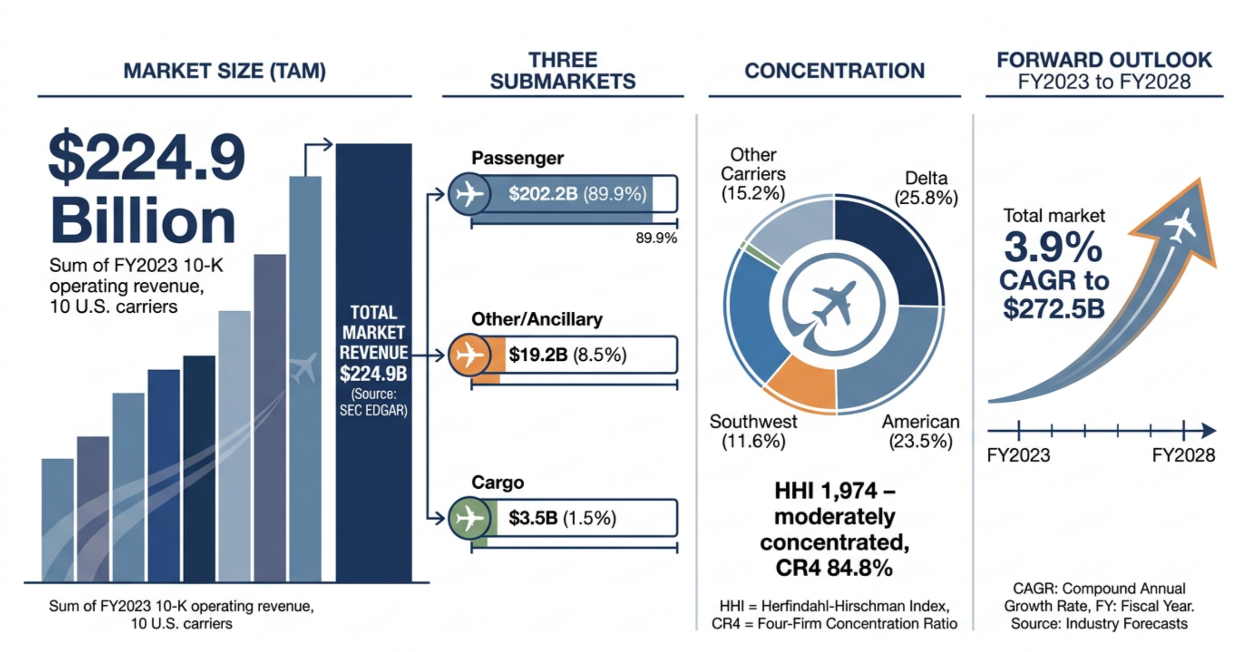
Competitive Market-Structure Analysis of the U.S. Publicly-Traded Passenger-Airline Industry

Fiscal Year 2023 — Grounded in SEC EDGAR Form 10-K Filings

Total Addressable Market · Submarket Sizing · Concentration (HHI) · FY2023–FY2028 Outlook

All figures traceable to audited XBRL financial data in each carrier's FY2023 Form 10-K on SEC EDGAR.



Graphical abstract. FY2023 U.S. passenger-airline market structure: $224.9B total addressable market split into three functional submarkets, Big-Four-dominated concentration (HHI 1,974), and a 3.9% forward CAGR to $272.5B by FY2028.

1. Executive Summary

The ten publicly-traded U.S. passenger airlines covered here generated a combined **$224.9 billion** in FY2023 operating revenue, which we adopt as the industry total addressable market (TAM). This aggregate is the exact sum of each carrier's total operating revenue as reported in its FY2023 Form 10-K, retrieved from the SEC EDGAR system; wholly-owned regional operations (e.g., American's regional flying, Delta and United regional carriers, Alaska's Horizon Air) are already consolidated inside each parent's reported revenue, so no double-counting arises [10-K filings, all carriers].

The market is overwhelmingly a passenger-transportation business. Splitting reported revenue by function yields a **Passenger** submarket of $202.2B (89.9% of TAM), an **Other/Ancillary** submarket of $19.2B (8.5%), and a small **Cargo/Freight** submarket of $3.5B (1.5%). The industry is moderately concentrated at the enterprise level: the four network legacy/low-cost majors—Delta, United, American, and Southwest—together hold 84.8% of revenue, and the Herfindahl–Hirschman Index (HHI) across all ten carriers is **1,974**, just below the 2,500 "highly concentrated" threshold used by U.S. antitrust authorities. Projecting forward on published demand and yield benchmarks, the overall market is expected to grow at a **3.9% CAGR** through FY2028 to roughly $272.5B, with ancillary revenue the fastest-growing segment (5.5%) and cargo the slowest (1.8%).

2. Market Sizing

2.1 Total Addressable Market (TAM)

We define TAM as the summed FY2023 total operating revenue of the ten covered carriers, measured directly from the audited income statement (or Note 2 revenue disaggregation) in each 10-K. Because XBRL facts are stored as full-dollar integers, there is no display-scale ambiguity between carriers that present statements in millions versus thousands. The resulting TAM is **$224,862,690,000** ($224.9B) [sum of 10 carrier 10-Ks; Table 1]. All ten carriers use a December 31 fiscal year-end, so every figure covers the 12 months ended 2023-12-31 with no stub periods or fiscal-calendar mismatches to reconcile.

Two carriers required special handling. Spirit Airlines (SAVE) and Hawaiian Holdings (HA) were both delisted *after* filing FY2023 10-Ks—Spirit entered Chapter 11 in November 2024 and Hawaiian was acquired by Alaska Air Group in September 2024—so their CIKs were resolved directly and the as-filed FY2023 10-Ks used unchanged [SAVE 10-K; HA 10-K]. For Allegiant (ALGT), consolidated revenue includes the newly opened Sunseeker Resort; that non-airline segment contributed only $2.9M (the resort opened 15 December 2023) and is retained within “Other” per the reporting entity’s own disaggregation [ALGT 10-K, segment note].

2.2 Submarket Subdivision (Method: Functional Revenue Disaggregation)

We subdivide TAM using the functional revenue categories each carrier discloses under ASC 606 in its 10-K revenue-recognition note, tagged in XBRL by the `ProductOrServiceAxis` dimension (`PassengerMember`, `CargoAndFreightMember`, `ProductAndServiceOtherMember`). Passenger, Cargo, and Other reconcile exactly to total operating revenue for every carrier, so the three submarkets are mutually exclusive and jointly exhaustive.

Passenger ($202.2B; 89.9%) is the fare and fare-embedded revenue from carrying travelers. *Cargo ($3.5B; 1.5%)* is belly-hold freight and mail; only the five largest carriers (American, Delta, United, Southwest, Alaska) break out a distinct top-level cargo line, so cargo is recorded as $0 for carriers that fold it into “Other.” *Other/Ancillary ($19.2B; 8.5%)* captures loyalty-program and co-brand card revenue, and non-fare services reported outside the passenger line. A definitional caveat applies: ultra-low-cost carriers (Spirit, Frontier) fold large non-fare/baggage amounts *inside* their Passenger line, so their reported “Other” is small; we follow each carrier’s own auditable disaggregation rather than silently re-normalizing [extraction notes; carrier 10-Ks].

Table 1. FY2023 market sizing by functional submarket. Source: sum of covered-carrier Form 10-K operating revenues (SEC EDGAR XBRL, `ProductOrServiceAxis` disaggregation). Full per-number citations in `market_sizing_citations.csv`.

Submarket	Size (USD)	USD B	% TAM	Sizing method / source
Passenger	202,199,563,000	202.20	89.92	Sum of `PassengerMember` facts, 10 carriers
Other / Ancillary	19,206,127,000	19.21	8.54	Sum of `Other` facts, 10 carriers
Cargo / Freight	3,457,000,000	3.46	1.54	Sum of `CargoAndFreight` facts, 5 carriers
Total (TAM)	**224,862,690,000**	**224.86**	**100.00**	Sum of total operating revenue, 10 carriers

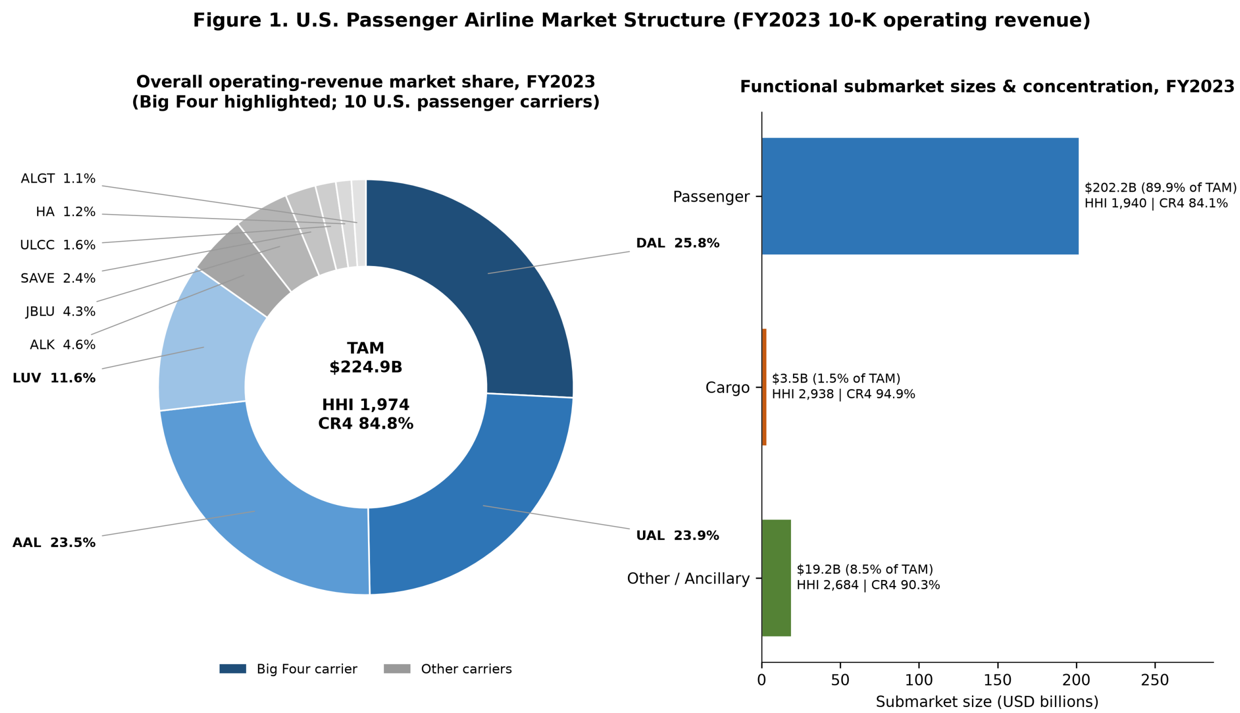


Figure 1. FY2023 U.S. passenger-airline market structure. **Left:** overall operating-revenue market share (Big Four highlighted). **Right:** the three functional submarket sizes with per-market HHI and CR4 concentration. Source: covered-carrier FY2023 Form 10-K filings, SEC EDGAR.

3. Competitive Landscape

3.1 Top Five Carriers by Revenue Market Share

Revenue market share is computed as each carrier's total FY2023 operating revenue divided by the $224.9B TAM. The ranking (Table 2) is dominated by the three network legacy carriers, which are separated by less than 2.4 percentage points: **Delta** leads at 25.8%, followed by **United** (23.9%) and **American** (23.5%). **Southwest** is a clear fourth at 11.6%, and **Alaska** rounds out the top five at 4.6%. The top five together command 89.4% of industry revenue; the remaining five carriers (JetBlue, Spirit, Frontier, Hawaiian, Allegiant) collectively hold just 10.6%, underscoring how thin the competitive tail is relative to the majors [Table 2; carrier 10-Ks].

Table 2. Top five U.S. passenger carriers by FY2023 revenue market share. Source: each carrier's FY2023 Form 10-K total operating revenue (SEC EDGAR). Shares computed against $224.86B TAM.

Rank	Carrier (Ticker)	CIK	Total revenue (USD)	Share
1	Delta Air Lines (DAL)	27904	58,048,000,000	25.81%
2	United Airlines Holdings (UAL)	100517	53,717,000,000	23.89%
3	American Airlines Group (AAL)	6201	52,788,000,000	23.48%
4	Southwest Airlines (LUV)	92380	26,091,000,000	11.60%
5	Alaska Air Group (ALK)	766421	10,426,000,000	4.64%
		Top-5 subtotal (CR5)	**201,070,000,000**	**89.42%**

3.2 Concentration — Herfindahl–Hirschman Index

The HHI is the sum of squared percentage market shares across all ten covered carriers. Using the overall revenue shares, the industry HHI is **1,973.5**, which the U.S. Department of Justice/FTC Horizontal Merger Guidelines classify as "moderately concentrated" (1,500–2,500). Concentration is driven almost entirely by the near-parity Big Three: Delta, United, and American each contribute roughly 550–670 points to the index, together accounting for about 84% of total HHI, while the six smallest carriers combined add fewer than 40 points. The four-firm concentration ratio (CR4) is 84.8% [Figure 1; Table 2]. Because the index is computed over the ten covered carriers only, it is an upper bound on national concentration—adding smaller and privately held operators would lower it.

Concentration is markedly higher *within* the narrower submarkets. Cargo is "highly concentrated" (HHI 2,938; CR4 94.9%) because only five carriers report freight and United alone holds 43% of it; Other/Ancillary is likewise concentrated (HHI 2,684; CR4 90.3%), reflecting Delta's outsized loyalty and co-brand revenue. The Passenger submarket mirrors the overall market (HHI 1,940). This layered picture—moderate concentration overall, tighter oligopoly in cargo and ancillary—defines the competitive terrain for the forward outlook.

4. Forward Outlook (FY2023 → FY2028)

We project each submarket forward five years using constant-rate CAGRs anchored to published aviation-demand and revenue-mix benchmarks, then sum to a total. The base year is the FY2023 10-K actuals; projected values are illustrative extrapolations, not company guidance, and the three submarkets are held to reconcile to the total in every year (Table 3, Figure 2).

Passenger (3.8% CAGR → $243.6B). This tracks the FAA Aerospace Forecast FY2024–2044, which projects U.S. system revenue-passenger-miles and available-seat-miles growing roughly 3.5–4.0% per year as post-pandemic leisure demand matures and business travel normalizes, with real yields broadly flat [FAA Aerospace Forecast FY2024–2044]. *Cargo (1.8% CAGR → $3.8B).* The slowest segment, reflecting IATA air-cargo outlooks in which freight yields normalize downward from 2021–2022 peaks even as volumes recover modestly [IATA air-cargo outlooks 2023–2024]. *Other/Ancillary (5.5% CAGR → $25.1B).* The fastest segment, driven by continued expansion of co-branded credit-card and loyalty economics and structural growth in unbundled/premium ancillary products across the industry [carrier 10-K loyalty disclosures; BTS Form 41].

Weighting these submarket paths by their FY2023 sizes yields an overall **3.9% CAGR**, lifting TAM from $224.9B to approximately **$272.5B** by FY2028. The principal upside drivers are sustained premium-cabin and loyalty demand and disciplined capacity growth; the principal downside risks are a demand-softening macro shock, fuel-price spikes, and the ongoing restructuring of the ultra-low-cost segment (Spirit's bankruptcy, Frontier/Spirit consolidation attempts), which could accelerate share migration toward the majors and further raise concentration.

Table 3. FY2023–FY2028 submarket and total projection (USD billions). Base year FY2023 from 10-K actuals; forward path from stated CAGR assumptions. Submarkets sum to Total each year. Source: `cagr_projections.csv`; benchmarks per FAA and IATA.

Submarket	2023	2024	2025	2026	2027	2028	CAGR
Passenger	202.20	210.69	219.12	227.45	235.63	243.65	3.8%
Other / Ancillary	19.21	20.36	21.54	22.72	23.93	25.12	5.5%
Cargo	3.46	3.51	3.57	3.63	3.70	3.78	1.8%
Total (TAM)	**224.86**	**234.56**	**244.23**	**253.80**	**263.26**	**272.55**	**3.9%**

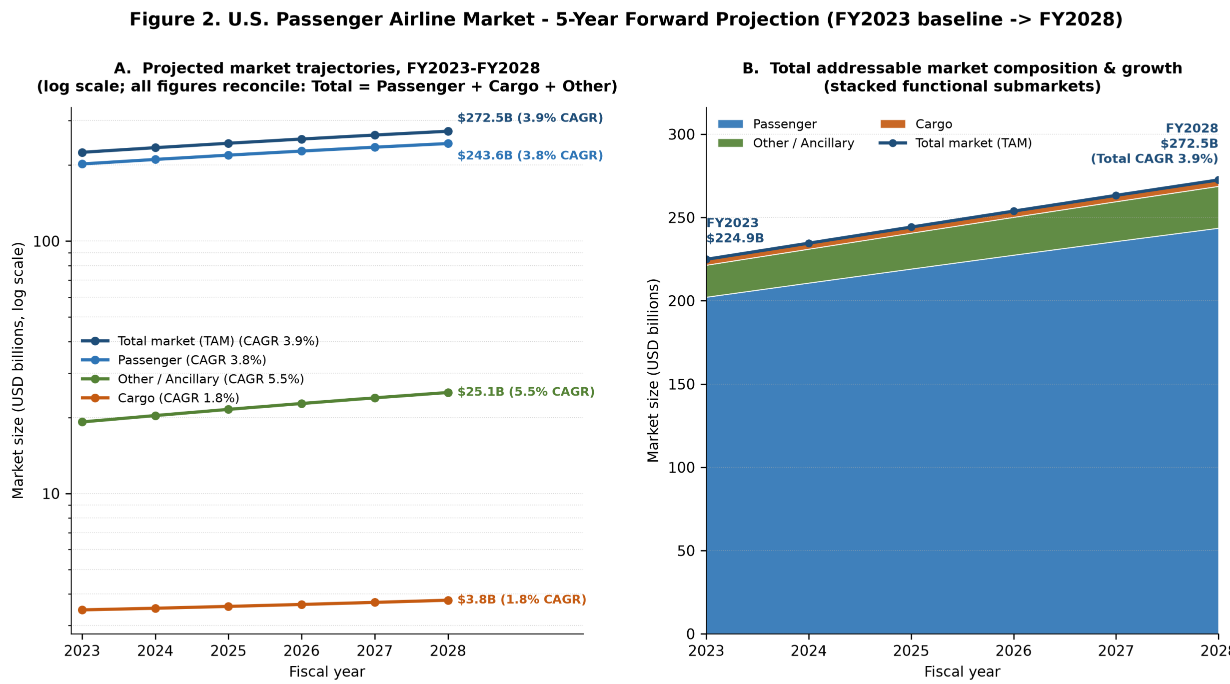


Figure 2. Five-year forward projection, FY2023–FY2028. **Left:** submarket and total trajectories on a log scale, each labeled with its CAGR. **Right:** stacked-area TAM composition growing from $224.9B to $272.5B. Source: 10-K base-year actuals with FAA/IATA-benchmarked growth assumptions.

Data provenance & reproducibility. Every revenue figure was extracted from the audited XBRL instance document (Item 8) of the corresponding FY2023 Form 10-K on SEC EDGAR. Per-number citations—section item, statement/note, line-item caption, XBRL concept/member, accession number, and source URL—are provided for all 44 market-sizing figures in the companion file `market_sizing_citations.csv`. Passenger + Cargo + Other reconciles exactly to total operating revenue for all ten carriers, and submarket totals equal the sum across carriers.