The Return of Pre-Pandemic U.S. Airline Demand

INTRODUCTION

The airline industry is one of the sectors of the economy that most suffered from the impacts of the COVID-19 pandemic. This research study aims to investigate the judgmental forecasts of some of the major stakeholders in the aviation industry to suggest a mean period of time that could be expected for airline recovery and commercial travel demand in the United States to return to its pre-pandemic volume.

ABSTRACT

The industry has shown signs of recovery, and passenger demand is expected to return to pre-Covid levels. The purpose of this research study is twofold:
1. To identify the key factors that are affecting the recovery process of airline demand; and
2. To identify, through a systematic review of the outlook of some major stakeholders and agencies within the aviation industry, as to when they perceive commercial travel will return to pre-pandemic volume, as well as relating daily traveler number in U.S. airports with daily U.S. Covid-19 cases in 2021.

TAKEAWAY FROM STAKEHOLDERS

"...preparing to build back to 2019 levels of flying by summer 2023..."

"...the purchase of 737 MAX jets helps position us to meet the demand we expect to see in 2022 and 2023..."

"...deferral of 18 Boeing 737 MAX aircraft will not arrive with AA until 2022 and 2023..."

"...in a normal recession, business travel takes about five years to fully recover... (less time for leisure travel)"

"...we see our leisure business largely recovered by the end of the next year (2022)...

"...demand is recovering, and in order to exploit this opportunity, we need to be at full potential in 2021 Q4..."

"...new Airbus A320neo-family jets expected to receive this year...will now take those jets in 2023 and 2024..."

More Optimistic Scenario (North America): September 2023
Less Optimistic Scenario (North America): December 2024

More Optimistic Scenario (Global): April 2023
Less Optimistic Scenario (Global): Spring 2024

RESULTS

The mean amount of time expected for the airline industry to return its passenger numbers pre-covid demand is at least 26.5 months, as of March 2021, based on the stakeholders’ assessments.

Since January of 2021, a decline in daily cases is negatively related to the amount of commercial airline travelers. Passenger numbers are higher with lower daily infection cases, pointing to a hopeful recovery period over the next couple months due to the steadily decreasing Covid-19 cases. At a .05 alpha level, there was a significant negative correlation, r(78) = -.480, p < .001, r^2 = .2304 (medium effect).

KEY ISSUES

September 11th Attack: Impact on the airline industry demand
- August of 2001: 70.1 million U.S. passengers
- October of 2001: 47.7 million U.S. passengers, almost 40% drop
Time for Recovery: 3 years

Covid-19 Pandemic: Impact on the airline industry demand
- February of 2020: 78.3 million U.S. passengers
- April of 2020: 3 million U.S. passengers, almost 96% drop
Estimated Time for Recovery: ?

Demand Suppressors

International Travel Restrictions
- Foreigners from 32 countries still barred from direct entry into U.S.

Quarantine Requirements
- States still requiring visitors to quarantine for long periods of time

Government (Policy) Uncertainty
- No position from government on when borders expected to reopen

REFERENCES


States still requiring visitors to quarantine for long periods of time


Joesten, J. (2021, March 23). Bright signs of recovery, and passenger demand is expected to return to pre-Covid levels. The industry has shown signs of recovery, and passenger demand is expected to return to pre-Covid levels. The purpose of this research study is twofold:
1. To identify the key factors that are affecting the recovery process of airline demand; and
2. To identify, through a systematic review of the outlook of some major stakeholders and agencies within the aviation industry, as to when they perceive commercial travel will return to pre-pandemic volume, as well as relating daily traveler number in U.S. airports with daily U.S. Covid-19 cases in 2021.

TAKEAWAY FROM STAKEHOLDERS

"...preparing to build back to 2019 levels of flying by summer 2023..."

"...the purchase of 737 MAX jets helps position us to meet the demand we expect to see in 2022 and 2023..."

"...deferral of 18 Boeing 737 MAX aircraft will not arrive with AA until 2022 and 2023..."

"...in a normal recession, business travel takes about five years to fully recover... (less time for leisure travel)"

"...we see our leisure business largely recovered by the end of the next year (2022)...

"...demand is recovering, and in order to exploit this opportunity, we need to be at full potential in 2021 Q4..."

"...new Airbus A320neo-family jets expected to receive this year...will now take those jets in 2023 and 2024..."

More Optimistic Scenario (North America): September 2023
Less Optimistic Scenario (North America): December 2024

More Optimistic Scenario (Global): April 2023
Less Optimistic Scenario (Global): Spring 2024

RESULTS

The mean amount of time expected for the airline industry to return its passenger numbers pre-covid demand is at least 26.5 months, as of March 2021, based on the stakeholders’ assessments.

Since January of 2021, a decline in daily cases is negatively related to the amount of commercial airline travelers. Passenger numbers are higher with lower daily infection cases, pointing to a hopeful recovery period over the next couple months due to the steadily decreasing Covid-19 cases. At a .05 alpha level, there was a significant negative correlation, r(78) = -.480, p < .001, r^2 = .2304 (medium effect).