Brand Doctor

Brand Check-up

Boeing

As of April 9, 2024

Status: Bleeding

Boeing's brand promise is safety, and a second safety failure within five years has turned a production problem into a trust problem that new leadership must repair.

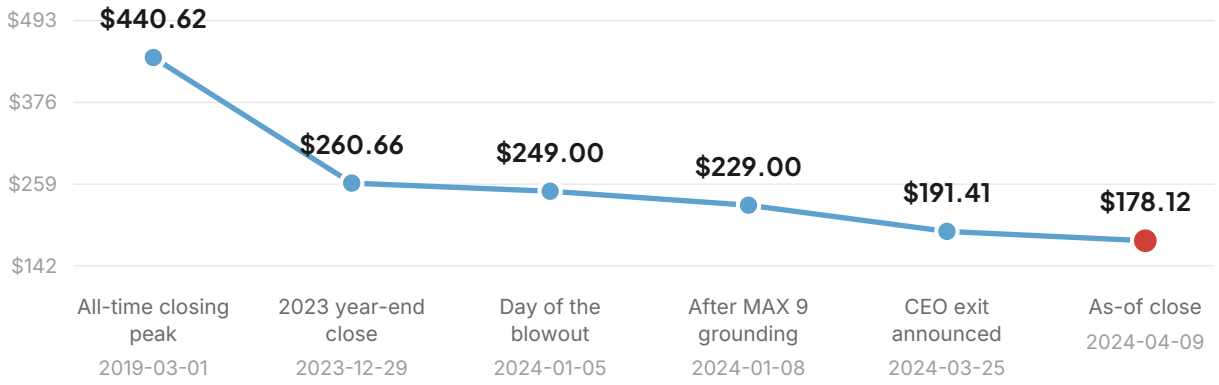
About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on April 9, 2024. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [1, 6, 5]



Share price

$178.12

Close, April 9, 2024 [1]

Change in 2024

-31.7%

From the $260.66 close on Dec. 29, 2023 [1]

Change from peak

-59.6%

From the $440.62 close on March 1, 2019 [1]

Revenue, 2023

$77.8 billion

Full year to Dec. 31, 2023; net loss of $2.2 billion [4]

Commercial deliveries, Q1 2024

83

Down from 130 in the first quarter of 2023 [2, 3]

Net trust, U.S. adults

9 points

Morning Consult, February 2024; down 16 points since December 2023 [11]

Timeline

2018-10	Lion Air Flight 610, a 737 MAX, crashes shortly after takeoff in Indonesia. [9]
2019-03	Ethiopian Airlines Flight 302, a 737 MAX, crashes; the two crashes killed 346 people and the MAX is grounded. [9, 10]
2021-01	Boeing agrees to pay over $2.5 billion under a deferred prosecution agreement with the U.S. Justice Department. [9]
2024-01-05	A door plug blows out of Alaska Airlines Flight 1282, a 737-9 MAX, shortly after takeoff from Portland. [8]
2024-01-06	The FAA grounds about 171 Boeing 737-9 MAX aircraft. [6]
2024-01-24	The FAA says it will not approve any expansion of 737 MAX production until quality problems are resolved. [6, 7]
2024-02-06	The NTSB preliminary report says four bolts that stop the door plug moving upward were missing. [8]
2024-02-28	The FAA gives Boeing 90 days to produce an action plan to fix its quality problems. [6]
2024-03-25	Boeing announces CEO Dave Calhoun will step down at the end of 2024; the board chair will not stand for re-election and the Commercial Airplanes head will retire. [5]
2024-04-09	Boeing reports 83 commercial deliveries for the first quarter, down from 130 a year earlier. [2, 3]

Symptoms

- Share price down about 32% from the 2023 year-end close by April 9, 2024
- About 171 737-9 MAX aircraft grounded, then a regulatory halt on production expansion
- First-quarter deliveries of 83 commercial aircraft, down from 130 a year earlier
- Net trust among U.S. adults down 16 points between December and February

- Travellers using Kayak's aircraft filter to screen out 737 MAX flights

Diagnosis

1 Quality fell behind production

The NTSB's preliminary report found four door-plug bolts missing, and in January the FAA refused any expansion of 737 MAX production. An FAA audit of the production line then found Boeing failed 33 of 89 product audits, the New York Times reported, with non-compliance in manufacturing process control, parts handling and storage, and product control. [13, 6, 8, 7]

2 A repeat failure on the same aircraft family

The 2018 and 2019 737 MAX crashes killed 346 people, grounded the jet for 20 months and led to a deferred prosecution agreement worth over $2.5 billion. A second failure within five years makes the problem look like a pattern rather than bad luck. [9, 10]

3 Quality control spread across the supply chain

Boeing's fuselage supplier, Spirit AeroSystems, failed seven of 13 FAA product audits. On March 1, 2024, Boeing confirmed preliminary talks about making Spirit "a part of Boeing again." [13, 15]

4 Leadership credibility used up

On March 25, 2024, Boeing said CEO Dave Calhoun would step down at the end of the year, board chair Larry Kellner would not stand for re-election and Commercial Airplanes head Stan Deal would retire. Leadership change signals accountability, but it does not by itself show that the factory has changed. [5]

Prognosis

As of April 9, 2024, Boeing has a full order book and a damaged name. Its Commercial Airplanes backlog stood at $441 billion at the end of 2023, so airlines still need its aircraft. The risk is slower: a regulator that will not allow more output, deliveries that lag and passengers who look for ways to avoid the MAX. Watch the action plan the FAA asked for within 90 days of February 28, the first-quarter results due on April 24, the choice of the next chief executive and whether deliveries recover without new quality findings.

Treatment

- Let quality data, not delivery targets, set the pace of 737 production, as the chief financial officer signalled in March.
- Publish the FAA action plan in plain language and report a short set of quality measures every quarter next to deliveries.
- Bring critical supplier work under closer control, whether through the Spirit AeroSystems talks or tighter oversight.
- Choose a next chief executive who can be judged on those quality measures, and hold back brand advertising until the fixes are visible.

Lessons for growing companies

Operations are the brand

Customers judge your promise by what you deliver, not what you say. Put quality measures on the same dashboard as growth targets.

Measure trust directly

Sales and search demand can hold up while trust falls. Track trust with regular surveys so you see damage before it reaches revenue.

A second apology costs more

Customers may forgive one failure. A repeat of the same failure becomes a pattern, so fix the cause, not the headline.

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About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

Find out where your marketing is bleeding.

Brand Doctor runs the same check-up on your marketing. Book a free diagnosis at brandmd.ca/contact.

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