ULCC Showdown: How The First Quarter Compared Among US Carriers

by **Jay Singh** · May 17, 2021 · 8 shares · 4 minute read

With the first quarter over, ultra-low-cost carriers are expecting a better summer ahead. The four large US ultra-low-cost carriers (ULCC) have come off the heels of an improving first quarter and are emboldened the approaching summer. Here's a look at how the airlines performed in the first quarter.

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Frontier Airlines is one of the largest ULCCs in the US. Photo: Getty Images

The four major ULCCs

For the purposes of this article, we will consider the following four publicly traded airlines:

- Allegiant Air
- Frontier Airlines
- Spirit Airlines
- Sun Country Airlines

All four sell unbundled fares and outfit their aircraft in a single-class configuration. While Spirit Airlines does have a “Big Front Seat” product, it is not branded as a separate cabin and is an ancillary seat option. Passengers booking a “Big Front Seat” do not receive complimentary extras that a first class or premium economy passenger would get on any other itinerary.

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Net financial results

On the basic level, the four airlines reported different net losses or profits in the first quarter. From best to worst, they are:

1. Sun Country Airlines: $12.4 million profit
2. Allegiant Air: $6.9 million profit
3. Frontier Airlines: ($91 million) loss
4. Spirit Airlines: ($112.3 million) loss

Sun Country pulling ahead is not too much of a surprise. The airline has a diverse operating model that looks at both charters, scheduled service, and cargo flying for Amazon. This provides more revenue streams and, especially with cargo, more stability.

Sun Country Airlines posted the best financial result of the ULCCs. Photo: Getty Images.

Fleet size

By the number of planes in each airline's fleet at the end of the first quarter, here's where they shake out:

1. Spirit Airlines: 159 aircraft
2. Frontier Airlines: 107 aircraft
3. Allegiant Air: 100 aircraft
4. Sun Country: 43 aircraft (including 12 operated for Amazon)

Spirit, Frontier, and Allegiant all rely on the Airbus A320 family of jets. Sun Country instead flies the Boeing 737 family. Sun Country and Allegiant prefer to acquire mid-life, used aircraft. Spirit and Frontier, meanwhile, have moved toward taking newer Airbus A320neo family of aircraft to pursue fuel savings and lower maintenance costs.

Spirit Airlines is the largest of the four airlines by fleet size. Photo: Getty Images

Spirit is the largest of the four airlines, though this is not surprising. The airline has grown immensely over the last few years and has over 125 aircraft on order still. Frontier similarly has a large order book of over 150 aircraft. Allegiant and Sun Country prefer to buy aircraft in small numbers at attractive prices.

Capacity

Measured in available seat miles (ASMs), here is how much capacity each airline flew in the first quarter:

1. Spirit: 7,976,158,000
2. Frontier: 4,592,000,000
3. Allegiant: 4,013,989,000
4. Sun Country: 1,158,012,000

competition. Instead, Frontier, Allegiant, and Sun Country operate mostly on a lower utilization and frequency model.

Spirit flew more capacity than its ULCC peers. Photo: Getty Images

Where Spirit will try to serve its destinations and routes daily or more, the other three airlines will target routes with perhaps a few flights per week. These airlines also tend to utilize their aircraft for fewer hours of the day.

Load factor

of its seats. Here's how the four airlines ranked on loads:

1. Spirit: 72.1%
2. Frontier: 69.9%
3. Sun Country: 66.9%
4. Allegiant: 55.3%

Spirit, Frontier, and Sun Country were all relatively close in terms of load factor. Allegiant fell slightly behind, though this can be attributed to the demand environment. Allegiant targeted network expansion when most other airlines sat tight, awaiting the summer months.

Spirit also took first place in terms of load factor. Photo: Getty Images hand, was not.

CASM

Cost per available seat mile (CASM) is an important industry metric. It can help provide information about an airline's operating costs and efficiencies. Airlines want this to be as low as possible– especially ULCCs. Expressed in cents, below is how the airline's ranked on CASM excluding fuel:

1. Allegiant Air: 4.28 cents
2. Frontier Airlines: 6.07 cents
3. Sun Country: 6.15 cents
4. Spirit Airlines: 7.40 cents

ULCCs typically target a CASM below six cents. Frontier and Sun Country are close to that metric, while Spirit has some work to do. As Spirit's capacity comes back, however, its CASM should go down.

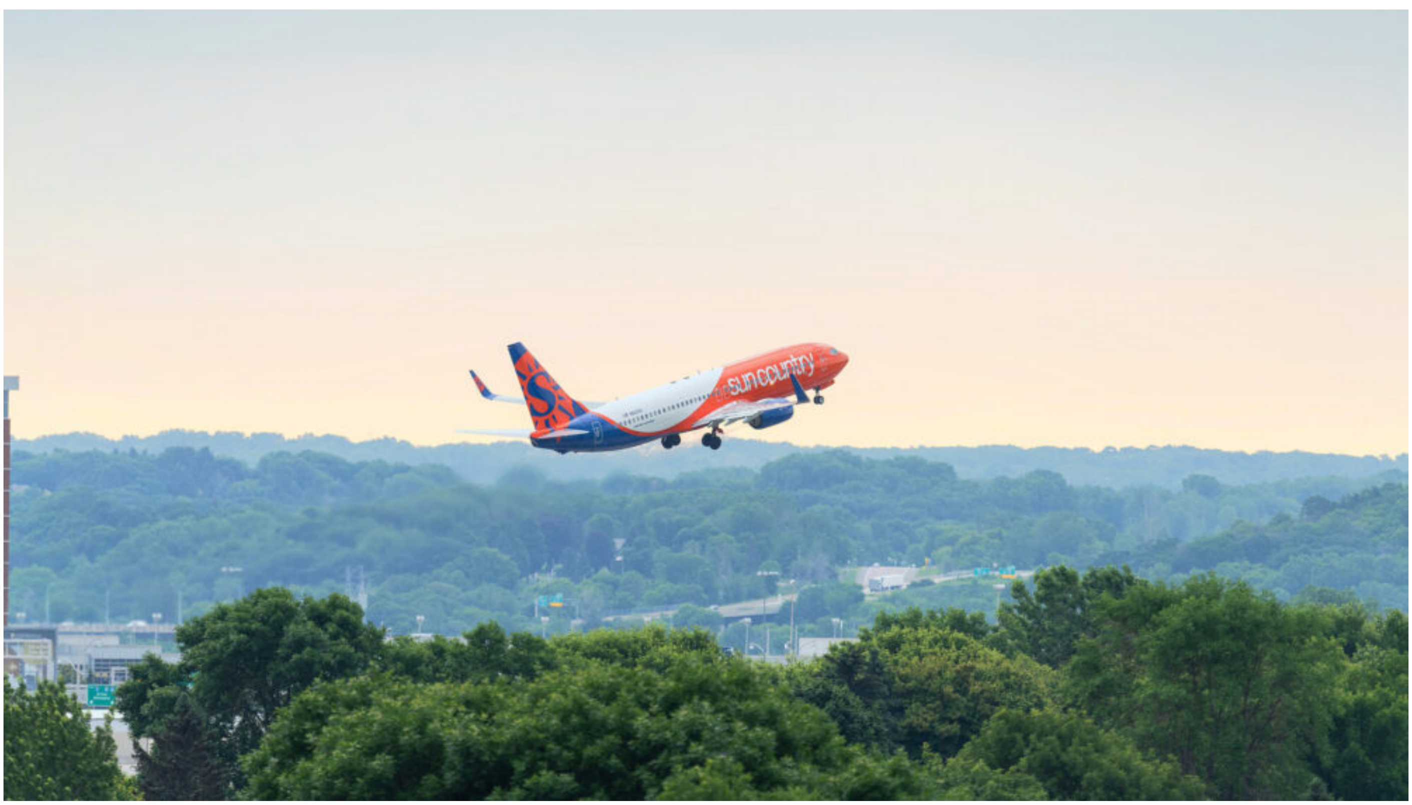
else increase marginally upon a greater increase in capacity, this leads to a decrease in costs.

Base fare per passenger

ULCCs sell unbundled fares. That means that passengers who choose not to purchase any ancillaries walk away with a seat and nothing else. The base fare often helps lure in passengers who then purchase ancillaries. Here is a measure of the average base fare per passenger flight segment:

1. Sun Country: $98.77
2. Allegiant Air: $58.38
3. Spirit Airlines: $31.84
4. Frontier Airlines: $30.83

Just based on geography, Sun Country is flying many routes that are longer than what Spirit or Frontier flies. Allegiant also flies some longer segments, leading to higher fares for both of those airlines. Spirit and Frontier are also carriers that try to stimulate some more demand with lower fares.



Ancillary fares per passenger

This is a key metric for ULCCs. The higher an airline's ancillary spend, the greater its success in selling its additional non-fare products to its customers. Here's what airlines recorded:

1. Allegiant Air: $57.97
2. Spirit Airlines: $52.43
3. Frontier Airlines: $49.75
4. Sun Country: $42.98

Ancillary spend has, in general, held up better than fare spend. Passengers may need to be tempted in with low fares, but they are still purchasing bags, seats, or perhaps flight flexibility that contributes to ancillary spending.

Sun Country Airlines gives its passengers just a few more perks than Allegiant or Spirit, so its ancillary spend per passenger is a little lower. But, it is not that far off from other airlines, and the carrier can start to try and push that ancillary spend upwards.

Were you surprised by any of the results from these ULCCs? Which ULCC is your favorite to fly with? Let us know in the comments!

Jay Singh

Deputy Content Manager & Lead US Journalist - Jay's extensive travels and experience with premium products has given him incredible insight into the wider landscape of commercial aviation. Cited by TIME and Intelligent Aerospace, among others, and interviewed by major outlet

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Some concerns about Sun Country..The average base fare dropped from $140 to $99..Fuel cost in higher, Total revenue per ASM is down 25%. If the cargo revenue of $21.5m which is all profit, is taken away SY loss would have been in the neighborhood of $33.5m. Sun Country is not well known outside of the Minnesota area, just wondering if some of these crazy routes that have been announced will not be successful and be a drag on the earnings. Allegiant will be just fine, Frontier looks like they are still employing the throwing darts at a map, and Spirit might be expanding to much to fast.

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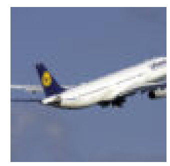

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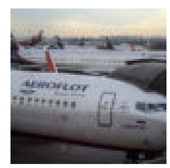

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