

# Delta Air Lines

- ▶ Masks are the New Boarding Pass:  
Delta Air Lines Implements Strict Mask Mandate





# Boarding Pass: Table of Contents

- Synopsis: What's the Flight Plan
- The Pilot: A Bird's Eye View of the Corporation
- Delta Financials 2019: Pre-Coronavirus
- Lift Off: The Coronavirus Takes Flight
- Course Correction: Delta Takes Action
- Turbulence: Anti-Maskers
- Tailspin: The Risks and Negative Reception
- Gaining Altitude: The Positive Reception Among Key Stakeholders
- Delta Airlines: Keep Climbing



## Synopsis: What's the Flight Plan?

In March Delta Air Lines led the way in its safety response to the COVID-19 pandemic by becoming one of the first airlines to require all passengers to wear masks while aboard Delta flights and as of November publicly announcing the banning of 550 passengers who refuse to comply.



# The Pilot: A Bird's Eye View of the Corporation

- ▶ Founded in 1928
- ▶ CEO: Ed Bastian
- ▶ Core Values
  - ▶ Diversity and Inclusion
  - ▶ Honesty
  - ▶ Integrity
  - ▶ Respect
  - ▶ Perseverance
  - ▶ Servant Leadership



Delta Air Lines CEO  
Ed Bastian

# Delta Financials 2019: Pre-Coronavirus

- ▶ World's largest airline based on revenue
- ▶ \$47 billion total revenue
- ▶ Made \$200 million the day after Thanksgiving 2019

## ▶ Main competitors

- ▶ American Airlines



- ▶ United Airlines



- ▶ Southwest Airlines



“2019 was a truly outstanding year on all fronts - the best in Delta’s history operationally, financially and for our customers. As we enter 2020, demand for travel is healthy and our brand preference is growing, positioning Delta to deliver another year of strong results.”

- Ed Bastian, Delta Air Lines CEO





## Lift Off: The Coronavirus Takes Flight

- ▶ The novel coronavirus outbreak first began in December 2019 in Wuhan, China
- ▶ Quickly spreading to the rest of the world, it affected public health, the economy, travel, and everyday life
- ▶ Due to decreased travel and many “Stay at Home” orders, the travel industry has been hit hard

Flight attendants talk in a nearly empty cabin on a Delta Airlines flight, amid concerns of the COVID-19, during a flight from Salt Lake City, Utah, April 11, 2020



# Lift Off: Timeline of Escalating Events

## COVID-19 Pandemic

## Delta Air Lines

Chinese Health officials inform WHO about a mysterious pneumonia

**December 31**

2019

China records its first death linked to the novel coronavirus

**January 7**

2020

WHO declares a global public-health emergency.

**January 30**

**January 20**

United States Airports begin screening for the coronavirus

A person in California dies from the coronavirus, the first known American death.

**February 6**

**January 31**

Temporarily suspends all U.S. to China flights

WHO declares the outbreak a pandemic.

**March 11**

**February 14**

Health screenings and restrictions in place for customers who traveled to/from China

Schools across the United States shutdown

**March 13-19**

**March 13**

Cut flight capacities by 40%

United States leads the world in confirmed cases

**March 26**

**March 15**

Implements HEPA air filtrations systems, plane fogging, and other disinfectant protocols.

**March 24**

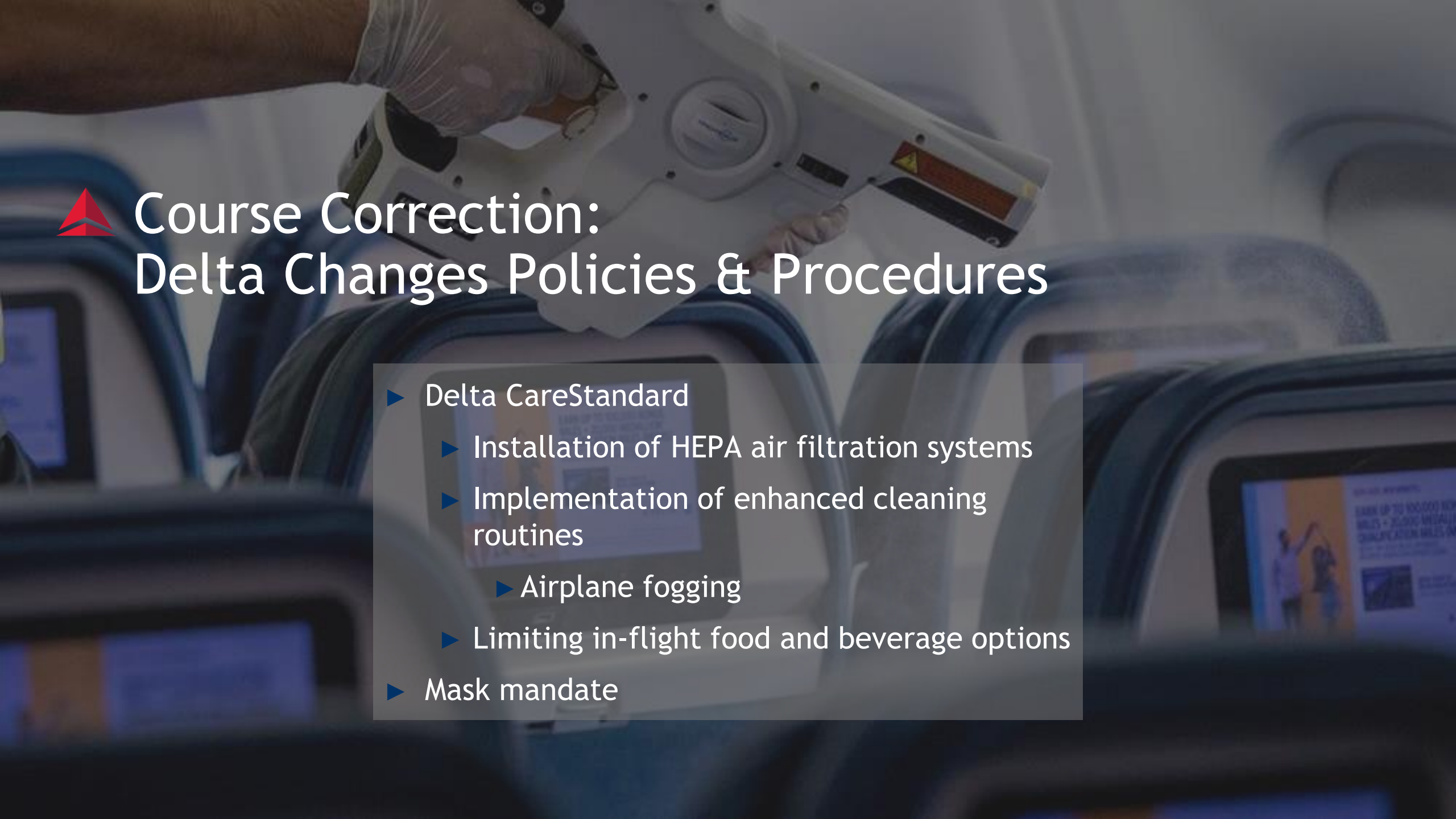
Alters food and beverage offerings to only essentials



# Lift Off: Impact on Airlines

- ▶ **Initial Impact**
  - ▶ 80% decrease in international flights
  - ▶ Travel bans and stay at home orders lessened demand for travel
  - ▶ Airlines quickly implemented COVID-19 safety protocols
- ▶ **Current Impact**
  - ▶ As of October 2020, airline passenger revenue loss is \$314 billion from United States' dollars alone.
  - ▶ Demand remains low: Only 13% of Americans said they would feel comfortable traveling before the end of the year. 24% said they would fly in 2021, and 32% said they did not know when they would fly again.
  - ▶ Estimated to take 2-6 years to return to pre-Covid demand
- ▶ **Impact on Delta**
  - ▶ Flight capacities remain cut by 40% - more than Sept. 11, 2001
  - ▶ Grounded 600 planes - half its fleet
  - ▶ Lost \$100 million per day in March/April - currently losing \$18 million per day
  - ▶ Currently 83% down in passenger revenue compared to 2019





# ▲ Course Correction: Delta Changes Policies & Procedures

- ▶ Delta CareStandard
  - ▶ Installation of HEPA air filtration systems
  - ▶ Implementation of enhanced cleaning routines
    - ▶ Airplane fogging
    - ▶ Limiting in-flight food and beverage options
- ▶ Mask mandate

## Course Correction: Communicated the changes

- ▶ Between May to June 2020 United, Southwest, American Airlines and other major airlines started enforcing face mask rules
  - ▶ This made masks mandatory from check-in to baggage claim
  - ▶ Mandatory to keep one's mask in place throughout the travel journey
- ▶ Delta's Communications of these changes
  - ▶ Press releases that went live through print, online or video
  - ▶ Direct emails to customers
  - ▶ Published articles on the Delta News Hubs



# Airline Mask Requirements as of September 2020

	Delta Air Lines	American Airlines	Southwest Airlines	United Airlines
Who must wear a mask?	Passengers ages 2 and older. Young children who cannot maintain a face covering and unaccompanied minors are exempt.	All passengers ages 2 and older	All passengers ages 2 and older	All passengers ages 2 and older
Prohibited face coverings?	Any mask with an exhaust valve. Plastic face shields must be worn with an approved face covering.	None. Face shields must be worn with a mask or other face covering underneath. The airline says cloth scarfs and bandannas are allowed if they cover your nose and mouth.	Face coverings with holes, including exhaust valves; face coverings made solely of mesh or lace; bandannas and other face coverings that cannot be secured under the chin; face shields without a face covering underneath.	The face mask or covering may not have any vents or openings. A face shield alone does not count as a face covering.
Medical exemptions allowed?	Passengers with an underlying medical condition that prevents them from wearing a mask must complete a "clearance-to-fly." The airline notes that it's encouraging those who can't wear masks to "reconsider flying" during the pandemic.	None	None	None





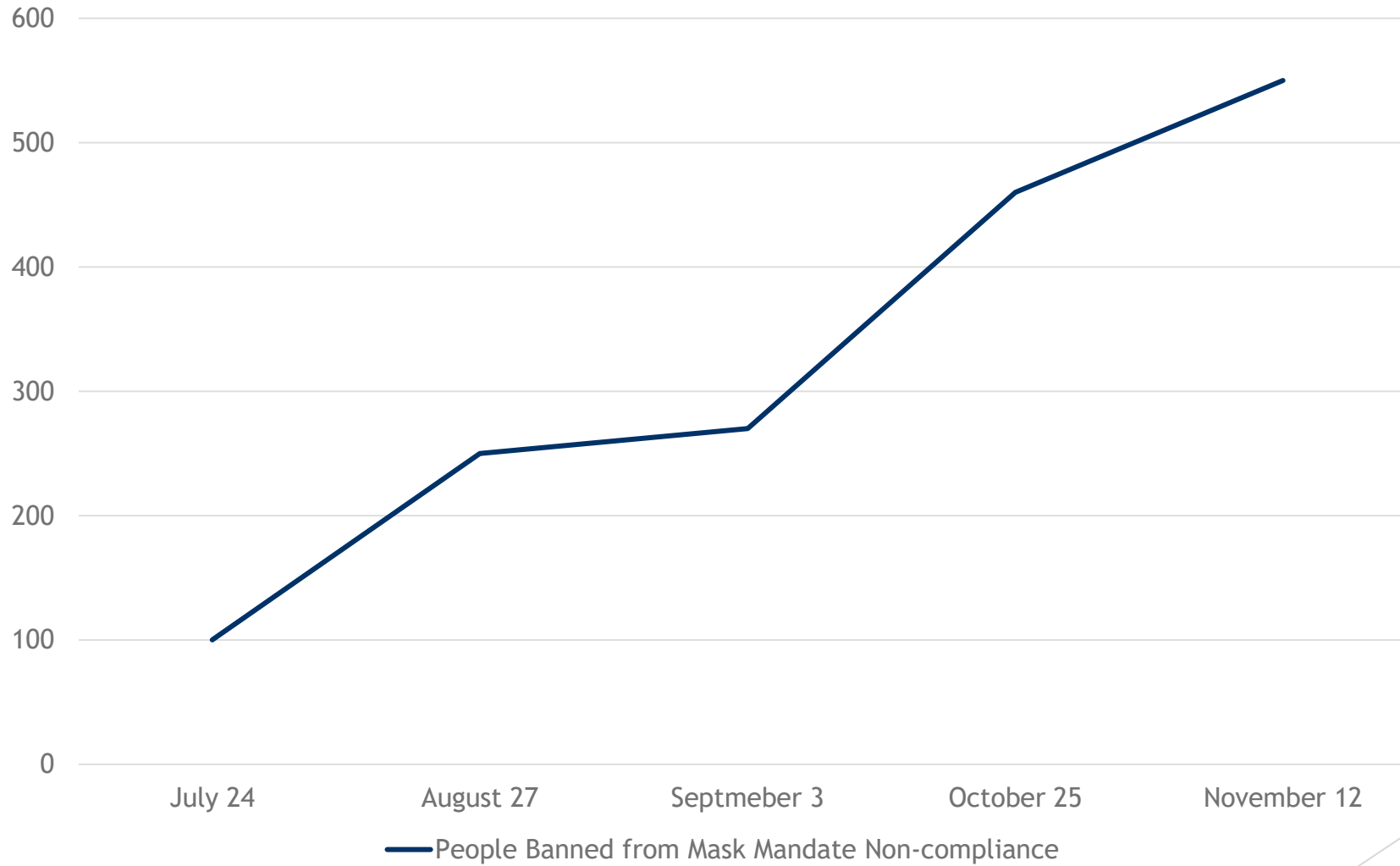
# Turbulence: Anti-Maskers

- ▶ Anti-masker: A person who does not believe in the effectiveness of wearing a mask to stop the spread of COVID-19
- ▶ Reasons anti-maskers cite for not wearing masks:
  - ▶ Masks are unfair, ugly, inconvenient, annoying... etc.
  - ▶ Masks limit freedom and are enforced by the government
  - ▶ Masks cause health problems from breathing CO<sub>2</sub>
  - ▶ COVID is a hoax, so no mask is needed





## People Banned from Mask Mandate Non-Compliance





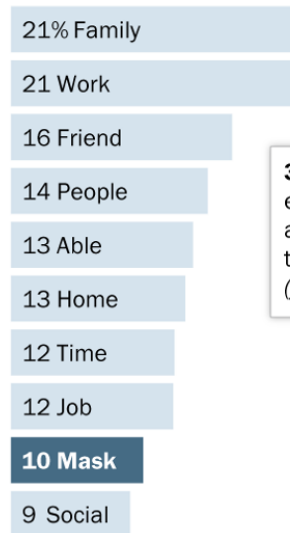
# Turbulence: Anti-Maskers

- ▶ Views of masks fall along partisan lines
- ▶ Donald Trump did not publicly wear a mask until July
- ▶ 23% of Republicans believe masks should rarely or never be worn, compared to 4% of Democrats
- ▶ Republicans believe masks cause more personal hardships than Democrats

## Republicans mention masks or mask wearing more often than Democrats when asked how COVID-19 pandemic has made their life difficult or challenging

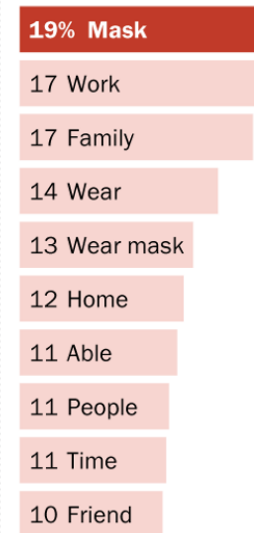
In an open ended question, % in each group who mentioned the following words or terms

### Dem/Lean Dem



**31%** of references to masks express concern that **others** are not wearing masks or taking the pandemic seriously (just 5% for Rep/Lean Rep)

### Rep/Lean Rep



**27%** of references to masks express **skepticism** about masks and/or the severity of the pandemic in general (just 3% for Dem/Lean Dem)

Note: Each list contains the 10 words or phrases that appeared in the most survey responses from members of each party. Terms have been reduced to their root form (e.g., “wearing masks” to “wear mask”), and 339 common English words (e.g., “and,” “from”) were excluded. Source: Survey of U.S. adults conducted Aug. 31-Sept. 7, 2020.

PEW RESEARCH CENTER



# Turbulence: Timeline of Escalating Events

## COVID-19 Pandemic

## Delta Airlines



# ▲ Tailspin: The Risks and Negative Reception



Mask wearing became a political statement



Social media amplifies (but does not verify) information



Misinformation campaigns are at an all time high



Trust in media among conservatives is at a record low

▶ Several coexisting conditions created the perfect environment for a company policy to become political.



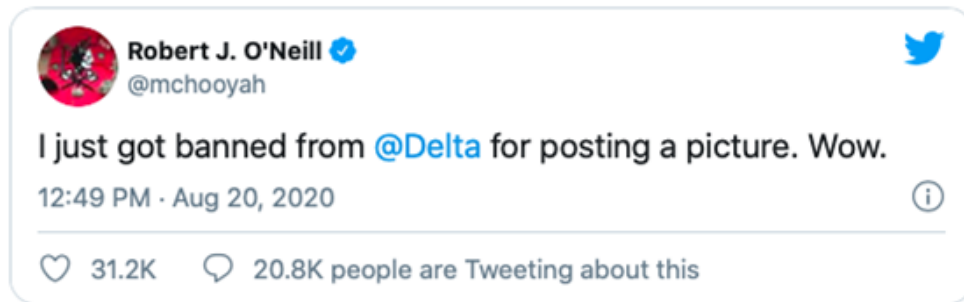


## Tailspin: Example of Social Media as an Amplifying Force

- ▶ Social media allowed for disgruntled passengers to amplify their complaints about Delta's mask mandate, making a one-off situation a media headline
- ▶ For example, Robert O'Neill, the former Navy SEAL credited with killing Osama Bin Laden took a maskless selfie aboard a Delta flight as a "peaceful protest" and was subsequently banned from the airline
- ▶ His tweet following his banning earned him interviews with Fox News and coverage in the New York Post and New York Times

# ▲ Tailspin: Example Continued

► Unfortunately for Delta, a celebrity like O'Neill is likely the sort of figure who would resonate with those in opposition of mask-wearing mandates



# Tailspin: Travelers

- ▶ Local and network news coverage of uncooperative passengers demonstrated Delta's commitment to safety.

## Man arrested after refusing to wear face mask on airplane



File photo: Delta Air Lines plane



**State of Education**

### Detroit to LA flight delayed after passenger refuses mask

by Courtney Bennett | Sunday, September 13th 2020



Travel

### San Francisco man arrested for refusing to wear a mask on Delta flight

Incident delayed departure from Salt Lake City by 45 minutes



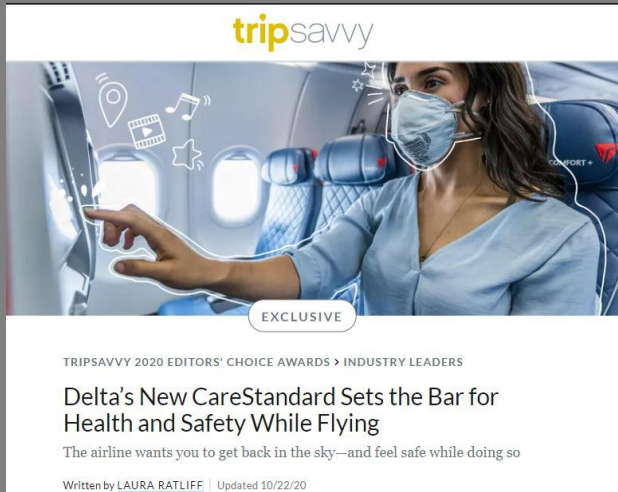
Chris McGinnis, SFGATE

Nov. 30, 2020 | Updated: Nov. 30, 2020 12:27 p.m.



# Gaining Altitude Among Key Stakeholders: Travelers

Delta received several awards for its response to COVID-19 safety procedures.



- TripSavvy, an online publication covering travel, recently honored Delta with its 2020 Industry Leaders Award, announcing that “Delta’s new CareStandard sets the bar for health and safety while flying.”
- Business Travel News reported that Delta remains the top choice of airline among corporate travel buyers. Delta earned its top marks for pandemic response, including rigorous mask compliance, customer service and communication.
- Well-known travel blog The Points Guy awarded Delta with its Editor’s Choice Award in the “Spotlight on Safety” category.





# Gaining Altitude: Travelers

- ▶ NBC 25 News Detroit reported that a flight from Detroit to Los Angeles returned to the gate after a passenger refused to wear a face mask, forcing everyone to de-plane.
- ▶ Aboard the flight was the mother of the Detroit Mayor's chief of staff, Alexis Wiley, who tweeted about her mother's experience on the flight, saying she was thankful for the flight attendants' commitment to the mask policy.



**Alexis Wiley**  
@AlexisWileyNews

My mom's @Delta flight from Detroit to LA just turned around and went back to the gate because a passenger refused to wear a mask. Flight attendants announced masks are non negotiable! Thank you @Delta for putting passenger safety first! @LASpeech



**Maura Dougherty** @mauradougherty · Sep 13  
Replying to @AlexisWileyNews @Delta and @LASpeech

This is actually great to hear because @AmericanAir was refusing to enforce mask wearing on a flight last week and I wanted to scream.

1 4



**Looking Out** @LookingOut17 · Sep 13  
That's because @tedcruz set a precedence @AmericanAir.

1



**Susan Allen** @themadsoozer · Sep 13  
Replying to @AlexisWileyNews @Delta and @LASpeech

As a mother of a Delta flight attendant thank you for understanding. Thank you to Delta's CEO for having their backs. Pilots let flight attendants make the call. Their lives are on the line. #DeltaProud #WearAMask 🙏

2 5 120



**PlantHunter** @PlantHunter001 · Sep 13  
If you wish to wear a mask, wear it. Stop bullying others.

1



**cooderbrown** @herb\_betts · Sep 13  
Replying to @AlexisWileyNews @Delta and @LASpeech

My wife and I flew @united from Colorado Springs to San Diego, then back to Colorado Springs last week. All flights they enforced masks but the flight from Houston to Colorado Springs had numerous passengers not wearing masks and attendants did nothing. I'm not flying United now



# Gaining Altitude: Employees

"Delta people have risen to the challenge and led the way to a brighter future. During a time of deep divisions, seeing the Delta family come together in unity over the past nine months toward a common purpose has been awe-inspiring."

- Ed Bastian, Delta Airlines CEO

- As reported by CNBC, about 18,000 Delta employees, about a fifth of its pre-pandemic workforce, accepted buyouts and early retirement packages
- Delta pilots agreed to accept reduced pay in exchange for job security until 2022. This comes in contrast to American Airlines, which furloughed 16,000 pilots
- Meanwhile Delta has demonstrated its commitment to its employees by recently announcing it would give two free travel passes to each employee to use at peak travel times.



# Gaining Altitude: Shareholders

**Delta Air Lines, Inc. (DAL)**

NYSE - NYSE Delayed Price. Currency in USD

[Add to watchlist](#)

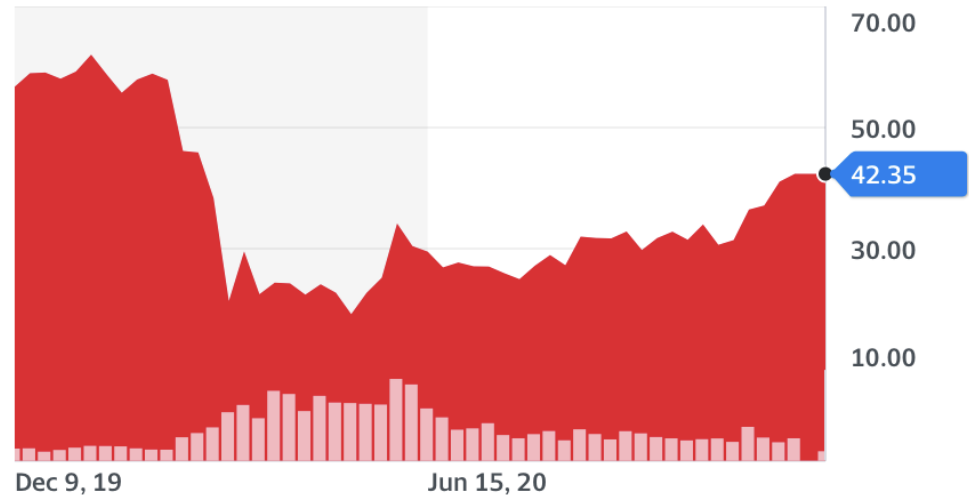
[Visitors trend](#) 2W ↓ 10W ↑ 9M ↑

**42.35** -0.01 (-0.02%) **42.29** -0.06 (-0.15%)

At close: 4:00PM EST

After hours: 5:37PM EST

1D 5D 1M 6M YTD 1Y 5Y Max [Full screen](#)



“Delta will reap the benefits of its approach when the pandemic is finally over. Putting people over profits is not P.R. spin, but integral to Delta’s culture.”

-Brand Analyst Larry Gulko

- ▶ Delta's safety measures have an intrinsic tradeoff with profit
- ▶ According to a Morningstar Equity Analyst Report, passenger revenue in 2020 declined 83% since 2019
- ▶ Despite the present financial challenges, Delta's commitment to its mask mandate has the potential to build trust - and ultimately financial returns - as travel begins to normalize

# Delta Air Lines



- Demonstration of Core Values
  - Continuing to implement its hardline mask policy
  - Blocking middle seats from being reserved longer than competitors
- Paving the way to normalizing restrictions to protect public safety
- Possible bumpy road ahead without an implemented Federal mandate



# Delta Air Lines

- Long Term Effects?
  - The impact of Delta's decision to ban more than 500 passengers has shown to have had a ripple effect -- both positive and negative -- on the brand's reputation.
  - While many have seen Delta's hardline stance on masks as an indication of trust and transparency, others have seen it as an infringement upon their civil liberties.
  - Going forward, as travel begins to normalize, it remains to be seen if the mask mandate becomes a distant memory or if Delta has bifurcated its audience down political lines.

**KEEP CLIMBING.**  
*Together.*