Travel Industry Update
October 6, 2020

Thanksgiving a bust? Airlines slash November schedules as demand sputters

- There’s an old joke in the airline industry that if a carrier can’t fill a plane over Thanksgiving, then they are doing something wrong.
- That may just be the case at American Airlines, Delta Air Lines and United Airlines this Thanksgiving.
- New numbers from travel data firm OAG paint a harsh picture of the upcoming holiday. Bookings for November at American and United are at roughly a quarter of where they were at this time last year. And reservations at Delta Air Lines are at only 12% of 2019 levels.
- “It looks like the last hope of the year, Thanksgiving, will be memorable this year for all the wrong reasons,” wrote John Grant, senior analyst at airline data firm OAG.
- The news of weak holiday bookings comes as airlines are now free to cut service at will. Minimum air-service rules attached to federal coronavirus aid package, or CARES Act, funds expired on Sept. 30, freeing airlines to drop destinations.

Southwest Airlines Cuts 90,000 Flights in November and December as Holiday Travel Demand Falters

- Southwest Airlines cut more than 90,000 flights from its November and December schedules, trying desperately to avoid empty aircraft heading into the important holiday travel season.
- Dallas-based Southwest cut 38,000 flights from its November plans, or about 36% of all trips, according to Dallas-based Airline Data Inc. The carrier also cut 55,000 flights for December, nearly half of its entire schedule.

Coronavirus pandemic tests Southwest Airlines’ record of no pay cuts, furloughs

- Southwest is seeking union concessions and other employee pay cuts to avoid job losses.
- The Dallas-based airline late Monday announced it’s asking labor unions that represent some 80% of its workers to accept pay cuts to avoid involuntary furloughs through the end of 2021. Southwest will reduce nonunion workers’ pay by 10%.
- The carrier has never furloughed workers or cut pay in its nearly 50 years of flying.
- “It’s a shared sacrifice and this is the kind of company that I think is up for that task,” Southwest CEO Gary Kelly told CNBC’s “Squawk Box” on Tuesday. Kelly said he is forgoing his base salary until the end of next year.