

Airbus vs Boeing Case Study

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Airbus vs. Boeing (O): Aiming towards Carbon-Free Flying (June 2023)

In June 2023, as the Paris Air Show was wrapping up, aviation analysts remarked on the resurgence of demand for aircraft after suffering all-time lows throughout COVID-19.¹ Marking the first in-person air show since 2019, Airbus broke records with the largest order of all time, 300 A320neo planes for IndiGo.² Combined, Airbus and Boeing received 1,100 orders during the show, split 830 for Airbus and 270 for Boeing.³ See Exhibit 1 for orders and deliveries and Exhibit 2 for financial highlights.

Utmost on the minds of many air show attendees was exactly how both companies would be able to produce and deliver the planes given supply chain disruptions as a lingering effect after COVID-19.⁴ Airbus was keeping buffer inventory to mitigate against supply chain problems and had increased the number of staffing resources in the procurement department to deal with the complexity.⁵ Airbus had doubled its production facility in China where it made A320s for Chinese airlines despite political pressure from the US to shift sensitive technologies away from the country.⁶

In addition to supply chain woes, Boeing was still amidst a multi-year recovery after the 737 MAX disasters. The 737 MAX was certified to fly again in late 2020 in the US and January 2021 in Europe.⁷ In January 2021, Boeing was charged with conspiracy to defraud the Federal Aviation Administration (FAA) and agreed to pay \$2.5 billion in a settlement of which \$500 billion was destined for crash-victims' families and beneficiaries.⁸ In February 2022, an expose documentary, *Downfall: The Case Against Boeing* was released on Netflix recounting the details of the 737 MAX crashes and highlighting missteps with quality control in pursuit of greater production speed and profit.⁹ Later, in September 2022, Boeing was ordered to pay \$200 million to the US Securities and Exchange Commission for misleading investors about the risks of the 737 MAX.¹⁰ By June 2023, Boeing's CEO, Dave Calhoun, talked about the company recovering from both the 737 MAX crisis and COVID-19 and hinted at the possibility of a new plane for the mid-2030s in collaboration with NASA.¹¹

Decarbonizing of the Skies

Looking further afield, one analyst declared the aviation industry was "in the midst of the most significant technology transition since the beginning of the jet age," citing opportunities for players to decarbonize aviation.¹² The industry had put forward a goal of being carbon-neutral by 2050.¹³ While

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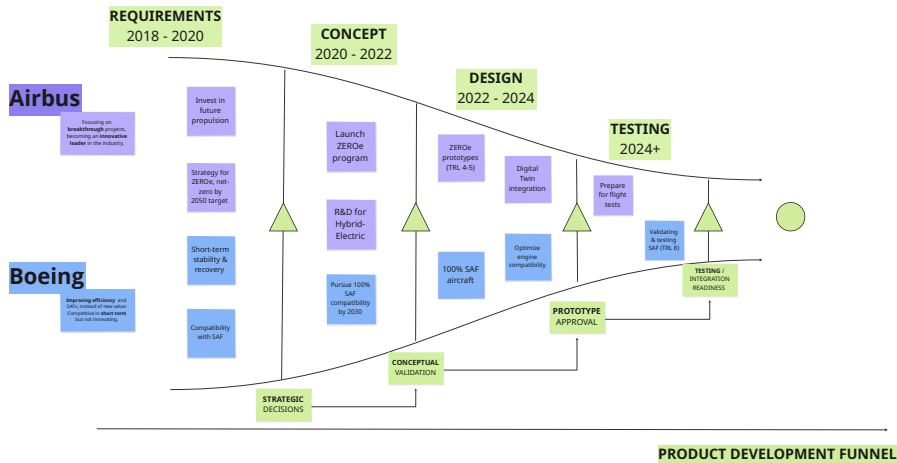
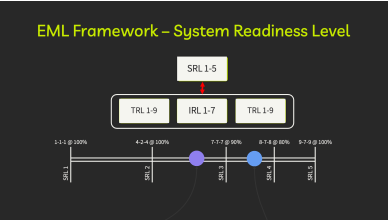
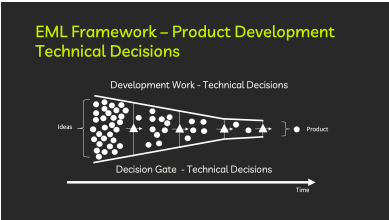
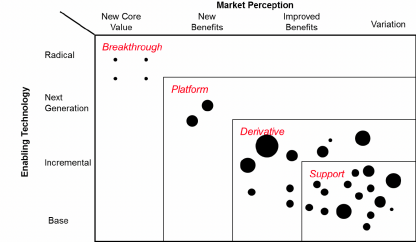
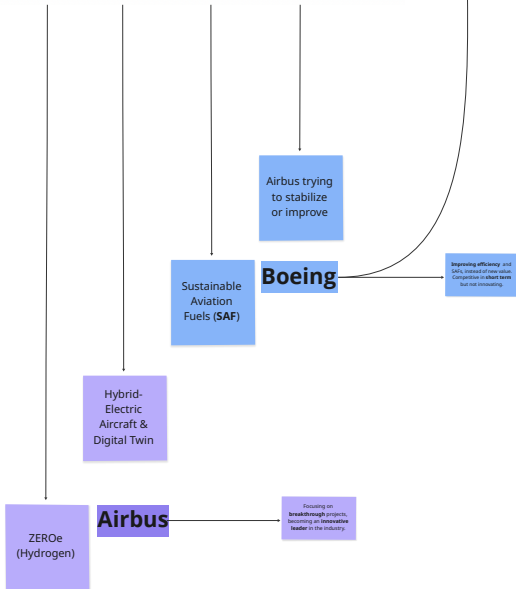


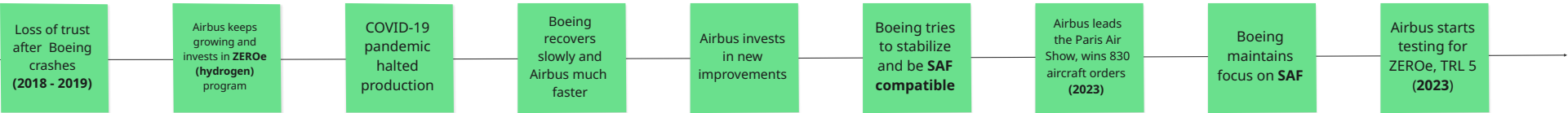
Figure C Defining and Mapping Different Types of Development Projects



Source: CaseWestern.



Events



2020 - 2022

