The Survival of AirAsia During the Covid-19 Pandemic

L. Sudershan Reddy¹, Ranjith P V², Yu Cing Lim³, Daisy Mui Hung Kee⁴, Wen Ting Loo⁵, Keng Tyng Cheah⁶, Shuet Yee Mak⁷

¹CMS Business School¹,²
Bengaluru, Karnataka 560009, India
²Universiti Sains Malaysia³,⁴,⁵,⁶,⁷
Jalan Sg Dua, 11800 Minden, Pulau Pinang, Malaysia
Correspondence Email: sudershan.reddy@cms.ac.in
ORCID ID: 0000-0002-2398-5127

ABSTRACT

This research is to investigate the survival of AirAsia during the pandemic Covid-19. The findings will show how AirAsia faced challenges during the pandemic and ways to overcome them. This research underlined the challenges faced by AirAsia such as flight cancellation, decrease in demand, loss of new customers, and paying huge amounts of refunds. AirAsia used several ways such as controlling the operational cost, exploring new business, carrying out promotions, and applying for bank loans and weighing proposals. As a result, AirAsia’s financial problems would be solved by reducing operational costs and increasing the profit from other businesses.

Keywords: AirAsia, Challenges, Impact, Pandemic, Survival, Ways

INTRODUCTION

The aviation sector plays a crucial role in a country’s economic development. It stimulates other sectors such as tourism, hospitality, and trade. It provides important transportation for tourism and contributes multiplier effects to the local economy, contributing the third-largest in the gross domestic product (GDP) (Yusof, 2020).

Among the airlines in Malaysia such as Malaysia Airlines, AirAsia-X, Malindo Air, and Firefly, AirAsia is the lowest cost carrier in the world. It was established in 1993. The company of Tony Fernandes, Tune Air Sdn. Bhd., has bought AirAsia from DRB-HICOM in 2001. Mr. Fernandes bought AirAsia for less than $1 in 2001 and turned it into the largest low-cost airline in the region. The vision of AirAsia is to be the biggest low-cost airline in Asia with the slogan “Now everyone can fly” (Ming, 2018) and supply the 3 billion individuals presently under-serviced with bad networking and high fares. AirAsia has been selected as the best low-cost airline in the world 11 times by Skytrax, including the last award in 2019 (Chung, 2019).

AirAsia was serving 159 towns before the Covid-19 outbreak. The number of passengers in the Asia-Pacific districts for all airlines would come to 3.9 billion by the year 2037 estimated by the International Air Transport Association (IATA) (Bloomberg, 2020). The Covid-19 pandemic brought unprecedented impact to the tourism industry especially airlines and hotel businesses. The airline sector faces one of the greatest challenges in its history. The financial performance and cash flow of AirAsia were severely impacted
due to the travel and border restrictions implemented by many countries around the world. AirAsia struggles as the airline’s share price has fallen 65 percent in 2020 due to the Covid-19 outbreak. According to the company’s financial statement, at the same time last year, AirAsia posted a net loss of RM993 million ($238.3 million), compared with a net profit of RM17.3 million. The pandemic has forced AirAsia to look for financial support from the government for the first time.

AirAsia has taken action to stay in contact and communicate with their guest regularly, ensuring they are kept updated and know what AirAsia doing. To survive the Covid-19 crisis, the carrier might borrow its money from the bank as well as from investors enabling them to build other digitally-led companies such as BigPay and an e-commerce site (Alrawi, 2020). AirAsia and AirAsia X Bhd. have laid off 24,000 employees for continued survival because of the Covid-19 pandemic (Bernama, 2020).

The objective of this quantitative research is to examine the challenges encountered by AirAsia and search for the best solution to survive during the Covid-19 pandemic. The target population is AirAsia customers from different demographics so that we can collect accurate information on how effectively AirAsia handles the problem they faced.

Due to the outbreak of Covid-19, most of the companies faced numerous challenges. The airline industry is one of the greatly affected fields. AirAsia as one of the well-known airlines was also impacted. Some research has been carried out to study the impact of the Covid-19 pandemic and the survival of AirAsia with its strength and competitive strategy.

Amankwah-Amoah (2020) had described the strategic and tactical responses of the global airlines to the pandemic including in-flight service changes, flight cancellations, and seeking emergency aids and financial supports. It shows that many airlines wanted to minimize erosion of long-developed knowledge, market capabilities, route networks, access to airports, and customer base before the Covid-19 to equip them for recovery. Minimizing losses rather than profit maximization possibly can help the airlines to combat the pandemic Covid-19 situation (Agrawal, 2020).

Although the low-cost carrier market was crowded, became saturated, and more competitive, AirAsia was not threatened by this situation and continued to expand with its competitive strategy (Poon & Waring, 2010). Its cost minimization strategy and human resource management do help AirAsia to survive well. The number of tourists has declined after the outbreak of Covid-19 as cancellation of bookings and delay travel plans happened. Besides, the government imposing travel restrictions and bans causes a drastic loss of profit and revenue (Foo, Chin, Tan & Phuah, 2020).

AirAsia is the first low-cost model airline in South-East Asia. Cost management is an important element in airline management. It is AirAsia’s enemy rather than other airlines. It shows the importance of controlling costs (Man & Justine, 2005). With this kind of model, AirAsia was able to continue to offer low fares that succeeded in attracting more passengers and building their customer loyalty (Ahmad & Neal, 2006). The lowest cost strategy significantly affects the choice of airlines by customers. As a low-cost carrier, consumers are more likely to choose AirAsia airlines as to travel (Ong & Tan, 2010).
Besides, AirAsia also emphasized good customer service, striving to make traveling easy, convenient, and fun for its passengers (Ricart & Wang, 2006).

The service quality and price are the determinant factors to increase customer loyalty in AirAsia services. However, prices have a higher influencing power compared to service quality. When AirAsia retains its low fares to customers, customer loyalty will be higher (Amirrudin, 2013). AirAsia always performs well and even above the expectation of customers although its tickets are cheaper. This led to a competitive advantage on AirAsia to live afloat during the pandemic outbreak (Sarker & Islam, 2013). AirAsia has a competitive advantage as that it performs better than other rivals in the low-cost airline industry. Although the ticket of Air-Asia is cheaper, they served their customers at a high-quality level (Mamrina et al., 2020).

**RESEARCH METHOD**

This section explains the research method used in this study to solve the problem related to our research topics. We used quantitative and quantitative approaches enabling us to easily attain our objective and get the solution to solve our research problem of how AirAsia survived during the Covid-19 pandemic.

Both primary data and secondary data are used. In answering the research questions, the analysis introduces primary and secondary data. The primary data were obtained by a survey form distributed to the respondents on an online platform.

The sampling population was a group of respondents with relevant experiences using AirAsia airline services before. Basically, they were from different demographics services. We used an online survey by Google form answered by 100 respondents.

The survey included four main sections. The first section consists of six multiple-choice questions related to respondents’ backgrounds such as gender, nationality, race, age, employment status, and income level. The second section consists of six questions about respondents’ awareness of AirAsia. The third section provides three questions about the impact of the pandemic on AirAsia. The last section contains ten questions about how AirAsia survives during the pandemic.

The secondary data were obtained from AirAsia’s website to obtain more information and knowledge about AirAsia especially about the others business direction took by AirAsia during a pandemic, promotion packages before and during a pandemic, and ways they took to reduce the impacts of the pandemic to their business. In addition, we collected journals and internet sources about the impact, and actions took by AirAsia to survive in the Covid-19 pandemic. Lastly, data collection, descriptive analysis was conducted to analyze the data and test evaluation to produce a study report. The data obtained were analyzed using frequency and percentage. The descriptive aspect of the findings was presented with the help of tables.
RESULTS AND DISCUSSION

To understand AirAsia’s survival strategies during the Covid-19 pandemic, we decided to form questionnaires to survey the customer opinion. We collected responses from 100 respondents to complete this survey.

Table 1. Summary of Respondents’ Demographics Profile (N=100)

| Response           | Number of Respondents | Percentage (%) |
|--------------------|-----------------------|----------------|
| **Gender**         |                       |                |
| Male               | 39                    | 39             |
| Female             | 61                    | 61             |
| **Nationality**    |                       |                |
| Malaysian          | 75                    | 75             |
| Indian             | 23                    | 23             |
| Chinese            | 2                     | 2              |
| **Races**          |                       |                |
| Malay              | 14                    | 14             |
| Chinese            | 60                    | 60             |
| Indian             | 24                    | 24             |
| Dayak              | 2                     | 2              |
| **Age Range**      |                       |                |
| Below 18           | 1                     | 1              |
| 18-20              | 18                    | 18             |
| 21-30              | 67                    | 67             |
| 31-40              | 9                     | 9              |
| 41 years old and above | 5              | 5              |
| **Employment Status** |                   |                |
| Student            | 80                    | 80             |
| Employed           | 17                    | 17             |
| Unemployed         | 2                     | 2              |
| Retired            | 1                     | 1              |
| **Income Level**   |                       |                |
Table 1 shows the demographics profiles of the respondents. Most of the respondents were Chinese female Malaysian students at the age of 21 to 30 years old with no income level. By gender, it shows that 61 respondents were female (61%). By nationality, the highest response was Malaysian (75%) followed by Indian (23%), and the least was Chinese.

By ethnicity, the majority of respondents were Chinese and Indians, 60% and 24% respectively, followed by Malays (14%). Another ethnic who participated in this survey was Dayak (2%). By age, the majority (67%) were aged 21 to 30 followed by 18 to 20 years old (18%), 31 to 40 years old (9%), and 41 years and above (5%). By the employment status, 80% of the respondents were students of university or colleges and employed (17%). The unemployed and retired respondents were 2% and 1% respectively.

A total of 70% of respondents had no income level. The second-highest was those with an income level between 2001-3000 (10%), and those with income below 1000 and 3001 and above share similar rates with 8% each.

Table 2. Summary of Respondents’ Awareness About AirAsia (N=100)

| Question 1: Do you know Air Asia? | Number of Respondents | Percentage (%) |
|-----------------------------------|-----------------------|----------------|
| Yes                               | 97                    | 97             |
| No                                | 1                     | 1              |
| Maybe                             | 2                     | 2              |

| Question 2: How many times have you taken AirAsia’s airline? | Number of Respondents | Percentage (%) |
|-------------------------------------------------------------|-----------------------|----------------|
| None                                                        | 24                    | 24             |
| 1-2                                                         | 31                    | 31             |
| 3-5                                                         | 18                    | 18             |
| 5-10                                                        | 10                    | 10             |
| More than 10                                                | 17                    | 17             |

| Question 3: Do you agree that AirAsia’s ticket is cheap? | Number of Respondents | Percentage (%) |
|---------------------------------------------------------|-----------------------|----------------|

| Strongly Disagree | 2 | 2 |
| Disagree         | 1 | 1 |
| Neutral          | 32| 32|
| Agree            | 40| 40|
| Strongly Agree   | 25| 25|

**Question 4: Do you agree that their seats are good?**

| Strongly Disagree | 4 | 4 |
| Disagree          | 12| 12|
| Neutral           | 38| 38|
| Agree             | 32| 32|
| Strongly Agree    | 14| 14|

**Question 5: Do you agree that their food is good?**

| Strongly Disagree | 2 | 2 |
| Disagree          | 9 | 9 |
| Neutral           | 48| 48|
| Agree             | 31| 31|
| Strongly Agree    | 10| 10|

**Question 6: Do you agree that their service is good?**

| Strongly Disagree | 4 | 4 |
| Disagree          | 3 | 3 |
| Neutral           | 33| 33|
| Agree             | 44| 44|
| Strongly Agree    | 16| 16|

Table 2 concludes that AirAsia airline is well known to most of the respondents of our survey with a total of 97%. Besides, most of the respondents have at least 1 to 2 times of experience on taking a flight with AirAsia, while only 24 out of 100 respondents (24%) have no experience.

Most of the respondents agreed that AirAsia’s tickets are cheap with a total of 65 out of 100 respondents (65%). Besides, 32 respondents agreed and 14 respondents strongly agreed, 38 respondents were neutral with that that the seat of the AirAsia airline is good. Also, the majority of the respondents (48%) were neutral that AirAsia had provided good food since most of these have not tried AirAsia’s food during their flight. Lastly, most of the respondents (60%) agreed that AirAsia’s services are good.
Table 3. Summary of Impact of Pandemic Towards AirAsia (N=100)

| RESPONSE                                                                 | NUMBER OF RESPONDENTS | PERCENTAGE (%) |
|-------------------------------------------------------------------------|------------------------|----------------|
| **Question 1:** Do you agree that AirAsia's airline business has been affected after the outbreak of the Covid-19 pandemic? |                        |                |
| Strongly Disagree                                                       | 0                      | 0              |
| Disagree                                                                | 0                      | 0              |
| Neutral                                                                 | 10                     | 10             |
| Agree                                                                   | 28                     | 28             |
| Strongly Agree                                                          | 62                     | 62             |
| **Question 2:** How does this pandemic impact AirAsia's airline business?|                        |                |
| Low demand                                                              | 66                     | 66             |
| Lots of flights canceled                                                | 78                     | 78             |
| Required to pay refunds                                                 | 53                     | 53             |
| Loss of new customers                                                   | 36                     | 36             |
| **Question 3:** Which solution do you think AirAsia can take to reduce the impact of the pandemic brings? |                        |                |
| Joint ventures and collaborations that lead to additional investments   | 58                     | 58             |
| Applied for bank loans and weighing proposals for additional capital    | 36                     | 36             |
| Explore new business lines                                              | 54                     | 54             |
| Carry out promotions                                                    | 55                     | 55             |

Table 3 shows the data about the pandemic impact on AirAsia. Based on the table above, the majority of the respondents (90%) agreed that AirAsia’s airline businesses have been affected after the outbreak of Covid-19. This signifies that most of the respondents strongly agree that AirAsia’s airline businesses have been affected or losing customers after the outbreak of this pandemic.

In question 2, the respondents were asked about the impact AirAsia’s airline businesses. A total of 78 respondents thought that flight cancelation led to AirAsia’s loss. Besides, 66 respondents (66%) thought that low demand during the pandemic in which people delayed their travel plans and the government had imposed travel restrictions during that period (Foo et al., 2020) as the condition of the pandemic is severe. These two options
were the highest and the second-highest option chosen by the respondents. Refunds were chosen by 53% of them. For customers who have already booked the tickets, AirAsia was required to pay a refund for them creating AirAsia's loss. The least option was the loss of new customers (18%). To conclude, most of the respondents thought that these four options were the causes that impact AirAsia's airline businesses.

Question 3 provided four options in which the respondents might choose more than one option that they think are solutions that AirAsia can take to reduce the impact of the pandemic. A total of respondents thought that joint ventures and collaborations that lead to additional investments could help AirAsia. It allows AirAsia to have more income sources to deal with the pandemic. AirAsia had plans with several parties for joint ventures and collaborations in specific segments of the business (Cirium, 2020). Besides, 36 respondents argued that applying for bank loans and weighing proposals for additional capital could help AirAsia. These two options were the highest and the lowest option chosen by the respondents. Exploring new business lines and carrying out promotions were chosen by 54 and 55 respondents respectively. Exploring new business lines enables AirAsia to focus on other business fields to earn more income and balance the loss of its airline businesses. It could also help to expand its business more. Moreover, carrying out promotions was chosen since customers always love promotions. It helps to attract more customers to their company and reduces the loss. To conclude, most of the respondents thought that these four options are the solutions AirAsia could take to reduce the impact of Covid-19.

Table 4. Summary of How AirAsia Survive During the Pandemic (N=100)

| Response                                                                 | Number of Respondents | Percentage (%) |
|--------------------------------------------------------------------------|-----------------------|----------------|
| **Question 1: Do you agree that AirAsia's low-cost model is better to operate compared to other airlines?** |                       |                |
| Strongly Disagree                                                        | 0                     | 0              |
| Disagree                                                                 | 0                     | 0              |
| Neutral                                                                  | 20                    | 20             |
| Agree                                                                    | 52                    | 52             |
| Strongly Agree                                                           | 28                    | 28             |

| Question 2: Do you agree that AirAsia has the potential to provide customers with a stable and technology-led service BEFORE the pandemic? |                       |                |
| Strongly Disagree                                                        | 2                     | 2              |
| Disagree                                                                 | 2                     | 2              |
| Neutral                                                                  | 26                    | 26             |
| Agree                                                                    | 44                    | 44             |
| Strongly Agree                                                           | 26                    | 26             |
**Question 3:** Do you agree that AirAsia's airlines have great demand BEFORE the pandemic?

| Opinion       | Count (Strongly Disagree) | Count (Disagree) | Count (Neutral) | Count (Agree) | Count (Strongly Agree) |
|---------------|---------------------------|------------------|-----------------|---------------|------------------------|
| Strongly Disagree | 0                         | 0                | 15              | 50            | 35                     |
| Disagree      | 0                         | 0                | 15              | 50            | 35                     |
| Agree         | 50                        | 50               | 15              | 50            | 35                     |
| Strongly Agree | 35                        | 35               | 15              | 50            | 35                     |

**Question 4:** Do you agree that AirAsia has the ability to provide a safe and technology-led service for customers DURING the pandemic?

| Opinion       | Count (Strongly Disagree) | Count (Disagree) | Count (Neutral) | Count (Agree) | Count (Strongly Agree) |
|---------------|---------------------------|------------------|-----------------|---------------|------------------------|
| Strongly Disagree | 0                         | 0                | 8               | 33            | 8                      |
| Disagree      | 8                         | 8                | 33              | 51            | 8                      |
| Agree         | 51                        | 51               | 33              | 51            | 8                      |
| Strongly Agree | 8                         | 8                | 33              | 51            | 8                      |

**Question 5:** Do you agree that AirAsia still has its domestic demand during the pandemic as people still want to fly?

| Opinion       | Count (Strongly Disagree) | Count (Disagree) | Count (Neutral) | Count (Agree) | Count (Strongly Agree) |
|---------------|---------------------------|------------------|-----------------|---------------|------------------------|
| Strongly Disagree | 0                         | 0                | 16              | 26            | 19                     |
| Disagree      | 16                        | 16               | 26              | 39            | 19                     |
| Agree         | 39                        | 39               | 26              | 39            | 19                     |
| Strongly Agree | 19                        | 19               | 26              | 39            | 19                     |

**Question 6:** Do you think AirAsia had focused on other business directions during the pandemic?

| Opinion | Count (Yes) | Count (No) | Count (Maybe) |
|---------|-------------|------------|---------------|
| Yes     | 46          | 46         | 46            |
| No      | 11          | 11         | 11            |
| Maybe   | 43          | 43         | 43            |

**Question 7:** If you agree that AirAsia took other business directions during the pandemic, what are them? (multiple choices)

*Answered by 92 respondents*
| Services                                      | Vol. % | Score |
|----------------------------------------------|--------|-------|
| Fast-food chain                              | 33     | 35.9  |
| E-commerce platform                          | 55     | 59.8  |
| Big-Pay                                      | 32     | 34.8  |
| Cross border parcel delivering (online shopping) | 55   | 59.8  |
| Others                                       | 1      | 1.1   |

**Question 8:** What other promotions or packages did AirAsia carry out BEFORE the Covid-19 pandemic? (Multiple Choices)

- Redemption of flight using member points
- Go Holiday Package (flight + hotel)
- Promo flights
- Free seats in a certain period
- Unlimited pass sale

| Promotions                                      | Vol. % | Score |
|-------------------------------------------------|--------|-------|
| Redemption of flight using member points        | 54     | 54    |
| Go Holiday Package (flight + hotel)             | 62     | 62    |
| Promo flights                                   | 79     | 79    |
| Free seats in a certain period                  | 33     | 33    |
| Unlimited pass sale                            | 29     | 29    |

**Question 9:** What other promotions or packages did AirAsia carry out DURING the Covid-19 pandemic? (Multiple Choices)

- zero-fare seats for domestic flights
- slashed price for flights to other countries
- discounts for advanced bookings
- 50% discount for returning fare

| Promotions                                      | Vol. % | Score |
|-------------------------------------------------|--------|-------|
| zero-fare seats for domestic flights            | 38     | 38    |
| slashed price for flights to other countries    | 33     | 33    |
| discounts for advanced bookings                 | 51     | 51    |
| 50% discount for returning fare                 | 57     | 57    |

**Question 10:** Air Asia has laid off over 2000 employees due to Covid-19. Do you agree that it helps AirAsia to survive better during the pandemic?

| Opinion                          | Vol. | Score |
|----------------------------------|------|-------|
| Strongly Disagree                | 2    | 2     |
| Disagree                         | 3    | 3     |
| Neutral                          | 29   | 29    |
| Agree                            | 43   | 43    |
Table 4 signifies that most of the respondents (80%) agreed that AirAsia’s low-cost model is better to operate compared to other airlines. This not only helps them to minimize costs but also helps to make their operational activities running effectively. They generate efficiencies to reduce costs and make their fare as low as possible. This is what makes AirAsia better compared to other airlines. As a low-cost-carrier, consumers are more likely to choose AirAsia airlines to travel (Ong & Tan, 2010).

A total of 70% of respondents agreed that AirAsia can provide a safe and technology-led service for customers before the pandemic because AirAsia has a large leadership team and a well-known brand in the Asia Pacific (catatanraufmendunia, 2009). Safety is also one of their KPIs that has to be reached every year where employees are required to follow the safety guidelines given by the company (Irdina et al., 2020). Therefore, it provides confidence to the customers where they trust that AirAsia could provide safe and technology-led service before the pandemic. Besides, 85% of the respondents agreed that AirAsia airlines have great demand before the pandemic since before the pandemic, there are more people tend to have trips to other countries for work purposes and holidays (Alrawi, 2020). AirAsia’s airline is the choice of most people due to its brand name and its low-cost strategy. Therefore, they have high demand before the pandemic.

The majority of the respondents (59%) agreed that AirAsia has the potential to provide customers with a stable and technology-led service during the pandemic. This is probably because AirAsia follows strict health and hygiene protocols and is following all precautionary steps to ensure every passenger has a healthy journey. In addition, AirAsia works closely with and adheres to expert guidelines from regulators, local governments, and health agencies, including the World Health Organization (WHO). Therefore, it gives more confidence to the passengers (AirAsia.com, 2020).

A total of 58 respondents agreed that AirAsia still has its domestic demand during the pandemic as people still want to fly. Also, the majority of the respondents agreed with the statement since there are still some people who need flights for work purposes or other reasons. Therefore, AirAsia’s domestic demand could be maintained, and it also shows that respondents believe AirAsia would maintain its domestic demand even if it loses lots of customers due to the pandemic.

The survey also found shows 46% of the respondents believed that AirAsia had focused on other business directions during the pandemic, while 43% of respondents were uncertain, and 11% of them believed that AirAsia does not focus on other business directions during the pandemic. To conclude, most of our respondents believed that AirAsia had focused on other business directions to survive the covid-19 pandemic. This is probably because AirAsia had tried to move away from just being an airline by building up their platform since a few years ago such as the financial service business (BigPay), and the e-commerce industry. While during this pandemic where airline businesses have a drop, AirAsia would focus on other businesses to cover their loss.
Subsequently, 92 respondents answered a question about what they think other business directions that AirAsia will take during the pandemic. The survey highlights two business directions that most of the respondents believed that AirAsia will focus on, E-commerce platform and cross-border parcel delivery (online shopping), with 59.8% respondents respectively. Besides, the fast-food chain was also chosen by 33 respondents, and Big-Pay was chosen by 32 respondents. Other respondents chose Others, such as providing a new business direction on selling products like masks and sanitizers. This concludes the majority of respondents felt that AirAsia would choose the e-commerce platform and cross-border parcel delivery as their other business directions.

As Tony Fernandez stated, AirAsia does not merely bring the flight service to the customer but also hotels, activities, lifestyle, e-commerce, and more products. This underlines that AirAsia is an open-minded company and does not just focus on one service (Fickry, Kee, Sallehuddin, Nabila, & Nuraishah, 2020). Besides, cross-border parcel delivery (online shopping) aims to enable merchants to deliver goods, food, and essentials (catatanraufmendunia, 2020). It ensures AirAsia to have more profits with these business directions during the pandemic.

In question 8, the respondents were allowed to choose multiple options on what they think that other promotions or packages AirAsia carried out before the Covid-19 pandemic. The survey shows the highest option was promo flights (79%) while the second-highest option was Go Holiday Package (flight + hotel) (62%). Besides, the flight redemption with member points, the free seats in certain period options, and the unlimited pass sale have been chosen by 54%, 33%, and 29% of respondents respectively. To conclude, most of the respondents believed that promo flight was the promotion that AirAsia carried out before the covid-19 pandemic to attract more customers.

In question 9, the respondents were allowed to choose multiple options of four options on what they believed other promotions or packages AirAsia carried out during the Covid-19 pandemic. The survey indicates that the majority of respondents (57%) chose a 50% discount for returning fares. The second-highest option is a discount for advanced bookings (51%). Besides, the zero-fare seats for domestic flights and the slashed price for flights to other countries were chosen by 38% and 33% of respondents respectively. This leads to the conclusion that the majority of respondents preferred the 50% discount for returning fares probably because most of the flights were canceled during the pandemic due to the MCO period, and customers who book the ticket could not have their flights. AirAsia decided to establish a 50% discount for returning fares to customers (TheStar, 2020). However, the promotions and packages above are all carried out by AirAsia during the pandemic.

Lastly, we also asked the respondents about the incident where AirAsia laid off over 2000 employees due to Covid-19. We found that 43 respondents agreed and 23 respondents strongly agreed that it helps AirAsia to survive better. Most of them agreed probably because laid-off workers could help AirAsia to reduce the labor cost they heavily bear when most of the flights were not operated and AirAsia planned to operate on a smaller scale during the covid-19 pandemic (Hassan, 2020).
CONCLUSIONS

Our analysis concludes that public awareness of AirAsia is high. Several factors that cause AirAsia to become popular are cheap tickets, good seats, good food, and good services. The price is also the most critical factor for AirAsia to become well-known. We analyzed the challenges faced by AirAsia during pandemic Covid-19 are flight cancelation, low demand of tickets, and refunds. These thereby lead the financial problems. AirAsia needs to take action to survive this pandemic.

AirAsia had laid off over 10% of their 24000 employees due to Covid-19. Addedly, most flights were forced to postpone or cancel. The employees such as stewardesses and stewards were not able to work from home. Hence, the cost of salaries can be saved. AirAsia promised the employees will be hired back after the pandemic. After decreasing the operational cost, profits are vital to overcoming the challenges. To increase the profit, AirAsia can only focus on other business directions such as fast-food chains, e-commerce platforms, Big-Pay, and cross-border parcel delivery.

Our survey concludes that half of the respondents do not concern about AirAsia’s other businesses especially fast-food chains and Big-Pay. Besides, the result shows that the public is more concerned about the e-commerce platform and cross-border parcel delivery. Mostly because of Movement Control Order (MCO) is carried out, they were not encouraged to stay outside. Hence, they are encouraged online shopping using different platforms. Through these other businesses, AirAsia can increase the profits and brand awareness.

Although AirAsia carried out different promotions and packages before the pandemic such as flight redemption, go holiday package, free seats, and unlimited pass sale, these promotions and packages were not suitable during the pandemic. Hence, AirAsia carried out new promotions and packages such as 50% discount for returning fares, discounts for advanced bookings, slashed prices for flights to other countries, and zero-fare seats for domestic flights to attract customer attention. Focusing on minimizing losses rather than profit maximization possibly can help the airlines to combat the current situation (Agrawal, 2020). Therefore, for the customers who want to take flights, they will more likely choose AirAsia as the first choice. For the customers who are not taking flights, these promotions may help AirAsia to increase brand awareness and value.

Apart from exploring sources and decreasing the cost, AirAsia also tried to apply for bank loans and weighing proposals for additional capital and joint ventures and collaborations that lead to additional investments. The Malaysian budget carrier may borrow up to RM1.5 billion from banks and another RM1 billion from investors. Cost management is an important element in airline management.

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