Commercial Airlines

A classic example of structurally low industry profitability.

Threat of New Entrants

- Massive capital requirements and regulatory hurdles.
- Lack of available slots at major airport hubs.

Supplier Power

- Extreme power held by the duopoly of aircraft manufacturers (Boeing/Airbus).
- High power of fuel suppliers and unionized labor.

Competitive Rivalry

- Brutal price competition on popular routes.
- High fixed costs mean flights must fly full, leading to aggressive discounting.

Buyer Power

- Very high due to price-comparison websites (Expedia/Skyscanner).
- Low switching costs between airlines for standard economy flights.

Threat of Substitutes

- High-speed rail in certain regions.
- Video conferencing reducing the need for business travel.