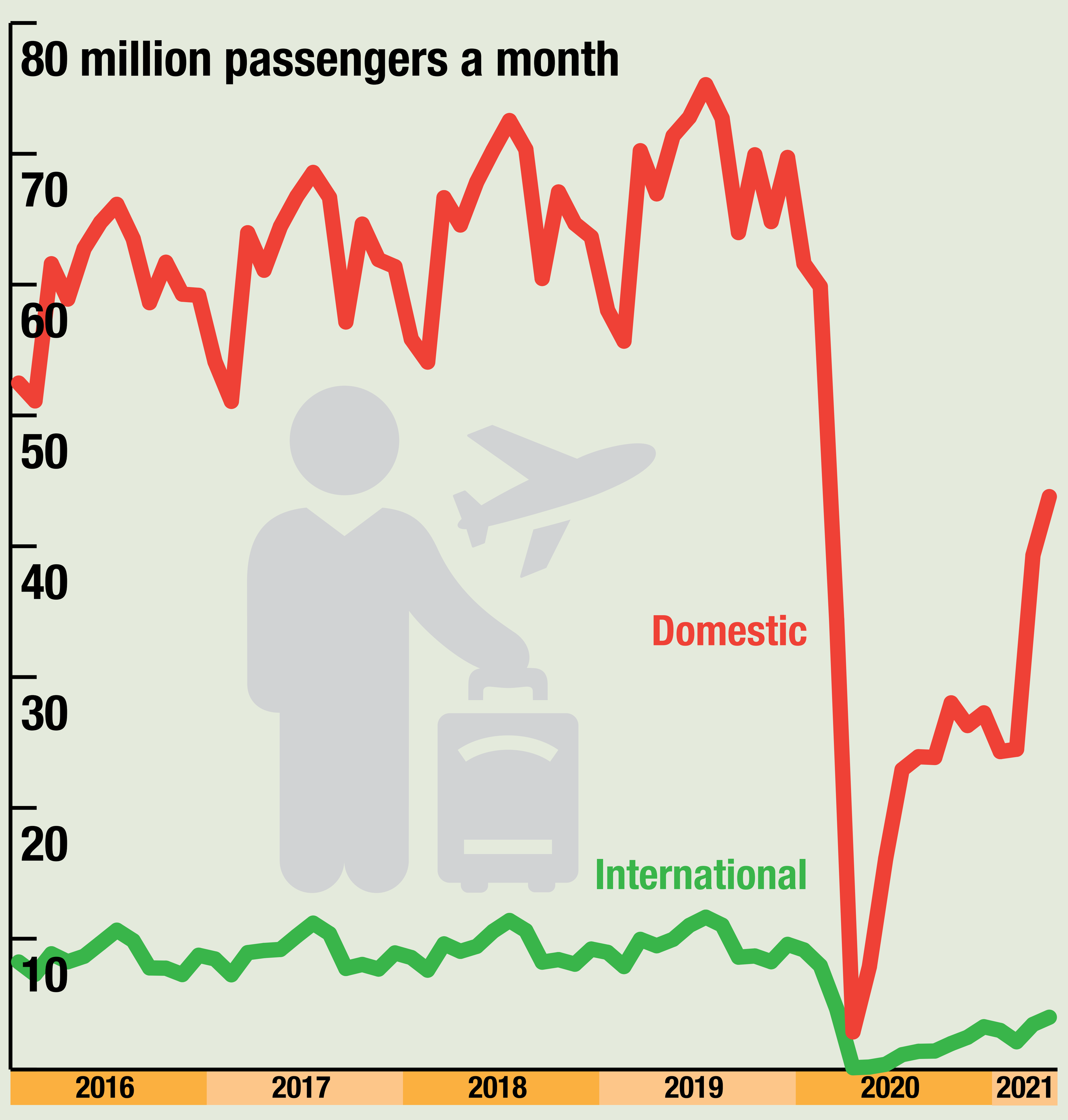
Three Charts about the Aviation Industry

The world virtually stopped flying in the first stages of the pandemic. Airlines have struggled to regain their former level of service.

BY JEFFREY WINTERS

Hardly any business is more emblematic of the so-called Before Time—the years before the start of the COVID-19 pandemic—than aviation. Airlines crammed strangers from all over the world next to each other in increasingly packed aircraft cabins. Air travel was the lynchpin of many other activities, from corporate acquisitions and trade show attendance to honeymoons in Hawaii, but it also helped the coronavirus pandemic spread around the globe. In the spring of 2020, when the world economy essentially shut down in an effort to halt that spread, airlines basically stopped flying. In the United States, the vaccination of around half the population has led to the resumption of air travel. But as anyone who has flown in recent months can attest, things are not back to where they were.

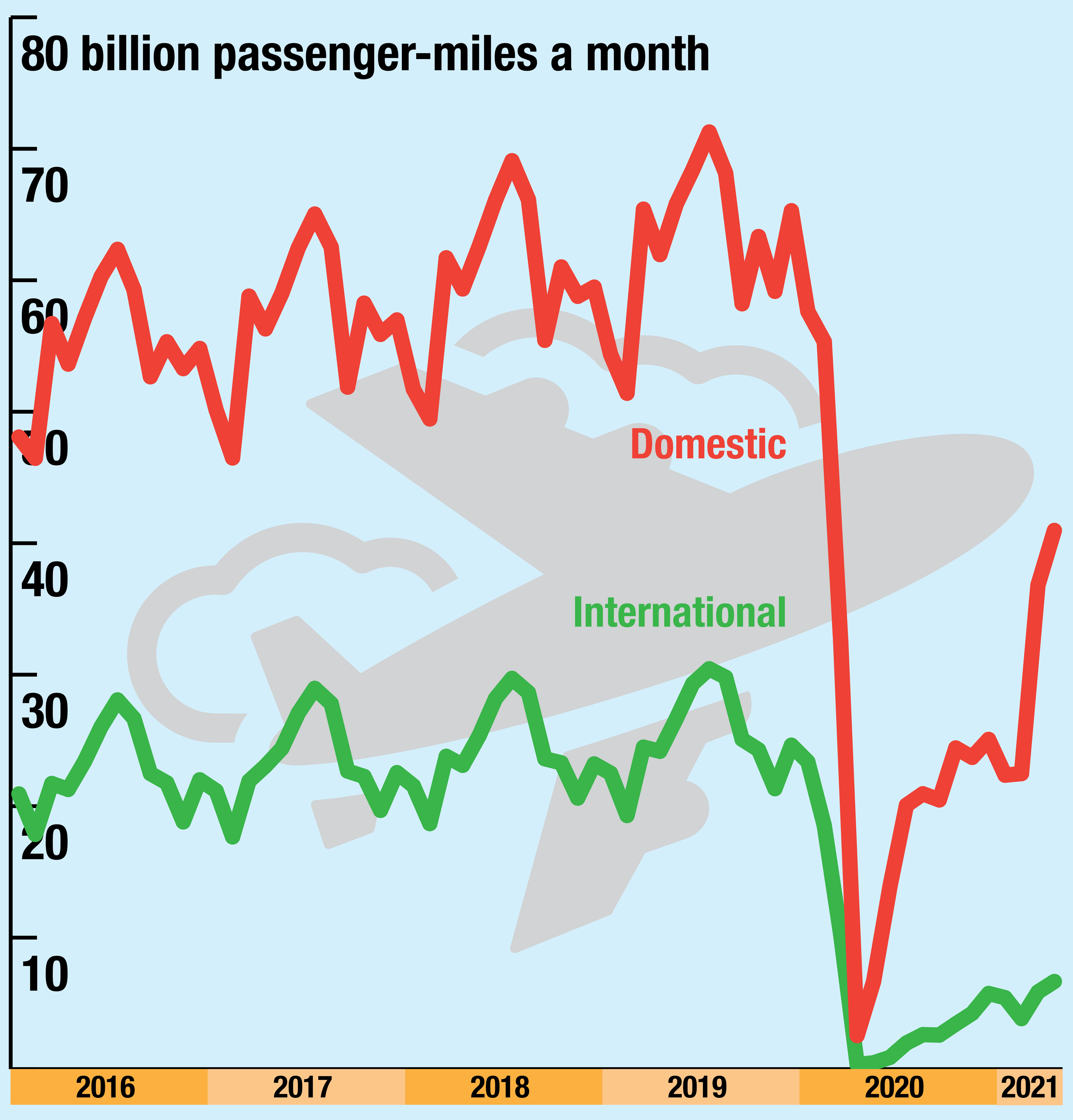
PASSENGERS ON SCHEDULED AIR SERVICE



SOURCE: Bureau of Transportation Statistics T-100 Market data

From 2016 through 2019, the aviation industry was booming. Passenger counts on flights originating or terminating within the United States were growing by 4 to 5 percent a year. When business and political leaders realized the full extent of the COVID-19 crisis in March 2020, air travel came to a stop. According to the Bureau of Transportation Statistics, in February 2020, there were nearly 60 million passengers on domestic flights; By April, that had fallen to just 2,877,290. International flights were even harder hit. International flights carried a consistent 11 to 13 percent share of passengers, but in 2020, that share fell to less than 3 percent in some months and has yet to recover fully as many overseas destinations struggle to contain the virus.

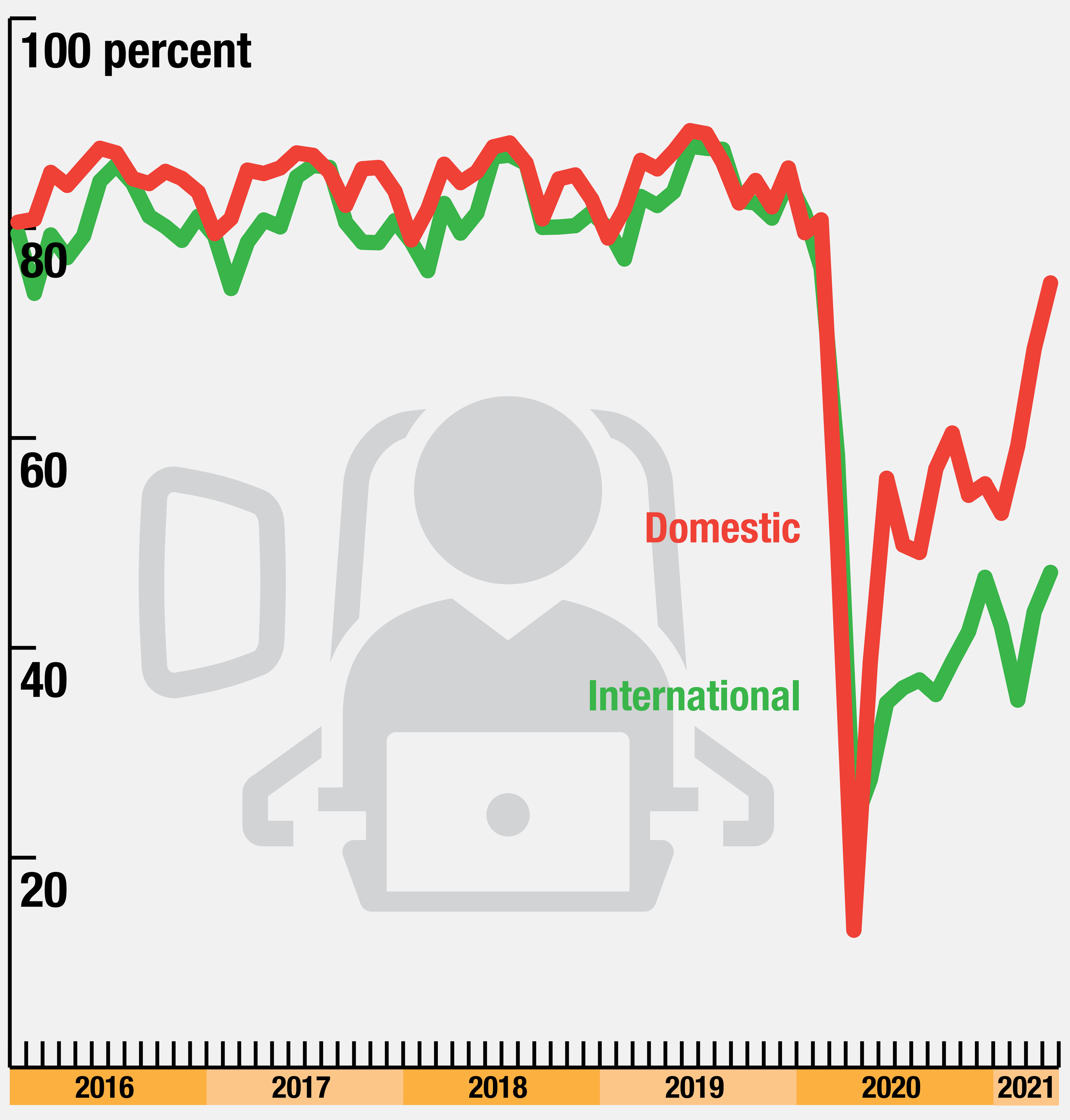
REVENUE PASSENGER-MILES ON SCHEDULED AIR SERVICE



SOURCE: Bureau of Transportation Statistics T-100 Market data

The impact of the pandemic can be seen in the Bureau of Transportation Statistics's figures for passenger-miles—that is, the sum of the number of miles all passengers travel. Because travel patterns are fairly static, these lines generally track with the passenger boardings. Domestic passengers averaged around 920 miles in most months, though that edged up slightly during summer vacation months; International passengers generally averaged between 2,500 and 2,900 miles. The plummet in passengers cut the passenger miles drastically, but in the halting recovery, the average distance travelled by international passengers has decreased to between 1,700 and 1,800 miles. This likely reflects the continued postponement of international vacations to Europe and Asia.

PASSENGER-MILES AS A PROPORTION OF AVAILABLE SEAT-MILES



SOURCE: Bureau of Transportation Statistics T-100 Market data

One metric that can make or break an airline is load factor, the proportion of passenger-miles to seat-miles, or more simply, the share of seats that have paying customers in them. The relative crowdedness of flights changed from season to season—planes were always more packed in summer—but load factor was a steady 84 percent from year to year. When the pandemic hit, airlines didn't react quickly to the radically reduced demand in the first months, resulting in a load factor as low as 13 percent for domestic flights in April 2020. For the rest of 2020, airlines kept their load factors at around 50 to 60 percent for domestic flights and 30 to 40 percent for international flights. This percentage is higher than the year-over-year passenger level and reflects the fact that airlines have cut the number of flights they offer. In recent months, however, load factors have increased as more passengers try to find seats on fewer flights. The results for the summer travel season, due to be reported in October, should be enlightening.

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