



Travel Industry Update

November 9, 2020

After 49 Long Years, Southwest Airlines Just Made a Striking Announcement

- If it happens, it will mark the first time that Southwest, which has been flying under its current name since 1971, has resorted to furloughs or layoffs.
- Last month, Southwest Airlines CEO Gary Kelly recorded a video message for employees, describing the state of the airline, and asking unions to agree to take 20 percent pay cuts during 2021 to help stop the financial bleeding.
- Southwest projects to lose millions a day for the rest of the year, according to reports, and Kelly said non-union employees were already taking the temporary pay cuts. He also added that he personally would take no salary during 2021, and that other senior executives will see their salaries drop by 20 percent, too.
- In return, he promised, non-union employees would see no layoffs throughout 2021, and their salaries would "snap back" at the end of the year to pre-pandemic rates.

United is bringing back food, beer and wine. Here's what is (and isn't) on the pandemic menu at US airlines

- Flying during the pandemic has been a bring-your-own food and (soft) drinks affair when traveling in economy.
- Airlines ditched or significantly scaled back in-flight food and drink service shortly after the coronavirus crisis began to reduce contact between flight attendants and travelers and the risk of spreading the contagious virus.
- The lack of snacks, meals and drinks wasn't a big deal in the beginning because so few travelers were boarding planes, but as travel slowly starts to rebound, some travelers are wondering when in-flight service will resume, especially on longer flights. (Others wish airlines wouldn't serve a thing, including water, during the pandemic because it encourages passengers to take their masks off.)
- Eight months into the pandemic, United Airlines is tiptoeing back in.
- Beginning Nov. 17, the Chicago-based airline plans to start selling food, beer and wine in economy on select flights from its Denver hub. The test will include passengers on flights from Denver to eight destinations: Boston; Chicago; Honolulu; Houston; Los Angeles; Newark, New Jersey; San Francisco; and Washington, D.C.
- The decision to start selling food, beer and wine again stems from feedback from customers that in-flight service is "an important part of their travel experience," United spokeswoman Christine Salamone said.
- The airline worked with the Cleveland Clinic to develop a "touchless" digital payment system when buying the snacks and drinks. Travelers who want to buy food and drinks will have to store their credit card information in United's mobile app or on its website so there won't be exchange of credit cards in flight.

British Airways to suspend Gatwick operations during lockdown

- With England now officially in its second national lockdown, the nation's flag carrier is taking action to cut costs amid the anticipated downturn in travel.
- On Thursday, British Airways detailed that it's suspending its London Gatwick operations until early December when the lockdown is set to lift.

LUFTHANSA GROUP ANNOUNCES RESULTS OF Q3 2020

- Lufthansa Group reports Group result of minus 2 billion euros
- Adjusted earnings (Adjusted EBIT) amounted to minus EUR 1.3 billion (previous year: plus EUR 1.3 billion). The average monthly operating cash drain, before changes in working capital and investments, was EUR 200 million. In the same period, sales fell to EUR 2.7 billion (previous year: EUR 10.1 billion). Net income was minus EUR 2 billion (previous year: plus EUR 1.2 billion).
- Operating expenses were cut by 43 percent in the third quarter compared to the previous year, partly as a result of significantly lower fuel costs, fees and a reduction in other costs that vary based on the extent of flight operations. Using short-time work for a large portion of the personnel in combination with other measures resulted in a reduction of fixed costs by more than a third. In addition, strict liquidity management limited the cash outflows.
- 2020: minus 5.6 billion euros so far

Lufthansa Group Begins Offering Optional COVID-19 Insurance

- Lufthansa Group has introduced an optional COVID-19 insurance plan for passengers flying with Lufthansa, SWISS and Austrian Airlines. Effective immediately, passengers opting for Lufthansa insurance packages will be covered in the event of COVID-related problems.
- Lufthansa offers passengers two options when booking travel insurance – 'Travel Care' and 'Travel Care Plus'. With the Travel Care package, travelers will be compensated if they are forced to quarantine due to a COVID-19 infection.
- The package also includes trip interruption insurance and travel cancellation. It isn't clear what costs are covered by the compensation and how much passengers are likely to receive in the event of infection and quarantining.

SINGAPORE AIRLINES ANNOUNCEMENT PUTS ANOTHER NAIL IN COFFIN OF MAGNIFICENT JET

- For Singapore Airlines the devastation of the global travel tourniquet was laid bare on Friday, as the airline announced a Group revenue decline of \$6,691 million (-80.4%) year-on-year to \$1,634 million in the first half of the financial year.
- This has been attributed to passenger traffic falling 98.9% amid tight global border controls and travel restrictions.
- The airline also lacks the domestic cushion of the likes of Qantas, American Airlines, etc.
- Though it was partially offset by stronger cargo flown revenue (up \$274 million, or +28.3%) as countries sought to restore global supply chains, this barely made a dent overall.

Striking photos of the tourism industry during COVID-19

- Eerie quiet fell on bustling tourist destinations starting in March. The COVID-19 pandemic has altered life around the globe, and nowhere is the change as obvious as the emptied-out beaches, museums, and historical sites where tourists throng and local economies make their money.
- Many destinations have reopened, but continuing infection transmission and fear of commingling make these once-busy venues shadows of their former selves. When travelers do return it's with masks and social distancing, sometimes separated by Plexiglass partitions. Some have adjusted, like the Elvis impersonator who will now host vow renewals from Las Vegas over Zoom. Cruise ships, on the other hand, are being broken down and sold for scrap. Stacker compiled 50 photos showing how the COVID-19 has affected the tourism trade.

Now hiring: Cruisers willing to go on simulated voyages for Royal Caribbean

- Royal Caribbean is looking for passengers to set sail on simulated voyages to test safety and health protocols, according to Cruise Industry News. Vicki Freed, senior vice president of sales, trade support and service, made the announcement Wednesday and said while details aren't worked out, the company will have a number of trial cruises with volunteers and employees with the goal of convincing the CDC that cruise lines can restart operations.
- On October 30, the CDC said it would not extend its "no-sail" order but created a framework for conditional sailing that has a phased approach to resuming cruise ship passenger operations in US waters.
- The simulated voyages are a part of the phased approach and must prove to the CDC the lines have the ability to mitigate COVID risks on ships.