



Transformation 2021:

The Airline Industry Has Changed – Convenience and Predictability Are Missing

CarTrawler-sponsored analysis describes how border closures typify the problems that must be solved for air travel to prosper again.

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Jay Sorensen's research and reports have made him a leading authority on frequent flyer programs and the ancillary revenue movement. He is a regular keynote speaker at the annual MEGA Event, spoke at IATA Passenger Services Symposiums in Abu Dhabi and Singapore, and has testified to the US Congress on ancillary revenue issues. His published works are relied upon by airline executives throughout the world and include first-ever



Jay and sons Aleksei and Anton hiking on the Pacific Crest Trail in the Angeles National Forest in California.

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Eric, at his favorite summer retreat, Steens Mountain, Oregon.

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The Airline Industry Has Changed – Convenience and Predictability Are Missing

The “destination” is the product

There has been much debate for years about identifying the key feature of the air travel product. Some have said it's all about the price, or that the “schedule” is a carrier's true product. The pandemic effectively delivered an answer – it's the destination that matters most. Prior to the pandemic, we assumed the travel industry was an artesian well . . . forever nourishing an ever-growing supply of planes and hotels. The pandemic has taught us that competition does exist for the air travel spending by leisure and business travelers. This report describes how the industry has changed and provides ideas on how revenue can be increased and more traffic can be captured.

Relying on transactional product features, such as prices or schedules, readily invites competing solutions. Let's evaluate our two primary markets. Leisure travel can be a form of entertainment, and business travel a type of interpersonal communication. Airline consumers identified alternatives during the pandemic and the best of these solutions will have staying power for the future. For those leisure travelers seeking fun, the purchase of a fishing boat or cottage, or spending more money at local restaurants, can provide long-lasting enjoyment. For business travelers, there are plenty of occasions when a Zoom call provides a proxy for a business trip. That's the challenge of competing purely on transactional terms; consumers have learned there are quicker, cheaper, and easier ways to meet their needs.

That's why the destination and the emotional value of “being there” are crucial. Being physically present with a friend or family member is a priceless experience, as is the splendor of the Grand Canyon, or dinner atop the Marina Bay Sands in Singapore. There are business needs that have a proximity requirement, such as closing a sales deal, installing a piece of equipment, and attending a tradeshow.



The Sorensen family visiting the Grand Canyon in 2008; a forever memories trip which is impossible to duplicate through technology.

Airlines will face moments during 2022 that define whether they continue to struggle or return as robust providers of service to leisure and business travelers. We need to work harder to become convenient and predictable partners in the lives of our customers again. The process begins with accepting that changes have occurred.

Six ways the airline business has changed

The global pandemic was declared by the World Health Organization on 11 March 2020. That's more than 20 months of mayhem for the airline industry, with the likely addition of many more months for 2022. Widely referenced research indicates habits can be changed in 18 to 254 days, for an average result of 66 days.¹ We are far beyond those thresholds. Many of the habits formed by travelers during the pandemic will be enduring and are reflected in the perspectives covered in this report:

1. Network airlines will focus on leisure travel.
2. Business will be more a la carte and premium economy will grow.
3. Airlines will be enticed by branded fares and dynamic pricing.
4. More effort will be made to improve buy-on-board food.
5. Carriers need to provide protection from uncertainty.
6. Border closures are here to stay.

Don't panic. The airline industry is not ending and consumer desire for travel – though not necessarily involving air – seems resilient. The magic of surviving, and even thriving, is determined by how airlines adapt to what is new and maximize what will remain the same.

1. Network airlines will focus on leisure travel

Look at the long-haul routes recently announced by United Airlines: Amman, Jordan; Ponta Delgada, Portugal; Bergen, Norway; Palma de Mallorca and Tenerife, Spain. When announced, United would be the only US airline flying to these destinations.² Finnair is straying from its Helsinki home by opening new routes from Stockholm to Bangkok and Phuket in Thailand, and Miami in the US. British Airways turned heads by seeking to begin a new low cost carrier at Gatwick as a method to compete with airlines shuttling holiday-makers to Europe. These markets lack the usual business travel component that help network carriers ensure profitable operations.



United will start daily service in 2022 to Ponta Delgada, on an island in the Atlantic having a population of 140,000. Image: Lacobriga

Let's examine another notable development. How airlines design aircraft cabins represents their vision of the future. Designers were universally quoted in an *Air Transport World* article describing less space being allocated for business class seating.³ "Airlines and lessors that were working on introducing new or updated business class are either reducing its size or completely switching to denser seating configurations," said the business development manager for Air France/KLM Engineering and Maintenance. Lufthansa Technik disclosed some customers are reducing first and business class cabins to increase economy and premium economy seating. AAR, one of the world's largest maintenance, repair, and overhaul firms, also reported a general trend for fewer business class seats.

¹ "How are habits formed: Modelling habit formation in the real world" in the *European Journal of Social Psychology*, 16 July 2009.

² United press release dated 14 October 2021 at United.com.

³ "Time to Refresh" article in *Air Transport World*, September 2021.

It's all very revealing, and aligns with the December 2020 estimate by IdeaWorksCompany of an overall loss of airline business trips ranging from a low of 19 percent to a high of 36 percent.⁴ The majority of business travel will return as the pandemic recedes but a portion of airline trips will be replaced by technology. The emphasis on leisure destinations and planning smaller business class cabins reflects the direction network carriers are taking. Success will require stronger retail skills that go beyond the tradition of being mere order takers in the travel transaction chain.

Airline websites remain transaction based and wait for consumers to input their origin, destination, and travel dates. Home pages display iconic images of destinations such as Paris, Las Vegas, and Bangkok along with low-priced fares for departures from a city not your own. This is not effective leisure retailing and it generates predictably poor take rates for hotel, car rental, and activity bookings.

EasyJet's trip types include city explorer, adventure in the great outdoors, foodies, going solo, honeymoons and romance, inspired by movies and TV, and Instagram hotspots.

There is an abundance of work to be accomplished here with only a few helpful examples offered by the industry. The self-service methods relied upon by websites require support, such as helping consumers plan vacations, to ensure optimum revenues. EasyJet offers its "Inspire Me" vacation engine which queries customers and delivers destinations based upon criteria which include airfare budget and trip type. Qatar has a similar search engine which is also labeled "Inspire Me." These are good efforts, but the pages are not easy to find.

Airbnb works to capture attention and generate mystique by grouping properties under these headings: mansions, tiny homes, islands, yurts, and even shipping containers. The images are endlessly engaging. Tablet Hotels (TabletHotels.com) says it assembled a collection of the world's most exciting hotels. Their "Take Me Away" page provides a great recommendation engine with an array of qualifying criteria to customize results. "Location" includes major regions of the globe and represents the start of the process. This is followed by four criteria requiring consumer inputs:

- Setting: including countryside, desert, island, and mountains.
- Interests: 17 choices such as Michelin restaurants, gambling, hip, and pampering.
- Style: Traditional, contemporary classic, modern design, or cutting edge.
- Vibe: Secluded, quiet, lively, or happening.

⁴ "The Journey Ahead: How the Pandemic and Technology Will Change Airline Business Travel" by IdeaWorksCompany issued 01 December 2020.

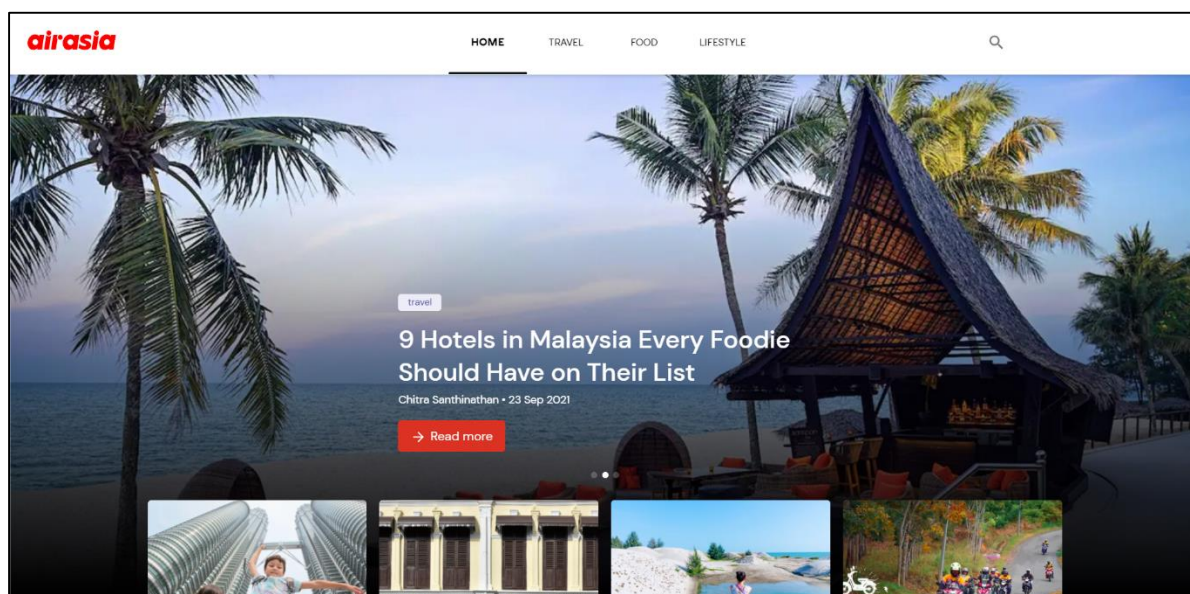
It's obvious Tablet Hotels has made a big effort to deliver curated results. Selecting "Europe – mountains – pampering – cutting edge – quiet" delivered a single location: the 7132 Hotel in Vals, Switzerland. By every indication, the recommended hotel clearly delivers on the criteria selected.

Equally important is the feature of the recommendation engine to "not" deliver results. This provides evidence of credibility by not designing a recommendation process that merely attempts to sell, sell, sell. The best salesperson sometimes admits, "I'm sorry, we don't have anything that meets those needs." Recommendation engines are one example of how airlines can become better travel retailers. The overall effort must be credible and engaging to ensure better take rates by consumers.



Pampering at this Tablet Hotel includes a thermal spa and a 2-star Michelin restaurant.

Visit AirAsia.com and click on the Explore tab to view a powerful example of airline retail potential. Consumers are greeted with these menu choices: Travel, Food, and Lifestyle. Large panoramic images move across the screen providing a sense of excitement for travel. The entire page is filled with editorial content about recipes, hotels, fashion, and destinations. In fact, it's all a bit overwhelming and has the feeling of a very busy shopping bazaar. But this is okay, because it represents a breakthrough from the humdrum of airline websites which predictably position a booking query box in a prominent position.



The AirAsia Explore section doesn't scream "book now" but rather provides consumers every opportunity to "go someplace." This is a work-in-progress and AirAsia will undoubtedly refine this offer as consumers browse and buy their way through its many pages. Kudos to this airline for taking time during the pandemic to reengineer its website and relationship with consumers. Creating a similar experience for delivery by its mobile app will be a big challenge.

2. Business will be more a la carte and premium economy will grow

The drop of business traffic will encourage airlines to promote business class to leisure travelers. Continuing economic difficulties will make some corporate clients sensitive to the expense of traditional business class fares. The solution for both conditions is development of an a la carte “basic business” fare, such as those offered by the following airlines:

- **Emirates:** Business Special fare omits lounge access, seat assignment, and chauffeur service. Lounge access is available for a fee. There is no charge for seat assignment at time of check-in.
- **Finnair:** Business Light fare charges for checked baggage, seat assignment, lounge access, and internet access. These are included in the Business Classic and Flex fares.
- **Qatar:** Business Lite fare charges for seat assignment and lounge access. For example, the seat assignment fee was \$140 for a flight from New York to Doha. There is no charge for seat assignment at time of check-in. Lite is not offered in all markets. The next fare level, Business Classic, omits seat assignment and is offered in all markets.
- **ZIPAIR:** Biz, Value and Premium branded fares are offered. Biz is the basic fare and only provides a carry-on bag (12 kg) and seat selection. Not included is a checked bag, meal, and amenity kit.

All of the above airlines provide lie flat seats. ZIPAIR portrays the carrier as a hybrid low cost but full service airline. The carrier takes a pure a la carte approach for its business class. Customers may choose from three bundles: Biz, Value, and Premium. “Build Your Own” is unbundled and provides a lie flat seat and a 7 kg carry-on limit. Consumers can select these optional features: assigned seats, checked baggage, additional carry-on weight, inflight meal, amenity kit, and airport lounge.

Traditional corporate travelers will likely not partake of the a la carte approach and will book bundled fares. However, the threshold for what qualifies as acceptable air travel spending has risen during the pandemic. The question, “Can’t you do this business via Zoom instead?” is now often asked by management. The ability for airlines to answer with a lower cost alternative will help gain approval for a trip. The hunt for more passengers – in a declining market – will require airlines to discount business class fares to attract traffic. The a la carte approach creates distinct products for those seeking traditional full service business class and travelers who must spend less.

Look for premium economy to become an increasingly popular choice for upscale leisure travelers and budget-oriented businesspeople. Virgin Atlantic was designated by Skytrax as being the best premium economy class airline at the 2021 World Airline Awards. It’s easy to understand the popularity of Virgin’s product upon review of its features: Seat pitch up to 38 inches with more width, on-departure sparkling wine, better meals served on china, self-service snack station, and more.



For many travelers, premium economy is the "just right" choice between comfort and savings. Shown here is Virgin's A350 Premium seat.

Our industry tends to improve premium cabin services over the course of time. Long haul business class got better and better, and eventually replaced first class for most airlines. This is likely to be repeated for premium economy . . . with improvements edging the amenities ever-so-closer to business class. Similar to the attractive qualities of the a la carte approach to business class, it's easy to anticipate airlines will apply similar treatment to premium economy; making the experience better and better.

3. Airlines will be enticed by branded fares and dynamic pricing.

Branded fares are an excellent method to generate ancillary revenue. The best approach uses three branded fares following good, better, and best product placement. The use of three branded fares enables the consumer's preference for a "middle" choice when considering a purchase. Offering two products encourages the cheaper fare as the default choice. Whereas, offering four products forces the consumer into deeper evaluation which might overwhelm the desire to make a quick choice in the booking path. Hitting the right combination of reasonable price steps, amenity listing, and a good retail display, reliably has approximately 55 percent of bookers selecting the "better" or middle choice. Usually 5 percent will opt for maximum convenience and comfort of the "best" choice. The remaining 45 percent of consumers will choose the savings offered by the lowest-priced fare. That's the magic of branded fares – the inherent ability to encourage the majority of shoppers to spend a premium above the lowest price.

Lufthansa Group airlines continue to represent best practices for the deployment of branded fares. Shown below is a favorite example from SWISS. The only critique is the complexity of the amenity display and the lack of "more information" button in the booking path. One or two fewer amenities listed for the Classic and Flex fares would allow consumers to make a quicker assessment and produce higher take rates for the middle and top product. Providing a button to access a more complete amenity comparison allows those seeking more details to confirm their choice.

Economy Light	Our recommendation Economy Classic	Economy Flex
<ul style="list-style-type: none"> Snack & drinks for a charge 1 carry-on bag up to 8kg/18lbs Rebooking: 40 CHF plus possible fare difference Refund not possible 	<ul style="list-style-type: none"> Snack & drinks for a charge Seat reservation 1 checked bag up to 23kg/50lbs 1 carry-on bag up to 8kg/18lbs Rebooking without fee (fare difference may apply) Refund not possible 	<ul style="list-style-type: none"> Snack & drinks for a charge Earlier flight on day of travel (where available) Priority lane (where available) Priority boarding (where available) Seat reservation 1 checked bag up to 23kg/50lbs 1 carry-on bag up to 8kg/18lbs Rebooking without fee (fare difference may apply) Refundable, except 80 CHF
63.00 CHF	93.00 CHF	133.00 CHF

This branded fare display from SWISS for a Zurich – Barcelona flight is almost perfect. Fare-to-fare price steps are modest and rational, the middle choice is visually emphasized, and bullet points convey increasing amenities.

Branded fares should include key amenities and can be followed by a limited number of a la carte choices in the booking path. Ideally, the addition of more choices into the booking path is customized for an individual booking request. For example, itineraries with a Saturday night stay – usually leisure travelers – might omit an offer for lounge access. Or, the purchase of the top-priced branded fare might suggest inclusion of a lounge offer.

Dynamic pricing is at a very early stage of development. Global network carriers are exploring the possibility of someday discontinuing revenue management using filed fares and reservation booking designators (RBD). These current methods might also be labeled dynamic pricing because an unlimited number of filed fares combined with 26 existing RBD categories certainly represents an ever changing pricing environment.

The many derivatives covered by the phrase “dynamic pricing” promise to someday create prices without the need for filed fares or inventory buckets. EasyJet and Norwegian airline Flyr already use a form of dynamic pricing. Industry-wide adoption will not occur quickly because the industry currently relies on distribution systems that use filed fares and RBDs. By many measures, dynamic pricing is not revolutionary. It relies upon collecting a vast trove of data to feed regression analysis that calculates the ideal fare given a customer’s booking factors. These include the length of stay, number in the travel party, type of destination, and time to departure. The array of factors can be expected to increase as the science evolves.

The pricing of branded fares and a la carte products will also benefit from the embrace of dynamic pricing. Revenue management of ancillary revenue has traditionally been a labor intensive activity. Individual products, such as baggage, assigned seating, and priority services, are adjusted by route, season, and time before departure. The application of continuous pricing methods, which promises the full array of price points between a pricing floor and ceiling, is just beginning to occur in the marketplace. Perhaps the largest gains can be made by managing the fare-to-fare price steps of branded fares. It’s easy math: if you have 10 million passengers buying the middle branded fare, and you lift the price step by €10, that’s an extra €100 million for the bottom line. Big things have small beginnings.

Price-influencing factors for a la carte services can include time to departure, competitor pricing, length of flight, high hotel occupancy levels, and even weather. High hotel occupancy suggests peak demand which might increase the prices charged. Likewise, glorious weather at the destination, or miserable weather at home, may increase a consumer’s willingness to pay. These can all be fed into the model to determine which factors best align with the history of a la carte sales activity. Low cost carriers, such as easyJet, Frontier, and Volaris, are already engaging in the dynamic pricing of a la carte services. Other examples include American Airlines, which uses it for assigned seating, and Hawaiian, which will introduce it in 2022 for pricing of Extra Comfort seats.

Work should be done to prepare customers, travel planners, and regulators for the industry’s growing embrace of dynamic pricing. Whereas a la carte prices are generally fixed and predictable today, the future suggests the price of a checked bag or assigned seat will have a wide and unpredictable variation. The same practice already exists for fares, and consumers have come to understand demand and supply pricing. If the industry lurches forward without paying attention to this change, it will experience the same push-back that occurred in the early years of the ancillary revenue movement.

4. More effort will be made to improve buy-on-board food.

The pandemic has sliced away food and beverage amenities, including complimentary services offered by network airlines and a la carte choices by low cost carriers. These are gradually returning as carriers learn how to operate within the constraints of the pandemic and improving financial results leave room for passenger comforts. Better food represents a “return to normal” and welcomes consumers back to air travel. The industry needs to better its game to compete with other sources of fun and entertainment. Consumers are weary of the pandemic being trotted out as an excuse for declining levels of service. While airlines continue in this mode, the consumer is reminded the pandemic still looms large over the industry.

It need not be this way. There are little green buds poking through the snow of our winter of discontent. During the early part of 2021, Lufthansa’s key airlines (Austrian, Lufthansa, and SWISS) introduced buy-on-board to its European network. Each of the offers use local consumer brands to promote fresh, high quality, and sustainable food. Lufthansa Airlines’ Onboard Delights menu features Munich-based dean&david restaurateur as its culinary partner.⁵ The change has provided a new voice for the three airlines to promote their European catering, which is something these airlines have not done for many years.



Lufthansa's Falafel Tahini Salad offers “falafel balls, diced sweet potato, creamy hummus, beetroot, juicy pomegranate seeds and crisp cucumber, garnished with fresh mint. Served with tahini-lemon dressing and a ciabatta roll” for €10 on its European network.



The Jet2.com snack box offers: Taralli (traditional savory snack), two dips (tangy cheese and tomato/garlic), handmade skinny Grissini bread sticks dipped in chocolate, and Torcetti (twisted butter cookie) for £4.80.

Low cost carriers are improving their efforts too. Jet2.com paired with Carluccio’s to offer an Italian snack box. Each box includes a 20 percent savings voucher which can be redeemed at 25 Carluccio’s cafes across the UK and the firm’s online store.⁶ Local brands provide more product appeal and add credibility to the buy-on-board offer.

Sun Country Airlines, a publicly held low cost airline based in Minneapolis, recently added several local suppliers. Caribou Coffee, Don’s Pretzels, Fulton Brewing, and Prairie Organic Spirits, are based in the carrier’s

home state of Minnesota. But the airline didn’t stop with new food and beverage selections to strengthen its local identity. Sun Country also added complimentary inflight entertainment titles having a Minnesota theme based upon stories or filming location.⁷

⁵ Lufthansa Group press release, dated 26 May 2021.

⁶ Jet2.com press release dated 30 September.

⁷ Sun Country Airlines press release dated 14 September 2021.

The fate of complimentary food provided by network airlines in economy class will be reviewed as the pandemic continues. Airlines, to again include Lufthansa Group carriers, have been trying a la carte options which allow economy passengers to upgrade the dining experience. Beyond this, airlines might also convert more routes to a full buy-on-board option. The earlier reference to basic business fares could lead to a la carte options in the business cabin. The key to all of these initiatives is to implement a la carte choices which deliver an upgraded experience to surpass what was provided before.

5. Carriers need to provide protection from uncertainty.

The beginning of this report refers to the need to become more convenient and predictable partners in the lives of customers. Prior to the pandemic, much of the risk associated with travel fell on the shoulders of consumers. The market generally took a “buyer beware” attitude with non-changeable fares, unforeseen events, and the need to have the proper travel visa. Consumers had more financial responsibility to manage travel troubles. The pandemic simply overwhelmed consumers and their response was to discontinue their travels. Bit by bit, travel returned with the family car being seen as the safest early alternative. Then travelers returned to the air for intra-country trips in places which didn’t require the complexity of a border crossing. The final piece is cross-border airline travel . . . which is slowly beginning to return now.

Covid-19 related risk is now composed of three major components: health, financial, and time. Health is first and foremost because Covid-19 caused or contributed to the illness or death of millions. The arrival of effective vaccines has allowed most consumers to consider this risk as manageable. The hoped-for arrival of a therapeutic solution will further minimize the threat. The provision of health care coverage while on holiday is an ever-present concern.

Airlines addressed financial risk with promises of refunds, travel credits, and the waiver of reservation change fees during the early stages of the pandemic. Unfortunately, with time, these protections have receded. Airlines, hotels, and other travel suppliers are beginning to shift more of this burden back to the consumer.

Time poses another risk for the consumer. Booking far in advance, once perceived as an indication of good planning, is now fraught with peril. Waiting until the last minute may result in a poor selection of available flights, rental cars, or accommodations, but waiting does add clarity to Covid-19 conditions closer to departure. There is also the element of lost time due to a vacation cancellation in which time away from work is no longer a trip to another country, but becomes wasted by a “staycation” at home. But the most-feared time risk is the potential of being stuck in quarantine on the trip home because of a positive Covid-19 test result, or worse . . . a long term hospitalization in another country.



Moment of truth: The airport test may allow you to go, or might require you to stay. Image: Delta News Hub

Airlines can insist on shifting risk back to the consumer, but ultimately this is not in their best interest. Travel insurance companies have struggled with the delivery of consumer policies tailored for our times. The complication of 50 individual state regulators in the US prevents quick market responses; this bureaucratic labyrinth can require a year for insurers to navigate. Fortunately, in most of the world, the regulatory approval process is easier and quicker. Regardless, many consumers remain confused and cautious about Covid-19 risks, travel insurance, and airline policies.

Confused and cautious consumers are reluctant to book airline travel. Certainly some are eagerly booking travel as borders open and their perception of the pandemic threat recedes. But the industry should be playing a long game here – deploying a strategy that anticipates there will be plenty of bumps on the road to recovery. Consumers want airlines to step forward and provide a nudge to encourage travel. The lack of finality of the epidemic leaves airlines three choices pertaining to Covid-19 travel risks: 1) provide cancellation and change protections, 2) include paid trip insurance with every ticket, or 3) require consumers to accept risk through self-insurance or 3rd party policies.

Discontinuing change fees – or at a minimum making these less punitive – has proven popular with consumers. Also loved are full travel credits or refunds for cancellations. The recent availability of these has left many consumers wondering why these weren't offered before the pandemic. Airline executives and lobbyists often claim the airline business model requires fees be charged for changing or cancelling reservations. That's simply not true, because one of the world's most consistently profitable airlines has been doing this for decades.

Southwest Airlines has a long tradition of not charging change fees and offering full travel credit for cancelled reservations. Looking back to 2019, the airline had achieved its 47th consecutive year of profitability (a record unmatched in commercial airline history according to Southwest) and generated an operating margin of 13.2 percent and net income of \$2.3 billion.⁸ By any measure, these are admirable results. Of course, many things make an airline profitable, but the claim that profitability is elusive if flexibility is provided to consumers is untrue . . . it can be done.



Southwest has made its "no change fees" a regular advertising message.


⁸ Southwest Airlines press release, dated 23 January 2020.

The carrier's higher-priced fares are fully refundable. The lowest-priced Wanna Get Away fare can be converted to a travel fund (a travel credit) when a flight is cancelled at least 10 minutes before departure (an extremely modest requirement). The traveler has 12 months from booking to redeem the funds for a new ticket; the funds are not transferrable to another person. Southwest "never charges fees" for changing a reservation. As with other airlines, if the new itinerary has a higher price, the fare difference is paid. If the new itinerary has a lower price, the difference is refunded to the original form of payment. These policies were largely implemented more than a decade ago and contribute to the high regard US consumers have for the airline.

The provision of travel insurance for all passengers is also a very attractive method to mitigate the uncertainty of travel during the pandemic. Airlines such as Air Canada, Cathay Pacific, Etihad, Japan Airlines, Virgin Atlantic, and WestJet provided trip protection for passengers at various times during the pandemic. Emirates offered one of the most robust policies, but this ended 01 December 2021. The airline had provided multi-risk policy protection for all flights purchased after 01 December 2020. The following lists the various protections which were provided by the policy:

- Up to USD 500,000 for overseas medical expenses and emergency evacuation.
- Up to USD 7,500 if your trip is cancelled due to contracting Covid-19 or for other reasons named in the policy.
- Up to USD 7,500 if your trip is cancelled or cut short if the school year is extended due to Covid-19 beyond the departure date, and you or a relative is a full-time teacher, full-time employee, or a student at a primary or secondary school.
- Up to USD 7,500 if your trip is cut short due to you or a relative falling ill overseas, including contracting Covid-19, and you need to return home.
- Up to USD 7,500 if you have to abandon your travels for failing a Covid-19 test or medical screening at the airport.
- USD 150 per day, per person for up to 14 consecutive days if you test positive for Covid-19 and are unexpectedly placed into mandatory quarantine while overseas.

Best of all, coverage was automatic with no policy forms to complete. The policy was issued by AIG Travel Guard and required the ticket to be issued by Emirates, which is designated by having 176 as the first three digits of the ticket number.



The insurance is automatic – all you have to do is purchase your flight

Check our current destinations and search for flights to find out travel requirements, flight schedules, our services and more.

[Book now](#)

Three words that work well together: "automatic" and "book now." This banner was from the Emirates website.

The Emirates multi-risk policy was a grand gesture of hospitality for consumers all over the world. It solidly placed the carrier as an airline committed to restoring passenger trust in the magic of travel. Since it's purchased on a global basis, the premium paid by Emirates benefitted from the inherently huge insured population. One travel industry expert guesses the expense is approximately \$3 per passenger for a policy of this scope. It's a modest expense when compared to the effect it must have on an often fragile travel market; it's exactly the type of measure required to bring predictability back to travel.

6. Border closures are here to stay.

This report closes with the most important change to the airline business during the pandemic. Governments all over the world from autocratic nations to leading democracies have discovered a powerful tool . . . the closure of a country to foreign travelers. The US – Canada border is finally opening to Canadian visitors after 20 months; the longest closure of the border since the war of 1812. Since March 2020, Australia has prevented almost all of its citizens from leaving or entering the country.⁹ Only during November 2021 were Australians allowed to cross the border again. Stories like this are common the world over with even more tales of borders that have opened, closed, and opened again.

This “light switch” approach of turning off international travel, and then flipping it back on again, is something new. It represents immense power, and with power comes responsibility. But power can also be abused. At present, there is debate about whether border closures were always appropriate . . . but the behavior was limited to control of the pandemic. In the future, there is real risk border closures will be used for political and economic disputes, in much the same way the US has vastly increased the use of economic sanctions. One can easily imagine routine flare-ups of this type all over the world. Once politicians gain a particular power, it’s very difficult for it to be given up. This reinforces the need to protect consumers from uncertainty. The world’s airline and travel industries must work hard to limit border closures as a tool of last resort, because the “destination” represents the strongest feature of our product.

Work hard, fly right

Some readers of this report will recognize this as a slogan once used by Continental Airlines. The words reflected the high standards set by Gordon Bethune, its highly regarded CEO, and the promise made to its passengers. The sentiment is similar to a sentence from the first page of this report, “We need to work harder to become convenient and predictable partners in the lives of our customers again.” Airlines, and the travel industry overall, have lost significant traction in the lives of customers during the pandemic.

It’s true, there is significant pent up demand for travelers to renew their journeys. However, this Covid-19 pandemic has allowed our customers to be wooed by other activities and products. We have competition now for the discretionary spending of leisure travelers and the annual budgets of corporations. Woe be to the airline executives – and frontline employees – who forget this. By the time spring of 2022 rolls around, the world will enter its 3rd year of this pandemic. Contrary to the hopes and dreams of us in the travel business, airline travel will not simply spring back to 2019 traffic and revenue levels. We need to work hard to make airline travel preferable again. Let’s go beyond that and make it better than before.

⁹ “Australian border to reopen for first time in pandemic” BBC.com article dated 01 October 2021.

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