ownership experience, of course. That kind of customer feedback sets the course for us going forward. If you ever visit our headquarters in Savannah, you'd see the impressive R&D Centre and thousands of engineers who are dedicated to future products. You would see we're totally committed to the future.

Typically, nearly 80 per cent of our customers are repeat buyers

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