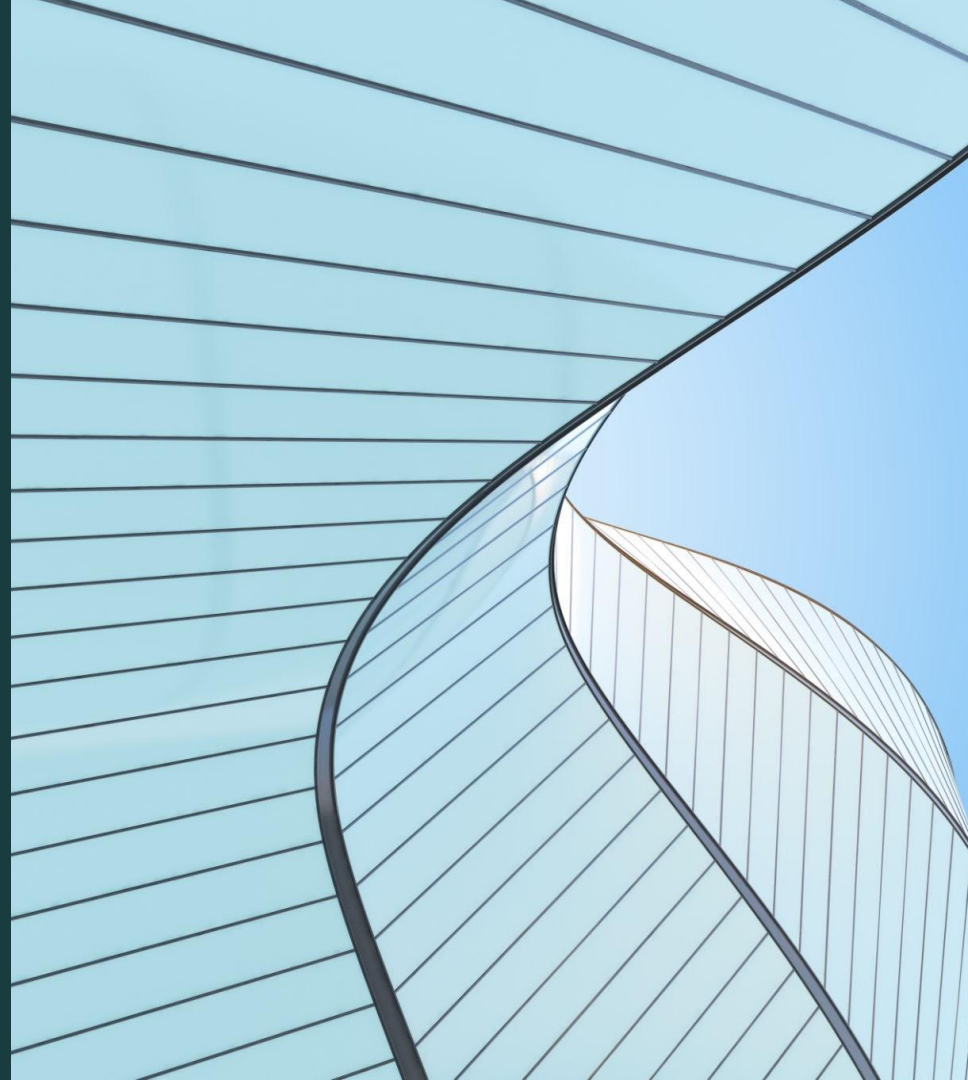


BUDT758W - Team 10
September 30th, 2025

Airline Carrier Investment

Looking into the airline market, figuring out the best
company to invest in for the future.



Content *overview*

Introduction →

Data Exploration →

Findings and Insights →

Conclusion →

Q&A →

Introduction

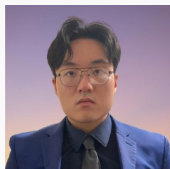


Do you bet on **legacy strength**?

.....or **disruptive growth**?



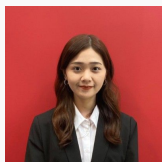
The Business Analysts



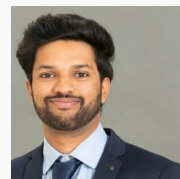
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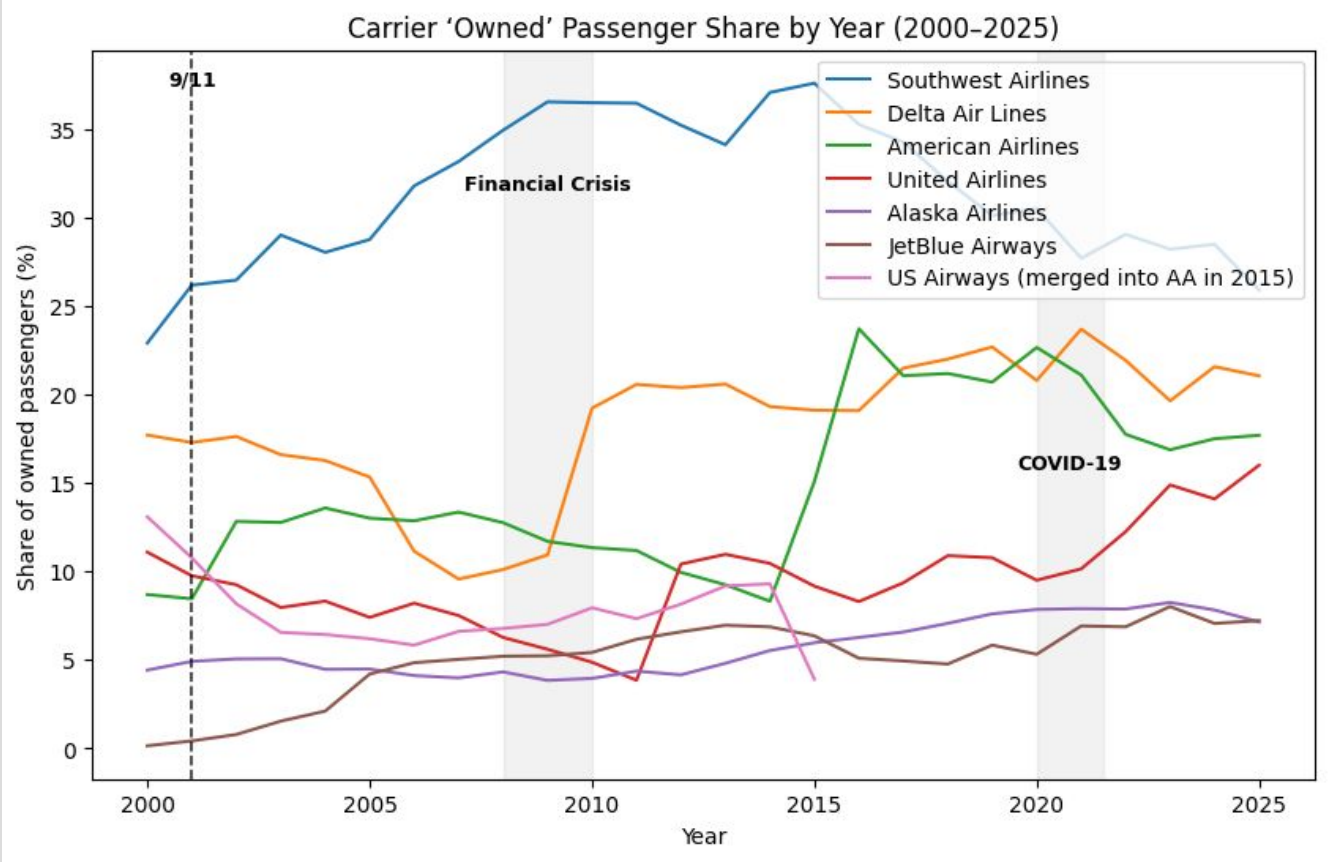


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This isn't about who flew the most – it's who *owned* passengers. And ownership is where investor value is created.



Data Exploration

Data Overview

Dataset

Report covers 1,000 largest city-pair markets in the 48 contiguous states

01

Metadata

1996 – 2025 Quarterly data

117K rows

Lists number of one-way passenger trips per day, nonstop distance, average market fare, and average fare for both airlines

02

Data Cleaning

Standardized airline code and city names

Created new columns

Added routes

Normalized time definitions

03

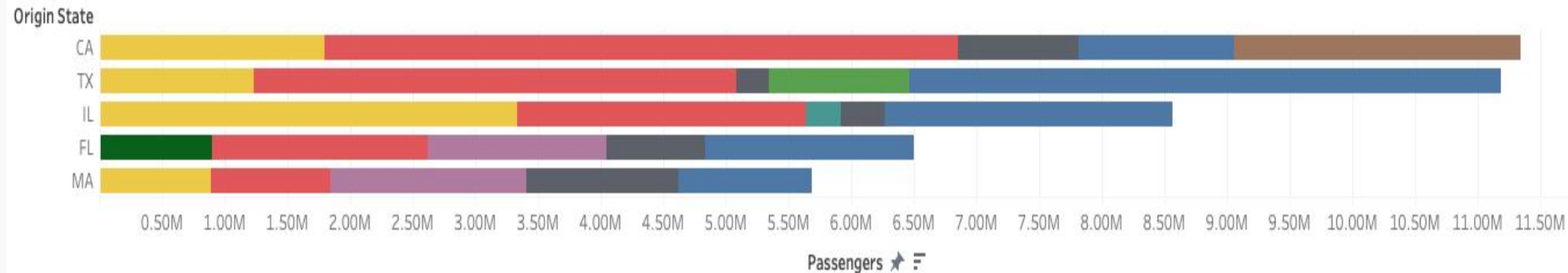
Supplemental

Full dataset of Contiguous State City-Pair Markets

Full Segment Summary by Each Carrier

04

Five states dictate the flow of America's skies— Are you invested where it matters?

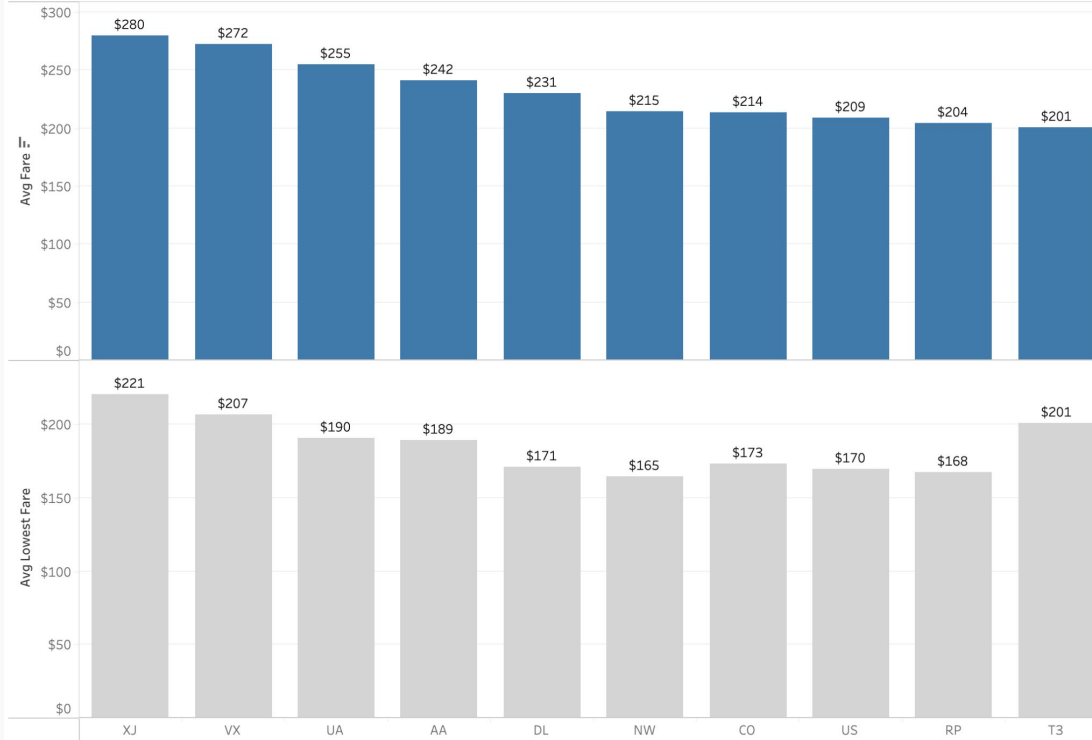


Largest Share Carrier

- Alaska
- American
- Continental
- Delta
- JetBlue
- Northwest
- Southwest
- United
- US Airways

Market Strength and Pricing Power

Top 10 Airlines by Average Ticket Fare



- **SkyWest (XJ)** achieves higher average fares because their low-volume routes often lack effective competition, creating local monopolies or duopolies.
- **Virgin America (VX)** was acquired by Alaska Airlines, and was famous for its high-service and high-fare model, focusing on coast-to-coast leisure and business travel.
- **The Legacy Three (UA, AA, DL)** occupy the strong mid-to-high range. Their average fares are dragged down by the massive volume of competitive routes (e.g., Florida-NYC, LAX-SFO) where they are forced to price closer to low-cost rivals.

Findings and Insights

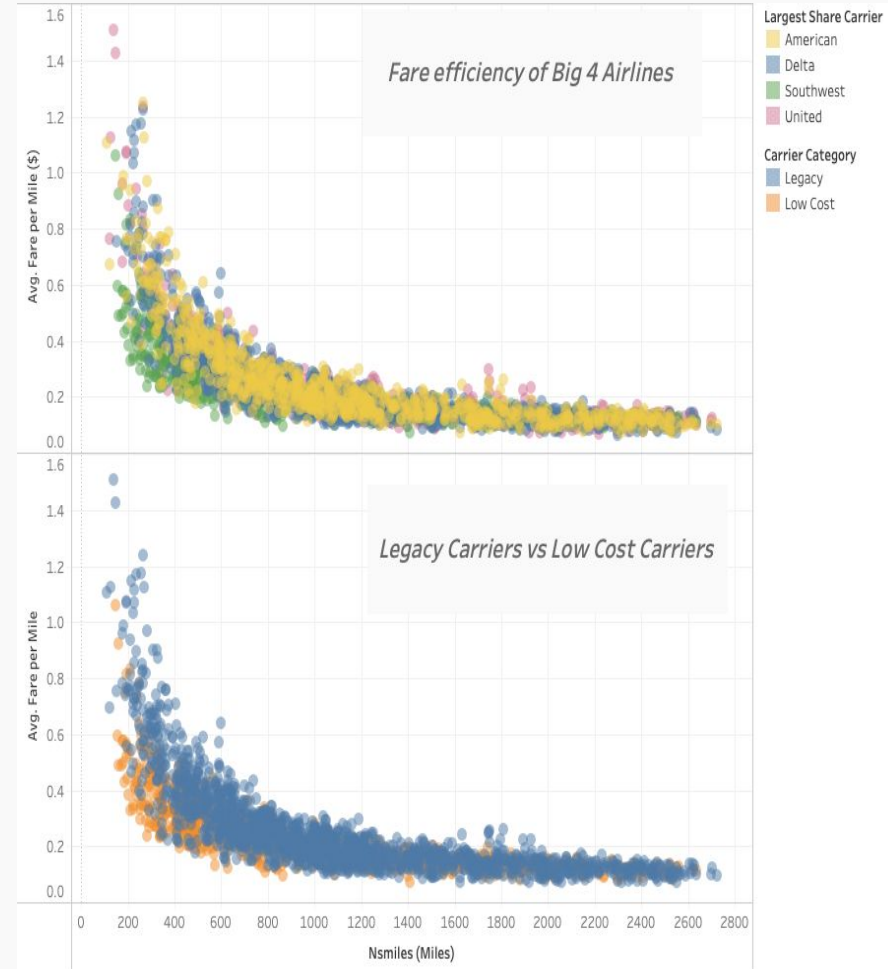
Short Flights Are Disproportionately Expensive per Mile

Big 4 Airlines

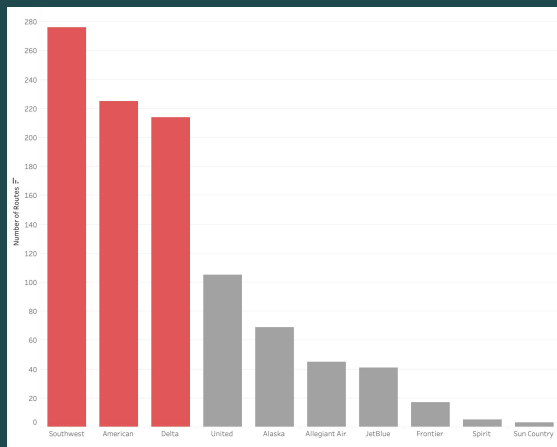
- Big 4 dominate ~80% of U.S. market
- Southwest drives low fares, esp. short-haul
- United keeps a premium edge

Legacy vs Low Cost

- Legacy = higher fares per mile (<500 mi)
- Low-cost = cheaper, gap closes on long-haul

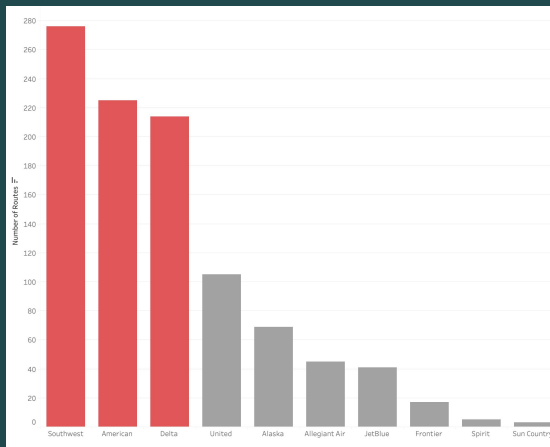


Route Dominance Over Time



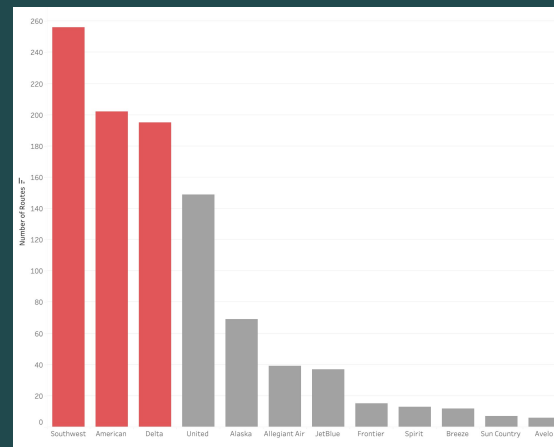
2008

Financial Crisis



2020

Covid-19 Global Shutdown



2025

Modern Day

Average Load Factor



Legacy airlines are the most resilient. They dominate in efficiency and bounce back strongest

Low-Cost carriers are competitive. They remain efficient but not leading.

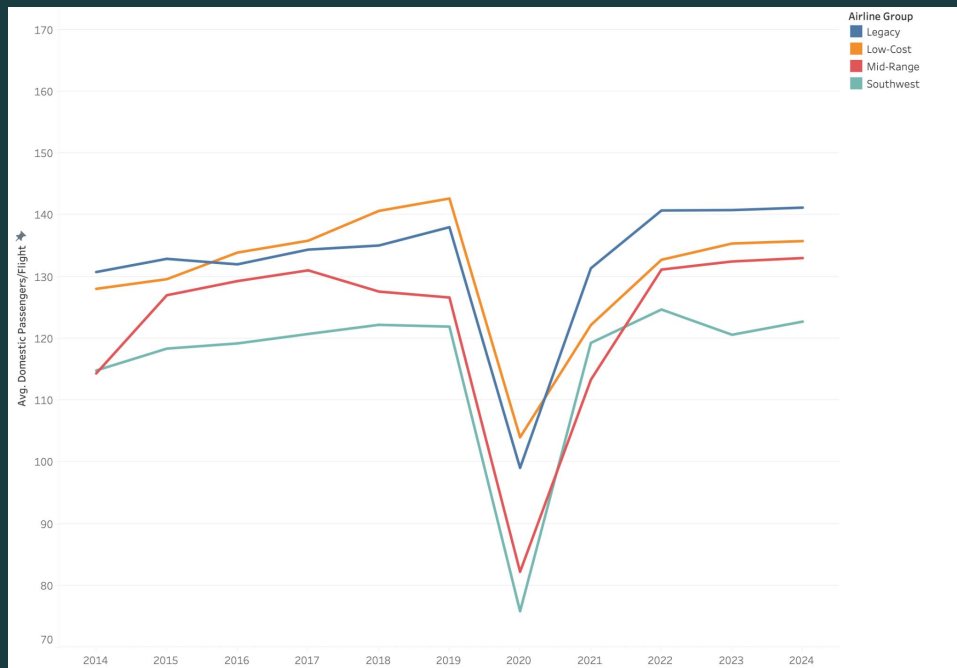
Mid-Range carriers are struggling. They recovered, but still trail the pack.

Average Passenger / Flight

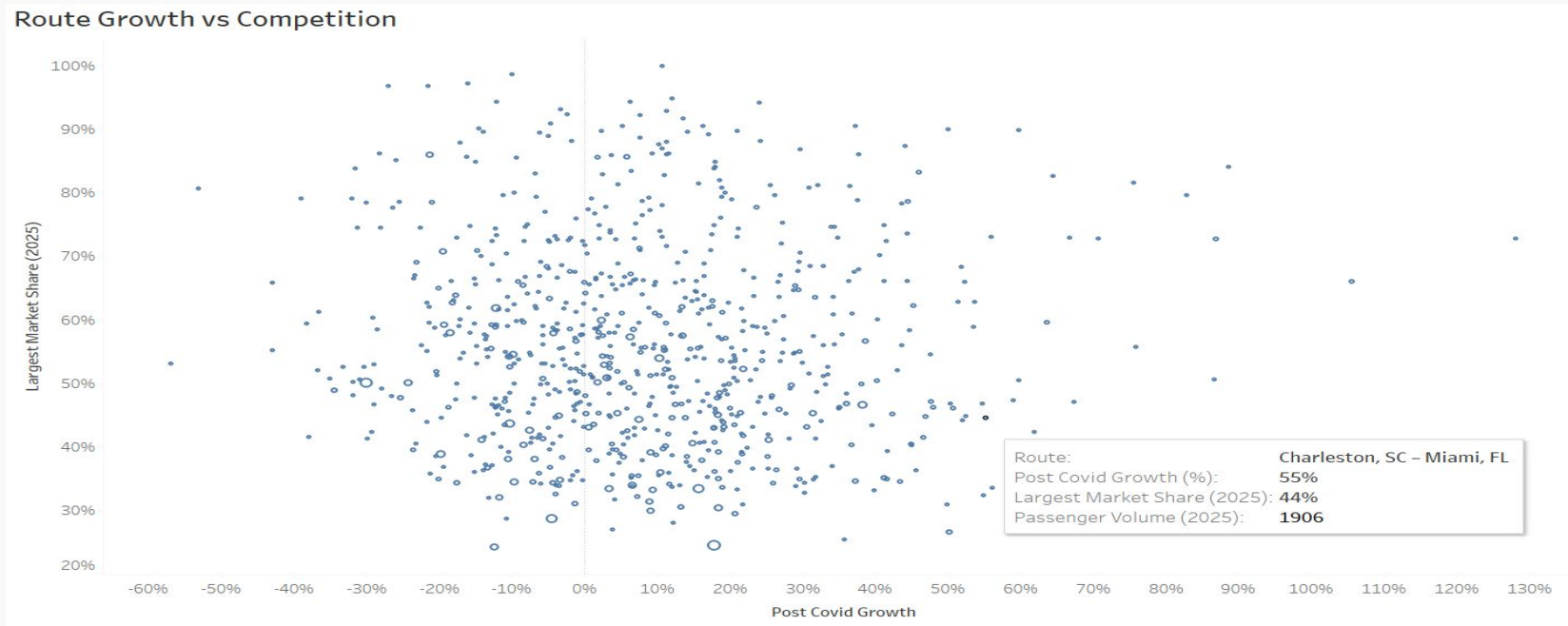
Pre-Covid: Low-cost carriers are leading the passenger density per flight

Post-Covid: Legacy and Mid-Range carriers are rising higher than their pre-covid highs, but Low-cost carriers are struggling to break through

Low-cost carriers could need some better support and help to rise back to the top.



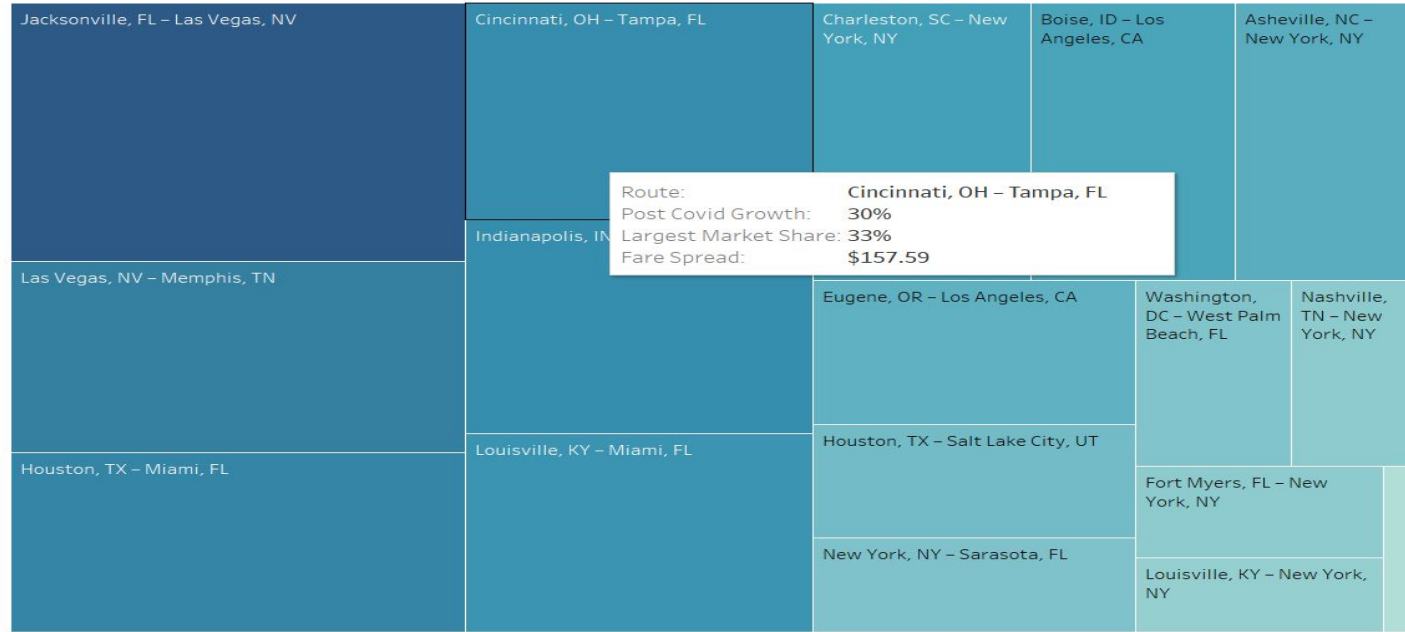
Investment Potential on Emerging Air Travel Routes



- Post-COVID growth vs. current route competition visualized per bubble.
- **Bottom-right quadrant** = high growth, low competition → prime investment targets.
- Marketing and pricing strategies can establish presence on these routes.
- Example routes: Greenville → NY, Savannah → DC, Austin → Raleigh, Boston → Charleston.
- Many connect **emerging or rapidly developing cities**, offering long-term growth potential.

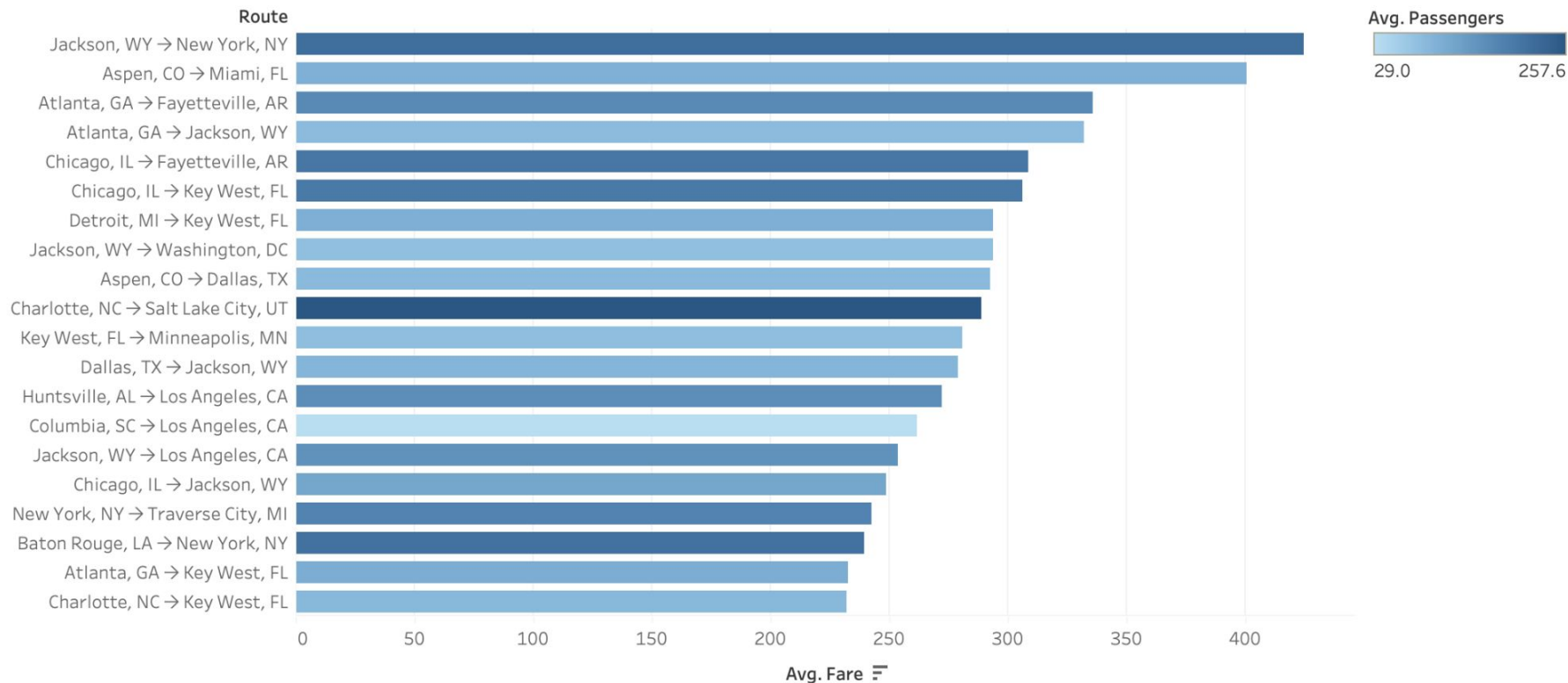
Pricing Strategy on Emerging Air Routes

Fare Spread By Route



- **Focus Routes:** Bottom-right quadrant → 2025 largest market share < 40%, post-COVID growth > 30%
- **Fare Spread Guides Strategy:** High vs. low spread determines pricing approach
- **High Fare Spread (e.g., Jacksonville → LA):** Dynamic pricing & premium services → **high profit potential**; capacity management & upsells; **market capture:** attract premium passengers, capitalize on underserved demand
- **Low Fare Spread (e.g., Nashville → NY):** Compete on volume & efficiency → **moderate profit potential**; promotions, loyalty, service differentiation → gain share from competitors and retain price-sensitive passengers

White Space Analysis



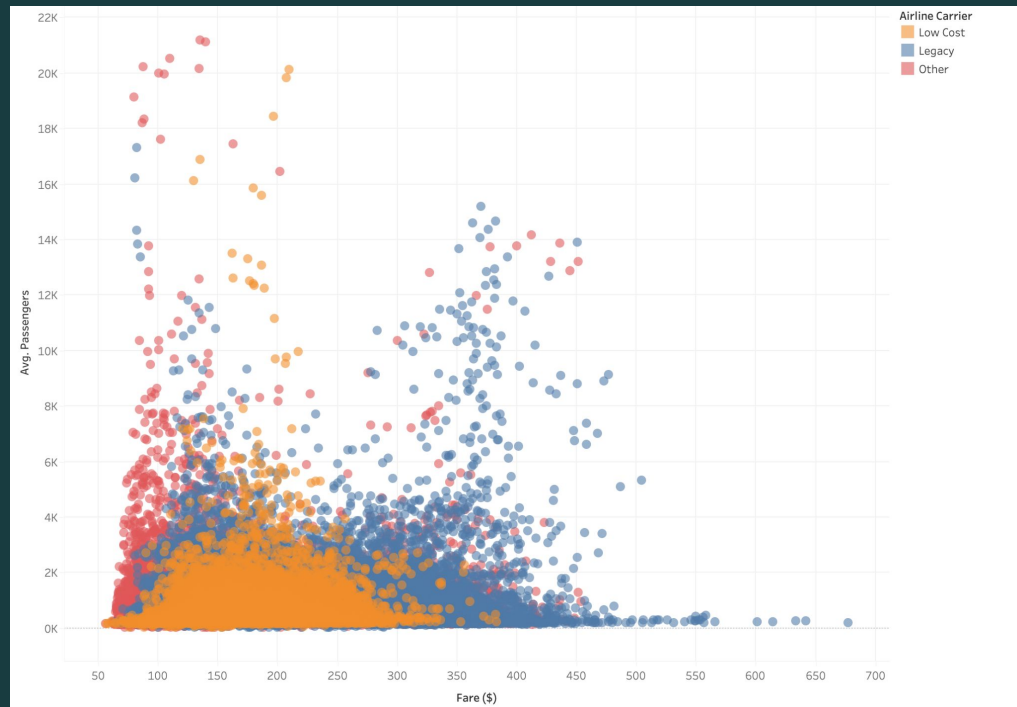
Growth Potential

Low-cost carriers are most popular around the range of \$100 - \$300

Low-cost carriers are densest in that band and typically deliver ~3-4k avg. passengers per route.

As fares rise above ~\$220-\$250, volumes drop sharply; legacy points dominate this region.

Invest in low-cost expansion “sweet spot” should unlock greater profits.



Conclusion

“Spirit Aviation Holdings, Inc., parent company of Spirit Airlines, LLC, today [**August 28th, 2025**] announced that it is executing a comprehensive restructuring of the airline to position the business for long-term success. To facilitate the process, the Company has filed voluntary petitions for Chapter 11 in the U.S. Bankruptcy Court for the Southern District of New York.”

- Spirit Airlines

Thank you