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How Does AirAsia Survive From the COVID-19 Pandemic?

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ABSTRACT

This paper aims to discover the financial issues the company faced and their implications for its marketing and operation management. The researchers use a qualitative method to conduct the study. The researchers also conducted an in-depth SWOT analysis to identify the opportunities the company could seize. This paper has a detailed discussion of the strategies and decisions the company implemented, such as Teleport, e-hailing service, and food delivery. From the analysis, the researchers find that the company could seize the opportunities via marketing and operation strategies based on its own strengths and weaknesses. AirAsia makes an alternative such as e-commerce, logistics, and food delivery which has catered to overwhelming customer demand and supports the critical need to transport medical aid and necessity goods in response to the global pandemic. As well as control costs during the COVID-19 pandemic is an important factor to keep AirAsia surviving.

Keywords: AirAsia, Business Solutions, COVID-19, Management Issue, Marketing Problems, Operation Problems, Recommendations.

INTRODUCTION

Under the impact of the COVID-19 pandemic, many traditional industries are facing reshuffling and the suspension of socio-economic activities has led to high unemployment rates, and the aviation industry is no exception. AirAsia was first established in 1993 and its journey only started after 1996. It's the second international airline in Malaysia and the first low-cost airline in Asia. In 2001, Tony Fernandes, the CEO of AirAsia Group, and three other founders of AirAsia, Dato' Pahami Rajab (former Chairman), Dato' Kamaruddin Mehranen (Group Deputy CEO), and Dato' Abdul Bin Abubakar (current Chairman), established Toon Air with the vision of enabling more Malaysians to travel by air and then purchased the rights to operate the ailing AirAsia for RM1 (25 cents) (Elvxing, 2021). Alternatively, AirAsia has been committed to taking low-cost flying to new heights, making the belief that "now everyone can fly" a reality, and has been awarded the "World's Best Low-Cost Airline" for eleven consecutive years (AirAsia Group bhd, 2021).

Aviation performance during the pandemic

When it comes to traveling or working abroad, the flights opened by low-cost airlines are undoubtedly the most popular among travelers. However, the outbreak of the pandemic Covid-19 has caused the airline industry as one of the most severely affected industries in the world, and its impact can be seen from the fact that the global air passenger traffic dropped by approximately 64% in August 2020 compared to the same period in 2019 (Bouwer, Krishnan, & Saxon, 2020). Under the pandemic situation, many countries have taken emergency actions such as border lockdown and travel restrictions (Kee et al., 2021). Therefore, this situation not only caused the global tourism industry to be affected but also directly affected the demand for flights.

The researchers set Spring Airlines as a benchmark since its' effective strategies greatly minimized the company's financial losses due to the COVID-19 pandemic and there are signs of a gradual turnaround. According to the annual report, the company had a CNY1,841 million net income in 2019 and a CNY588 million net loss in 2020 (WSJ Markets, 2021). From the semi-annual performance report released on August 31 in 2021, the operating revenue in the first half of 2021 was about CNY5,454 billion, up 34.82% year on year (Wang, 2021). The researchers also conducted a SWOT analysis of Spring Airlines and explored the strategies behind the improvement of the company's financial performance from a management perspective. This will provide the clue for us to come up with the solutions for AirAsia to deal with the financial loss due to the COVID-19 Pandemic.

Financial Performance

AirAsia's main customer base is those who love to travel, return home, or travel for business affairs. In seven years, AirAsia has earned the highest revenue in 2019 at approximately RM 11.8 billion but it also yielded the lowest revenue at about RM 3.1 billion in 2020 which is a drastic decrease of 74% due to the pandemic (Muller, 2021). In terms of earnings before interest tax depreciation amortization (EBITDA), AirAsia was reported at a positive value of RM 1.7 billion in 2019 meanwhile negative value of EBITDA was made known in 2020 with approximately RM 3.2 billion (AirAsia Group Berhad, 2021b). According to research by Reddy et al. (2021), AirAsia had to cancel flights temporarily and compensate passengers during the pandemic caused them to suffer more losses in terms of profit. As of

September 2021, AirAsia reported revenue of RM296 million for the third quarter of 2021 which is a year-on-year decrease of 37% and a quarter-on-quarter decrease of 20% (AirAsia Group Berhad, 2021c).

From the above, the purpose of this study is to shed some light on the performance of AirAsia and understand how strategies can deter some of the external forces that could negatively influence the overall performance of the organization. The researchers are delighted to do research and provide solutions as well as recommendations by comparing the AirAsia financial performance to a benchmark, Spring Airlines.

LITERATURE REVIEW

Strategies to Seize the Opportunity

Teleport (Freight chain)

As a joint venture under AirAsia Digital, Teleport was originally known as RedCargo Logistics, but was renamed Teleport in July 2019 and mainly undertakes the logistics blueprint of AirAsia (AirAsia Group Berhad, 2019, pp. 17-93). For instance, Teleport is in charge of AirAsia Fresh's (an e-commerce platform by AirAsia and originally named OURSHOP) product shipping. According to Kahraman and Aydin (2021), Teleport announced the launch of the Freight chain as a new digital freight platform operated by blockchain in April 2020. Vishal Batra, the Chief Technology Officer of Freight Chain revealed that the juncture of AirAsia launched Freight chain due to the uncertain period of the global supply chain caused by the pandemic (Airasia, 2021a). The freight chain gives convenience for the shipping agents and shippers to reserve and confirm cargo on any of AirAsia's 247 crafts without the need to undergo the traditional time-consuming sales or email channels.

Santan Restaurants

As the inflight food brand of AirAsia since 2015, Santan 2019 was officially launched as its first flagship restaurant in Kuala Lumpur which aims to offer the best ASEAN fast food (Nair et al., 2020). From other perspectives, it means that opening a physical restaurant can provide the customers a channel to buy their inflight food. During the Movement Control Order period in 2020, Santan not only actively launched drive-through services but also launched home delivery services by establishing three satellite kitchens that only provide home delivery (AirAsia Group Bhd, 2021). This can be seen that Santan can adapt its business operations through the pandemic.

Strategies to Eliminate the Threat

E-Hailing Service

With the development of science and technology, e-hailing become a known service for hailing cars through electronic applications. In March 2021, Tony Fernandes has been revealed in an interview that AirAsia was planning to enter the e-hailing industry in the same year (Idris, 2021). This disclosure shows that AirAsia found that they are not as competitive as before after facing the impact of the pandemic, so they figured out that instead of focusing their business on aviation only, they have to start turning to the local competitive market to expand their business. In August 2021, AirAsia Ride was officially launched by AirAsia under their super app which aims to provide their passengers a better experience of convenient travel, more competitive prices in the e-hailing market in Malaysia, and provide AirAsia Ride's drivers with better income opportunities (Kan, 2021). However, as the first super app with airlines in the Malaysian e-hailing market, AirAsia Ride still needs time and continuous decision-making to surpass the other leading e-hailing companies. Particularly, the greatest competitor of AirAsia Ride, Grab company is very active in the ASEAN region (Widyatama et al., 2020).

Food Delivery Platform (AirAsia Food)

When the pandemic first outbreak in Malaysia, people are urged to stay home and not to leave their houses unless there is an emergency. The restrictions also include the prohibition of dine-in outside, thereby increasing the use of food delivery platforms. Aiming the purpose to explore more digital businesses and continuous support the local catering industry, AirAsia officially launched an exclusive food delivery platform known as AirAsia Food during the Movement Control Order (MCO) period in May 2020 (Nair et al., 2020). An equivalent rate of 10% by AirAsia Food of the merchant's commissions differentiates them from other food delivery platforms like Grab and Foodpanda which charge 30% of service fees in Malaysia (Dzafri, 2020). From this perspective, AirAsia is not only paving the way for its future development but also helping businesses in the catering industry to survive and remain income in this predicament.

Flight Safety Measures

Since the interior space of an aircraft is sealed, it will increase the risk of spreading the virus. Therefore, AirAsia has implemented a series of safety measures to minimize the spread to protect the safety of passengers and crew. Their preventive measures can be divided into four phases, namely aircraft cleaning, pre-flight, in-flight, and arrival. For example, the aircraft will carry a thorough 2-hours deep cleaning process in accordance with the instructions of the health authorities (Ling, 2020).

Spring Airlines

Opportunities

Spring Airlines took advantage of the company's own strengths to seize the opportunities to recover from financial loss due to COVID-19 Pandemic. Although the companies do have weaknesses that need to minimize, like no baggage allowances and no in-flight entertainment and catering services, the effects of the weaknesses were offset by the massive demand due to the recovery of the tourism market. Customers are more price-sensitive now compared to the past due to the pandemic.

China Domestic Economic Recovery

The pandemic has taken a devastating toll on economies all over the world. Unlike Malaysia, China's better epidemic led to domestic economic recovery. Despite shutdowns causing the output to slump in the early year, the economy grew 2.3% in 2020. This is a credit to strict virus containment measures and emergency relief for businesses. The growth in the last quarter of 2020 picked up to 6.5% (Vaswani, 2021). This growth helped the country's domestic aviation market recover. During the "Tomb-sweeping" holiday in early April 2021, China's air passenger volume recovered to 89% of 2019 levels, continuing a steady rebound since the Spring Festival. What's more, average ticket prices recovered to 96% of 2019 levels during the "Tomb-sweeping" holiday. Load factors averaged 73 percent, up 8 percentage points from 2020, but still down 7 percentage points from 2019 (CAPA, 2021). New aircraft delivered is also a sign of domestic capacity growth.

Policy Incentives

The outlook for the domestic market is quite positive, with ridership, load factors, and fares all on the rise, but the international outlook is bleak as borders remain closed and vaccination rates and effectiveness remain below expectations. However, a so-called “fused measure” provides the opportunity to increase the flights for Airlines’ international services. In fact, it is a reward and punishment system for global airlines. If five passengers on a route into China test positive for COVID-19, the airline will have to suspend the flight for a week under the new CAAC rules that took effect on June 8, 2020. If the number of infected passengers reaches 10, the airline will have to suspend the route for four weeks. It is accompanied by an incentive, Airlines can add flights if they carry zero COVID-19 positive passengers on a route for three consecutive weeks (Horton, 2020).

Government Support

On 4 March 2020, the Civil Aviation Administration announced a series of financial measures to help the aviation industry cope with the impact of the coronavirus outbreak, including direct subsidies to domestic and foreign airlines to resume suspended direct international service. The aim is to support airlines in their fight against the virus and provide financial support to domestic and foreign airlines. All eligible international passenger services on a regular basis will get CNY0.0176 per available seat kilometer for routes run by multiple airlines and CNY0.0528 per available seat kilometer for routes run by one airline (CAPA, 2020). These support measures encouraged airlines to recommence air services. Economic recovery, policy incentives, and government support provide the opportunities, but not all airlines in China seize the opportunity to minimize the loss due to COVID-19. Shanghai-based Spring Airlines, which is the benchmark airline of AirAsia in this research, has emerged as one of the world's fastest-growing airlines in the Novel Coronavirus pandemic. The budget carrier's domestic capacity has increased 1.5 times year on year since the start of the year, with an average load factor of more than 85 percent. “Spring is expected to become the world’s best-recovered airline amid COVID-19,” said Zhou Weihong, deputy general manager of Shanghai Spring Tour. During the eight-day holiday of National Day and Mid-Autumn Festival holiday, the number of domestic passengers taking Spring Airlines flights recovered to 80 percent in 2019, while the number of long-haul flights increased by 30 percent (Shanghai Municipal People's Government, 2020).

Management Strategy to Seize the Opportunities

For its management strategies, Spring Airlines has a centralized organizational structure (Li, 2021). As a private enterprise with centralized control, the decision-making mechanism of the company is efficient and convenient and can adjust its business strategy quickly to cope with the changing market and improve its competitiveness. Besides, it is the first domestic private listed airline company to introduce an equity incentive system in A-shares, sharing development dividends with its employees. This is a positive motivation for its personnel to develop job performance and organizational commitment which in turn create value for their company. In summary, it ensures stable and motivated management and the core technical team, enhancing the sustainability of the company's development.

Operations Management Strategy to Seize the Opportunities
For its operations strategy, Spring Airlines is headquartered in Shanghai, with Shanghai Pudong airport and Hongqiao airport as the main hub bases. Shanghai is one of the major economic, financial, and shipping center cities in China, and its influence radiates to the east Chinese region. Its unique geographical advantage provides a sufficient guarantee for the sustainable development of the air transportation services of the company. In 2019, the two Airports in Shanghai saw a combined 785,000 takeoff and landing flights, with a total passenger throughput of 120 million, ranking at the top of the list. Shanghai Pudong Airport is the second-largest hub airport in China, second only to Beijing Capital Airport (Li, 2021).

Spring Airlines has a considerable fleet size. As of May 2020, the company has a fleet of 96 Airbus A320, including 45 self-purchased aircraft, 1 financial leasing aircraft, and 50 operational leasing aircraft, with an average age of 4.95 years. Among them, 16 A320neo aircraft and 80 A320ceo aircraft. Among them, 61 aircraft have 186-passenger cabin layouts and 35 aircraft have 180-passenger cabin layouts. From 2019 to May 2020, the company introduced a total of 15 Airbus A320neo aircraft, among which 4 were purchased by itself and the remaining 11 were introduced through operational leasing. All of them have a cabin layout with 186 seats. In the two years 2020 to 2021, the company plans to continue to introduce 27 A320 series, excluding the nine expired operating leases during the period, by then the fleet size will expand to 111 aircraft with an increase of 19.4% (Li, 2021). In addition, Spring received its first A321neo in September 2020. This is the next-generation narrow-body Airbus jet, with a larger capacity than other single-aisle airliners. The fleet size makes it possible to seize the opportunity of the domestic aviation market recovery (Shanghai Municipal People's Government, 2020).

Spring Airlines also has its cost control strategy. Through the single-model flight, the A320 series, the company can reduce the management cost of aircraft procurement, maintenance, and storage, and reduce the difficulty of maintenance engineering management. Through the compact layout of the single class, it can increase the number of seats and dilute fixed costs. Thanks to the single-model and compact layout of the single class, when it is the case of fleet expansion and capacity increase, the company can always maintain a high passenger load factor level, which is 90.8% in 2019 and 72.5% in 2020Q1, ranking firmly at the top of the industry in China. On the premise of ensuring flight safety, the company takes advantage of differentiation and positioning of marketing strategy to make more use of extended flight hours, thus increasing the number of daily flights improving the utilization rate of aircraft, and diluting fixed costs. In addition, through the sale of special tickets and other promotional activities to attract a large number of passengers booking tickets on the company's website. The company's e-commerce direct sales channels accounted for 91.9%, effectively reducing sales costs. The company is the only Chinese Airlines that have independent distribution, seat reservation, settlement, departure, middle, and background core operation management system, which avoids high GDS usage fees and agent commissions and saves a lot of sales expenses for the company every year (Li, 2021).

Operations Management Strategy to Eliminate the Threats
To reduce the threat of loss of international routes during the pandemic, Spring Airlines redeployed a large number of international routes to domestic routes to

improve aircraft utilization and offset the loss of international routes due to the outbreak loss. According to the data of Spring Airlines' domestic flight time increment in the summer or autumn season in 2020, the total domestic flights of Spring Airlines increased significantly to 2,902 flights/week, a 45.8% increase compared to the winter/spring season of 2019, a 39.9% increase compared to the summer/autumn season of 2019. In the summer and autumn seasons of 2020, Spring Airlines will make a total of 1,174 domestic flights per week from Shanghai Airport, accounting for 40.5% of the total domestic flights and 0.9% higher than that of the previous season (Li, 2021).

Marketing Strategy to Eliminate the Threats

For its marketing strategy, Spring International airlines focus on key international services to Japan, South Korea, and Southeast Asia. It takes Osaka in Japan, Bangkok in Thailand, and Jeju in South Korea as major overnight overseas stops based on its major domestic bases and destination networks. Since 2014, the number of outbound tourists and expenditure on outbound tourism in China has steadily ranked first in the world, and the trend of Chinese residents shifting from domestic to outbound tourism has become increasingly prominent. Japan, South Korea, Singapore, Malaysia and Thailand, and other Southeast Aisa countries have remained in the TOP 10 of China's most popular outbound tourism destinations (Li, 2021). As of 2019, the company has 69 international routes, accounting for 32.9% of the total routes. This focus not only avoids the burden of other international routes but also uses the policy of the fused measure to increase the market share of Asian international routes during the COVID-19 Pandemic.

To eliminate the threat of fierce competition in the domestic market, Spring Airlines implemented a differentiated competition strategy with traditional airlines. It expanded its business to the second-tier and third-tier cities in the past two years to build a more diversified route network and base structure. Since 2019, the company has invested new capacity in Lanzhou and Xi'an airports, which serves as the basis for exploring the market in the northwest region (Li, 2021).

RESEARCH METHOD

The researchers used a qualitative method that allowed us to easily achieve the objectives and obtain effective solutions to this research question of how AirAsia survived the Covid-19 pandemic. A SWOT analysis obtained from secondary data was conducted to identify the company's strengths, weaknesses, threats, and opportunities that the company could seize to improve its current financial position, organizational performance, and competitiveness, both internally and externally to the company. To verify and realize the feasibility of the solutions, this study discusses in detail the strategies and decisions implemented by the company. Other than that, the researchers also provided AirAsia with some effective recommendations to cope with the complexity, fluidity, and uncertainty of the current business environment.

After completing the SWOT analysis, the researchers decided to conduct a literature review in order to realize and understand the existing studies and debates related to this research topic. In addition, the researchers obtained secondary data from AirAsia's website to get more information and knowledge about AirAsia, typically the other business directions that AirAsia took during the pandemic like financial condition, promotional activities, organization performance, and the solutions they took to reduce the negative impact of the pandemic on their business through financial strategies, marketing strategies, and operations management strategies. The same methods were also used for Spring Airlines. Additionally, the researchers collected journal and Internet materials on the impact and actions taken by AirAsia during the Covid-19 pandemic. In a nutshell, the researchers conducted data collection, and descriptive analysis to analyze the data and perform test evaluations to produce a research report.

RESULTS

SWOT Analysis

Table 1. AirAsia's SWOT Analysis

STRENGTH	WEAKNESS
• Low-cost airline • Freight chain • Strong promoter • Awards • Large fleet size	• Financial losses during the pandemic • Low profit (Challenges in balancing service quality with pricing) • Many complaints from customers that the flights are always delayed or canceled
OPPORTUNITIES	THREATS
• Business digitalization/digital business • New online platforms and services (home delivery of Santan Restaurant) • Positioned as a major low-cost carrier in Southeast Asia	• Competition • Rely on other markets to reduce their financial loss during the pandemic • Pandemic safety concern

Table 2. Spring Airlines' SWOT Analysis

STRENGTH	WEAKNESS
• China low-fare airline • Centralized organizational structure & Equity incentive system • The main hub is based in Shanghai • A considerable fleet size • Single-model flight to control cost • E-commerce direct sales channels • Focus on key international services	• No bag allowances • No in-flight entertainment and catering strategies
OPPORTUNITIES	THREATS
• China Domestic Economic Recovery	• Fierce competition in the domestic market

• Increasing the customers • Policy incentive • Government support	• Loss of international routes until the pandemic

The researchers found that, unlike Spring Airlines which could grasp the opportunity of China's domestic economic recovery, the business of passengers carrying air transport by AirAsia continues to be negatively affected by the nation's control measures due to the COVID-19 pandemic. What's worse, the epidemic doesn't seem to cease anytime soon. Thus, if AirAsia cannot formulate a strategy properly, its financial performance would continue to deteriorate. According to these findings, the company could seize the opportunities via marketing and operation strategies based on its own strengths and weaknesses.

Digitalization & Redesigning Business Portfolio
Investment in digitization in recent years has provided the foundation for AirAsia's digital transformation which has made it possible for the company to redesign its business portfolio to respond to COVID-19. The epidemic and travel restrictions have greatly reduced the number of passengers, and airlines that rely solely on passengers carried air transport for operating profit are facing the threat of bankruptcy. Proper analysis of the current business portfolio and redesigned to fit the strengths and weaknesses of the company are the ways to develop strategies to expand the businesses which are booming during the pandemic. For example, e-commerce, logistics, and food delivery have catered to overwhelming customer demand and supported the critical need to transport medical aid and necessity goods in response to the global pandemic (AirAsia Group Berhad, 2021a). This provides considerable opportunity for AirAsia which has already begun its digital transformation.

Human Resource Management & Digital Talent
Everyone knows how important digital transformation is for companies to survive the COVID-19 pandemic. Also, a dearth of local digital talent is viewed as an obstacle to digital transformation, especially during the epidemic period when travel is difficult. Thus, a proper human resource management strategy is crucial. AirAsia could introduce a digital training program to build a tech talent pipeline. Now that many aircraft have been grounded, the training resources used to train for passenger carried transport can be used as resources for digital training. Also, collaborating with superior-tech partners is the key to success.

Partnership management & Business Ecosystem
It is difficult for a single-handed company to survive during the COVID-19 pandemic. Thus, strategic partnership management is vital. As mentioned earlier, AirAsia has already expanded its business portfolio to respond to COVID-19. This cannot be done without partners in relevant areas. For example, Teleport may move cargo on third-party freighters since it is a broader growth strategy in addition to its core AirAsia network (AirAsia Group Berhad, 2021d). A rich business ecosystem is an effective solution to the uncertain business environment.

Cost management & Cross Department Deployment
From the analysis of Spring Airlines, its greatest strategic success is to control costs during the COVID-19 pandemic, which helped the company reduce financial losses. It is a good choice to replace passenger aircraft with cargo aircraft during

this special period, which can maximize the profit of the logistics business to offset the loss incurred from passenger carried air transport. Reduction in headcount is another way to control the costs. Fewer employees would encourage cross-departmental deployment of personnel, which could help to build and improve internal capabilities and efficiency (AirAsia Group Bhd, 2021).

Preparing for the Economic Recovery
With the increase in the vaccination rate, the epidemic situation is gradually improving. In other words, the demand for travel will be expected to have a dramatic rebound. Preparing for this situation is strategically important to increase the market share in the business competition of the post-epidemic era. This is how Spring Airlines have a leading performance in the Chinese market during the economic recovery. As a Low-cost airline, AirAsia has strengths and advantages, however, it still needs to develop a proper operations strategy. It can be achieved through increasing the flights and thus improving the utilization rate of aircraft to dilute fixed costs and ultimately lower the price to increase competitiveness.

DISCUSSION

Digitalization & Redesigning Business Portfolio
In response to customer needs during the epidemic, AirAsia's digital transformation has gradually been on track. According to AirAsia's financial results for the first quarter of 2021, they recorded a revenue amount of RM298 million, which is an increase of 12% quarter-on-quarter, but a decrease of 87% year-on-year. Nevertheless, AirAsia's aviation revenue had fallen by 91% year on year, while its non-aviation revenue fell by 36% year on year. In fact, AirAsia Super App increased by 45% year-on-year to RM10 million. BigPay reduced its EBITDA losses by 38% year on year. Meanwhile, Teleport had achieved a positive EBITDA of RM3 million during the pandemic with the border closure and the decline of its cargo capacity (AirAsia Group Berhad, 2021a).

Human Resource Management & Digital Talent
In 2020, AirAsia officially launched Redbeat Academy to encourage its employees to be trained in digital skills to help them achieve the transition from classic airline operations to digital businesses during the pandemic (AirAsia Group Bhd, 2021). As of 2020, more than 1,200 employees have participated in various courses organized by the Redbeat Academy and more than 500 of them have successfully graduated. Even though most of them are not having experience in any technical or IT-related positions in AirAsia, they still join it actively as they realize that acquiring digital-related skills is vital for their company's transition to digital businesses.

Partnership management & Business Ecosystem
In November 2020, Teleport has formed a cross-border delivery partnership with Cainiao which is a logistics arm of Alibaba. This partnership will mainly deliver the orders made on Alibaba's e-commerce platforms, namely, Tmall and Taobao (Carvalho, 2020). It is reported that Tmall held the biggest promotional event in November in the year 2020, and a pure cargo flight consisting of only Tmall's orders had departed from Shenzhen, China to Kota Kinabalu, Sabah (Lam, 2020). Based on the financial results of AirAsia in the fourth quarter of 2020, Teleport was

not affected by the border closure caused by the epidemic in that quarter, but still achieved a positive EBITDA of RM17 million because of its expansion in logistics.

Cost management & Cross Department Deployment

Based on the financial results for the third quarter of 2021 shows that AirAsia's cost control measures have played a positive role. This can be seen when AirAsia's expenses in operations have reduced at a rate of 65% year-on-year meanwhile the fixed costs have dropped by 23% year-on-year and 15% quarter-on-quarter. In addition, AirAsia's rationalization of the number of employees, voluntary salary reductions, and attritions have reduced their staff costs by 38% year-on-year and 4% quarter-on-quarter (AirAsia Group Berhad, 2021d). Besides, most of the Allstars (AirAsia's employees) were reassigned to the Customer Happiness Group to deal with the massive increase in customer service calls due to temporary changes in flights and cancellations (AirAsia Group Bhd, 2021).

Preparing for the Economic Recovery

In October 2021, the Prime Minister of Malaysia stated that the country will officially allow interstate and international travel after reaching the target of more than 90% of the country completing their vaccination. AirAsia's executive stated that its first flight from Kuala Lumpur to Langkawi on the first tourism day was 100% full for the first time since the pandemic outbreak. Then, AirAsia also announced that they will resume back the 90 weekly flights to and from Langkawi departing from Kuala Lumpur, Penang, Johor Bahru, Ipoh, and Kota Bharu (AirAsia, 2021b). Therefore, it can be seen that this is the best opportunity for AirAsia to increase their local flights back during the tourism recovery plan period as other tourist attractions will also be opening soon.

CONCLUSION

AirAsia Group Berhad has been suffering huge financial losses due to the COVID-19 pandemic, which threatens not only the company itself but also its shareholders, stakeholders, and local economy. Everyone knows that the causes of financial losses are very complicated. However, after conducting this research, the researchers found that there are effective marketing and operation strategies AirAsia could use to seize the opportunity and then deal with the financial loss due to the impact of covid-19. Specifically, the researchers set Spring Airlines as the benchmark and conduct an in-depth SWOT analysis to identify the opportunities the company could take based on its own strengths and weaknesses. The company could take advantage of its digitalization transformation to redesign its business portfolio. Also, AirAsia should improve its human resource management to build a tech talent pipeline. Besides, proper partnership management is crucial to building its business ecosystem to deal with uncertainty. In addition, replacing passenger aircraft with cargo aircraft and cross-department deployment are good cost management tactics. Lastly, as a low-cost airline, improving the utilization rate of aircraft to prepare for economic recovery is strategically important to increase the market share in the business competition of the post-epidemic era. These solutions are verified by its implementation of measures and a better financial situation in the first quarter of 2021. The researchers recommend that AirAsia apply, improve and upgrade its information systems to enable it to leverage more advanced technologies to drive faster channel identification and processing, leverage resource management and situational awareness, optimize the use of resources, and increase automation to anticipate future situations and the best course of action to take. AirAsia should apply hyper-automation platforms to improve the ecosystem as a way to facilitate human interaction, increase efficiency, reduce costs, improve responsiveness to external influences and reduce the company's financial losses to unforeseen events such as the Covid-19 pandemic. AirAsia should continue to invest in technology that provides self-service capabilities so that passengers can cancel, reschedule and rebook their tickets without having to call customer service. Future research directions can be based on these findings and strategies that AirAsia is using and attention can be paid continuously to the impact of these strategies on the financial situation of the company. This can help AirAsia quickly adjust its strategy to recover from the pandemic and cope with the more volatile business environment in the post-pandemic era.

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