

A report to congressional committees

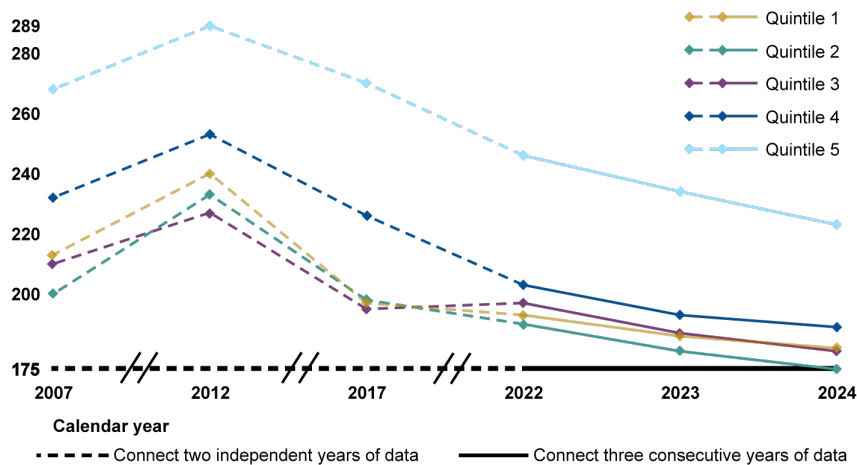
For more information, contact: Danielle T. Giese at GieseD@gao.gov or Michael Hoffman at HoffmanME@gao.gov

What GAO Found

Empirical studies assessing the effects of domestic airline mergers generally found that, in the short run, consumers faced higher fares and lower service quality (e.g., on-time performance) on routes where the merger resulted in fewer competitors. For example, based on three studies that used particularly strong methodologies, fares increased between 1 and 8 percent following the merger. Other studies found mergers sometimes led to some improvements in airlines’ efficiencies (e.g., cost reductions), but challenges, such as combining workforces, sometimes reduced or eliminated anticipated gains.

GAO’s analyses of airline competition metrics provide a longer-term perspective than the studies and suggest that there has been increased competition in the past two decades. For example, estimated domestic fares that incorporated available airline ancillary fees were lower in 2024 as compared to 2007—even after they were higher in 2012, around the time of a wave of domestic airline mergers. In addition, market share and other key market structure indicators show increased presence of ultra-low-cost airlines in 2022 compared to 2007. These indicators remained largely unchanged from 2022 through 2024.

Average Estimated Inflation-Adjusted One-way Airline Fares (in 2024 US dollars)
City-Pair Quintiles, 2007, 2012, 2017, and 2022–2024



Source: GAO analysis of airline industry data. | GAO-26-107740

Note: GAO divided domestic routes into five “quintiles” (based on number of passengers), where the first quintile generally includes the most-travelled routes, and the fifth generally includes the least.

Stakeholders identified five key factors that affect airline competition, including airport access and introduction of basic economy fares by network airlines. Most stakeholders GAO interviewed described intense competition in an uneven environment, posing challenges for lower-cost airlines going forward. They also pointed to a relatively recent development: the increasing importance of airline credit card revenue. This helps airlines weather industry volatility, while also bolstering passenger loyalty by providing rewards (e.g., seat upgrades). Some stakeholders said these cards provide competitive advantages for larger airlines because consumers are less attracted to cards offered by lower-cost airlines, which generally have smaller operations and reward programs.

Why GAO Did This Study

Domestic airlines carried nearly 850 million passengers throughout the U.S. in 2025, according to Department of Transportation (DOT) data. Robust competition in the air transportation industry can promote lower fares and provide consumers with more travel options and destinations. Some observers, however, have raised questions about the effects of mergers, suggesting that consumers may ultimately face higher airfares and reduced service.

The FAA Reauthorization Act of 2024 includes a provision for GAO to review competition and consolidation in the U.S. airline industry. This report examines (1) findings from empirical studies since 2005 on the effects of U.S. airline mergers on consumers and on airlines’ efficiency, (2) the current state (2022–2024) of airline competition in the U.S. compared to 5, 10, and 15 years prior, and (3) stakeholders’ views on the factors affecting the evolution of competition in the U.S. airline industry.

GAO summarized the findings of 40 empirical studies with sufficiently rigorous methodologies that assessed the effects of U.S. airline mergers. Of those, GAO found 13 studies particularly robust and reported quantitative effects that are statistically significant. GAO also analyzed airline data collected by DOT to examine U.S. airline competition over time.

GAO interviewed or obtained written responses from all 12 major U.S. airlines and 19 other knowledgeable stakeholders, including academic researchers, consumer advocacy groups, and equity analysts. GAO selected stakeholders based on its prior work, recommendations from others, and the stakeholders’ knowledge of the U.S. airline industry. GAO also interviewed officials from DOT and the Department of Justice.