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The U.S. Airline Industry in 2026

In fiscal year 2025, Delta Air Lines' partnership with American Express generated $8.2 billion in remuneration—more than Spirit Airlines' total operating revenue in any year of its corporate history.[1,2] The figure was not a one-time windfall. It was the latest data point in a quiet transformation of the economics of the U.S. airline industry: By 2025, the three largest U.S. carriers earned more operating profit from selling loyalty currency to banks than from selling seats to passengers (see **Exhibit 1**).

The transformation was understated against Delta's own headline numbers. In January 2025, the company reported full-year 2024 adjusted operating revenue of $57 billion, operating income of $6 billion, and an adjusted operating margin of 10.6 percent—the strongest annual performance in its history.[3] Across the four largest U.S. carriers, combined net income approached $8 billion and operating income reached $14 billion for the year (see **Exhibit 2**).[4]

Profitability was not always so strong among airlines. Warren Buffett warned investors against them in his 2007 Berkshire Hathaway Chairman's Letter: "The worst sort of business is one that grows rapidly, requires significant capital to engender the growth, and then earns little or no money. Think airlines. Here a durable competitive advantage has proven elusive ever since the days of the Wright Brothers." In the same letter, Buffett offered the line that became the standard case-room epigraph for industry pessimism: "If a farsighted capitalist had been present at Kitty Hawk, he would have done his successors a huge favor by shooting Orville down."[5]

Yet Buffett's company held airline stocks from late 2016 through early 2020 before divesting during the pandemic.[6] And then the industry changed. What was most different was where the money was coming from.

Consider Delta's 2024 fiscal year in greater detail. Total passenger revenue—the money earned from selling seats—was $50.9 billion, or 17.65 cents per available seat mile (PRASM). Total operating revenue, which included cargo, loyalty program income, refinery sales, and maintenance services, was $61.6 billion, or 21.37 cents per available seat mile (TRASM).[7] The difference—approximately $10.7 billion, or 3.7 cents

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