

TRAVEL AND HOSPITALITY

## United Airlines, recipient of US federal aid to save jobs, does not see travel snapping back any time soon

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*United Airlines bringing stranded Americans home from Peru. Image credit: United Airlines*

By LUXURY DAILY NEWS SERVICE

United Airlines CEO Oscar Munoz and president J. Scott Kirby wrote a sobering letter to nearly 100,000 company employees with a level of candor rarely seen in corporate annals.

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The duo acknowledged the hard work of United staff as they struggled to work under tremendous constraints, including repatriating U.S. citizens stranded in other countries via chartered flights in coordination with the United States Department of State. But what shocked was the admission that the airline would be smaller and employee numbers reduced in the long term as the COVID-19 coronavirus pandemic takes its toll on global travel and tourism.

"Based on how doctors expect the virus to spread and how economists expect the global economy to react, we expect demand to remain suppressed for months after that, possibly into next year," Messrs. Munoz and Kirby said.

"We will continue to plan for the worst and hope for a faster recovery but no matter what happens, taking care of each of our people will remain our number one priority," they said.

"That means being honest, fair and upfront with you: if the recovery is as slow as we fear, it means our airline and our workforce will have to be smaller than it is today."

Here is the letter in its entirety, giving a realistic inkling of what one of the world's leading airlines thinks about recovery in the travel sector:

To our **United** Family:

Today, Congress passed an emergency COVID-19 response bill that includes significant financial backing for the airline industry. This decisive, bipartisan action by our elected leaders in Washington, DC is good news for our country, our economy, our health care system, our industry, and importantly our family here at United Airlines.

The impact of COVID-19 on demand for air travel has been dramatic and unprecedented far worse than even the

aftermath of 9/11. This federal assistance buys us time to adapt to this new environment and assess how long it will take for our economy to begin to recover. But, what this means for you right now is that \*United will not conduct involuntary furloughs or pay cuts in the U.S. before September 30th\*.

Everyone had a role in this effort and, as you always do, you came through for us. While Oscar, Scott, our union leaders and our government affairs and regulatory teams worked around-the-clock, on behalf of all of you, to educate leaders in the federal government about the unique and dramatic impact the COVID-19 outbreak has had on United Airlines, our United Airlines family sprang into action.

Your participation in the last few days was critical. More than 30,000 of you sent more than 100,000 messages to your representatives in Congress and another 5,000 signed a petition for international employees and retirees. Our union leaders also activated their organizations to amplify the message for the good of our company. The speed at which everyone stepped up and acted was remarkable and shows that when we come together, we can accomplish incredible things for our company. Thank you for what you did to help in getting this legislation passed.

We also wanted to pause and thank you for performing at your best to take care of our customers and each other through all of this uncertainty. Our operations teams have literally been on the front lines of this crisis, working directly with our customers and helping them navigate the ever-changing series of schedule adjustments, government mandates and restrictions on places prohibiting travel.

Specifically, our pilots, flight attendants, airport agents, ramp service, technicians and catering teams are showing up at airports all across the country, every day, helping customers and one another, and looking for opportunities to do the right thing. But they're not the only ones who continue to go the extra mile in these trying times it should be no surprise that our contact center employees have been particularly tested, handling nearly one million calls in the last two weeks alone. Through it all, they are doing what they do best: being there for our customers and remaining upbeat and positive.

Across the board, we've never been prouder of this team and what we stand for but unfortunately our work is just beginning. As we look forward, the lessons of past disruptions like 9/11 tell us that we can't pretend that we are out of the woods. Things are very different today than they were just four weeks ago.

The global economy has taken a big hit, and we don't expect travel demand to snap back for some time. Our April schedule is already cut by more than 60 percent and we expect our load factors to fall into the teens or single digits even with 60 percent less capacity. We are currently planning to make even deeper cuts in May and June.

And, based on how doctors expect the virus to spread and how economists expect the global economy to react, we expect demand to remain suppressed for months after that, possibly into next year. We will continue to plan for the worst and hope for a faster recovery but no matter what happens, taking care of each of our people will remain our number one priority. That means being honest, fair and upfront with you: if the recovery is as slow as we fear, it means our airline and our workforce will have to be smaller than it is today.

Amid these questions about United's future and this disruption to our daily routines, we feel it's more important than ever to connect with you. Social distancing makes that challenging, of course, but our team has found a way for us to use technology to host a "virtual town hall" next Thursday, April 2<sup>nd</sup>, where we can talk more about these challenges and answer your questions. We'll soon have more details on timing and how you can participate. We hope you will.

We remain in the business of serving people even when there are fewer people traveling. And even in this time of uncertainty, some things are constant: we still have the best airline professionals in the world; we still put our customers at the center of everything we do; we still operate in the best hubs; and we still have a deep-seated culture of caring for one another.

So when travel demand returns and it will return we will bounce back and be ready to accelerate towards our goal of becoming the best airline in the history of aviation.

Thank you for all you do.

Oscar and Scott