



Travel Industry Update

November 6, 2020

American Airlines Cuts 100,000 Flights in December Schedule 'to Match Low Demand'

- American Airlines is cutting its December schedule by nearly 50%, removing more than 100,000 flights for the holiday season "in an effort to match the low demand resulting from coronavirus."
- American posted its new schedule over the weekend, matching cuts from other major airlines as demand fails to materialize with the fast-approaching holiday season, according to Dallas-based Airline Data Inc.
- "We're constantly evaluating our network to match supply and demand and have been making regular schedule adjustments since March," said American Airlines spokeswoman Nichelle Tait. "In an effort to match low demand resulting from coronavirus (COVID-19), we continue to operate a reduced schedule."
- With the cuts, American now has 105,619 flights on its December schedule, about 10,000 more than in November.
- December is typically an important month for airlines, giving them a welcomed traffic boost between Thanksgiving and New Year's after slow leisure demand in the "shoulder months" of September and October and before another slow period until spring break. But this year, with COVID-19 surging across the country and government warnings against large gatherings, many passengers continue to sit out the holiday travel season as they have avoided travel since March.

American Airlines Expands Pre-Flight COVID-19 Testing to New Destinations

- Starting in November, American will open pre-flight testing to all flights to Belize, Grenada, St. Lucia and the Hawaiian Islands. The carrier now offers testing options to more destinations than any other airline in the United States.
- As part of an expanded partnership with home testing program LetsGetChecked, customers traveling to Belize, Grenada and St. Lucia will have access to an at-home PCR test, starting November 16.
- In addition, American customers flying from Chicago, Los Angeles and Phoenix to Hawaii can now use LetsGetChecked to obtain a COVID-19 test within 72 hours of the final leg of departure. Travelers who present a negative test upon arrival will be exempt from the state's 14-day quarantine.

Ryanair Posts 226-Million-Euro Loss in Q2 as Pandemic Wears On

- Budget airline Ryanair has posted a 226-million-euro (263-million-dollar) net loss for the second quarter of the financial year as the coronavirus pandemic continued to weigh on passenger numbers.

- The announcement on Monday marks a sharp contrast to the same July-to-September period the previous year, when Ryanair record a profit of 910 million euros.
- Ryanair's chief executive Michael O'Leary said that overall losses for the first half of the financial year — 411 million euros — were less red ink than the airline expects for the second half of the financial year.
- O'Leary added that though the company currently expects passenger volume to reach 38 million during the entire financial year, it was impossible to give a prognosis considering the measures that are being imposed by national governments to contain the second wave of the pandemic.

easyJet is cutting further flights and selling aircraft while the lockdown continues

- The budget airline said it expects to fly only about 20% of its planned flights by the end of the year.
- It also sold an A320 Family aircraft to JLPS Holdings Ireland for £34.7 million.

Emirates airline asks some pilots to take 12 months unpaid leave

- Dubai's Emirates airline is asking some pilots to take a year of unpaid leave as it seeks to cut costs due to the impact of the coronavirus pandemic.
- "We can confirm that we've offered some of our pilots unpaid leave for 12 months, with the possibility of an early recall back to duty depending on how quickly demand rebounds and our operational requirements," an Emirates spokeswoman said on Wednesday.
- Most Emirates' employees are foreigners, meaning they are not eligible for government benefits in the United Arab Emirates where the airline is headquartered and operates from.
- Emirates would continue to provide accommodation, medical cover and other allowances to those on unpaid leave, the spokeswoman said.
- Emirates has cut thousands of jobs this year, including pilots and flight attendants, while also cutting salaries and asking staff to take unpaid leave.

Hilton CEO says Q3 occupancy up 'meaningfully'

- Hilton CEO Chris Nassetta expressed some measured optimism during the company's third-quarter earnings call Wednesday, reporting steady progress on the systemwide occupancy front and a gradual pick-up in global travel demand.
- "Occupancy is meaningfully up from the lows we saw in April," Nassetta said. "With more than 97% of our global hotels open and operating, we estimate the vast majority of those hotels are operating at break-even occupancy levels or better."
- For the quarter, Hilton's global RevPAR was down approximately 60% year over year, with performance for the group's urban, full-service hotels especially challenged due to "a lack of meetings and events, negligible international travel and local Covid protocols."
- "Europe is definitely going a bit backwards, Asia continues to move a little bit forward and the U.S. is sort of steady," Nassetta told investors. "There is risk, depending on what goes on with the virus. But our best sense of it at the moment is that people are figuring out how to manage their own risk profile, and as long as their countries aren't locking them down, there is some level of mobility that will likely allow us to maintain this level of operations that we've been seeing."

- Nassetta added that the company has continued to see the average booking window shrink as travelers opt to make last-minute travel plans. Around two-thirds of Hilton's business is now being booked within seven days of arrival, and almost 40% is being booked same-day.
- "It's a lot of drive-to business," Nassetta said. "People pick up the phone and call [the hotel to book] like the old days. Our percentage of direct has stayed the same, but it's shifted, where hotel direct has gone way up and [direct] digital channels have gone down."
- For the third quarter, Hilton reported a revenue decline of roughly 61%, to \$933 million. The company reported a net loss of \$81 million for the quarter, versus net income of \$290 million for the same period last year.

Marriott posts surprise profit on cost cuts, improved bookings

- Marriott International Inc. on Friday reported a surprise third-quarter profit, helped by cost cuts and a near doubling of occupancy rates in its North American hotels from the previous quarter as leisure travel rebounded on easing COVID-19 curbs.
- While international travel continues to be affected because of border restrictions in many countries, travel within nations has picked up and resulted in a recovery in occupancy rates for hotel chains.
- Marriott, which owns the JW Marriott and Ritz-Carlton brands, said 94% of its hotels around the world had resumed operations and demand continues to improve.
- Excluding items, Marriott earned 6 cents per share, beating analysts' expectation for a loss of 8 cents per share, according to IBES data from Refinitiv.
- Revenue slumped 57.3% to \$2.25 billion but topped Wall Street's expectation of \$2.23 billion.

Hyatt Hotels swings to Q3 loss

- Hyatt Hotels Corp. reported a loss, but the percentage of its hotels open at the end of the quarter increased from the second quarter.
- Hyatt logged a loss of \$161 million for the third quarter. A year earlier, it had a profit of \$296 million. Its loss was \$1.59 a share, compared with a profit of \$2.80 a share a year ago.
- The company's adjusted loss was \$1.48 a share. According to FactSet, analysts were expecting a loss of \$1.29 a share.
- Hyatt said 92% of system-wide hotels were open at quarter's end, up from 80% at the end of the second quarter.
- "We expect demand to remain uneven over the coming months," said Mark Hoplamazian, chief executive and president of the company, in prepared remarks.

How the coronavirus gave QR codes a major role in travel

- No other industry has been hit harder by the effects of COVID-19 than travel and hospitality.
- Throughout all this, an unexpected technology has been instrumental in engaging customers and in helping keep them safe.
- Instantly recognizable and universally readable by virtually all modern smartphone cameras, the Quick Response (QR) Code, invented by a Japanese engineer in 1994, had

humble beginnings and was originally used to better track car parts across the automotive supply chain.

- Now, in the wake of a global pandemic, QR codes hold even more potential as they have become an essential and welcomed tool for travel and hospitality brands, in particular, helping the industry get back on its feet in the face of adversity by enabling it to:
 - Reduce friction and increase engagement
 - Streamline necessary steps in the traveller journey such as checking in, checking bags, going through security, ordering, and paying, just to name a few
 - Many of these self-service capabilities eliminate communication breakdown and human error and provide an element of transactional consistency that customers expect. And as the use of QR codes for many common interaction points or transactions become ubiquitous, the human associate is free to engage with the customer on differentiation opportunities.
 - Enable touchless capabilities
 - With the amount of data a QR can hold, many content related interactions may not even require an internet connection in the future. How much longer will paper information booklets in airports exist? Many people no longer carry physical membership cards.
 - Physical restaurant menus are disappearing. Furthermore, QR codes can facilitate ordering and payment. Forced by the pandemic to rethink how physical exchanges are handled, QR codes have made a rapid resurgence filling needs people did not even know they had.
 - Recent research showed that 78% of respondents indicated contactless capabilities as one of their top three hotel selection criteria.
 - Speed up
 - Numerous tasks now effectively have zero wait times. With a quick scan of a code, customers can access content on new safety protocols and offerings freeing up the associate. Self-service and automation eliminate the staffing dependency on physical queues enabling more lines to remain open removing the staffing barrier to fully utilize the available infrastructure.
 - Fewer queues mean social distancing measures can easily be adopted. Even when human interaction is required or desired by the customer, QR codes can help accelerate and facilitate the interaction between the associate and the customer - for example scanning a code to quickly identify a reservation that may require agent assistance.
 - Furthermore, we've seen QR codes rolled out en masse with the launch of contact tracing apps in the UK and other countries, used by the travel and hospitality industries in tandem.
 - By easily collecting and storing customer/traveller data, it is easier to locate and contact people who could have been exposed to COVID-19, thus protecting their health & safety, and that of those around them.

HERE'S HOW TICKETMASTER PLANS TO IMPLEMENT SOCIAL DISTANCING AT FUTURE GIGS

- Due to the coronavirus pandemic, future events and concerts are going to look a lot different than we are used to. However, it looks like Ticketmaster has plenty of plans in the works to ensure future gigs are safe to return to.
- The company is currently developing new technology that will make it easier than ever for venues to implement safe social distancing measures at events.
- For now, the industry predicts that live gigs may be able to resume in the United States late next year. As the events industry prepares for these plans, Ticketmaster is currently developing some life-changing technology.
- Last week, Live Nation introduced its SmartEvent solutions technology. According to the company's blog post, the new technology "gives event organizers the ability to adapt protocols to meet evolving needs of capacity, distancing and other logistics throughout the reopening journey for" events.
- Within the technology is the Social Distance Seating Tool that uses "custom algorithms" that allow event organizers to work out the most efficient way to seat attendees in venues. The tool also allows organizers to maximize a venue's capacity while still following social distancing rules.
- Ticketmaster is also developing a Timed Entry Tool that gives attendees a special arrival time for events. This development will allow for more efficient crowd control before a show. As well, the company has another tool that offers real-time updates to ticketholders on which entrances are the least crowded.
- "While initially intended to help fans and organizers get back to live, some of these innovations will long outlast COVID-19, streamlining processes and providing endless opportunity to modernize the event experience," Ticketmaster president Mark Yovich says. "We have every confidence that the industry will prevail, and that our cutting-edge technology, local expertise, global reach and fan insights will lead the way."