



CRANKY FLIER

US Airline Network Report

Week Ending October 2, 2020

This Week's Trends

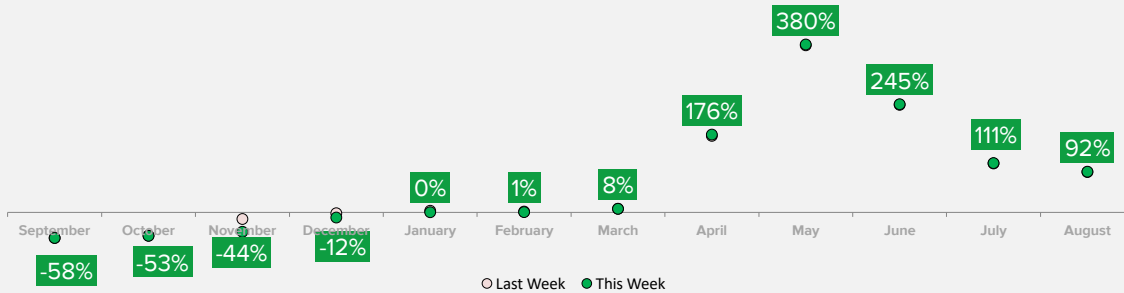
- ✈ It's Turkey Time
- ✈ Hawai'i Cuts Accelerate
- ✈ Alaska's Transcon Problem
- ✈ American's Small City Surprise
- ✈ Southwest Moves on Delta Hubs
- ✈ Delta Backtracks in Florida
- ✈ Southwest's Telling Cuts Through Year-End

WoW Available Seat Mile (ASM) Change by Airline

	September	October	November	December	January	February	March	April	May	June	July	August
Alaska Airlines		0.2%	-28.9%									
Allegiant Air		-0.1%	-0.2%			413.9%						
American Airlines		-0.5%	-44.6%	-1.3%	-0.2%	-1.3%	-1.1%					
Delta Air Lines		0.9%	-1.7%	-0.6%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Frontier Airlines		-0.1%	-0.2%	-22.7%								
Hawaiian Airlines		-64.7%	-68.7%	-8.9%	-2.6%	-7.1%	-6.0%					
JetBlue Airways												
Southwest Airlines			-32.2%	-43.6%	-5.3%	0.6%	0.9%	1.0%				
Spirit Airlines		0.9%	0.3%	0.1%	0.1%	0.1%	0.1%	0.1%				
United Airlines		-0.1%	-56.5%	-12.7%	-2.8%	-8.4%	-6.4%	0.9%	1.4%	1.5%	1.5%	1.5%

The Big Picture

US Industry % Available Seat Miles (ASMs) vs PY



YoY Available Seat Mile (ASM) Change by Airline

	September	October	November	December	January	February	March	April	May	June	July	August
Alaska Airlines	-50%	-45%	-41%	13%	15%	15%	16%	255%	391%	226%	187%	119%
Allegiant Air	-8%	-3%	-10%	-12%	-19%	-5%	1%	-42%				
American Airlines	-61%	-57%	-50%	-6%	13%	-2%	8%	187%	453%	325%	162%	158%
Delta Air Lines	-57%	-51%	-38%	-16%	3%	-6%	2%	390%	654%	441%	193%	127%
Frontier Airlines	-48%	-43%	-44%	-19%	18%	9%	10%	343%	500%	216%	100%	80%
Hawaiian Airlines	-87%	-84%	-70%	-7%	-2%	-9%	6%	1848%	1126%	1077%	687%	624%
JetBlue Airways	-63%	-50%	-38%	10%	12%	17%	24%	351%	963%	514%	145%	209%
Southwest Airlines	-41%	-44%	-39%	-45%	-3%	4%	4%	-55%				
Spirit Airlines	-50%	-36%	13%	25%	25%	14%	16%	96%				
United Airlines	-67%	-61%	-56%	-10%	7%	-2%	10%	457%	841%	744%	348%	217%

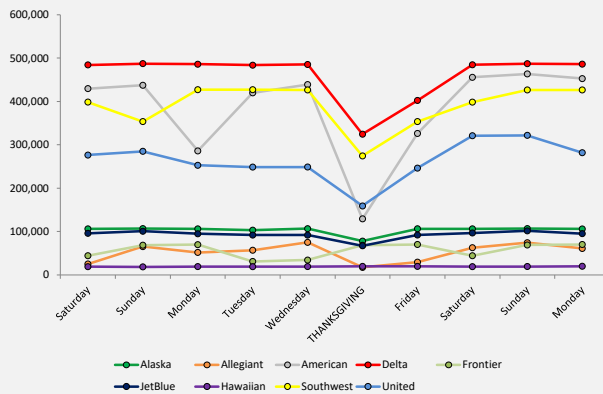


It's Turkey Time

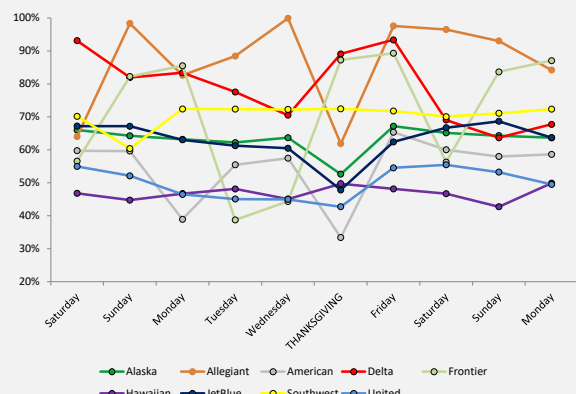
Backstory: A Thanksgiving like no other starts to take shape as most airlines make their capacity plans. We took a look at the details by day to see how they were coming together.

Thanksgiving 2020 Day-By-Day

2020 Thanksgiving Seats By Day



2020 Thanksgiving Seats by Day as % of 2019



Data via Cirium

The Week's Storylines

1) Following Delta and Frontier in previous weeks, Alaska, American, Hawaiian, Southwest, and United all filed Thanksgiving schedules this week. We analyzed the period from the Saturday before Thanksgiving (Nov 21) to the Monday after (Nov 30). For the full period, here are the number of seats being operated compared to last year.

- Alaska 63.3%
- Allegiant 89.0%
- American 55.4%
- Delta 77.0%
- Frontier 71.3%
- Hawaiian 46.8%
- JetBlue 62.9%
- Southwest 70.4%
- United 50.1%

Thanksgiving is upon us, and such a strong leisure holiday should bode well for domestic airline networks, at the very least. What we see is that Hawaiian is not feeling confident about Hawai'i travel at all. Among the network carriers, Delta is the most bullish on the surface, but it's important to remember that Delta is still blocking middle seats while American and United are not. Still, we have to wonder if that number will come down further as we get closer. That will be a tell-tale sign regarding how Thanksgiving is booking.

Looking at the chart above at left, you can see that most airlines cut back their flying on Thanksgiving Day. But also note that American has pulled down the Monday before Thanksgiving significantly. We can't figure out what Frontier is thinking, having more flights on Thanksgiving than on the day before or Sunday after. This may very well change.

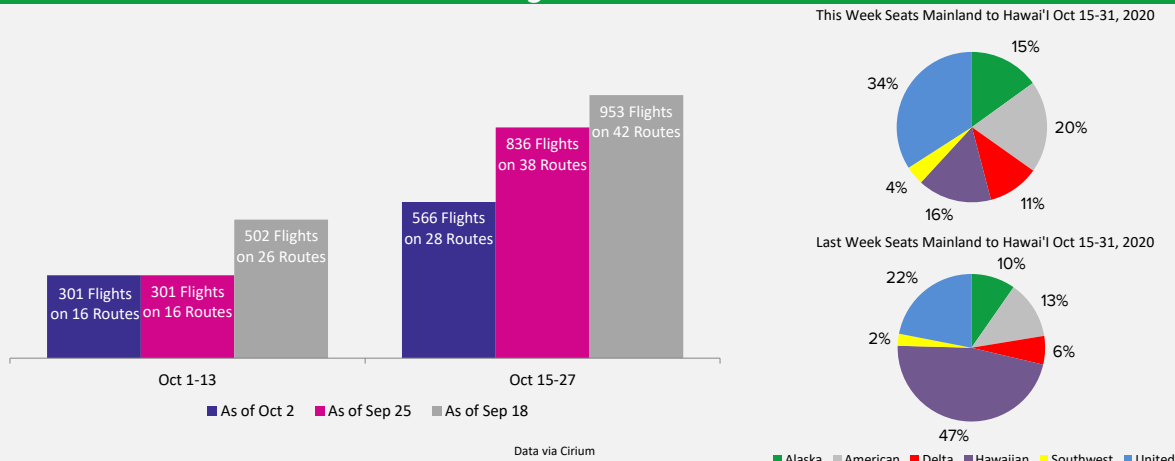
We wouldn't fault any airline -- and in fact would praise it -- for smoothing out its capacity by day of week since more people working from home means people will have more flexibility on what day they travel this year.



Hawai'i Cuts Accelerate

Backstory: A big red stoplight is flashing in Hawai'i. Even though the quarantine rule is ending, reality is sinking in. Limits on testing, hotel closures, and concerns about interisland travel are all leading to aggressive cuts.

Mainland US to Hawai'i Flights Before and After Quarantine Law



The Week's Storylines

1) Alaska Airlines further trims flying from Oct 15

- Honolulu - Portland, San Jose and Lihue - Portland restart delayed from Oct to Dec 1
- Kona - Portland, San Diego operates 2x weekly instead of 4x during Nov
- Kahului - Portland operates 4x weekly instead of 1x daily during Nov
- Kahului - San Jose operates 3x weekly instead of 4x weekly during Nov

2) American trims Nov flying

- Los Angeles - Kona restart delayed from Nov to Dec
- Los Angeles - Lihue will operate 1x weekly
- Los Angeles - Honolulu extends 1x daily schedule through Nov
- Los Angeles - Kahului will operate 2x weekly

3) Delta reduces Nov flying

- Atlanta - Honolulu restart delayed from Nov 8 to Dec 7
- Los Angeles - Honolulu reduced from 3x to 2x daily to Nov 20
- Salt Lake - Honolulu restart delayed from Nov 8 to Nov 20

4) Hawaiian dramatically cuts Nov restart plan with only these returning to schedule

- Honolulu - Seoul/Incheon resumes 5x weekly
- Honolulu - Oakland, Phoenix, San Jose and Los Angeles - Kahului resume flying in Nov
- Interisland frequencies reduced on most routes up to 3x daily

5) Southwest reduces interisland operation

- Honolulu - Hilo, Kona, Lihue reduced from 4x daily to 3x daily through Dec
- Honolulu - Kahului reduced from 6x daily to 4x daily through Dec

6) United postpones restarts from Nov to Dec

- Honolulu - Newark, Los Angeles - Hilo restart delayed from Nov to Dec 1
- Chicago/O'Hare - Kahului, Washington/Dulles - Honolulu restart delayed from Nov to Dec 5

Airlines set their November Hawai'i schedules to be not all that different from October. Even Hawaiian, which depends upon Hawai'i for all its revenue, is not returning nearly as much service as you might expect. This change is based on an educated guess. How many travelers will return? The state indicated it would allow testing months ago, but then it reversed course. Many may wait to see if this actually happens before they book travel. Further, there is much up in the air about the testing regime, who is eligible, and if all islands will accept the plan.

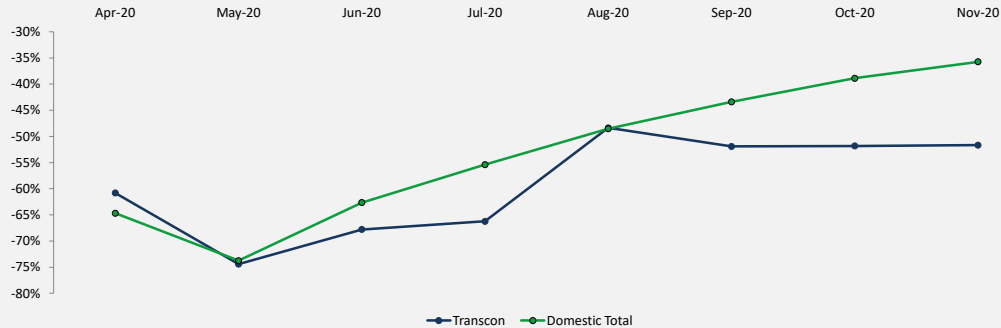
These airlines should have a better idea of booking patterns by the time they need to set their December schedules.



Alaska's Transcon Problem

Backstory: While Alaska continues to add flying up and down the West, it is still struggling with making transcon work.

Alaska YoY Seat Decrease Percent Change by Month



Transcon is from CA/OR/WA to destinations east of Mississippi River

Data via Cirium

The Week's Storylines

1) Alaska further cuts transcon flying in Nov

- Seattle - Atlanta, Boston, Newark, New York/JFK, Raleigh/Durham reduced 1x daily in each market
- San Francisco - Boston canceled for the month of Nov
- San Diego - Orlando canceled Nov 1 - Nov 19
- Washington/National - Los Angeles, San Francisco reduced from 1x daily to 5x weekly through Nov

Alaska has worked to re-orient its network to focus more on its bread-and-butter -- north to south flying along the West Coast -- for some time now. But during the pandemic, this trend has actually accelerated.

In the chart at top, you see that initially transcon was cut less than the rest of the domestic network, but that reversed decisively. Alaska had already set most of its Nov schedule when it decided to make additional transcon cuts, including the cancellation of those two routes that have been flying up until now.

Alaska predecessor Virgin America had already started to see its position in the important New York - LA/SF markets erode when it failed to invest in an updated premium product, but Alaska accelerated that post-merger when it decided not to create a dedicated fleet. The question is... when will Alaska reach a happy place in these markets?

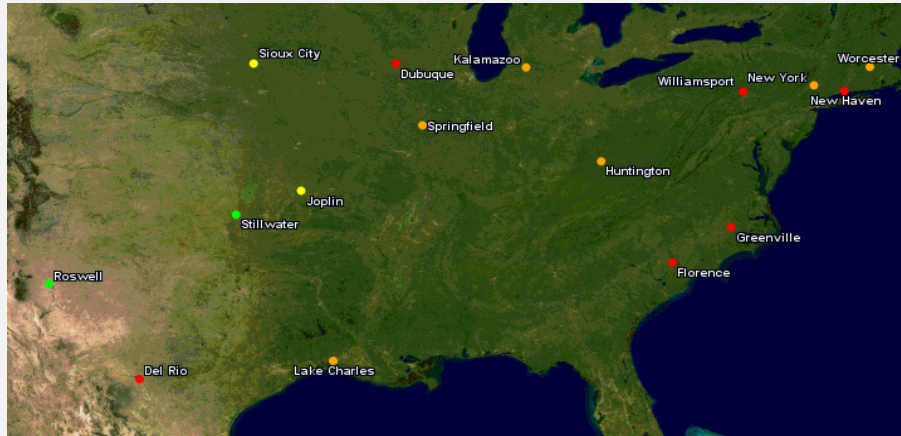


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American's Small City Surprise

Backstory: American announced it was cutting service to 15 cities in October, but it only followed through on 11. Now, will they stay canceled?

Small City Status



Map generated by the Great Circle Mapper - copyright © Karl L. Swartz.

Red - had no commercial service in October
Green - decision to cut previously reversed

Orange - one airline left in Oct but will keep other commercial service
Yellow - American is trying to leave but replacement required first

The Week's Storylines

1) American's November schedule is out, and the previously-canceled cities are back for now

✈ Del Rio (TX), Dubuque (IA), Florence (SC), Greenville (NC), Huntington (WV), Kalamazoo (MI), Lake Charles (LA), New Haven (CT), Newburgh/Stewart (NY), Springfield (IL), Williamsport (PA) are all back in the schedule for Nov

Knowing that CARES Act funding was ending on Oct 1, American tried to push the government to provide more money by threatening a pull-out from 15 small cities. American has gone through with its threat and will leave 11 of those cities this week. This weekend, however, when American filed its November schedule, it left those cities in the schedule for the next month. This likely means one of two things.

1) American is hoping that funding will still come together, so it is holding out cutting those cities in November for now

or

2) American is giving up all hope on getting funding and has decided to drop its bluff and reinstate the cities

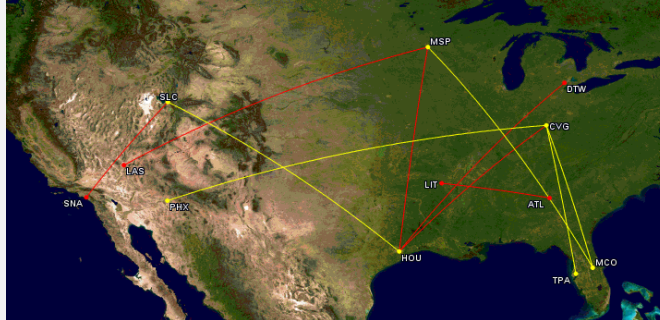
We're betting it's the former, but time will tell.



Southwest Moves on Delta Hubs

Backstory: Southwest made some changes to its Q1 schedule for 2021, and while several routes were added or expanded, there were a curious number of Delta hubs receiving new Southwest service.

Southwest Routes at Delta Hubs in Q1 2021



The Week's Storylines

1) Southwest made several changes in 2021, but a large chunk of those are focused on Delta strongholds

- ➔ Atlanta - Little Rock, Cincinnati - Houston/Hobby begins Nov 5, goes daily in 2021
- ➔ Cincinnati, Minneapolis/St Paul - Orlando restart pulled forward to Nov 5, adds 1x additional daily flight in 2021
- ➔ Cincinnati - Phoenix, Tampa adds 1x additional daily in 2021
- ➔ Detroit, Minneapolis/St Paul - Houston/Hobby goes daily from Mar 11
- ➔ Minneapolis/St Paul - Las Vegas starts Nov 5, goes daily in 2021
- ➔ Salt Lake City - Houston/Hobby restart pulled forward to Nov 4, adds 1x additional daily flight through schedule
- ➔ Salt Lake City - Orange County starts Mar 11

These moves into Delta current and former hubs may seem like a direct attack. Does Southwest think Delta is vulnerable? Or is this just an opportunity that happens to overlap without any rhyme or reason?

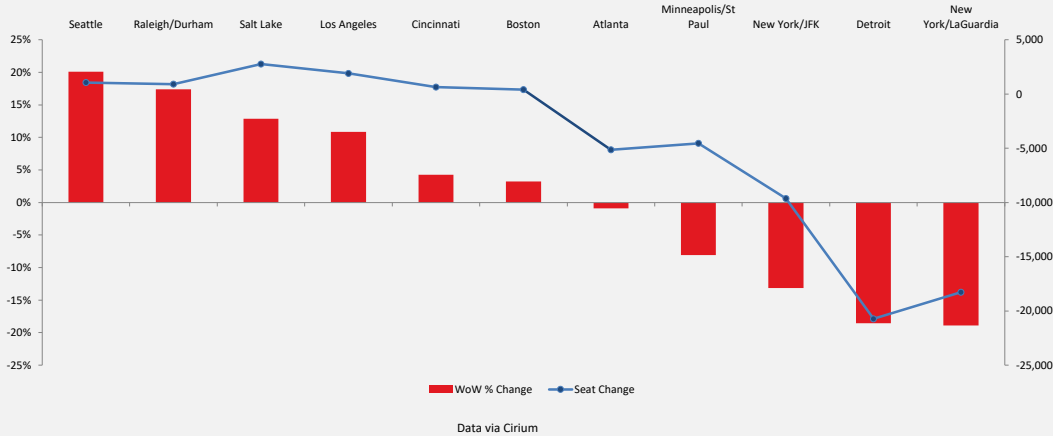
We should note that there were several routes receiving new service including some in markets that are uncontested -- e.g. Hartford to Nashville -- and some in other airline hubs -- Charlotte to both Phoenix and St Louis. So this may not be a direct targeting. Still, it's hard to ignore that Southwest appears to see some limited opportunity for growth in Delta-dominated markets. Southwest has historically struggled to grow in many of Delta's key hubs, but these are largely leisure routes that may have an opening, especially since Delta continues to cling to Basic Economy while other airlines cut back.



Delta Backtracks in Florida

Backstory: One week after publishing its November schedule, Delta is cutting back Florida flying.

Delta's Florida Seat Count Change WoW



The Week's Storylines

1) Delta cut frequencies in several markets to Florida and cut Minneapolis/St Paul - Fort Lauderdale entirely in Nov

It was only last week that Delta rolled out its November schedule, but now it is already making changes. Surprisingly, Florida is seeing cuts. Overall, seats in November dropped by 5%, but it's not across the board.

As you can see in the chart above, the cuts are heavily focused in the Northeast and Midwest. Atlanta remains down only slightly while several other markets, especially those in the West, actually see growth. Keep in mind that those western markets are very small so the actual growth in seat numbers is not significant.

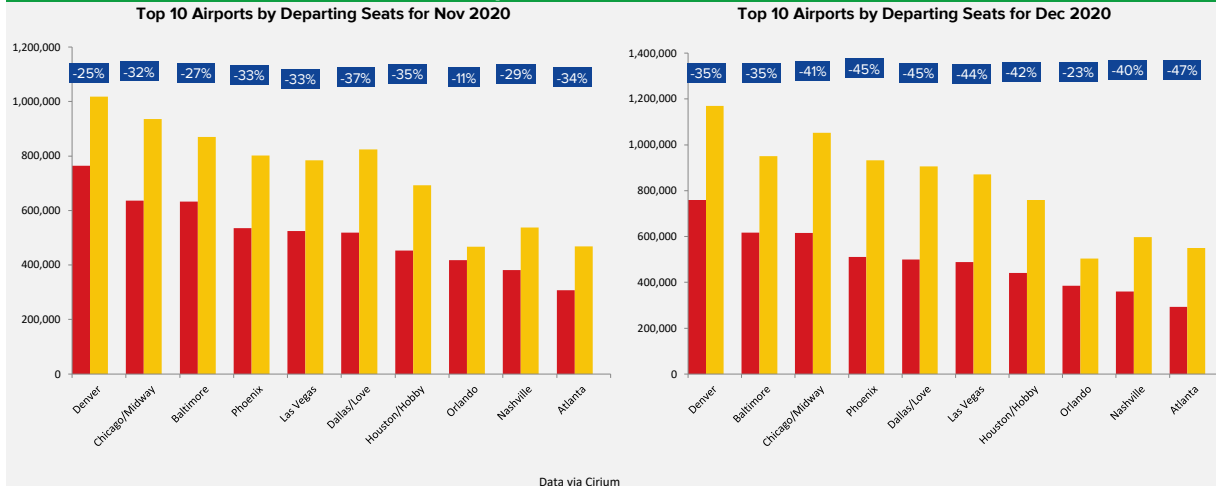
It is surprising to see these cuts come so swiftly after the initial schedule was filed, and it may indicate some Florida softness during a month where Delta was looking somewhat bullish, and that's a concern. Either that, or Delta could have just made an error adding too much service in last week's filing. That doesn't seem likely.



Southwest's Telling Cuts Through Year-End

Backstory: In the early days of the pandemic, Southwest filed a hopeful schedule for Nov and Dec. That hope has been dashed as the airline cut deep this week for all travel through the holidays

% Cut for Top Southwest Markets in Nov/Dec



The Week's Storylines

1) Southwest cut November and December schedules to better match weakened demand

- November capacity cut by a third while December gets cut by more than 40%
- Service to Nassau and Liberia (Costa Rica) will not operate through year-end
- New York/LaGuardia and Washington/National see largest cuts with more than two-thirds of seats gone

Southwest's original plan for Nov and Dec saw the airline getting back to 100% of normal by year-end. It also foretold of the 737 MAX returning to service in Dec. As the pandemic – and the MAX recertification, for that matter – has dragged on, that became unrealistic. Southwest put its Nov/Dec cuts in place this month, and it is choppy at best.

Looking at Nov changes, you can see that Orlando saw the fewest cuts in the top 10 airports for Nov and Dec. That suggests that Florida continues to outperform, as you'd expect. Denver was also on the low-end of cuts, and that tracks with commentary that the Mountain West is doing better than other regions. Phoenix, however, saw larger cuts than we'd expect to see.

Seeing Dec cuts being deeper than Nov may be concerning, but this is a tale of two months. From Dec 1-17 in the "between holidays" period, seats are cut 50%. Meanwhile from Dec 18-Dec 31, cuts are only 40%. That's still a big cut, but it is certainly less than in the quiet early Dec period.