



Air Canada's (TSX:AC) Latest Move Reeks of Desperation

Description

The year 2020 just hasn't been **Air Canada** ([TSX:AC](#)). After losing more than a billion dollars two quarters in a row, the company's stock is in the gutter. Not only is the company losing money, but it's borrowing money just to cover operating expenses.

And the situation could be getting worse. Air Canada executives have spent much of 2020 lobbying the government to ease travel restrictions. This week, the company argued that mandatory quarantines after travel should be lifted. Prior to that, it had lobbied for other measures that would help airlines financially despite being contrary to public health guidelines.

It looks like the company is getting desperate, and recently it took a step that seems to confirm that. It was a measure that shows an incredible eagerness to generate revenue by any means necessary. As you're about to see, it's unlikely to help with the company's financial woes.

“Unlimited travel” pass

On September 16, Air Canada launched an unlimited travel pass. The pass lets customers fly as much as they want for a flat monthly rate. Starting at \$2,000 a month, the pass isn't even remotely affordable for the majority of Canadians. But it's possible that the company could get some kind of revenue boost from wealthy individuals using it.

That said, the effect would probably be minimal. The mandatory [self-isolation](#) that most provinces have implemented has made travel unappealing—even for those with the financial means to shell out \$2,000 a month. If you travel and get caught violating self-isolation orders, you could face legal consequences. So Air Canada is up against some big obstacles here.

Refund issues abound

Another sign that Air Canada is getting desperate is the fact that it's still struggling with refund complaints. This past summer, the company held the dubious distinction of getting more refund

complaints *in the U.S.* than any other airline — and this for an airline that doesn't even crack the top three North American carriers by passenger volume!

You may have heard back in March that Air Canada was taking heat for COVID-19 impacted customers vouchers instead of refunds. That issue is actually still ongoing. The company has begun offering refunds to some customers, but not all of them. Meanwhile, people are complaining that they [aren't even receiving the vouchers they had been promised](#). According to the law firm EvoLink, the class action over vouchers still ongoing.

Foolish takeaway

It doesn't take a genius to notice that Air Canada is behaving strangely in 2020. Between refund denials, voucher delays and travel passes, the company is flailing about with no idea what to do. If you look at the company's 2020 stock chart, it's not hard to see why its management is getting desperate. It's facing a mountain of problems that it just can't deal with.

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