Travel Industry Update
August 13, 2020

American Airlines becomes the final major US carrier to ban masks with valves

- American Airlines’ newly-strengthened mask policy goes into effect on Aug. 19,
- The Fort Worth, Texas-based carrier will become the latest — and largest — airline to bar flyers from wearing masks with valves.

United Airlines adds 17 routes to Florida, bypassing hubs in pandemic route-map shakeup

- United Airlines will add 17 routes to Florida that bypass its traditional hubs this winter, joining other carriers that are breaking the traditional rules of network planning amid the challenge of the coronavirus pandemic.
- All of the new routes are short-lived. United plans to end them on Jan. 10, 2021 but may extend them based on demand.
- Regardless, the routes are a strategic break for United. The carrier has almost exclusively only added new flights between U.S. cities and one of its seven hubs — Chicago O’Hare (ORD), Denver (DEN), Houston Bush Intercontinental (IAH), Los Angeles (LAX), Newark (EWR), San Francisco (SFO) and Washington Dulles (IAD) — since its merger with Continental Airlines in 2010.
- However, COVID-19 has turned conventional airline models on their heads. Carriers are trying to find any way to get would-be travelers onto planes, including adding flights between cities where they traditionally lack any sizable presence.
- In September, United plans to fly about 37% of what it flew during the month in 2019. This is largely the result of its large exposure to international markets — not to mention business travel — that remain largely closed due to COVID-19 travel restrictions.

Cathay Pacific and Singapore Airlines will ‘inevitably’ take longer to recover, analyst says

- Both carriers are based in markets that have no domestic demand in a time where international travel is still very limited.
- Cathay Pacific reported a loss of 9.87 billion Hong Kong dollars ($1.27 billion) for the first half of 2020, after registering a profit of 1.35 billion Hong Kong dollars a year ago. For the quarter ended June 30, Singapore Airlines reported a net loss of 1.12 billion Singapore dollars ($817.5 million), down from a net profit of 111 million Singapore dollars the previous year.
Air France pilots back domestic network overhaul

- Air France pilots voted to approve an overhaul of the airline’s lossmaking domestic network, their main union said on Wednesday, clearing the way for an expansion of low-cost arm Transavia.
- In a referendum organized by the SNPL union, more than 90% of pilots backed plans by Air France-KLM group CEO Ben Smith to allow the budget division to take over some domestic routes from Air France and its HOP! short-haul operation.
- After the vote both sides signed formal amendments to labor agreements that had previously barred Transavia from domestic services, the airline group said.
- The coronavirus crisis has helped Smith, who joined from Air Canada in 2018, to carry out once taboo reforms to domestic services that lost 200 million euros ($236 million) last year.

Emirates to resume flights to Birmingham, Cebu and Houston, now serving 74 destinations

- Emirates is set to resume flights to three more cities, meaning the Dubai airline will soon have a restarted network of 74 destinations.
- As of this month, Emirates is servicing more than 50 per cent of its pre-pandemic passenger network.

Bahamas Changes Stance on Cruise Ship Passengers

- Dionisio D’Aguilar, the Bahamian minister of tourism and aviation, told Tribune Business that he intended to “encourage” cruise lines to come back to the Bahamas once cruising resumes. “Obviously, when they start cruising again, they will not want to come to the population centers,” he said. “They will want to go to their private islands, because they can control the environment.”
- He went on to say that as minister of tourism, he would “encourage [the cruise lines] to come to the population centers, because that’s where they will make the most economic impact.”
- This is a major turnaround for D’Aguilar, who has spent the past several years complaining that cruise line guests don’t spend enough money.
- Three years ago, he complained to the same newspaper about what he called an imbalance in the relationship between cruise lines and the Bahamas. “You’re not going to come to this destination and be greedy and get it all for yourself,” he said at the time.
- Now, D’Aguilar is hoping that the relatively short distance between popular cruise starting spot Florida and the Bahamas will play in their favor.
- “At the onset, [the cruise lines] will want to check their protocols and see how they work,” he explained. “We’re wonderfully positioned for the rebound of the cruise industry, because we’re so close and they can do short cruises.”

More cruise lines eye preboarding COVID tests for passengers

- Get ready to get tested for COVID-19 when you show up for a cruise.
- A growing number of cruise lines including MSC Cruises and the many brands of the Royal Caribbean Group are talking about testing every passenger who arrives for a voyage during the check-in process when cruising resumes.
• “It’s very likely that testing will occur,” one of the top executives at Royal Caribbean Group, Michael Bayley, said Monday during a conference call with Wall Street analysts.
• It is likely that passengers would be given swab tests after arriving at their departure port as part of a preboarding medical screening. Passengers who test positive for COVID-19 or show symptoms of the illness will be denied boarding.

Hospitality and Leisure Industry Accounts for 40 Percent of COVID-19-Related U.S. Unemployment

• The hospitality industry has been among the hardest hit by the COVID-19 pandemic. Nearly half of the 16.9 million jobs in the leisure and hospitality industry were lost in March and April, according to a new report from the U.S. Travel Association and Tourism Economics. While some properties have since reopened and four million jobs have been restored, more than one-quarter of the industry remains unemployed.
• According to the report, the leisure and hospitality industry accounts for 40 percent of pandemic-related unemployment in the country, and recovery is expected to extend well into 2023.

IHG: Q2 RevPAR Down 52 Percent, Cut Corporate Staff by 10 Percent

• InterContinental Hotels Group made the decision in July to eliminate about 10 percent of its corporate staff, said IHG CEO Keith Barr during a Tuesday second-quarter earnings call. The cuts are part of a $150 million cost-cutting plan that started this year and will be sustained into 2021.
• IHG’s global revenue per available room declined 75 percent year over year for the second quarter, which it had anticipated in its earnings preview, and was down 51.7 percent for the first half.
• Occupancy declined 30.6 percentage points during the half, and average daily rate was down 12.1 percent for that period.
• Second quarter RevPAR was down 69.3 percent year over year in the United States, and down 46.8 percent for the first half of the year.
• US Occupancy is back up to about 45 percent in July, with RevPAR declines about 54 percent for the month. IHG's upper midscale and extended stay brands have proved to be the most resilient, the company said.