

SoC1164

## The Pandemic's Impacts across Industries

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The coronavirus and the coronavirus-disease-2019 (covid-19) pandemic are affecting the global economy and industries in myriad ways. A growing economic crisis is challenging businesses and creating great uncertainty going forward. Although the covid-19 pandemic is challenging all businesses, the significant societal shifts the pandemic is causing are creating opportunities for some organizations.

The hospitality, tourism, and travel industries were some of the first industries to experience strong negative impacts from the spread of the coronavirus. Travel advisories quickly turned into travel bans and immigration restrictions. Within a few weeks, air travel—particularly international air travel—decreased in an unprecedented way. In the United States, the Transportation Security Administration (US Department of Homeland Security; Washington, DC) reported that the number of air travelers on 8 April 2020 was 96% lower than the number of air travelers on the equivalent day in 2019. Estimates suggest that the covid-19 pandemic has resulted in a 60% decrease in global flight traffic. Airlines now face challenges in preparing hundreds of planes for long-term storage and finding places to park thousands of planes for months.

Airline-traffic declines, lockdown measures, and widespread remote work are affecting the global oil and energy industries. Many oil producers continued strong production even as the impacts of the covid-19 pandemic began to diminish demand, which resulted in an oversupply of oil. Companies are moving excess oil supplies into storage facilities, but some regions have minimal access to storage. In what is a historic event (albeit an artifact of commodities investment), West Texas Intermediate (a grade of oil that sees use as a benchmark in pricing oil)

crude-oil-futures contracts for May 2020 delivery went negative, closing at -\$37.63 per barrel on 20 April 2020. And early in the pandemic, the Organization of the Petroleum Exporting Countries (OPEC; Vienna, Austria) was in a price war with Russia that kept oil production up and lowered oil prices. This price war threatened many US shale-oil producers. More recently, Russia, OPEC, and other oil producers reached a deal to cut back oil production. Oil producers also face long-term uncertainty as some countries choose to invest in green energy as part of economic-recovery efforts. For example, the European Union has committed to making its economic-stimulus plans green and digital.

The covid-19 pandemic is also having significant impacts on the automotive industry.

Delays in shipments of parts and components are disrupting the just-in-time method in use in automakers' manufacturing operations. For example, very early on in the pandemic, a lack of parts from suppliers

in China resulted in Hyundai Motor Group's (Seoul, South Korea) suspending operations at its massive Ulsan, South Korea, industrial complex, which comprises five factories and manufactures 1.4 million vehicles every year. Other automakers have had to shut down manufacturing facilities because of regional lockdown measures. And although automakers are anxious to restart their assembly lines, the continuing economic uncertainty the pandemic has caused appears to be reducing vehicle sales significantly. Some automakers reported that new-vehicle sales were between 40% and 50% lower in March 2020 than they were in March 2019. Continuing economic uncertainty and unemployment could prolong the slump of new-vehicle sales. In response, automakers are beginning to adjust financing

*The societal shifts the pandemic is causing are creating opportunities.*

terms by, for example, lowering interest rates and lengthening loan terms.

Companies in most industries are struggling during the covid-19 pandemic; however, companies that provide digital services and platforms are mostly continuing their ongoing businesses, and some such companies are even thriving. The rapid shift to employees' working from home has forced many companies to expand their use of collaboration tools significantly, resulting in colossal increases in the number of subscriptions to and the use of collaboration tools and services from companies such as Zoom Video Communications (San Jose, California), Slack Technologies (San Francisco, California), and Microsoft (Redmond, Washington). Companies that provide online-learning platforms—for example, Coursera and Khan Academy (both Mountain View, California)—have reported significant increases in their platforms' use as schools around the world remain closed and students must stay at home. Streaming services and other online-entertainment platforms have also seen increases in use and revenue.

Digital platforms for e-commerce and local grocery and meal delivery are also seeing substantial increases in use because of the covid-19 pandemic. Amazon.com (Seattle, Washington) has struggled to convince customers to use its grocery-delivery business for some time but is now benefiting from a huge surge of people who suddenly need grocery delivery. Amazon and other grocery-delivery-service providers are actually struggling to meet the huge spike in demand and looking to hire new contractors quickly. Similarly, meal-delivery-service providers such as Grubhub (Chicago, Illinois) and DoorDash (San Francisco, California) are seeing massive increases in sales volumes as in-restaurant-dining bans remain in place and residents must remain at home as

much as possible. However, increased use of meal-delivery services is also raising awareness about the high fees the service providers charge restaurants (often 20% to 30% of the cost of each order). Several cities—including San Francisco, California, and New York, New York—are considering capping or have already capped these fees to between 5% and 15% of the cost of each order during the pandemic to minimize the services' negative impacts on restaurants.

The impacts of the covid-19 pandemic and their economic effects are too numerous to list in detail, but they are affecting every company and industry in some way. As the pandemic continues, additional impacts emerge. The rapid switch in food-consumption habits—people's switching from eating meals from restaurants and other commercial kitchens to eating home-cooked meals—is straining the food-supply chain. Many farmers are having to dump staggering amounts of produce and milk because commercial demand has dropped and packaging facilities are at capacity. Some professional-sports organizations are trying e-sports alternatives to real-world sports events that cannot take place because of the pandemic. For example, Formula One (Liberty Media Corporation; Englewood, Colorado) and the National Association for Stock Car Auto Racing (NASCAR; Daytona Beach, Florida) are broadcasting e-sports competitions in which professional drivers compete in virtual races. Animal shelters are quickly emptying as people who are stuck at home rush to adopt and foster animals. And cities such as Paris, France, and Oakland, California, are leveraging the current reduction in vehicle traffic to close some streets to vehicles completely, thereby giving bicyclists and pedestrians more space for social distancing. Companies will face a variety of new challenges as governments begin permitting businesses to reopen with new operational rules.

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