

# REPORT: AIRLINES: NORTH AMERICA

## What you need to know

September 2021

This report presents a roundup of what's been happening to airlines in Canada and the U.S. over the last month.

## Market developments

### Airlines scale back third quarter expectations

A sharp increase in COVID-19 infections during July and August has had a detrimental effect on travel demand, prompting US carriers to adjust down their expectations for the third quarter (Q3 2021):

- American Airlines: reduction in revenue v Q3 2019 adjusted from 20% to **24-28%**
- Delta Air Lines: expects revenue to be at the low end of its previous guidance, down **30-35%** compared to the same period in 2019
- Frontier Airlines: Q3 capacity will be **0-1%** lower than in Q3 2019 instead of 2-4% above it
- JetBlue Airways: expected decline in Q3 revenue adjusted down from 4-9% to **6-9%**
- Southwest Airlines: revenue expected to be **18-20%** down instead of the 15-20% drop previously forecasted
- United Airlines: capacity will be **28%** lower than in 2019 (instead of 26%), while revenues will be **33%** below 2019 levels

## Major airlines

### Air Canada

#### Return to Billy Bishop

Air Canada returned to Toronto's Billy Bishop airport on **September 8**, operating up to **five daily** flights to Montreal.

#### Air Canada Rouge restarts

Low-cost leisure division Air Canada Rouge restarted services in **September** with flights operating from **Toronto** to Las Vegas, Orlando and Regina. More destinations will be added to the carrier's schedule, starting with Cancun and Tampa.

#### Indian services resume

Following the lifting of Canadian government restrictions, Air Canada resumed services to India on **September 27** with flights from Toronto and Vancouver to Delhi. As market conditions allow, the airline will resume flights to Mumbai and has plans for new services linking Montreal and Delhi.

## American Airlines

### Deeper alliance with Gol

American Airlines is investing **\$200 million** in Brazilian low-cost carrier Gol, as the two carriers expand and extend an existing code share arrangement. The alliance already covers more than **30** of American's U.S. destinations and **20** of Gol's South American destinations. For at least the next **three years**, the carrier's will remain each other's exclusive codeshare partners in their respective home markets.

American's investment, which is subject to regulatory approval, would give it a **5.2%** stake in Gol.

### Attempt to block alliance with JetBlue

The US department of Justice has filed a civil lawsuit to block the "**Northeast Alliance**" between American Airlines and JetBlue Airways. The filing follows concerns expressed by other airlines about the codeshare focused on the Boston and New York markets. It has been alleged that the partnership will eliminate important competition and harm air travelers across the US by diminishing the two carriers' incentive to compete in other markets.

American claims the alliance has created a third, full-scale competitor in New York, while JetBlue has noted that the alliance has provoked a competitive response from both Delta and United.

## Southwest Airlines

### Austin expansion in 2022

Southwest will expand operations from Austin in **2022** with the start of **year-round** service to **five** domestic destinations. During **March**, it will start **daily** flights to Amarillo, Charleston, Columbus, Midland/Odessa and Ontario and seasonal **weekly** flights to Panama City Beach, Sarasota and Destin in Florida.

Elsewhere, Southwest has announced the **January 17** start of flights between Albuquerque and Burbank and the **February 17** resumption of **daily** seasonal services between Fort Lauderdale and Punta Cana in the Dominican Republic.

From **March 12**, Southwest plans to add two new transborder routes to Mexico, linking Austin with Puerto Vallarta and Denver with Cozumel.

## United Airlines

### Plans for Central America and Caribbean expansion

United Airlines will add **three** new routes to destinations in Central America and the Caribbean from **December 18**: Chicago-Guatemala City; Denver-Roatan, Honduras; and Cleveland-Nassau, Bahamas. The Roatan and Bahamas services are subject to government approval.

### African services resume

United Airlines will launch **three-weekly** flights from Washington DC to Lagos, Nigeria, on **November 29**. So far in 2021, the airline has already launched services from New York JFK to Johannesburg and from Washington DC to Accra. Service from New York to Cape Town will resume on **December 1**.

## Other airlines

### Allegiant Airlines

#### Passenger numbers close in on 2019 levels

Allegiant Airlines carried almost **1.2 million** passengers in August. This was **86%** above **2020** levels, and more importantly, it was just **5.6%** below the figure for August **2019**.

Scheduled capacity increased **12%** year-over-year, but revenue passenger miles soared by **89%**, pushing the load factor up to **74%**, although this was still **11** points below August **2019** levels.

## **Avelo Airlines**

### **More routes added**

Recently-launched low-cost carrier Avelo Airlines will in **November** launch a second route from Las Vegas to Redwood Coast-Humboldt County airport near Eureka, California. The airline has also announced a **fifth** route from its forthcoming hub at Connecticut's Tweed New Haven airport. From **December 16**, it will fly to Palm Beach International airport.

## **WestJet**

### **More U.K. routes in 2022**

During the **second quarter** of **2022**, WestJet will further expand its European operation when it launches flights from **Toronto** to **Edinburgh** and **Glasgow**. **Four-times-weekly** service to Glasgow will start on **May 20**, with **thrice-weekly** Edinburgh services following on **June 2**. Flight between Halifax and Glasgow should also resume in **spring 2022**.

## Note

The information presented in this report represents the latest view as at September 28, 2021. We have carefully researched and checked the information contained. However, we do not guarantee or warrant the correctness, completeness or topicality of this article and do not accept any liability for any damage or loss as a result of the use of the information contained within this article.

Do you have questions or comments regarding this report?

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