



# How Spirit Airlines' Problems Could Affect Your Flights

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By **Hugh Cameron**  
U.S. News Reporter



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**B**udget carrier **Spirit Airlines** has warned that it could soon go out of business unless it successfully implements a number of major changes.

When approached by *Newsweek* for comment, Spirit declined to provide further information beyond what was included in the filing. However, the [company shared an internal email](#) from CEO Dave Davis in which he outlined changes being made at Spirit and promised to "transform and protect this critical business."

## Why It Matters

Spirit Airlines has long been [considered a troubled carrier](#), amid years of mounting losses, rising debt and failed attempts to resurrect the company through a [blocked merger with JetBlue](#).



The downfall of Spirit—among the most widely used airlines in the U.S.—could hold major implications for travelers, particularly those who have previously benefited from its low-cost offerings. A contraction in its operations could



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Spirit's current difficulties stem from a combination of weak leisure travel demand and elevated domestic capacity, which the company said on Monday had led to a "challenging pricing environment."

The airline reported a net loss of \$245.8 million for the second quarter, compared to a loss of \$192.9 million during the same quarter last year. Shares of its parent company, Spirit Aviation Holdings, plummeted by about 40 percent on Tuesday following the announcement.

The company has already taken mitigating measures to try to shore up its finances amid these mounting challenges.

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In July, Spirit said it would furlough about 270 pilots later this year, while also demoting another 140 in an effort to conserve cash. Preempting fears this could affect its operations, Spirit told Reuters, "We are taking necessary steps to ensure we operate as efficiently as possible as part of our efforts to return to profitability."

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passengers, reshaping flight options and fares across the low-cost travel market.

"Spirit may be signaling the beginning of the end of their operations unless they can manage a dramatic turnaround," said Kerry Tan, a professor of economics at Loyola University. "Prospective customers should be wary of the risks when booking flights."

Tan, whose research focuses on the U.S. airline industry, told *Newsweek* that, should Spirit go under, travelers would be able to turn to low-cost alternatives such as Frontier and Allegiant. However, he added that both had been "suffering from below average on-time performance."

The presence of a low-cost carrier such as Spirit in the marketplace has also forced other airlines to lower their prices to remain competitive, and Spirit's departure could undo some of these effects.

"It would be hurtful for passengers to lose an airline that put downward pressure on airfares," Tan said.

Spirit has faced financial difficulties for many years, but Volodymyr Bilotkach, a professor of aviation management at Purdue University, told *Newsweek*, "This time, I feel that going out of business is a real possibility for the airline."

Bilotkach said Spirit would likely attempt to sell off its assets en masse, particularly aircraft, which other carriers would buy to increase their own capacities.

On Monday, Spirit said it was planning to take further "liquidity enhancing measures," including the possible sale of aircraft, real estate and excess airport capacity.

Economist Clifford Winston told *Newsweek* that the immediate effects on travel could depend on whether other airlines seek a merger with Spirit—as [JetBlue](#) did between 2022 and 2024—or wait until it is liquidated to buy its aircraft at fire-

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density routes" could suffer.

"But there are not that many people on those routes," Winston added. "So in terms of the big picture, I don't think you're going to see much [change]."

Likewise, Bilotkach anticipated minimal disruption to flight availability on key routes should Spirit shut down, with competitors likely to fill gaps left by the airline. However, given Spirit's broad and varied network, he said some of its less-trafficked routes could be lost.

"One set of customers which might be affected are holders of Spirit Airlines' branded credit cards and generally loyal Spirit customers," he added. "They might find any accumulated points worthless, especially if the airline simply goes out of business rather than merging with someone."

"Once the possibility of a bankruptcy arises, it effectively becomes a self-fulfilling outcome," said Jonathan Williams, a professor of economics at the University of North Carolina at Chapel Hill. "Passengers don't want to book with a carrier that is canceling flights, removing markets, furloughing pilots, or potentially compromising safety for cost savings (i.e., a short-term time mindset to preserve cash)."

"If they do go under, it will not be great for the industry," he added. "They've served an important role in the low-cost carrier space, offering a source of intense price competition for the network carriers that will be hard to replace."

Williams told *Newsweek* that smaller low-cost carriers such as Breeze or Avelo "don't have the assets to step into that role yet."

## What People Are Saying

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**Ernest Arvai, the president of the aviation consultancy AirInsight Group, told *Newsweek*:** "Spirit just emerged from bankruptcy a few weeks ago, with a plan to become profitable again, but the economic environment—particularly uncertainty over tariffs and inflation, have resulted in consumers rethinking their decisions on vacation spending."

He added: "Should Spirit go under, another of the ultra-low-cost carriers would disappear, leaving pricing in the hands of the larger carriers and reducing competition in the market."

**Ian Savage, a transport safety and economics expert, told *Newsweek*:** "This warning by Spirit Airlines is not unexpected. Spirit's main weakness is that they operated in head-to-head competition on the routes of the major carriers. The major carriers then undermined Spirit's competitive advantage by introducing basic economy fares.

"In contrast, other ultra-low-cost airlines such as Allegiant Air, Avelo Airlines and Breeze Airways have chosen routes and airports that do not directly compete with the major carriers. I am skeptical that Spirit can effectively up-brand themselves with premium offerings or change their network sufficiently quickly to avoid eventual liquidation."

## What Happens Next

In its quarterly filing, Spirit said it would "continue to experience challenges and uncertainties in our business operations and expect these trends to continue for at least the remainder of 2025."



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**Hugh Cameron**

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