




UBS Evidence Lab

The future of air travel

The economics of social distancing



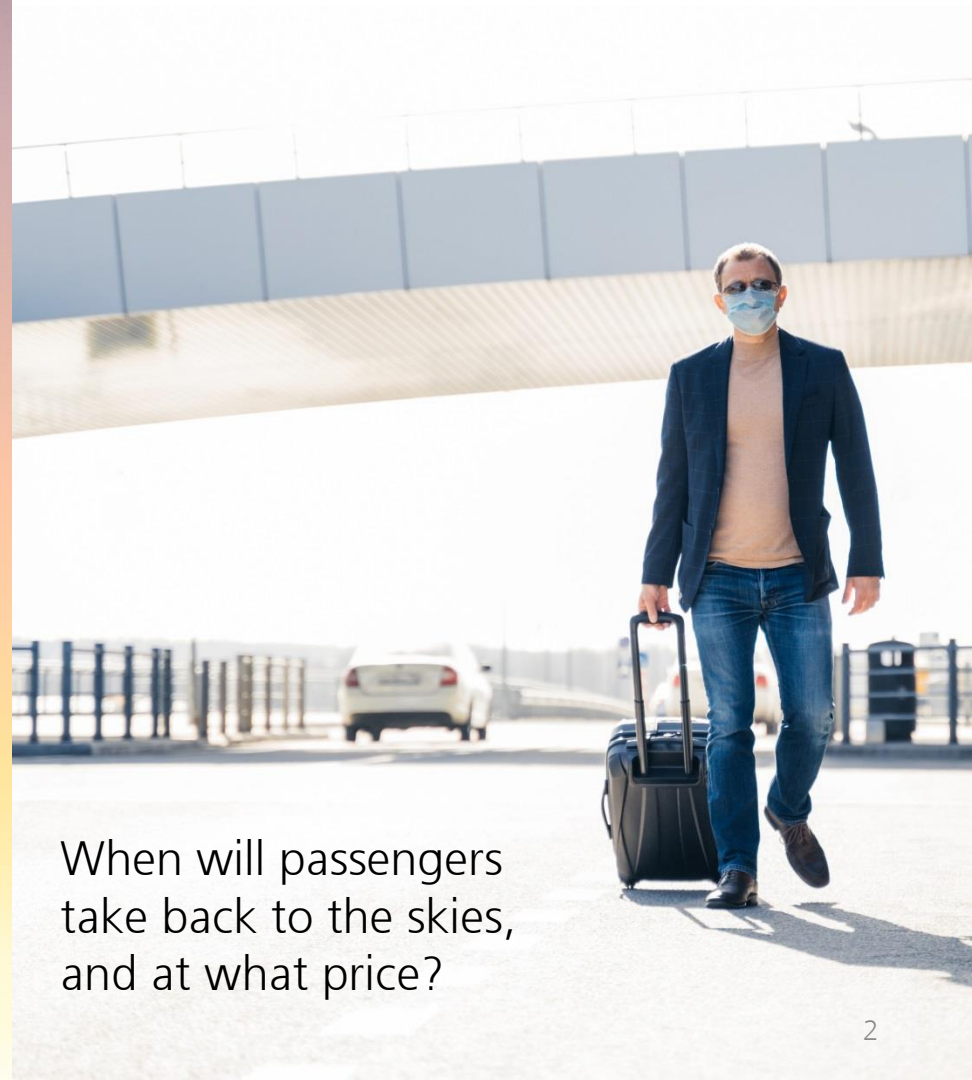
← 6 feet apart? →

A diagram illustrating social distancing in an airplane cabin. It shows the back of a person's head with dark hair sitting in a seat with a patterned headrest. To the right, a horizontal double-headed arrow spans the distance to the next seat, with the text "6 feet apart?" centered below it. The background is a blurred view of an airplane cabin with overhead lights and entertainment screens.

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?

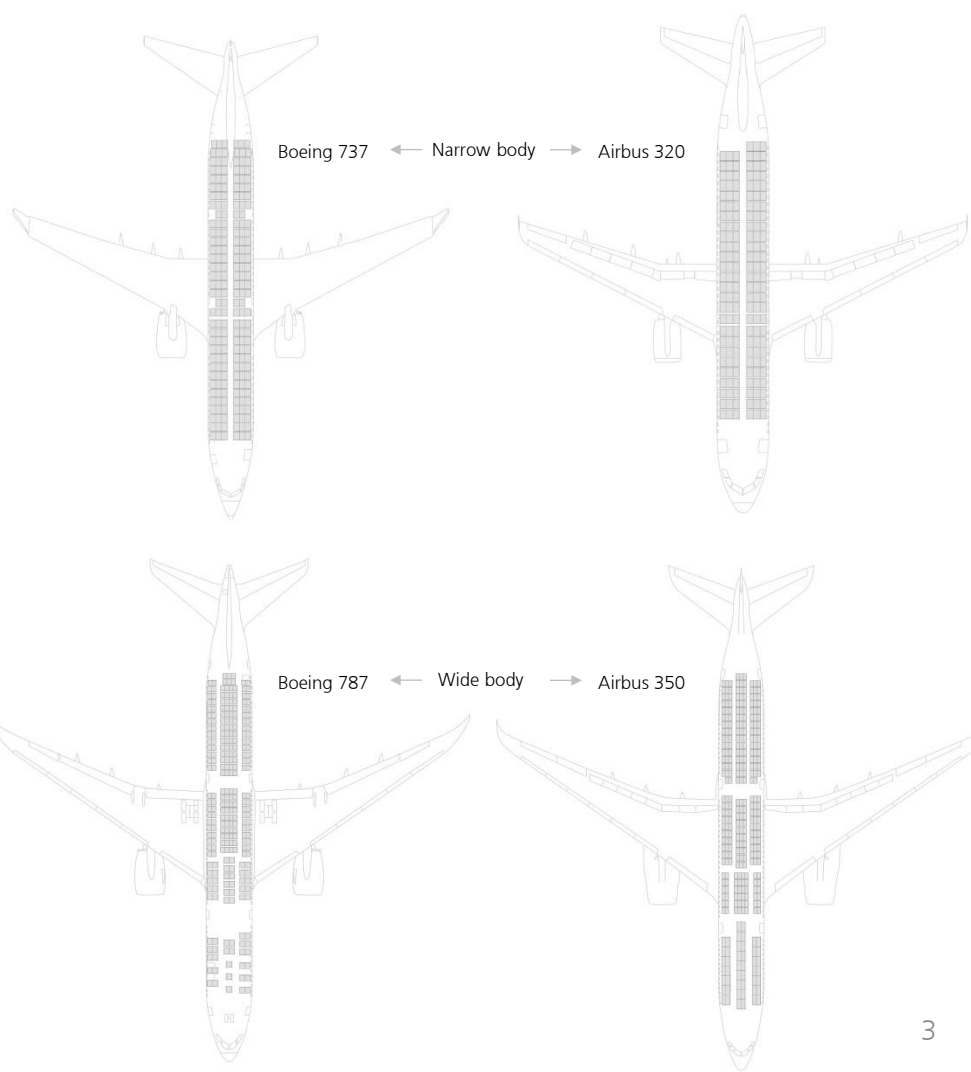
NEW study

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

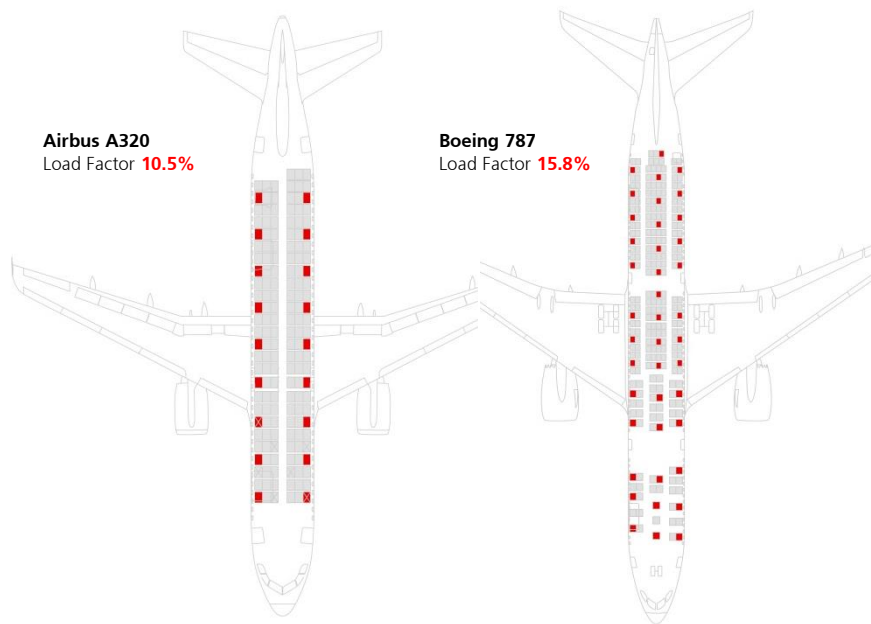
Simulated seating scenarios using actual airline PNR booking data to determine the impact on load factors



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

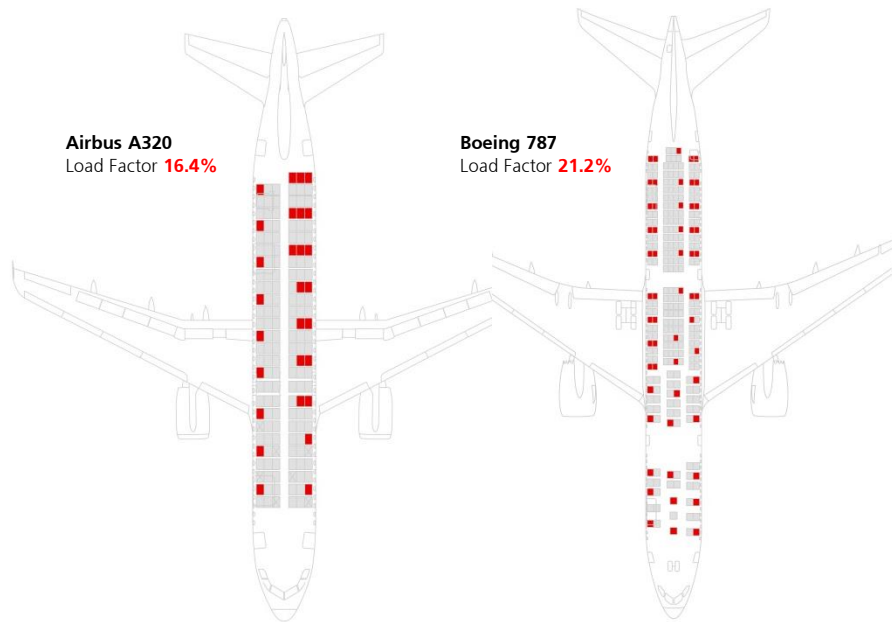
Breakeven load factor **~74%**



Groups of 1, 2 and 3

(Based on real-world passenger distribution using PNR data)

Breakeven load factor **~74%**



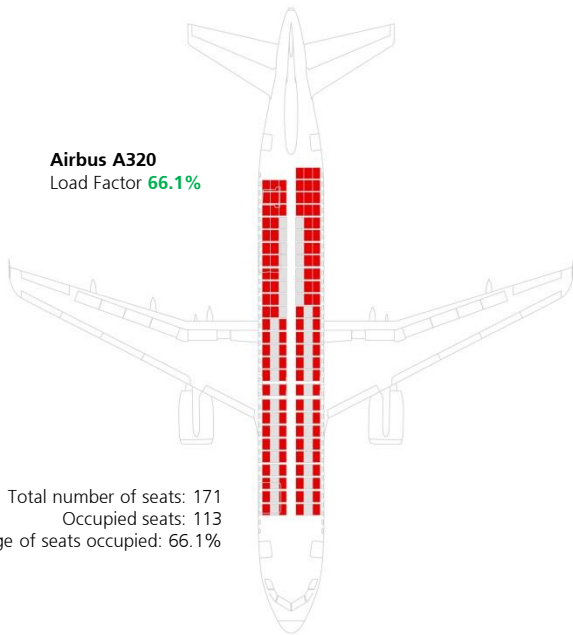
Airlines have chosen to adopt minimal social distancing (empty seat, wall or aisle next to those not traveling in groups) **to get close to reaching their breakeven load factors.**

Groups of 1, 2 and 3

(Based on real-world passenger distribution using PNR data)

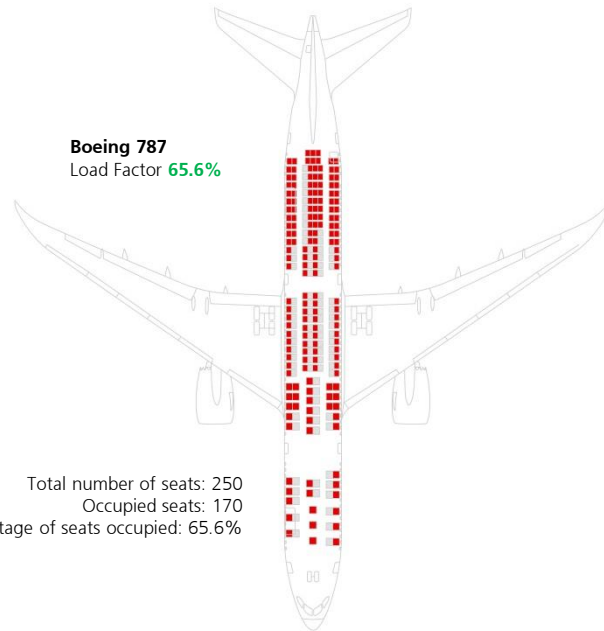
Breakeven load factor **~74%**

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%

What do future bookings reveal?



US Airlines



European Airlines



Asia Airlines

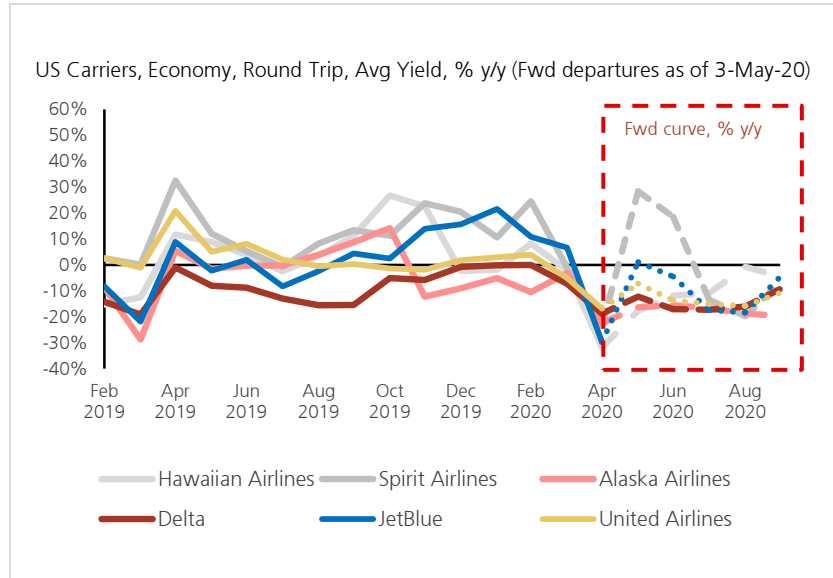


South America Airlines



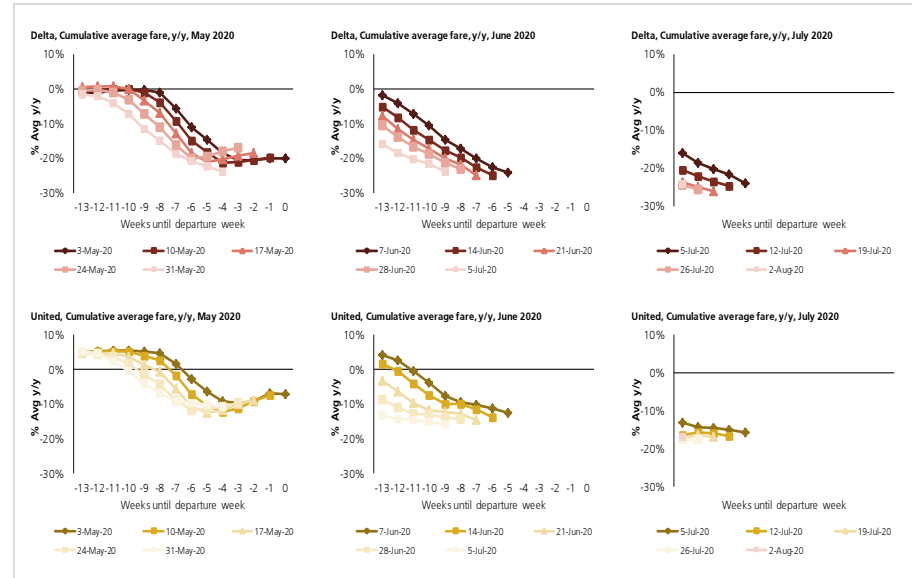
US Airlines – prices for future departures

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.



Source: UBS Evidence Lab

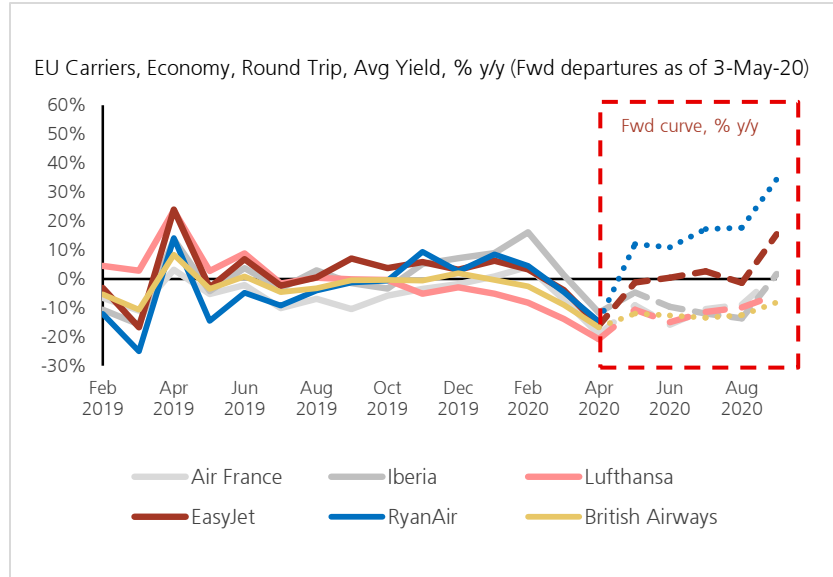
Prices for Delta and United flights are falling as the departure date approaches.



Source: UBS Evidence Lab

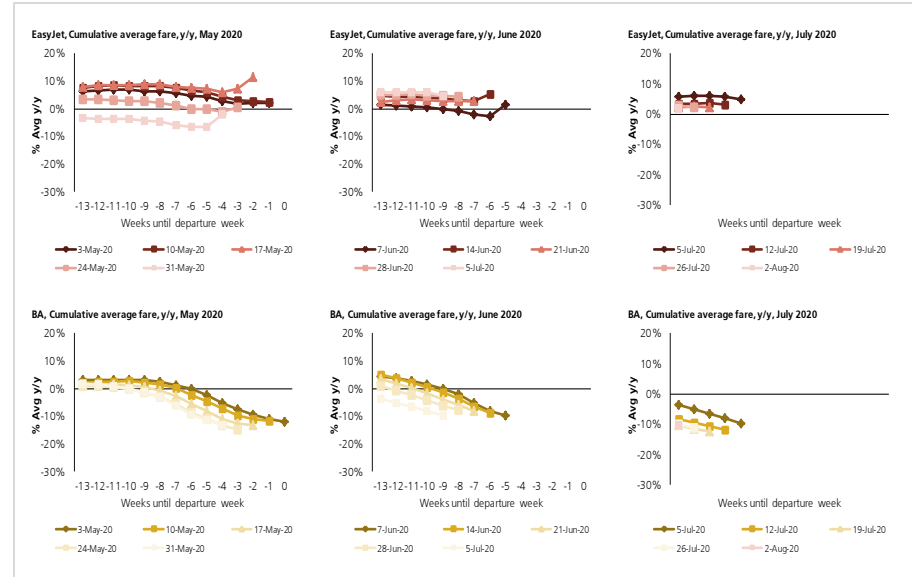
European Airlines – prices for future departures

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



Source: UBS Evidence Lab

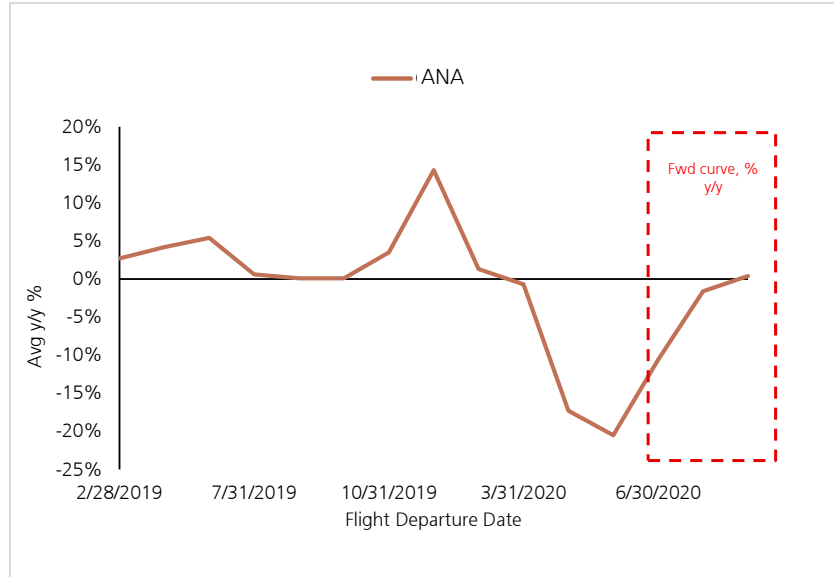
Budget airlines like RyanAir and easyJet have increased prices, while full-cost carriers like British Airways have reduced prices.



Source: UBS Evidence Lab

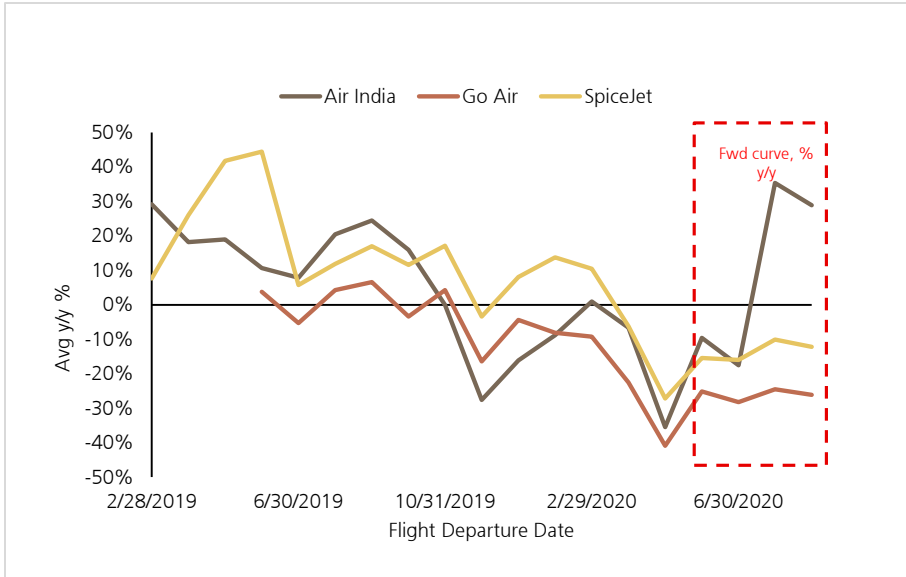
Asia Airlines – prices for future departures

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



Source: UBS Evidence Lab

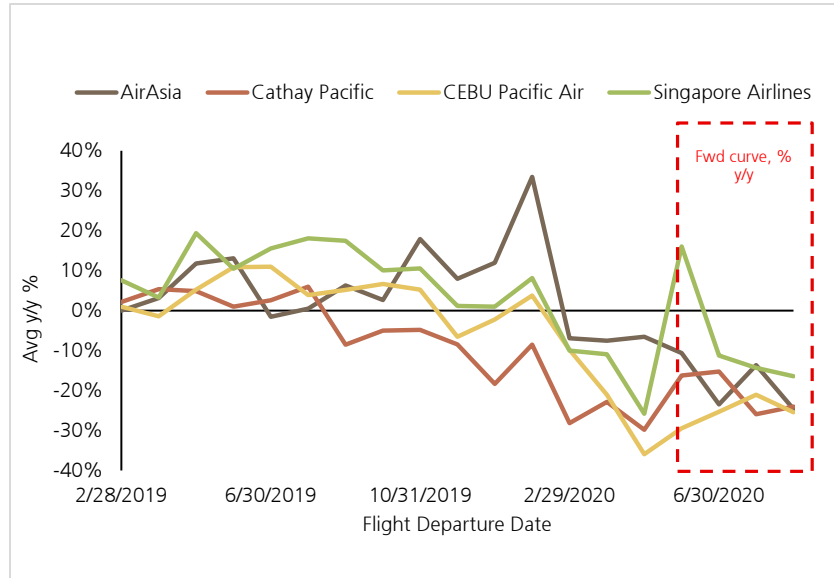
India domestic airfares declined ~35% y/y in April. Air India is offering higher prices than a year ago for July departures, while future prices for Go Air and SpiceJet are down y/y.



Source: UBS Evidence Lab

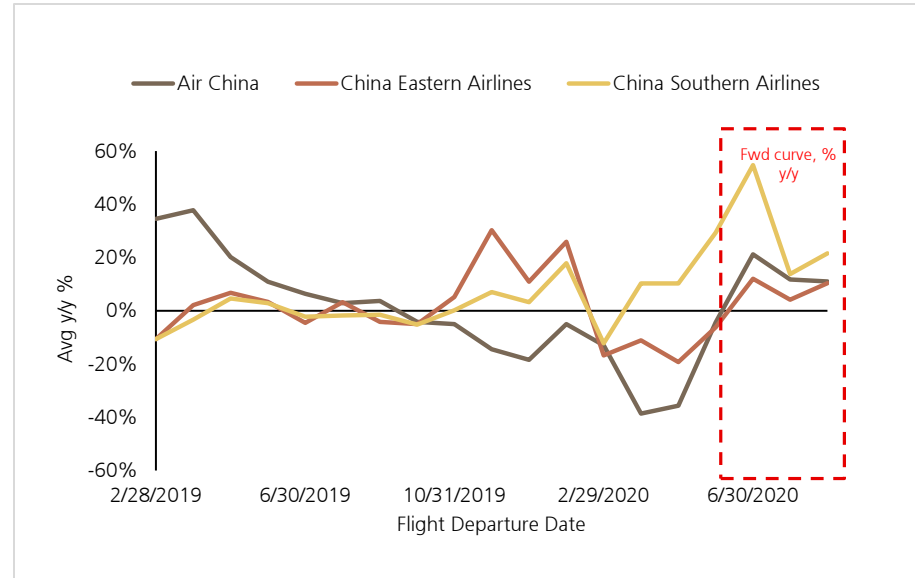
Asia Airlines – prices for future departures

ASEAN countries show a mixed price trend.



Source: UBS Evidence Lab

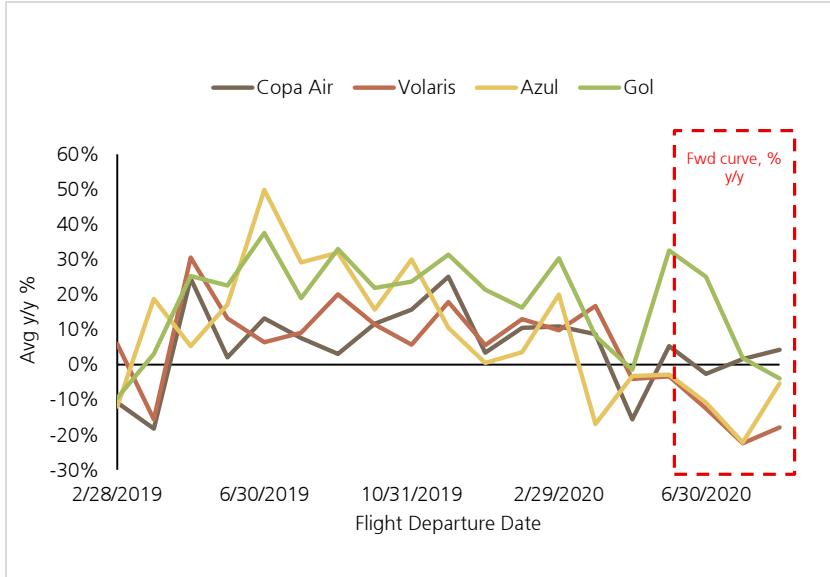
Airlines in **China** are offering higher domestic fares y/y after declines earlier in the year.



Source: UBS Evidence Lab

LATAM Airlines – prices for future departures

LATAM countries show a mixed price trend.



Source: UBS Evidence Lab



Are consumers
ready to fly again?



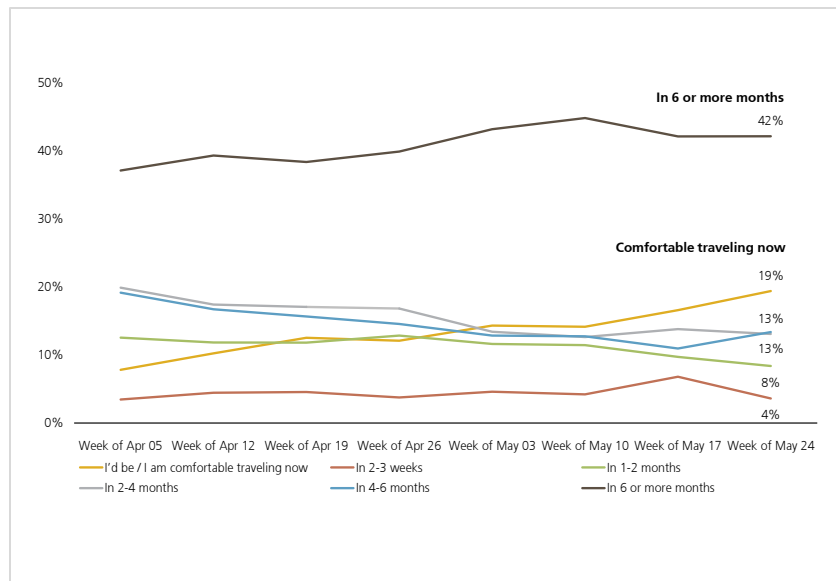
US consumer sentiment



UK consumer sentiment

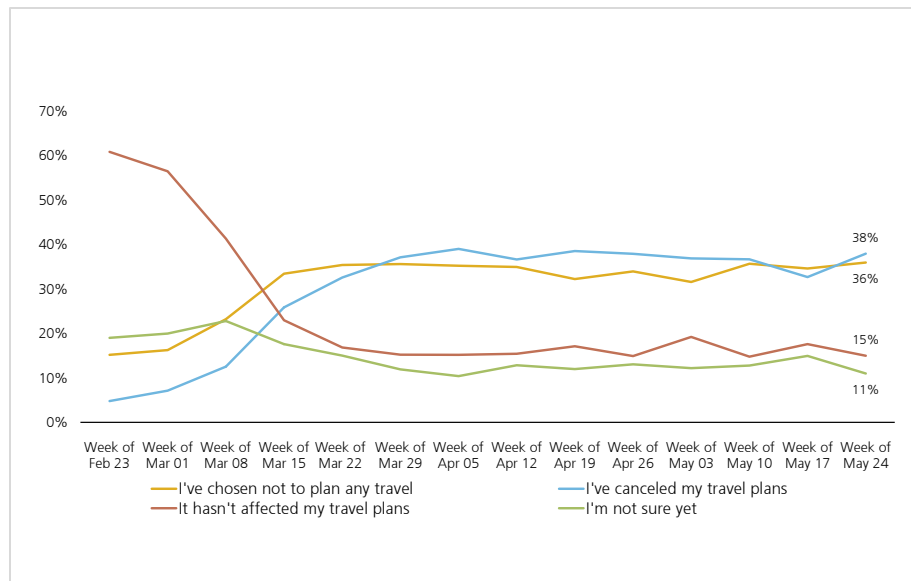
US consumer sentiment

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



Source: UBS Evidence Lab, Civic Science

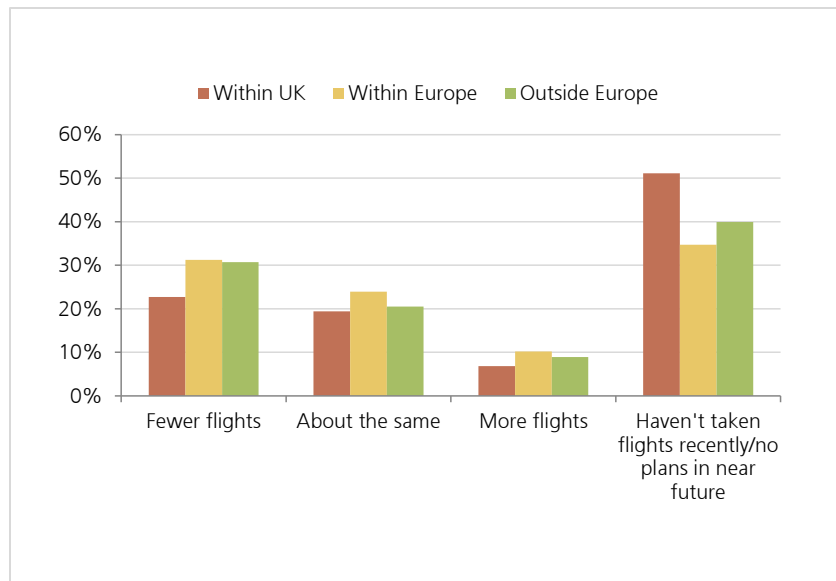
How has the coronavirus affected your travel plans, if at all?



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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