

EDITORS' PICK | Mar 26, 2020, 06:00am EDT

# Airlines Can't Shrink Fast Enough To Keep Up With The Unprecedented Collapse In Global Travel Demand

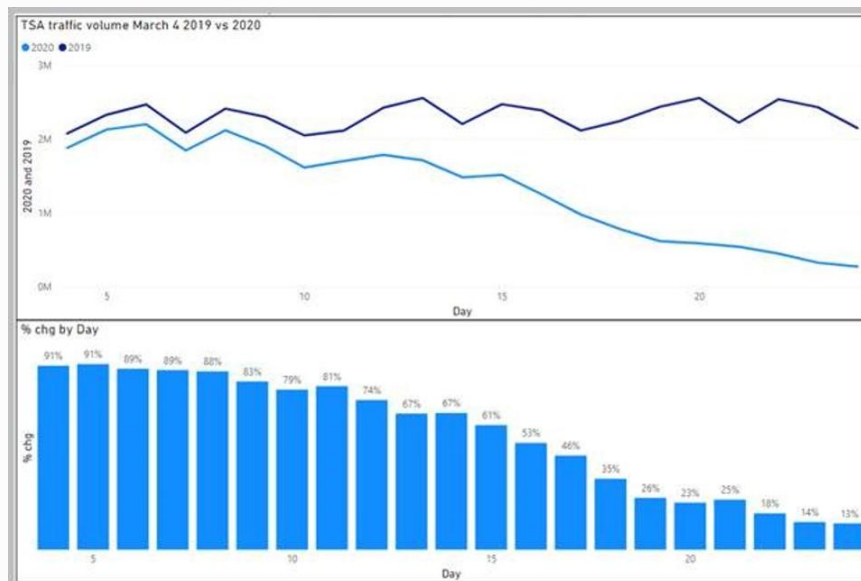


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It's all but axiomatic that no business can stay in business if its customers and, therefore, its revenues, fall by a whopping 87% on a year-over-year basis. Yet data from the Transportation Security Administration show that is exactly the situation in which U.S. airlines now find themselves.

On Tuesday only 279,018 people – not all of whom were even air travelers - were cleared through TSA security checkpoints at U.S. airports. On the same day last year, more than 2.15 million people passed through those very same checkpoints. That's an 87.1% drop. And it represents the lowest TSA checkpoint throughput since the TSA began reporting its daily throughput totals.



Transportation Security Administration daily airport checkpoint throughput totals since March 4 ... [+] AIRINSIGHTS

By the time that public reaction to the spread of the COVID-19 coronavirus prompted TSA officials begin their daily throughput reports on March 4 travel demand was already off about 9 percentage points from the same day in 2019. Thereafter the daily totals dropped quickly into the 80% range. By March 10<sup>th</sup> they had fallen to just 79% of same day/year ago throughput. The daily throughput as a percentage of the throughput a day earlier fell into the 60% range on March 13, then into the 50% range on March 16<sup>th</sup>, the 40% range on the 17<sup>th</sup>, the 30% range on the 18<sup>th</sup>, and 20% range on the 19<sup>th</sup>. On Sunday, March 22, the TSA cleared only 18% as many people through its airport checkpoints as it did on the same day in 2019. (Typically Sunday - which was the day of the week that March 22 fell on this year) is the busiest travel day of the week as business travelers head out for a week on the road and leisure travelers return from weekend trips).

On Monday the figure dropped to 14% before hitting a new bottom at 13% (or 12.9% to



be precise) on Tuesday. Wednesday's totals will be posted later today.

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And that's just the story in the United States.

"It is truly unprecedented," says Addison Schonland, an aviation analyst at AirInsights. "And the scary part is that this isn't like what happened after 9-11, with only the U.S. air travel market shut down. This is happening globally. The TSA's numbers are for the U.S. only, but they accurately reflect the global situation; what is happening everywhere else, too.

Making that puny 13% figure look even more pathetic is the fact that the numbers of people cleared through airport security points also include those who work for the airlines – pilots, flight attendants, gate agents, mechanics and others – as well as airport workers and employees of the shops and restaurants located on the secure, or "air" side of terminals. None of those people - even pilots and attendants - count as "travelers," and therefore their inclusion in the TSA's daily throughput totals make demand appear slightly inflated.



Dozens of Delta Air Lines jets have been parked at an aircraft storage facility in Victorville, CA. ... [+] © 2020 BLOOMBERG FINANCE LP

The rapidly deteriorating passenger demand situation is causing airlines to fall way behind in their efforts to reduce their operations – and their costs – and keep them roughly in line with the tumbling demand.

"They are cutting back flights viciously," Schonland said. "But the situation has gotten ahead of them so much quicker than they could have been ready to handle. They just can't get away from that (over-capacity) situation fast enough."

Carriers also are being hindered in their efforts to reduce their schedules and operations by a couple of other factors.

"They have sold seats. They should deliver them," Schonland said, noting that while many travelers voluntarily have cancelled or delayed their travel plans, some still have a strong need or even desire to fly now.

Plus, the carriers are forced to wait on Congress to pass so-called "bailout" legislation to provide cash grants and loans to airlines, airports and related businesses to keep them going and to keep workers' paychecks coming. Until the House also approves the Senate's new bill, airlines are trying to avoid angering House members and Senators by

canceling too many flights that operate to the legislators' home states and cities.

The bailout deal was reached in the wee hours of Wednesday morning between the White House and Republican Senators on one side, and Democratic Senators and House Speaker Nancy Pelosi on the other side. It would provide passenger airlines up to \$25 billion in grants to pay employee wages and benefits through September, plus access to up to \$25 million in loans. The government could end up taking equity stakes – without voting rights – in carriers in exchange for that financial assistance.

Cargo carriers would get up to \$4 billion in employee-focused grants. And support companies such as in-flight caterers could get up to \$3 billion. Recipients of the money would be barred from furloughing workers or cutting pay until Sept. 30.

On Wednesday United Airlines officials said that beginning Friday they will be reducing their domestic flight schedule to just 48% of what it was prior to the start of the coronavirus event. Currently United's domestic schedule officially is only 58% of what it was previously. Internationally, United says it has reduced its international service by more than 90%, and currently continues to fly just six international flights to destinations in Asia, Australia, Latin America, the Middle East and Europe. Those international flights are being continued primarily to help foreign nationals stuck in the United States work their way back home, and U.S. citizen stranded in foreign nations to return here.

Delta said late last week it's targeting a 70% reduction of its overall capacity, including international service, and will park 600 planes, or about two-thirds of its fleet. But neither it nor American have announced additional domestic service cutbacks like United announced on Wednesday. Both, however, are likely to do so soon. According to their most recent statements Delta is operating a domestic schedule that's 40% the size of its pre-COVID-19 schedule, while American is at 70% of its pre-COVID-19 schedule, domestically. American has cut its international service by 75%.

Meanwhile, Southwest, which carries more domestic passengers than any other airline, already has cut 1,000 flights a day from its schedule and by next week that total will increase to 1,500. Prior to the COVID-19 event Southwest operated more than 4,000 flights a day.

Passenger carriers typically carry relatively modest amounts of cargo on their flights. But the loss of so much belly cargo capacity as a result of passenger flight cutbacks has created a strong demand for what belly cargo space remains. In fact, American is a small number of cargo-only flights in order to meet that demand, something the carrier hasn't done since it grounded its dedicated cargo fleet in the mid-1980s.

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I wrote my first airline-related news story in May 1982 – about the first bankruptcy filing of Braniff International Airways. That led to 26 years covering airlines and... [Read More](#)