



Travel Industry Update

October 14, 2020

Delta Loses \$5 Billion In 3rd Quarter, May Soon Furlough 1,700 Pilots

- Delta, the nation's second largest airline by the number of passengers flown last year, reports losing \$5.4 billion in the third quarter of this year, as the travel industry continues to suffer from low demand due to the coronavirus pandemic. Add that to the \$5.7 billion loss reported in the second quarter, Delta's total losses due to the pandemic rise to more than \$11 billion.
- Delta CEO Ed Bastian suggests it may take a lot longer than initially thought for air travel demand to return.
- "We do believe it could still be two years or more until we achieve a normalized revenue environment," Bastian said on a conference call with reporters and analysts Tuesday. "Until then, we will be smaller in the short term, but also more agile and more efficient."
- Bastian acknowledged that more profitable business travel, which is down about 85% from a year ago, may take even longer to fully bounce back, with many business trips likely being replaced by meetings and conferences on Zoom, GoToMeeting, and other video conferencing platforms.
- "We could be looking at anywhere from 10% to 20% reduction in the in the next couple of years when we get to that new normal of business travel," he added.
- "Business travel was 50% of their revenue at one point," Peter McNally, an analyst at Third Bridge Group in New York, told the AP. "It's a market that Delta has made the core of their business, so they will be forced to compete harder on the leisure side of the market to make up for that loss."
- Delta has reduced its cash burn rate from a peak of close \$100 million a day in April and \$27 million a day over the summer, but the airline is still losing a little more than \$18 million a day, as revenue in July, August and September was down 76 percent from the same three months last year.
- About 18,000 Delta employees, close to 20% of the airline's work force, have taken early retirement or other incentive packages to leave the company voluntarily. In addition, close to 40,000 employees have taken voluntary unpaid leaves of absence. Those voluntary actions save the airline \$1.9 billion, and unlike competitors American and United, Delta has been able to avoid employee layoffs and furloughs, thus far.
- But that could change Nov. 1. Delta is asking its pilots to accept steep pay cuts, and if negotiations with the pilots union fail to produce an agreement, the airline could begin to furlough 1,700 pilots next month.

ITA To Become Italy's New National Airline, Replace Alitalia

- Details have now been revealed about Italy's new national airline, which will be the successor of Alitalia. A decree has been signed by Italy's Economic Development Minister, Finance Minister, and Labor Minister, in support of the new airline.

- Italy's new national airline is for now being referred to as "Newco," but the expectation is that it will have the name ITA (which stands for Italia Trasporti Aereo). ITA is expected to launch in early 2021.

Korean Air extends paid leave until December on pandemic

- Korean Air Lines Co., South Korea's biggest carrier, said Wednesday it will have 70 percent of its employees go on unpaid leave until December due to the prolonged coronavirus impact on the airline industry.
- In April, the national flag carrier had 70 percent of its 18,000-strong workforce take paid leave for six months through Oct. 15 as part of self-help measures to overcome the unprecedented virus crisis.
- With no end in sight for the COVID-19 pandemic, Korean Air has decided to extend the unpaid leave program, with government subsidies of up to 1.89 million won (\$1,600) per person, the company said in a statement.

Korean Air Lines : Air cargo industry not yet ready for COVID-19 vaccine distribution - survey

- Only 28% of participants in the air cargo industry feel they are well prepared to distribute a COVID-19 vaccine once available, according to a survey released on Wednesday, as the industry begins to gear up for a major logistical challenge.
- Ground handlers and airports feel less prepared than freight forwarders and airlines, according to the survey conducted by The International Air Cargo Association (TIACA) and Pharma.Aero which found 36% of participants planned to invest in additional physical or digital infrastructure.
- TIACA Vice Chairman Sanjeev Gadhia, who heads Nairobi-based air cargo operator Astral Aviation, said the global distribution of the COVID-19 vaccine would be the toughest logistical challenge ever faced, with an estimated 10 billion doses requiring distribution in 2021 and 2022.
- More than 40 vaccine candidates are already undergoing clinical trials, according to the World Health Organization.

Emirates Bringing Back A380 Bar & Showers

- When the pandemic first started, airlines around the globe modified inflight service offerings. Emirates was among those airlines — while Emirates' cuts weren't as drastic as those on other airlines, the Dubai-based airline cut many of its popular amenities, including the A380 business class bar, A380 first class shower, and more.
- As of October 15, 2020, Emirates will once again be offering A380 first class passengers showers. Each A380 is equipped with two shower suites — if you haven't showered on a plane, it's probably the coolest experience you can have in commercial aviation.
- These shower suites also double as bathrooms, and for the past several months the shower suites could only be used as lavatories, and not for actually taking showers. That will finally be changing.
- Emirates has dedicated shower attendants, and for the past few months they've been working as bathroom attendants on all flights, to keep lavatories clean.

- As of October 15, 2020, Emirates will once again be opening its A380 business class bar and social area. The bar is located at the back of the upper deck, behind business class.
- With Emirates' A380 bar reopening, expect modified procedures, including strict limits on how many people can use it at once. Initially this will be more about having a place to easily order a drink, rather than a social area where a dozen people may be mingling at any given time.
- In addition to the return of the A380 showers & bar, Emirates is also resuming several other aspects of its premium inflight service as of October 15, 2020 (this is on all aircraft types, including the 777 and A380).
- In first class:
 - Customers will be escorted to their seats upon boarding
 - The small social area at the front of the cabin will once again be set up
 - Drink service with mixed nuts will be offered on all flights prior to the meal
 - The full first class drink list is making a comeback
 - Drinks will be poured in front of passengers, rather than pre-poured in the galley
 - Turndown service will once again be offered
- In business class:
 - Drink service with mixed nuts will be offered on flights
 - Turndown service will once again be offered

Disney World attendance to stay capped; Disneyland reopening 'not much of a negotiation,' CEO says

- For theme park regulars who have been enjoying the new, less-crowded Disney World, this will come as good news: The Walt Disney Company CEO Bob Chapek says it will continue to cap attendance at the Florida theme park at 25% until there is new guidance from the U.S. Centers for Disease Control and Prevention.
- "We're limited by the 6-foot social-distancing guideline of the CDC. And that translates, essentially, to about a 25% park capacity," Chapek said.
- He also didn't sound optimistic about the chances of Disneyland reopening anytime soon, which could lead to more theme park job cuts in addition to the 28,000 workers in Florida and California who lost their jobs at the end of September. Chapek said he hopes the company won't have to cut any more theme park workers but acknowledged their futures hinge on when Disneyland, its California park, can reopen.
- Last week, California Gov. Gavin Newsom said the state "is in no hurry in putting out guidelines," referring to the rules that theme parks would need to operate safely in the state, which experienced one of the country's worst COVID-19 surges over the summer. Though the situation there has improved, CDC data still puts California second in the country in terms of new cases reported in the last week with 22,850, trailing only Texas.
- "We don't anticipate in the immediate term any of these larger theme parks opening until we see more stability in terms of the data," Newsom said at an Oct. 7 news conference, after promising in mid-September that the state would provide those guidelines "very, very shortly."

Best Western CEO fears for the industry's future: 'It's really bad'

- Best Western CEO David Kong is seeing the damage to his industry up close.
- "This situation we are in now, it's not sustainable. It's really bad," Kong told CNBC.

- Some 38,000 of the nation's 57,000 hotels will close within six months without further government assistance, according to the American Hotel & Lodging Association.

Big Island opts out of prearrival testing as the rest of Hawaii plans to reopen Oct.

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- The state's announced "pre-travel testing" program is scheduled to launch on Oct. 15, and requires all visitors to take a nucleic acid amplification test before arrival.
- The Big Island, however, has opted out of the prearrival testing protocol, and any visitors arriving at that island will still need to follow a mandatory 14-day self-quarantine. On Kauai, the mayor is worried about the single prearrival test and asked the state to institute a requirement for a second test once travelers have been in Hawaii for a few days. That request was denied by Gov. Davide Ige.
- As it stands, pre-travel testing will allow tourists to all islands except the Big Island to avoid the mandatory 14-day quarantine if they have a qualified negative COVID-19 test no earlier than 72 hours before their flight arrives. Additionally, travelers arriving in Hawaii will have their temperatures checked upon arrival and must fill out a travel and health form. Travelers who don't have proof of an approved negative test will have to quarantine for 14 days or until they can provide proof of negative test results. Any traveler visiting the Big Island will have to self-quarantine for 14 days — no matter if they provide a negative COVID test.
- Before the testing plan was announced, the state had previously said it was considering allowing guests at some hotels to leave their rooms to explore the hotel if they wear a GPS monitor. The "Enhanced Movement Quarantine," or "Resort Bubble," program approved by Gov. Ige, would permit visitors to leave their rooms to experience amenities at their hotel or resort during the mandatory quarantine period. Rule-breakers face a fine or possible jail time.

Bahamas to Drop Quarantine Requirement in Favor of Covid-19 Tests

- Beginning Nov. 1, the Bahamas will drop its mandatory 14-day quarantine requirement for visitors, returning citizens and residents.
- At the same time, new protocols will require that visitors obtain a negative Covid-19 RT-PCR (rapid test) result no more than seven days prior to their travel to the country. Once they receive a negative result, travelers must apply for a Bahamas Health Travel Visa at travel.gov.bs.
- Additionally, arriving passengers will receive a rapid antigen test at the airport. Visitors staying longer than four nights and five days will be required to take a second rapid Covid-19 test.
- Travelers who receive a rapid test immediately before departure will not be tested again when entering the country.

WTTC Puts Forth a Plan to Save the World's Travel Sector

- Last week, the World Travel & Tourism Council (WTTC) convened with tourism ministers from a collection of the world's largest economies, known as the G20, to present a plan for saving the ailing global travel sector.

- WTTC presented a potentially game-changing 24-point plan, which includes twelve points for the private sector and twelve for the public sector, outlining measures to accelerate the recovery of international travel. WTTC's economic modeling suggests that roughly 100 million jobs might be saved, if international governments and their private-sector counterparts are able to collaboratively implement the steps called for by its proposal.
- The WTTC said: "The private sector cannot reduce the time frame of recovery and bring back 100 million jobs alone; public-private collaboration is essential to the success of the plan," according to Travel Weekly. Guevara stated, "This plan will have far-reaching consequences; it will bring real and genuine benefits to the industry as a whole—from aviation to tour operators, taxis to hotels and beyond."
- From the public sector, WTTC's plan calls for international standardization of health regimens, COVID-19 testing protocols and contact-tracing programs to eliminate quarantines and travel barriers. It also calls upon governments to establish air corridors connecting regions that demonstrate similar epidemiological conditions, and for countries to support promotional campaigns aimed at attracting back travelers.
- From the world's private sector, WTTC's plan would require standardized health protocols to be established and adhered to across all industries to provide a consistently safe travel experience; that businesses develop and implement new technologies to better manage visitor flow; and that companies make their offerings more affordable and maintain flexible booking policies to encourage demand.
- The resumption of international travel is key for global economic recovery, as WTTC's 2020 Economic Impact Report revealed that the sector supported one in ten jobs (330 million total), represented 10.3 percent of global GDP and generated 25 percent of all new jobs.

Updated: The latest Caribbean travel protocols for U.S. visitors and map

- Several Caribbean islands are reopening to international tourism, with protocols in place to protect visitors and residents against Covid-19.
- However, border re-openings are not uniform: Some islands are not accepting arrivals from the U.S.; others have not opened at all; others have reopened only to reverse course or scale back. Most openings are accompanied by strict new public health procedures, most of which require air travelers to produce proof of a Covid-free test result. These plans have been changing as the number of U.S. cases have remained high and test results are delayed or tough to obtain.



New York's nearly-100-year-old Roosevelt Hotel is shutting down amid COVID-19

- New York's iconic Roosevelt Hotel is saying goodbye after being a midtown Manhattan mainstay for nearly 100 years.
- The New York City hotel, which has been around since 1924 and has made cameos in movies including "The Irishman" and "Maid in Manhattan" is closing its doors by the end of this year due to the effects of the coronavirus pandemic.
- "Due to the current, unprecedented environment and the continued uncertain impact from COVID-19, the owners of The Roosevelt Hotel have made the difficult decision to close the hotel, and the associates were notified last week," Kellie McCrory, a hotel spokesperson told USA TODAY in a statement. "The iconic hotel, along with most of New York City, has experienced very low demand, and as a result the hotel will cease operations before the end of the year. There are currently no plans for the building beyond the scheduled closing."
- The hotel is owned by Pakistan International Airlines and has been home to many historic American moments from serving as the headquarters for Gov. Thomas Dewey's election campaign in 1984 when he incorrectly announced he'd defeated Harry Truman to being the first place Guy Lombardo and his orchestra performed in 1929.