



INTRODUCTION TO THIS DOCUMENT

Bloomberg provides several possible scenarios of how the COVID-19 pandemic could permanently change airline operations and the way we fly

OUR TAKE-AWAYS:

This is what we learned from this document:

- **While it is hard to predict the outcome for the travel industry while the COVID-19 crisis is unfolding there's bound to be pent up demand to visit family and friends when travel bans are lifted. When travel resumes no airline can predict at what levels, what prices people will pay and how much to charge to make a profit on a given flight.**
- **Airlines and aircraft will be different – passengers should brace for a new order. Configurations are likely to change, some will upgrade premium cabins while their fleets are grounded, resulting in an even starker difference between higher-class sections and economy seating.**
- **The major concern for most airlines would be that customers might be put off by health-related entry rules, which may differ from country to country.**

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How Coronavirus Will Forever Change Airlines and the Way We Fly

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9-11 minutes

Higher fares, fewer routes, pre-flight health checks and less free food: The coronavirus pandemic is ushering in a new era of air travel.

A seismic shift is underway as the world's airlines reassess their operations and how they will look emerging from the crisis. At eerily empty airports, mask-wearing and social distancing already show a behavioral change among the few staff and travelers left. A long shakeup lies ahead that is set to touch almost every aspect of flying after limits on movement unwind.

"We should be prepared for a choppy, sluggish recovery even after the virus is contained," [Delta Air Lines Inc.](#) Chief Executive Officer Ed Bastian said in a letter to employees this week. "I estimate the recovery period could take two to three years."

In a matter of months, the coronavirus reset the clock on a decades-long aviation boom that's been one of the great cultural and economic phenomena of the postwar world. The explosion in air travel shrunk the planet, created jobs and hundreds of millions of first-time fliers, and dispersed families rich and poor over continents. Now it's all on hold, with airlines slashing seat capacity

by [more than 70%](#) since January, according to analytics firm Cirium.



An almost-empty British Airways flight from Milan to London on March 5.

Photographer: Laurel Chor/Getty Images

There's no knowing when people will be willing to pack into enclosed cabin spaces again, though an International Air Transport Association survey found [40% of recent travelers](#) anticipated waiting at least six months after the virus is contained before flying again. Budget carrier [EasyJet Plc](#) is among those planning to keep middle seats empty, at least initially, to reassure customers about personal spacing. At [Korean Air Lines Co.](#), cabin crew now have goggles, masks, gloves and protective gowns.

Cabins Post-Fever

Configurations are likely to change as carriers try to squeeze more money from customers. Some will upgrade premium cabins while their fleets are grounded, resulting in an even starker difference between higher-class sections and ever more spartan economy seating, said [Volodymyr Bilotkach](#), a lecturer in air-transport management at the Singapore Institute of Technology.

In Asia, one of the last strongholds for all-inclusive fares, airlines might also increasingly charge economy passengers separately for things like baggage check-in, legroom and meals, said Bilotkach, who wrote the book "[The Economics of Airlines](#)," published in 2017. Even before the virus struck, carriers there typically made only [\\$3 of profit](#) from each customer, according to IATA. In Europe and the U.S., where ancillary charges are already going up, the figures were \$5 and \$17, respectively.



Avianca airplanes parked at El Dorado International Airport in Bogotá, Colombia, April 7.

Photographer: Ivan Valencia/Bloomberg

Cheap flights can be found for now as airlines compete for a handful of passengers, while inklings of a recovery show traffic on China's busiest routes is up [at least 7%](#) from February lows. IATA's chief executive, Alexandre de Juniac, said the wearing of face masks might [reassure passengers](#), but keeping middle seats empty would be challenging and reduce maximum seat capacity to below break-even levels.

Read more: [Parking Two-Thirds of the World's Planes Is Now a Big Problem](#)

The industry has weathered storms before, but none as rough as this. Nearly two-thirds of the world's 26,000 passenger aircraft are grounded, and some [25 million jobs](#) are at risk. IATA has warned that carriers face a \$314 billion shortfall in ticket sales this year, and half of them face bankruptcy in two to three months without government help.

EasyJet, based in Luton, England, has data-science teams modeling various scenarios for how soon demand returns, at what levels, what prices people will pay and how much to charge to make a profit on a given flight, CEO Johan Lundgren said on a conference call last week. No one knows the answers. "We just need to be very flexible," he said.

Passenger Tests





Clockwise from top left: A passenger gets his temperature checked at Haneda airport in Japan, passengers at Suvarnabhumi Airport in Bangkok observe social distancing rules, tourist information clerks in Beijing Capital International Airport, travelers in protective suits at Incheon International Airport in South Korea.

Photographers: Tomohiro Ohsumi/Getty Images, Vivek Prakash/AFP via Getty Images, Kevin Frayer/Getty Images, SeongJoon Cho/Bloomberg

A concern is that customers will be put off by health-related entry rules that may differ from country to country, especially during an uneven opening-up process. Just as airport security tightened after the September 2001 terrorist attacks in the U.S., travelers could be [subject to tests](#) like temperature checks, or they may even need health certificates to fly, according to consulting firm BCG. That could be time-consuming and complicate flying schedules.

“It needs to be quick and secure. Something that is a relatively minor burden,” said Dirk-Maarten Molenaar, Amsterdam-based head of BCG’s travel and tourism practice in Europe, the Middle East and North Africa.

The essential nature of air travel — it underpins trade, diplomacy, business and tourism — is forcing governments the world over to prop up carriers. Late Monday in the U.S., the Treasury Department disbursed its first round of payroll [assistance to airlines](#). Around that time, [Virgin Australia Holdings Ltd.](#) went [into administration](#) after failing to secure state aid. Increasingly distressed, the carrier made eight different appeals for financing before finally collapsing.

Read more: [Denied a Bailout, Virgin Australia a Warning for Other Airlines](#)



A traveler stands at an airline counter protected with plastic tarpaulin at the Schiphol airport in Amsterdam on March 27.

Photographer: Remko de Waal/AFP via Getty Images

More are bound to fail, resulting in less competition, said Bilotkach

at the Singapore Institute of Technology. Big low-cost airlines will probably survive along with flag carriers, but many will be partially owned by governments, or at least owe them money, and so will likely cut the most marginal routes and may raise prices, he said. Less-established services like London-New Orleans or Amsterdam-Salt Lake City would be among the first to go, he said. “Fares will either stay at pre-crisis levels or slightly higher,” said Bilotkach, who reckons a recovery is two or three years off. “There will definitely be fewer flight options available.”

Essential Travel

The virus has led to a ballooning of remote video-conferencing, which could prompt a reassessment of the need to fly at all, according to [UBS Group AG](#).

“It’s definitely put it back into your thinking, even if you’re not an environmentalist,” said Celine Fornaro, London-based head of European industrial equity research at UBS. “What is my essential travel?”



Members of Spain's military emergencies unit disinfect the check-in area at El Prat airport in Barcelona, on March 19.

Photographer: Angel Garcia/Bloomberg

Fornaro expects a shift from air to high-speed rail travel in Europe and China to accelerate. Some low-cost, short-hop routes are likely to disappear. Flights of less than 300 miles made up one fifth of the European market last year, according to a UBS report this month.

If mirrored in other regions such as Asia, the trend would partially unwind the aviation industry's dramatic expansion. Short-haul flights, particularly in Europe, were already under attack from the flight-shaming movement that's encouraged travelers to use lower carbon-emitting means of transport.

Read more: [IATA Says Nations Must Avoid Post-9/11 Travel Mayhem After Virus](#)

Bouncing Back

It is hard to predict any outcome while the crisis is unfolding. But there's certain to be pent-up demand to visit family and friends once travel bans are lifted, said Jared Harckham, New York-based vice president and managing director of aviation at consulting firm ICF International Inc.

While airlines may have to cut prices initially to woo passengers back, hygiene concerns will gradually fade away, said Rico Merkert, professor of transport and supply-chain management at the University of Sydney's business school.



A traveler walks along a jet bridge at Tocuman International Airport in Panama City, Feb. 28.

Photographer: Cesar Rodriguez/Bloomberg

“There will be some base demand,” Merkert said. “A lot of airlines have issued vouchers so all these people have to be carried as well.”

More broadly, passengers should brace for a new order in airlines and aircraft.

With overall capacity down, carriers will favor smaller and more manageable jets like [Boeing Co.](#)’s Dreamliner and [Airbus SE](#)’s A330 over behemoths like the A380, said Molenaar at BCG.

Unheard-of alliances might crop up among national airlines as smaller rivals wither, he said.

“The industry could look very different,” he said. “It could be that you go back in time, almost.”

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