

Impacts of COVID-19 on Airline Business: An Overview

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ABSTRACT

Corona Virus Disease 2019 or COVID-19 has spread globally and been concerned as a pandemic by the World Health Organization (WHO, 2020a). The virus has an enormous social and economic impact. United Nations Industrial Development Organization (2020) expects that the 2020 global GDP shall range between -8% to 1% depended on the situation during the last six months of 2020. Various businesses – tourism, hospitality, restaurant and transportation get affected by this pandemic. The airline business is one of the most vulnerable business since it is highly sensitive to change in the market environment and socio-economic factors (Wittmer et al., 2011). Airlines business has always dramatically affected during crisis circumstances, e.g., the Asian economic crisis in 1998, the USA terrorist attack in 2001, and the SARS virus spreading in 2003. The airlines lost 7 billion USD in terms of revenue solely because of SARS in 2003 (IATA, 2006). It is possible to expect a much more noticeable impact caused by the COVID-19 pandemic comparing to the impact of SARS in 2003 because of the difference in the market environment, especially the difference in market size. The number of passengers per year has increased from 2 billion passengers in 2003 to 4.5 billion passengers in 2018 (IATA, 2019). The International Air Transport Association (IATA, 2020a) forecasts that the airline industry will need at least three to four years for recovering. An overview investigation of the impacts of COVID-19 on airlines can contribute to both academic study and management practice of the airlines.

Keywords: COVID-19, Airline, Air transportation