



# COVID-19 PANDEMIC

## Travel Industry Update 4.29.2020

### TRAVELER DATA:

TSA checkpoint is currently seeing less than 100k travelers a day on average in the month of April, which is a drastic difference to the ~ 2.3million travelers a day on average in April 2019.

Daily TSA figures can be found here:

<https://www.tsa.gov/coronavirus/passenger-throughput>

### HEALTH SCREENING IMPACT

The International Air Transport Association (IATA) plans to hold virtual meetings with governments and stakeholders starting this month to collaborate on health screenings and travel restrictions. The outcome will have implications for travel management programs regarding communications with travelers and the pre-trip authorization process.

Planning trips won't be as simple as organizations will need to re-assess risk tolerances and rethink essential travel. Pre-trip preparation will be key.

### AIRLINE PARTNER UPDATES

#### ELITE STATUS EXTENSIONS - AIRLINES

Airlines have been impacted significantly in the past few months. Airline tracker OAG states that since March 1, US Airlines have been operating many flights at less than 20% of their usual passenger load. On the bright side, most have been able to still operate cargo flights to deliver much needed medical equipment and supplies here in the US and globally. Below is a look at how some carriers are managing elite status levels due to COVID-19:

Airline	Elite Status Updates
Air Canada (AC)	Extending Elite status for all members through 2021 regardless of miles flown. Extension is automatic
Alaska Airlines (AS)	Extending Elite status for all members through Dec 31, 2021. Extension is automatic
American Airlines (AA)	Extending Advantage elite status through Jan 31, 2022. Extension is automatic and includes members who earned status through a status challenge.
Delta Air Lines (DL)	Extending SkyMiles elite status through Jan 31, 2022. Extension is automatic and includes members who were gifted their status. Additionally, MQMs (Medallion Qualification Miles) from 2020 will be rolled over to 2021.
Southwest Airlines (WN)	Extending both A-list and A-list preferred member status through December 31, 2021. Current Companion Pass holders will have their pass extended through June 30, 2021. Extensions are automatic.
United Airlines (UA)	Extending Mileage Plus elite status through Jan 31, 2022. United will also be extending all annual subscriptions by six months for each customer (ie- Club Memberships, Wi-Fi and Economy Plus)

#### AIRLINE CAPACITY UPDATES

As part of the CARES Act, airlines will still be required to maintain minimum services as outlined by the Department of Transportation (DOT). The DOT has given airlines some leeway, though. Carriers can opt to maintain service based on either their summer or winter schedule, and they can consolidate service at one airport

in large metropolitan regions where they serve multiple airports, like in the Los Angeles or New York areas. Carriers must receive a waiver from the DOT for any other cities that they want to suspend service amid the COVID-19 crisis.

The smallest airports are apparently being hit the hardest. The DOT has the final decision-making authority on determining what is essential service to keep these airports connected to the national air transport system

Airline	Capacity
Alaska Airlines (AS)	Reduced capacity by 80% for April & May; Travel for June & beyond still hasn't been finalized but capacity cuts will be sizeable. First class seat sales are being capped at 50% and middle seats are being blocked on large aircraft and aisle seats on small aircraft through May 31 <sup>st</sup> .
American Airlines (AA)	Domestic capacity reduced by up to 70% in April and 80% in May and international by more than 80% for both April and May. International summer capacity cut by 60%. See more details below.
Delta Air Lines (DL)	Overall capacity has been reduced by 80% temporarily. See more details below.
JetBlue (B6)	Overall capacity has been reduced by 80% over the next two months. JetBlue is limiting the number of seats available for purchase, allowing for more space between passengers.
Southwest Airlines (WN)	Cutting capacity by 50% through June 27 <sup>th</sup> . Since Southwest has always allowed passengers to choose their own seat, and with demand low, passengers are encouraged to socially distance themselves and spreadout.
United Airlines (UA)	Cutting 90% of its planned capacity in May and expects to announce similar cuts for June in the coming weeks. See more details below.

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## AMERICAN AIRLINES

American Airlines has reduced their domestic capacity up to 70% for April and 80% for May and international capacity by more than 80% for both April and May, which

includes suspension of service into Latin America, the Asia Pacific region and Europe except for the following transoceanic routes:

- Dallas Ft Worth – London Heathrow and Tokyo Narita
- Miami – London Heathrow

They are still flying short-haul international flights into the Caribbean, Mexico and Canada. American has also announced they will cut international summer capacity by 60%.

American has been flying cargo-only flights across North America, Europe, Asia and South America – it's first regular cargo-only operation since 1984.

Involuntary lay-offs and furloughs are off the table through September 30<sup>th</sup>, due to the government stimulus plan, however American has offered employees voluntary options such as reduced work schedule, leave without pay or early retirement.

American is blocking 50% of its middle seats and has their team monitoring flights closely to maintain social distancing onboard. In addition, first class immediately opposite the jump seat will also be blocked.

Since American has a mostly young fleet, most aircraft are equipped with the HEPA filtration system similar to hospitals (hospital grade), which filters out the air in the cabin every 2-4 minutes. American is also changing out the HEPA Filters more often than the CDC requires. Additional fogging procedures are happening nightly (350-degree area, kills germs for 7 days). American identified 11 surface points that would be targeted for fogging including seats, In-flight entertainment, tray tables, overhead bins, all leather on board and seat backs. American uses an EPA-approved disinfectant that poses no threat to passengers, similar to what is used in hospitals.

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## DELTA AIR LINES

Delta Air Lines has reduced their overall capacity by 80% temporarily and is only flying a handful of transoceanic flights which includes the following routes:

Atlanta - Amsterdam and London Heathrow

Detroit – Amsterdam and Seoul Incheon

Seattle Tacoma – Seoul Incheon and Tokyo Haneda

Delta has been flying cargo-only flights to Europe, Asia and Australia in March. In mid-April, Delta began flying daily cargo flights between Detroit and Asia

Delta has cut pay for officers and director level employees temporarily and approximately 35,000 employees have voluntarily taken an unpaid leave.

To encourage and support social distancing, Delta is blocking all middle seats in Main Cabin, Comfort + and Premium Select across all flights through May 31<sup>st</sup>. Delta has also paused automatic Medallion upgrades in advance temporarily – these will now be processed at the gate, in the same priority order as usual. In addition, Delta will only be boarding 10 passengers at a time, enforcing back of aircraft to front boarding, reminding them to social distance during the boarding process.

Delta is currently fogging all aircraft who remain on the ground for a period of 4 hours or more with Matrix 3 product, known to kill most virus including COVID-19. Starting in May ALL planes will be fogged before each flight both domestic and international, regardless of turnaround time. Same Matrix 3 product is being used to clean all passenger touch points from armrests, inflight entertainment, overhead bin latches, seat belts, to name a few. Delta is working with TSA and airport authorities to assure a similar process is adopted for all other touch points prior to reaching the gate.

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## UNITED AIRLINES

As of April 12<sup>th</sup>, United has temporarily reduced schedules to and from SFO and LAX to better align with current demand. For at least the next three weeks, daily flights out of LAX have been reduced to 13 (from 33) to 6 destinations (from 19) and daily flights out of SFO have been reduced to 50 (from 65) to 37 destinations (from 40).

United has also reduced schedules for at least the next three weeks to and from Newark and LaGuardia. From Newark, United will offer approximately 15 total daily flights to hubs and service three international destinations

– Frankfurt, London and Tel Aviv. From LaGuardia, United will offer two daily flights to Chicago

United Airlines cutting capacity in May by 90% and is expected to announce similar cuts for June. Capacity and changes to their schedule for July and August have not yet been finalized but are expected to remain suppressed for the remainder of 2020.

United is operating 40 cargo-only charter flights per week including flights between Chicago and Frankfurt.

United will not furlough or lay off any employees through September 30<sup>th</sup> but voluntary reduced work hours and leave without pay have started.

To encourage and support social distancing, United will be blocking seats so that no one has a seatmate. This means middle seats are being blocked, and regional jets with a 2-2 configuration, one seat on each side will be blocked. First class will also have seats blocked so that nobody has seatmates. First class capacity will be cut by 50%, which will make upgrades harder to clear - upgrades will only be cleared at the gate (but will continue to be processed by elite status order per normal, just not in advance). This is currently in effect through May 31<sup>st</sup> but may be extended.

United is currently disinfecting wide-body aircraft with electrostatic sprayers, different than fogging, for flights arriving from international destinations. This started with Newark (EWR) and is being rolled out to other hub airport locations. This is in addition to its enhanced cleaning procedure already in place for cabins. United has also stated that any aircraft that has transported an employee or customer believed to have coronavirus, per the CDC, will be taken out of service for a full decontamination process. This will include regular cleaning procedures as well as washing the ceilings and overhead bins and scrubbing the interior.

*Electrostatic spraying delivers charged EPA-approved disinfectant droplets that are actively attracted to surfaces, including the back sides and crevices of surfaces regardless of the direction of spray for complete wrap-around disinfection coverage. Whereas fogging uses a high-grade, EPA-registered disinfectant and virucide that*

is highly effective against many communicable diseases, including COVID-19.

## AIRLINE ACTION PLANS

### DOMESTIC US

US carriers have reached agreements with the government for stimulus aid as part of the CARES Act. Part of the terms include the right to buy shares by the US government, which vary by carrier.

Airline	Agreement and Inclusions
Alaska Airlines and Horizon Air	\$992m which will cover payroll and benefits, \$267m of which is a loan. The carriers plan to apply for an additional loan of \$1.128 billion through a separate program in the Act.
American Airlines	\$5.8b which will support payroll needs, \$4.1b of which is a direct grant and the other \$1.7b is a low interest loan. American is also planning on applying for a \$4.75b loan from the U.S. treasury.
Delta Air Lines	\$5.4b which will support payroll needs, \$1.6b of which is a 10-year unsecured low interest loan. Delta has also raised more than \$3b in cash during the first quarter of 2020.
JetBlue	\$935.8m, of which \$685.1m in direct support and \$250.7m in low-interest loans. The total represents 76% of payroll for 2Q and 3Q.
Southwest Airlines	\$3.2b, of which \$2.3b will support payroll needs and a loan of ~\$1b.
United Airlines	\$5b, of which approximately \$3.5b will be a direct grant and approximately \$1.5b will be a low interest loan. This will cover three-quarters of payroll through Sep 30 <sup>th</sup> .

### INTERNATIONAL CARRIERS

64 global airlines have temporarily ceased flying scheduled flights due to travel bans, airspace closures and temporary low demand for travel.

### CANADA

Air Canada will be suspending all flights between Canada and the US as of April 26<sup>th</sup> as a result of the agreement between both governments to extend border restrictions by an additional thirty days. Flights should resume effective May 22<sup>nd</sup>. Air Canada has already furloughed 16,500 employees temporarily and cut capacity by 50% through the end of Q2.

WestJet has suspended trans-border and international routes through June 4<sup>th</sup> and has now cut their domestic flight schedule by 4,000 flights per week as well through June 4<sup>th</sup>. They have also announced plans beginning May 1<sup>st</sup> to lay off 1,700 pilots across its mainline carrier and regional subsidiary Encore and low-cost carrier, Swoop.

### TRANSATLANTIC (INCLUDING MIDDLE EAST, AFRICA)

International Airlines Group (IAG), parent company of British Airways and Iberia Airlines has cut capacity by 90% for April and May. British Airways London City and London Gatwick services temporarily grounded.

Lufthansa Group, which includes Lufthansa, Austrian, Swiss and Brussels, has cut capacity by 95% and has made the decision to reduce capacity of flight operations long term by decommissioning 18 aircraft and withdrawing eleven Airbus A320s from short-haul operations. Due to the reduction, Lufthansa will be reducing capacity at its hubs in both Munich and Frankfurt. Swiss will continue to offer three weekly long-haul flights to Newark (USA) from Zurich and Geneva but will reduce the frequency of both short and medium-haul flights to select European cities.

Emirates recently tested a rapid COVID-19 blood test at check in for a flight from Dubai to Tunisia, based on Tunisian government requirements. The test, which takes about 10 minutes to obtain results, isn't ready for widespread usage. Emirates had announced plans to begin select service again starting in June but that has now been pushed back to July, subject to travel ban restrictions being lifted.

Turkish Airlines has currently suspended their international operation through May 20<sup>th</sup> and domestic flights are suspended currently through May 1<sup>st</sup>.

South African Airways has temporarily grounded all its flights through the end of May except for a few dozen

repatriation flights for travelers needing to get home. The South African government is pressing unions to avert a collapse of the carrier, which has been undergoing a business rescue prior to the COVID-19 pandemic.

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## SOUTH PACIFIC

The Australian government has awarded both Qantas and Virgin Australia \$165 million to subsidize flights between the capital cities and 11 regional centers for the next two months. Virgin's domestic network consists of a single daily flight between Sydney and Melbourne and Qantas' domestic capacity has been reduced by 60%. Both Qantas and Virgin Australia have cut their international capacity temporarily 100%.

As of April 21, 2020, it was announced that Virgin Australia entered voluntary administration to recapitalize the business and ensure it emerges in a stronger financial position after the COVID-19 crisis has stabilized. Virgin Australia will continue to operate its scheduled international and domestic flights which are helping to transport essential workers, maintain cargo needs and repatriate Australian citizens back home.

Air New Zealand will operate a limited number of international flights through June 30th to support essential travel and cargo needs on key trade routes. Domestic service into Auckland will continue as scheduled but at a reduced capacity to allow passengers to connect through to Tasman and Pacific routes. All other domestic New Zealand travel is for essential services only.

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## ASIA

Japan Airlines has cut its domestic capacity by 49% in April and plans to cut international capacity by 95% through May, operating some cargo-only flights on selected routes.

All Nippon Airways (ANA) has cut its domestic capacity by 50% and has cut most of its international capacity through the second week in May.

Cathay Pacific has announced plans to lay off 286 cabin crew based out of the US and furlough 201 pilots based in Australia and the UK until global travel demand rebounds. Cathay Pacific has cut capacity by 97% through May.

Singapore Airlines cut capacity by 96% in April and will extend those flight cancellations through May only flying to 15 destinations. Customers whose flights were cancelled will retain the full value of their ticket plus bonus flight credits, anywhere from \$50-\$350US based on cabin class originally booked.

Korean Airlines has grounded most of its international capacity through May 31<sup>st</sup>. They have also placed 70% of its 19,000 staff based in Korea on leave for 6 months.

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## LATIN AMERICA AND MEXICO

AeroMexico will operate at 20% capacity for the month of April and currently has 70% of its fleet grounded. 16% of AeroMexico's Dreamliner fleet is now operating cargo flights between Mexico City and Shanghai, China, carrying medical supplies into the country.

LATAM has cut capacity by 95% temporarily through May with limited operations in both Brazil and Chile. Operations in Colombia, Argentina, Ecuador and Peru are temporarily suspended. Long-haul routes will be limited to six weekly flights between Miami and Santiago and three weekly flights between Miami and Sao Paulo.

## TRAVEL REBOUNDING IN SOME AREAS

In markets where the coronavirus outbreak is diminishing, flights are slowly beginning to bounce back. According to the International Air Transport Association, load factors on domestic flights in China have jumped to 60% in certain regions and continuing to grow. Hopefully we will share that same upward trend here in the US in the coming months.

## HOTEL PARTNER UPDATES

### HOTEL LAYOFFS AND FURLOUGHS

Hotels are furloughing many of their hotel property-based staff and relying on a skeleton crew to keep up with any day to day operations. On the NAM side, almost all have had a reduction of pay of some type. Our representatives are either furloughed entirely, working part time or full time with reduced wages. RFP's for most chains have been postponed until workers can return. Return dates for hotel employees range from May – early July based on the position/market.

ELITE STATUS EXTENSIONS – HOTELS

Hotel Chain	Elite Status Updates
Accor	<p>Accor has announced that all <a href="#">Accor Live Limitless</a> (ALL) tiers of status — Silver, Gold, Platinum and Diamond — will be extended an additional year for all members residing in Greater China, including the mainland, Hong Kong, Macau, and Taiwan. These statuses will now expire Dec. 31, 2021, regardless of how many eligible nights a member completes in 2020. Members outside of these countries are not yet eligible for the status extension.</p>
Best Western	<p>Best Western has extended the loyalty status of all Best Western Rewards members globally through Jan. 31, 2022, with no need to fulfill the necessary requirements, according to a company statement. Members who downgraded a tier at the end of 2019 will be leveled up to their previous tier and will maintain that status through Jan. 31, 2022, without the need to fulfill the necessary qualifications. In addition, BWR members can donate their reward points to the Best Western Hotels &amp; Resorts charitable fund, Best Western for a Better World, which has committed to supporting those affected by the virus worldwide.</p>
Choice Hotels	<p>Choice Hotels has paused points expiration for all Choice Privileges members until May 31, 2020, according to a company spokesperson. The program also allows members to donate points to charitable organizations, including the American Red Cross. One new option is Serta's "Stay Home, Send Beds" program, through which members can donate points toward beds for hospitals and medical facilities in need because of the Covid-19 crisis. Choice for a limited</p>

	<p>time will match 100 percent of Choice Privileges points donated to this initiative.</p>
Hyatt	<p>Hyatt Hotels Corp. is suspending the forfeiture of World of Hyatt points through Dec. 31, 2020, according to a company spokesperson. Typically, points do not expire unless a member's account is inactive for 24 months. All unused Free Night, Suite Upgrade or Club Lounge Access awards scheduled to expire between March 1 and Dec. 31, 2020, will be extended to Dec. 31, 2021. Awards that expired between March 1-31, 2020, will be replaced with new awards on April 20. Awards expiring in later months will have their rewards replaced on the 20th day of the month in which they were scheduled to expire. In addition, World of Hyatt is extending all status and benefits for all existing elite members without having to re-qualify, meaning whatever a member's status was on March 31, 2020, will be automatically updated to reflect a Feb. 28, 2022 expiration date.</p>
Hilton	<p>Members of Hilton Worldwide's loyalty program, Hilton Honors, whose 2019 status was scheduled to be downgraded on March 31, 2020, whether Diamond, Gold or Silver, will receive an extension through March 31, 2021, according to a company statement. Likewise, 2020-member status will be extended through March 31, 2022. In addition, Hilton will pause the expiration of all points scheduled to expire before Dec. 31, 2020. The company also has extended the expiration date of all unexpired Weekend Night Rewards as of March 11, 2020, and all new ones issued until Aug. 30, 2020, through Aug. 31, 2021.</p>
Intercontinental Hotel Group (IHG)	<p>InterContinental Hotels Group has reduced its IHG Rewards Club elite membership criteria this year by 25 percent or more, according to a company statement. Gold status has been reduced from 10,000 points or</p>

	<p>10 qualifying nights to 7,000 points or 7 qualifying nights. Platinum has shifted from 40,000 points or 40 qualifying nights to 30,000 points or 30 qualifying nights. Spire status was reduced from 75,000 points or 75 qualifying nights to 55,000 points or 55 qualifying nights. For members whose points were due to expire between April 1 and the rest of the year, the company is extending the expiration date to Dec. 31, 2020. Typically, points don't expire for members with elite status; otherwise, points expire after 12 months of inactivity. For anniversary night certificates earned through IHG Rewards Club credit cards, IHG is extending the expiration date for those set to expire in 2020. Those that were to expire this year starting March 1 now can be used through Dec. 31, 2020. Certificates issued in 2020 will have an 18-month redemption time period. Members also can donate points to charities, including the International Federation of Red Cross and Red Crescent Societies, which has activated a Covid-19 fund.</p>
Omni	No official response from Omni on Select Guest Loyalty program.
Wyndham	Wyndham Hotels & Resorts will extend Wyndham Rewards gold, platinum and diamond level membership through Dec. 31, 2021, according to a company spokesperson. The company also is pausing the expiration of points until Sept. 30, 2020.

Enterprise, Alamo brands)	<p>point extensions will be updated in your account by April 30<sup>th</sup> as well.</p> <p>Free days earned from the “One Two Free” promotion are not being extended.</p> <p>Emerald Club and Enterprise Plus will roll over any qualifying rentals and rental days above those needed to get to the next qualifying tier, this will give the member a balance into the following year. (ie- if it takes 12 rentals to earn Exec Club status and the member ends the year with 18 rentals, 6 of those rentals will roll over to the next year)</p>
Hertz	Laying off 26% of its 38,000 workforce, which will be approximately 10,000 employees affected.
Avis Budget Group	<p>Avis begins layoffs this week. They have accessed surplus equity in their vehicle fleet providing approximately \$1.1billion in cash and another \$750m in undrawn revolving credit (as of March)</p> <p>No word yet on Loyalty status extensions through their Avis Preferred program.</p>

CAR RENTAL PARTNER UPDATES	
Car Brand (or parent company)	Response to COVID-19
Enterprise Holdings (National,	National/Enterprise: Elite tiers have been automatically extended through Feb 28, 2022 Emerald Club earned “free days” will not expire until Dec 31 <sup>st</sup> . Courtesy