

Top global airlines lose over USD 35b in brand value

A Monitor Report

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New York : The total brand value of the world's top 50 most valuable airlines has decreased by a third, from USD 108.6 billion in 2020 to USD 72.9 billion in 2021, showed the latest Brand Finance Airlines 50 2021 report.

The aviation industry is one of the most highly affected by the coronavirus pandemic as global travel is at a standstill since the beginning of last year.

While airlines are forced to ground many of their fleets and cut flights down to low capacity, brands are struggling with depleting cash reserves and a dependence on government or state support.

The International Air Transport Association (IATA) has forecast that the sector will not make a full recovery to pre-pandemic levels until 2023 or 2024.

According to Brand Finance's analysis, low-cost airlines are expected to make a quicker recovery than their full-service counterparts. Both, however, will be depending on the continuous speedy and successful rollout of vaccinations worldwide, as well as the effective control of new variants emerging.

Business travel is anticipated to remain stagnate, while leisure travel is most likely to lead the recovery across the industry.

Savio D'Souza, Valuation Director, Brand Finance, said, "As predicted, airline brands have had a turbulent ride since the outbreak of the pandemic, with brand values plummeting across the board. With recovery closely tied to vaccination rates, we will likely witness short-haul flights and airline carriers rebound quicker compared

to long-haul. Airlines that successfully manage to fly through the economic storm of the pandemic and protect their brands, are likely to be more resilient and perform better as we return to normality."

American airline brands, Delta (brand value USD 5,770 million), American Airlines (USD 5,336 million), and United Airlines (USD 5,003 million) have retained the top three spots in the Brand Finance Airlines 50 2021 ranking. With all three brands exposed to the same business conditions throughout the pandemic in the US, their respective brand values have taken a similar hit, losing between 38 per cent and 40 per cent.

There are three new entries into the ranking this year: Saudia (brand value USD 506 million) in 39th; Jetstar (brand value USD 360 million) in 49th; and Avianca (brand value USD 356 million) in 50th.