The future of air travel
The economics of social distancing

6 feet apart?

June 9, 2020
What is the practical way for airlines to implement social distancing, and how would it impact their profitability?

When will passengers take back to the skies, and at what price?
UBS Evidence Lab just launched a new study of passenger seating demonstrating various scenarios for social distancing.

Methodology
Overlaid 6-feet-apart rules on CAD drawings for the most commonly used narrow- and wide-body planes
Simulated seating scenarios using actual airline PNR booking data to determine the impact on load factors
For narrow- and wide-body planes with all passengers or groups of 1, 2 and 3 spaced 6 feet apart, airlines would be nowhere close to breakeven load factors.

**Groups of 1**
Breakeven load factor ~74%

**Groups of 1, 2 and 3**
(Based on real-world passenger distribution using PNR data)
Breakeven load factor ~74%

Airbus A320
Load Factor **10.5%**

Boeing 787
Load Factor **15.8%**

Airbus A320
Load Factor **16.4%**

Boeing 787
Load Factor **21.2%**

Source: UBS Evidence Lab
Airlines have chosen to adopt minimal social distancing (empty seat, wall or aisle next to those not traveling in groups) to get close to reaching their breakeven load factors.

**Groups of 1, 2 and 3**
(Based on real-world passenger distribution using PNR data)

Breakeven load factor ~74%

- **Airbus A320**
  - Load Factor: 66.1%
  - Total number of seats: 171
  - Occupied seats: 113
  - Percentage of seats occupied: 66.1%

- **Boeing 787**
  - Load Factor: 65.6%
  - Total number of seats: 250
  - Occupied seats: 170
  - Percentage of seats occupied: 65.6%

Source: UBS Evidence Lab
What do future bookings reveal?

US Airlines
European Airlines
Asia Airlines
South America Airlines
US Airlines – prices for future departures
US carriers are offering fares per seat that are down ~13% y/y for flights departing in the next three months compared to a ~20% decline in April.

Prices for Delta and United flights are falling as the departure date approaches.

Source: UBS Evidence Lab
European Airlines – prices for future departures

Prices are slightly less negative for European carriers than for US carriers.

Budget airlines like RyanAir and easyJet have increased prices, while full-cost carriers like British Airways have reduced prices.

Source: UBS Evidence Lab
Asia Airlines – prices for future departures

Fares for ANA's domestic flights in Japan fell 17% in April but are relatively stable for departures in July.

India domestic airfares declined ~35% y/y in April. Air India is offering higher prices than a year ago for July departures, while future prices for Go Air and SpiceJet are down y/y.
Asia Airlines – prices for future departures

ASEAN countries show a mixed price trend.

Airlines in China are offering higher domestic fares y/y after declines earlier in the year.
LATAM Airlines – prices for future departures

**LATAM countries** show a mixed price trend.
Are consumers ready to fly again?

US consumer sentiment

UK consumer sentiment
**US consumer sentiment**

How soon from now would you be comfortable traveling and/or going on vacation?

How has the coronavirus affected your travel plans, if at all?

Source: UBS Evidence Lab, Civic Science
UK consumer sentiment

Within 6-12 months after the coronavirus situation improves, do you expect to take more, the same, or fewer flights than you usually did before COVID-19?

Source: UBS Evidence Lab
UBS Evidence Lab
Insight-ready datasets to help you answer the questions that matter to your decisions.
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