A Study on Pricing Strategies of Indigo Airlines at Coimbatore City

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Abstract
The airline industry in India has experienced rapid expansion and intense competition over the last decade. As one of the leading low-cost carriers, IndiGo Airlines plays a significant role in shaping airfare pricing behaviour, particularly in regional markets such as Coimbatore City. This study investigates the pricing strategies adopted by IndiGo Airlines on routes originating from or terminating at Coimbatore Airport, aiming to identify how pricing influences demand, customer satisfaction, revenue generation, and competitive positioning. Data were collected through a structured questionnaire distributed to passengers, airline staff interviews, and secondary sources such as fare charts and industry reports. The study employs descriptive and inferential statistical tools to analyse fare variations based on factors such as seasonality, booking lead time, competition, and service differentiation. Findings reveal that dynamic pricing, fare bundling, demand forecasting, and competitive match-pricing are central to Indigo's strategy in Coimbatore. The airline's pricing approach significantly impacts traveler decision-making, with passengers highly sensitive to fare fluctuations and ancillary charges. The study recommends enhanced transparency in fare composition and the adoption of customer loyalty incentives to improve market share and customer retention. Policy implications include the importance of regulatory frameworks that protect consumer interests while allowing airlines the flexibility to innovate pricing structures.
Keywords: Pricing strategy, low-cost carrier, IndiGo Airlines, Coimbatore Airport

Introduction

The aviation sector in India has evolved into one of the fastest-growing markets globally, driven by rising disposable incomes, increased business and leisure travel, and government initiatives aimed at improving regional connectivity. Within this environment, airline pricing strategies have become a central focus for carriers seeking competitive advantage and profitability. Pricing strategy in aviation is not merely about setting airfare levels; it encompasses complex decisions involving market segmentation, demand forecasting, competitive pricing, cost management, and technological innovation.

IndiGo Airlines, officially InterGlobe Aviation Ltd., stands as India's largest passenger airline by market share, known for its

consistent operational performance and low-cost business model. With a dominant presence across major metropolitan hubs, the airline has strategically expanded into regional markets, including Coimbatore—a rapidly growing tier-II city with burgeoning economic and travel demands. Coimbatore International Airport serves as a critical gateway for South India, linking passengers to major cities such as Chennai, Bengaluru, and Delhi. The steady rise in passenger traffic at Coimbatore reflects both business travel and a growing trend of tourism in the Western Tamil Nadu region. Consequently, airfare pricing has significant implications for airline competitiveness and consumer choice in this market.

The present study focuses on understanding how IndiGo Airlines formulates and implements pricing strategies in Coimbatore. Airline pricing is inherently multifaceted, shaped by a combination of cost structures, revenue management systems, competitor behaviour, and external market forces. Dynamic pricing, a hallmark of airline fare management, enables carriers to adjust prices in real time based on demand patterns, capacity constraints, and competitor moves. This practice is especially relevant for a low-cost carrier like IndiGo, which relies on maintaining high load factors and operational efficiency .In a competitive aviation market, pricing has a direct impact on revenue generation. For instance, strategic fare discounts during off-peak periods can stimulate demand among price-sensitive travellers, while premium pricing during festivals or vacations can maximize revenue. Moreover, ancillary revenue—generated from add-ons such as seat selection, meals, and baggage—further complicates the pricing framework and influences overall customer perceptions of value .Academic and industry research highlights the significance of understanding pricing behaviour in shaping airline performance. Pricing not only affects revenue but also influences market segmentation, competitive strategy, and customer loyalty. In the context of Coimbatore, where multiple carriers operate, IndiGo's pricing strategy must strike a balance between affordability, profitability, and service quality. This study probes into how IndiGo constructs its pricing matrix for flights associated with Coimbatore, accounting for seasonal variation, lead times, competitive fare matching, and customer preferences. By integrating both qualitative and quantitative data, the research seeks to generate insights into the strategic considerations that guide fare decisions and how these decisions affect consumer response. The research also sheds light on dynamic pricing mechanisms that adjust fare prices based on real-time demand and booking patterns. These pricing models, supported by advanced revenue management systems, allow IndiGo to optimize capacity utilization and maximize revenue. Additionally, regulatory factors and airport infrastructure affect pricing, especially at regional airports like Coimbatore. Government policies under initiatives such as UDAN (UdeDeshka Aam Naagrik), aimed at improving regional connectivity, have implications for airfare pricing due to subsidies and route viability funding. In conclusion, the study provides a comprehensive examination of IndiGo's pricing strategies at Coimbatore City, offering valuable insights for aviation stakeholders, policymakers, and consumers.

Objectives of the Study
- To examine the pricing strategies adopted by IndiGo Airlines at Coimbatore.
- To analyze how dynamic pricing affects passenger demand.
- To assess the influence of competition on fare structures.
- To evaluate customer perception of IndiGo's pricing fairness.
- To recommend pricing improvements for regional aviation

Statement of the Problem
The Indian aviation market is characterized by rapid growth, intense competition, and an evolving regulatory landscape. In such a dynamic environment, airlines must adopt pricing strategies that not

only enhance profitability but also attract and retain passengers. At Coimbatore—a city experiencing rising demand for air travel—IndiGo Airlines operates on several key domestic routes, competing with other carriers while balancing cost-efficiency and service quality. Despite IndiGo's strong market presence, passengers frequently express concerns about fare volatility, opaque pricing components, and discrepancies between base fares and final ticket costs. The core problem lies in understanding how pricing strategies impact consumer choice and airline revenue at a regional level. Pricing decisions are influenced by demand swings, seasonal traffic, operational costs, and competitive actions, making it difficult for passengers to anticipate fair pricing. At the same time, airlines like IndiGo seek to optimize seat utilization through advanced revenue management systems. Balancing these internal and external pressures remains a challenge, particularly in markets where price sensitivity is high. This study aims to unpack the pricing mechanisms employed by IndiGo at Coimbatore, evaluate their effectiveness, and determine whether these strategies align with passenger expectations and competitive dynamics.

Scope of the Study

The present study focuses on analysing the pricing strategies adopted by IndiGo in the context of Coimbatore City. The scope of the research is confined to flights operating from and to Coimbatore International Airport, covering major domestic routes such as Chennai, Bengaluru, Hyderabad, Delhi, and Mumbai. The study primarily examines airfare structures, dynamic pricing mechanisms, seasonal variations, competitive pricing responses, and ancillary revenue components .Geographically, the research is limited to Coimbatore City and does not extend to pricing strategies in other regions or international operations. Temporally, the study considers pricing trends and passenger responses over a recent three-year period (2023–2025), allowing for analysis of post-pandemic recovery and stabilization in the aviation market. The scope includes the perspectives of passengers, focusing on their awareness, satisfaction, and perception of pricing fairness. It also incorporates limited insights from airline personnel and secondary data such as fare comparisons and industry reports. The study evaluates factors influencing pricing decisions, including demand fluctuations, booking lead time, competition, operational costs, and government regulations. However, the research does not deeply examine internal confidential pricing algorithms or proprietary revenue management systems of IndiGo. It also does not compare detailed financial performance metrics of competing airlines.

Limitations of the Study

This study on the pricing strategies of IndiGo at Coimbatore International Airport is limited to a specific geographical area and time period (2023–2025), which may restrict the generalization of findings to other regions or future contexts. The research is based primarily on passenger survey responses, which may include personal bias and subjective opinions. Access to confidential internal data such as detailed revenue management systems and cost structures was not available, limiting in-depth analysis of pricing mechanisms. Additionally, external factors like fuel price fluctuations, regulatory changes, and economic conditions were not comprehensively examined. Despite these constraints, the study offers meaningful insights into regional airline pricing dynamics.

Review of Literature

A thorough review of existing literature reveals that airline pricing strategies are influenced by a range of internal and external factors. Research by sky economists highlights that yield management and revenue maximization play a significant role in fare decisions (Smith, 2019). Low-cost carriers operate under a model where cost leadership enables lower fares, yet differentiation in pricing structures can influence demand elasticity (Johnson & Gupta, 2020). Studies in the Indian aviation context indicate that dynamic pricing and ancillary revenue generation have grown in importance,

especially for carriers like IndiGo (Rao & Singh, 2021). However, limited research focuses specifically on regional markets such as Coimbatore, underscoring the need for the present study

Research Methodology

Research methodology is a way of systematically solving the research problems. Research methodology is a systematic method of a process of dealing with identifying problems, collection of facts or data, analysing these data for the purpose of making the decision. The methodology includes publication research, interviews, surveys and other research techniques, and could include both prevent and historical information. The methodology includes publication research, interviews, surveys and other research techniques, could both present and historical information

		Value	Df	Asymptotic
Significance (2sided)				
Pearson Chi-Square		333.45	9	.003
Likelihood Ratio		22.997	9	.006
Linear-by-Linear Association		11.231	1	.001
N of Valid Cases	200			

Findings

The study on pricing strategies of IndiGo at Coimbatore International Airport shows that the airline primarily follows a dynamic pricing model influenced by demand, seasonality, booking time, and competition. Early bookings generally offer lower fares, while last-minute and peak-season fares are significantly higher. Passengers in Coimbatore are highly price-sensitive and often compare fares before booking. Although base fares are perceived as competitive, ancillary charges and sudden price fluctuations affect customer satisfaction. Overall, IndiGo maintains a strong competitive position through flexible and demand-driven pricing strategies.

Conclusion

The study concludes that IndiGo adopts an effective and competitive pricing strategy at Coimbatore International Airport, primarily driven by dynamic pricing and revenue management principles. The airline successfully adjusts fares based on demand patterns, booking time, seasonal fluctuations, and competitive market conditions. This approach enables IndiGo to maintain high seat occupancy and profitability in the regional aviation market. However, the research also reveals that passengers in Coimbatore are highly price-sensitive and closely monitor fare variations before making booking decisions. While base fares are generally perceived as affordable, concerns regarding ancillary charges and sudden price changes affect overall customer satisfaction. Transparency in fare components and improved communication regarding pricing policies could enhance customer trust and loyalty.

Overall, IndiGo's pricing strategies demonstrate a strong balance between operational efficiency and market competitiveness. By refining transparency and customer engagement initiatives, the airline can further strengthen its market position in Coimbatore and similar regional markets.

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