



Travel Industry Update

October 28, 2020

Airplane COVID-19 risk 'very low' with masks, other actions, report finds

- Transmission risks of COVID-19 during airline flights are very low and below other routine activities during the pandemic such as grocery shopping or going out to dinner, when using face coverings and taking other steps, researchers at the Harvard School of Public Health said Tuesday.
- The report found transmission risks can be “reduced to very low levels through the combination of layered infection control measures.”
- The report, funded by Airlines for America - a trade group representing American Airlines, United Airlines UAL.O, Delta Air Lines DAL.N and others - and a consortium of aircraft and equipment manufacturers and airport operators, comes as U.S. airlines lose billions of dollars a month as passenger demand remains down 65% year on year because of the coronavirus.
- U.S. carriers are operating just 50% the flights they did in 2019. Some carriers have recently announced new plans to end blocking of middle seats during the pandemic.
- The Aviation Public Health Initiative team at Harvard recommended strategies to mitigate transmission risk on aircraft, during boarding and exiting.
- The report found after airlines mandated masks, boosted cleaning procedures and revised boarding procedures, “and with millions of passenger hours flown, there has been little evidence to date of onboard disease transmission.”
- The report noted commercial passenger aircraft are equipped with ventilation systems that refresh cabin air on average every 2-3 minutes and removing more than 99% of particles of the size that cause SARS-CoV-2.
- Researchers also found face masks significantly reduce risks of disease transmission during the COVID-19 crisis. Airlines have mandated masks, added new cleaning and implemented protocols to manage boarding and deplaning.
- The U.S. Centers for Disease Control and Prevention this month issued a “strong recommendation” that all passengers and employees on airplanes and in airports should wear masks to prevent the spread of COVID-19.
- The Harvard report said risks remain that contagious pre- or asymptomatic people could be unaware and opt to fly.
- The study echoes a U.S. Defense Department study released earlier this month that found the risk of exposure to the coronavirus on flights is very low.
- When a seated passenger is wearing a mask, an average 0.003% of air particles within the breathing zone around a person’s head are infectious, even when every seat is occupied, it found.

Southwest CEO: ‘The ship is taking on water’

- Southwest CEO Gary Kelly told employees Friday that “the ship is taking on water,” referring to the airline’s financial struggles amid the coronavirus pandemic.

- The Dallas-based airline lost \$1.16 billion in the third quarter, and Kelly said earlier this month that employees would need to take a 10 percent pay cut to avoid layoffs and furloughs in 2021. The pay rate reduction is worth over half a billion dollars, Kelly said. The CEO said he has “scoured” every area of the business except salaries, wages, and benefits for savings and “can no longer afford to leave that stone unturned.”
- If Congress extends the payroll support program, salaries, wages, and benefits — the airline’s largest expense — will be taken care of through 2021, Kelly said, and pay cuts will be discontinued or reversed.
- “I don’t want a furlough,” Kelly said. “It’s painful for everyone. And a 10 percent pay cut is painful, too. I know that. But the reality is, we’re in a real pickle. And we have to ask for everyone to step up and do their part to help.”
- Salaries, wages, and benefits make up more than half of the company’s operating cost, he said, and operating costs are 80 percent higher than revenues right now. Southwest is 20 percent overstaffed, which is costing the airline a billion dollars a year, Kelly said.
- “I need you all to understand we’re in a dangerous situation,” Kelly said. “The ship is taking on water, and we cannot ignore the problem.”
- As for ways of generating revenue, he’s been asked about restarting alcohol sales, Kelly said. There are health and safety concerns with that decision, he said, because customers may have to take down their masks more often during flights. And, though every little bit helps, alcohol sales represent “relatively small dollars,” he said.
- Some have suggested the airline begin charging for bags, Kelly said.
- “We have no plans to charge for bags,” Kelly said. “We have extensive data and analysis that shows, with our brand, we would lose more passengers and more revenue than we would gain from charging bags.”
- But Southwest will stop blocking middle seats Dec. 1, Kelly said.
- “To date, demand has been so weak that blocking the middle seat hasn’t hurt us,” Kelly said. “But beginning this month and into the holiday season, we can see lost revenue, and the value of selling the middle seats is significant and will provide additional key revenue for us. And, most importantly, now science supports selling all seats from a safety and a health perspective and that has been widely reported.”

TSA Reports 37 Positive COVID-19 Cases Among Screening Officers At Denver International Airport

- The Transportation Security Administration (TSA) at Denver International Airport says it has 37 positive cases of coronavirus among TSA screening officers. Two more cases are among non-screening employees.
- The TSA says the last time the most recent screening officer worked was Oct. 19.
- Across the country, the TSA has 310 active COVID-19 cases. It says out of the 2,279 cumulative cases, 1,969 have recovered. Nine people, eight federal employees and one contractor, died from the virus.
- The agency [shared a chart](#) showing where TSA employees and screening contractors might have had direct interaction with the public at an airport.

Airlines will struggle long after passengers feel safe to fly again

- The Covid-19 pandemic has caused the worst financial crisis in the history of the airline industry. But when the health crisis is over, airlines' financial problems will probably continue for years.

- History has shown clearly that it takes a tremendous amount of time for passenger traffic to recover after a recession.
- Most recently, it took a whopping five years after Great Recession ended in 2009 for passenger traffic to recover, according to Philip Baggaley, the chief credit analyst for airlines at Standard & Poors. Even after the relatively mild 2000 recession caused by the bursting of the dot-com bubble, it took until 2004 for US air passenger traffic to again reach its pre-recession peak.
- "Recessions are tough for the industry. Airlines are dependent on economic growth," said Baggaley.
- Beyond the years it takes for overall air travel to recover after a recession, historically it takes even longer for a return of business travel, which is the most lucrative sector for airlines -- one most of them depend upon.
- That's one part of what makes this recession particularly chilling for airlines. On an overall scale the pandemic has caused widespread economic pain, with millions losing their jobs and burning through savings that they might otherwise have used for discretionary spending like vacations.
- Many companies have fewer employees on payrolls with a need to travel. Most will also be trying to recoup losses or pay down debt caused by the pandemic -- and trimming travel by skipping conferences and meeting with clients virtually is likely to be a cost-cutting measure. And, of course, there are many companies that have gone out of business altogether during the crisis.
- "Business travel typically falls farther and takes longer to recover," said Adam Sacks, president of Tourism Economics.
- Sacks thinks next year's travel will still be significantly affected by the pandemic itself. But he said he believes that in "2022, we're dealing with picking up the pieces from the economy that has been damaged."
- "In this case, I think four years [after 2021] is what we're looking at to get leisure travel back to pre-pandemic levels. Businesses will take at least an extra year," he added.
- There is no blueprint for a crisis like this. The last pandemic on this global scale was more than 100 years ago in 1918, before the age of commercial air travel.

Marriott joins the work-from-hotel trend with 3 packages

- The world's largest hotel chain has become the latest to announce a formalized offering for work-from-hotel packages, which have become this year's biggest trend due to the coronavirus.
- Marriott is betting that its members will be excited to book similar work-from-hotel packages as we move toward winter and work-from-home fatigue takes hold. According to the chain, 42% of people in a survey said they'd consider booking a work-from-hotel package for any number of reasons, ranging from insufficient Wi-Fi at home to claustrophobia as a result of working in a cramped, subpar workspace each day.
- Marriott's aiming to remedy some of that fatigue — and attract guests back to its properties by offering three distinct work-from-hotel packages: Day Pass, Stay Pass and Play Pass.

CDC warns against worldwide travel on cruise ships

- The U.S. Centers for Disease Control (CDC) updated its warning last week to travelers to defer all cruise travel worldwide.

- The Level 3 warning was updated on October 21st due to, "widespread ongoing spread of coronavirus disease (COVID-19) has been reported in some countries. Other countries have reported sustained community spread."
- The warning itself is not new, but rather an update to an existing warning the agency issued in the spring.