



Airlines Operation to Puducherry: Poor Patronage or Inefficiency of the Carrier?

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Abstract

Puducherry is a known tourist destination and if merged with the neighboring Tamil Nadu becomes largest tourist receiving region in the country. An airlines carrier SpiceJet operated till recently in February last year, when it withdrew operations from Puducherry. Study revealed however that this flying sector has been making steady growth and making profits though not comparable with prime sectors of the airlines company. Despite the conducive environment, the airlines' choice of scrapping the route deserves research. The present study thus is a sincere attempt to study the viability of the Puducherry sector for airlines operation. For the purpose it examined the perception of travellers about the select quality aspects of air transportation prevailed in Puducherry viz. choice of air travel over other modes, time factor and cost or value for money. The study was conducted across occupational groups for future segmentation of the market. The data for the research was collected through primary survey at Bengaluru amongst passengers who travelled to Puducherry by air. Secondary data related to the study were collected from Puducherry airport and other internet sources.

The findings of survey revealed as respondents expressed their satisfaction about timing aspects of air travel; however the time to reach the airports in both Bengaluru and Puducherry is a concern that needs to be looked into by the local governments of respective states. Test of

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hypotheses revealed respondents are not divided across occupational backgrounds on grounds of preference of air travel, time factor, cost and value for money. Thus by and large respondents were satisfied with various aspects of airlines operation. On the contrary secondary data related the airlines operations vis-à-vis other carriers in the country explained deep financial losses and increased cost of operations over the period could be the reasons for streamlining of operations and withdrawal from less popular routes. The company has been losing market share over last year. Thus reason for suspension of the sector was found to be not the lack of demand of the sector, but chiefly internal reasons of the airlines company. However, in future joint marketing strategies by various stakeholders especially the airlines and Puducherry Tourism would help reviving airlines operation in the region.

Keywords: Tourists perception, Airlines marketing, Joint marketing, Destination development

Introduction

The union territory of Puducherry has an immense growth which is supported by various aspects in tourism industry. The tourist arrivals to Puducherry have been increasing overtime. The Domestic and Foreign tourist flow in the year 2012 was 9,81,714, and growth percentage of arrival 9.33%. The Department of Tourism, Government of Puducherry has undertaken several initiatives to offer quality tourism attractions to the tourists. The general means of transportation to Puducherry that huge population depends on is mainly buses, cabs, trains etc. Introduction of airlines had created another efficient mode of transportation to Puducherry that made the tourists to change over to new approach of travelling.

SpiceJet Ltd. is one of the most preferred low cost airlines which connect different destinations. The SpiceJet operated till recently in February 2014 from Puducherry to Bengaluru with direct flights and it also connected different metro cities such as Mumbai, Delhi, Hyderabad and Kolkata. SpiceJet is India's preferred airline which holds 19.5% of market share in the whole of Indian domestic

market. It operates 330 daily flights to 39 domestic cities and 6 international destinations. SpiceJet operations in Puducherry were commenced on 14th January 2013 operating with the ATR-72 flights. Puducherry is being a popular destination among tourists; SpiceJet is the only airline which offered airline connectivity to Puducherry.

However owing to its internal problems, the airlines company in January 2014 declared to withdraw operations from Puducherry. Airlines sources said that the stopping of operations is part of the overall strategies of the airlines to streamline its operations and close down sectors making lesser profits. Sources accepted that the Puducherry sector has been making steady growth and was a profiteering sector though not compared to prime sectors of the airlines. The government of Puducherry too had given bold incentives to promote the sector amongst passengers. Declaration of route travel by the private carrier as part of LTC of Govt. of India, tax holiday and permission to government officials to fly on duty by the SpiceJet were the prominent steps by the government to support the sector. Officials too suggest 30% seat assurance as part of integrated marketing strategies such as joint marketing, restructuring Routes, full-fledged operations, and customized tour packages to revive the sector (The Hindu, 8 Feb 2014).

Research Problem

The airport terminal at Puducherry was constructed at a cost of about Rs. 50 crore in 2012. The only airlines SpiceJet operated to the sector till February 2014 claimed the sector not to be viable for its operation. In the absence of scheduled operations the airport at present caters to the needs of chartered flights (two/three a week), the coast guard and a flying school. Despite the conducive environment created by government of Puducherry, the airlines' decision of scrapping the route deserves research for analysis of reasons whether internal or external to the airlines company. The present study is a sincere attempt in the regard to study the perception of travellers so that operations can be revived in the near future.

Objectives of the study

- To study the viability of the route by analyzing perception of travellers across occupational groups about the quality aspects of flight operation.
- To compare with the help of secondary data whether decision for withdrawal of flight services was internal or external to the airlines.

To achieve the first objective, below mentioned hypotheses have been adopted for test.

Hypothesis

1. There is no significant difference between choices for air travel across various occupational groups.
2. There is no significant difference between time factor of choice and curiosity of air travel to Puducherry across various occupational groups.
3. There is no significant difference between cost and value of money factor of choosing air travel to Puducherry across various occupational groups.

Methodology

The study on Air transportation in Puducherry is based on the available information at Puducherry airport at the time of suspension of air travel at Puducherry airport and from internet sources. For primary study questionnaires were administered in English as the questionnaires were targeting both domestic and international travellers (though no separate demographic data about the place of origin was taken) in the city of Bengaluru. A convenient sampling was conducted in the city during 20 - 27 February 2014, as this is the main point of origin for air travel to Puducherry. 70 questionnaire-schedules were handed out; however, only 55 valid questionnaires were returned. The questionnaires were then put into SPSS 16 for analysis. Descriptive Statistics including frequencies and mean value were conducted.

Chi square and One-way ANOVA were used to compare the groups (Field, 2009).

Data collection method

Data were collected from both primary and secondary sources in the study. Prior to any data collection, pre-collection activity is one of the most crucial steps in the process. The primary data collection was done using the convenient sampling method and Delphi technique. Primary data has been collected from the travellers to Puducherry at Bengaluru.

Airlines marketing and promotion

Dash and Alexander (2010) tried to analyze the impact of different promotional programs on the brand-switching behavior of students with respect to premium flight services to determine the 'optimal promotional mix' that service providers should offer. Their study use the Markov brand-switching model in combination with game theoretic techniques to find the optimal promotional mixes of the two service providers, based on the data collected by a sample survey of customers. The results suggest that both the service providers should adopt a combination of promotional offers, and indicate an asymmetric behavior in response to promotional schemes of the providers. Sensitivity analysis showed that the strategies were quite robust.

According to Dash and Alexander (2010) "marketers with a systematic method for planning promotional mixes by taking competitors' strategies into account. According to him, a possible approach would be to estimate switching rates periodically and to update the optimal promotion mix with the current data. In this way, the estimates would be more accurate and any changes could be detected and incorporated into the analysis. This would result in a more dynamic, reactive strategy".

Nelson et al. (2011) described about, "Digital intermediaries and Internet search technologies have commoditized many products, resulting in intense price competition and channel conflict. Firms use decommoditization strategies to regain control over distribution channels, as well as to implement resonance marketing

and hyper differentiation, which allows them to improve margins through differentiation”.

They tested two hypotheses: the *decommoditization hypothesis* and the *resonance marketing hypothesis*, and used data from the airline to examine individual preferences of passengers. Features of such fares could be modified by the passenger within the total sales that remained unchanged. The type of a la carte pricing helps the airline to gain control over the distribution. The findings support the proposed hypotheses.

Samy (2012) made an exploratory research that highlights the use of mobile phone technology in airline marketing in Egypt. Airlines are currently investing in the field of mobile commerce as a way to exploit the opportunities offered by this new wave technology. With revolution in mobile technology and related spread of m-commerce, air travel booking too is expected to be influenced as large number of people would prefer booking their tickets through mobile. His study highlights the opportunities offered by mobile phone technology in the airline industry and derives its most significant implications in achieving airline marketing goals. Egypt Air customers were taken as a research sample for this paper with an aim to explore their attitude toward the use of mobile phones in their air travel experience. The primary findings confirm that airline mobile services in Egypt are more information oriented rather than process oriented. This research also identifies the most significant airline mobile service features.

Ringel (2009) found that “In the future Airlines will have to prevail in an even more competitive online market against competitors. The airline branch is becoming more open to new media and is using more performance-marketing activities to gain a decisive competitive advantage. Therefore the guideline should be: keep pace and preferably go ahead! Metapeople know how airlines can gain a decisive advantage in the online market”.

As airlines in the study have gained extensive experience in the airline sector in over 40 markets and 25 languages, Ringel (2009) observed them to be benefiting from their experience and expertise.

Raghubir and Corfman (1995) hypothesized and demonstrated that offering a price promotion on a service can unfavorably affect brand evaluations. This is particularly true when price promotions are uncommon in the industry and consumers perceive that the quality of firms in the industry varies. Further, they demonstrated that the effect of promotions on brand evaluations is mediated by the attribution made for the promotion. Results from a laboratory experiment are reported. In this study they examined the effects of promotions on brand related attribution and on brand evaluations in nine service industries.

They “found evidence that *a*) the higher the perceived amount of dealing in an industry, the more likely it is that attributions for the promotion will be to the brand, and *b*) a brand that promotes more often than others in its industry is perceived to be of poorer quality than others in the industry, while a brand that promotes less often is perceived to be of better quality”.

This was true across a variety of industries. Further, the effect of promotions on brand evaluations is mediated by attributions made for the promotion. They also found that the effect of promoting on brand evaluations is diminished when a high percentage of brands in the industry are viewed as being of high quality. This may explain the results of prior studies in which promotions were not found to have an effect on brand evaluations.

Bamber et al. (2006) examined the product and labor market strategies of the main Australian low-cost carriers (LCCs). It considered how labor-market strategies in these LCCs have been influenced by the strategic choices that they have adopted in the product market. They also make some comparisons with LCCs in the United States and Europe that these Australian LCCs are moving to adopt some product market characteristics similar to those of legacy carriers. This may have implications for the future recruitment and training of frontline staff, which would be required to provide services to a wider market than previously.”

Sarker et al. (2012) studied about low cost carriers (LCC). The study examined the sustainability and future growth of LCCs. Using “split halves” technique the comparison was made between groups for assessing the understandability of respondents. The survey was

undertaken amongst customers at London and Gatwick airports travelling various destinations. They found that “Low Cost Carriers (LCC) have developed their value chain and strategies with a focus on cost reduction in comparison to network carriers who also focused on excellent customer service. Industry specialists and consumers both believe that LCC have benefited the industry by providing low fares and made air travel affordable. However both set of respondents also agree on the need to focus on Client Relationship Management (CRM) as a means for being sustainable. Industry specialists believe that LCC should revolve around the LCC basic model rather than a complete transformation into Full Service Carrier (FCC). LCC need to select a need based outsourcing to reduce their unnecessary operational costs.”

They concluded that LCC’s should focus on cost differentiation strategy for future growth and sustainability.

Fan et al. (2001) dealt with the raise of the airline alliances from the later 20th century into strong global powers of the early 21st century. The authors taking into account the economies of the traffic density, ponders that, a stronger alliance could well mean a hike in the fares of the flights, due to mitigated competition. The above-mentioned strategy may well be a reality for both the local and international flying sectors. Though alliances have existed for a very long time in this industry segment, a new light is needed upon them, in the wake of the newly identified levels of co-operations, namely ordinary, tactical and strategic. Ordinary and tactical being small-scale relations, the strategic leads to combined marketing and a wide network of co-operation. These alliances may well spill out of the airline sector, in favour of the land transportation as well, as the case of Paris-Brussels Air France flight being cancelled in favour of the TGV, which would also increase the berating space of the airport authorities with one less flight to monitor. The authors also provide factors affecting the system under different heads as globalisation, regionalisation, consolidation, pace of liberalisation and anti-trust concerns amongst the operators. With due considerations of the above factors, the authors recommend that, rather than having alliances of independent carriers, the development of mega carriers with global perspective is prescribed as a success recipe for the future. The authors conclude that, for the

betterment of the airline industry and its growth, liberalisation of regulations is essential.

Alamdari & Mason (2006) observed the stakeholders concerns about the travel industry. Concerns, particularly of the airline industry in the current turbulent times is discussed in the paper, with the main stakeholders being, the airlines, travel agents, global distribution system companies and the corporate travellers. The airlines feel that, the fees that they incur with the GDSs are eating into their revenue and hence many of them in the recent times, have eliminated or at least reduced the reliance on them for their regular business. As an alternative to the GDSs, the airlines pitch in with their own websites, for the sale of the tickets and related services, this has reduced the role of the travel agents to that of travel management companies, forcing them to develop new strategies to keep afloat, such as the minimum fare guarantee programmes, in order to rake in the customer flow. On the other hand, there are also requests for deregulation of the GDSs, so as to provide a free and competitive market and release it from the clutches of the airline companies owning the GDSs, hence the market realising the true value of them, without the owning company dictating the terms of work, by overshadowing the rival companies in their GDSs with provision of higher costs. Internet as a major distribution channel is also discussed by the authors. The results from the study indicate that, different airlines are offering different products in different GDS platforms. There may be a rise in costs for the corporate, with the GDS fare been passed on to them. There are also possibilities for mergers and acquisitions in the field leading to blunt lines of differentiation in the sector.

Though the airlines and GDSs are at loggerheads with one another, they are still inseparable, with both being dependent on one another for their sustenance. In this context the travel management companies, need to increase their reliability amongst the customers for them to be relevant in the current context.

Bieger & Wittmer (2006) started with the interlinkages between tourism and air transportation. The need for a clear airline policy and a business model for destination development are prescribed for in this paper. Under the framework discussed in this paper, different aspects of tourism industry are provided such as, tourism

as a neglected business, as to how it became a force with the redundant flights of WW1; tourism as a secondary activity, as a spill out of the resources of the WW2, to its gaining importance with specialisation in tourism including an index organisation for regulating its fares and other issues; to becoming a more important tourism and business traffic combined, providing leisure to the business traveller as well. The authors also speaks about the emergence of low cost carriers LCCs, which have made travel possible to erstwhile hinterlands, hence aiding in the promotion of tourism in those areas. With provision of international examples, the authors argue that, airlines remains the primary source of inbound travellers with its share remaining 100% or approaching it. The authors also mention about the evolution of the airline management system, from the early closed systems to the current self referring systems, with abilities to auto correct themselves in case of certain errors. The authors also discuss of a system model for air transportation and tourism, emphasising on the maintenance of the local environment, the quality of visit for the tourists, the supply side network, markets accessibility to the travellers and the fare structure in detail. The system finds the airline industry as the core of the model developed. The need for a clear regulatory framework and the need for alliances amongst the airlines are also emphasised by the authors. Local airport as a triggering factor for local development through multiplier effect is discussed in this context. In view of the business model, the factors discussed are natural resources, man-made services and commoditisation of the products available. The authors also call for decentralisation of power in tourism destination, for they aid in relaxed regulation for the promotion of tourism in that area. Another comment noted is that, the type of airline carrier influencing the nature of the visitors to a destination, if LCC, then average paying customer, to the charters bringing in high spenders. The conclusion is that air transport and tourism are interdependent and planning changes in one sector will in certainty lead to changes in the other sector as well.

Albers, Koch & Ruff (2005) in their paper dealt with the widespread strategic alliances in the airline industry. In this case, the onus is on the relation between the airline industry and the airport companies. The authors argue that the strategic partnership would be

beneficial to both parties participating in the alliance. The various factors involved in this alliance are infrastructure, human resource management, technological development, procurement of services and other related activities. In this context, the alliance would be to say that the airport would be handling the ground works and the airlines would take care of the flying part. The focus is on the passengers of the aviation industry, who are the common customers of both these parties. The major focus points were reliability and punctuality from the view of the passengers.

The need for integral marketing for the augmented product is recommended for the promotion of the product. For the airports, the customers are both the airlines and the passengers. For the airlines, the customers are only the passengers, and they consider themselves as the customers of the airport, hence the need to maintain the customers happy and make them to come back is essential for the airports. In this alliance, the benefit for the airport would be a constant consumer base and the airlines would enjoy preferential treatment, hence benefiting the passenger at the end. In the words of the authors, the important issues that the passengers think of during their decision making process are, accessibility, charges levied and security measures taken at the airports. Apart from these, the other important considerations are advantageous flight timings and the reputation of the airport. The authors conclude that, these strategic alliances help in alleviating uncertainty in the area of aviation business whose importance is on the increase due to the growth of the air traffic in the open skies.

Data analysis and Interpretation

The data collected from the primary survey are analysed for their percentage distribution.

Among the 55 valid respondents software professionals were 14.5%, self employed class were 21.8%, business persons were 29.1%, government employees were 12.7% and others category were found to be 21.8%. Respondents seem to have been distributed fairly across occupational structure. The preference of airline travel is feasible for the Tourists travelling from Bangalore to Puducherry who chose SpiceJet as their mode of transport. It also puts limelight on the fact that, most respondents put greater

emphasis on the travel time (M= 3.60, SD= .974) and travel time has edge over the other factors in influencing the preferences for their travel through airlines. Among the other variables associated, respondents also cited that reaching time at Puducherry Airport (M= 3.22, SD= 1.272) and check in and checkout (M= 3.05, SD= .826) as other important satisfying factors. Analyzing the pricing aspect, most of the respondents were found to have satisfying opinions regarding the air fare (M= 3.20, SD= 1.007) and transportation to Puducherry airport (M= 3.15, SD= 1.096). Transportation to Bangalore airport (M= 3.09, SD= .928) had fair degree of satisfaction. However, many respondents were of the view that refreshments at the airport (M= 2.49, SD= 1.034) and In-flight catering (M= 2.73, SD= 1.044) are a bit highly priced and suggested measures for controlling the prices of these factors. Regarding respondents' opinion about the accessibility of Puducherry airport (M= 3.20, SD= 1.007) and Bangalore airport (M= 3.31, SD= .940) were below the expected level. The respondents cited hassle free check in (M= 2.95, SD= .891) as the aspect they were not satisfied with. About the factors that play pivotal role in deciding their routine travel through SpiceJet or any other airlines operating from Puducherry, most of the respondents responded that Car rental services offered with ticket (M= 3.51, SD= 1.103), Hotel rooms with airline tickets (M= 3.25, SD= 1.142) and in flight entertainment (M= 3.22, SD= 1.100) are the value additions that influence the loyalty of the customers the most. The respondents also cited that they would like the airlines to provide all inclusive package (M= 3.07, SD= 1.052) and guide services with airline tickets (M= 3.07, SD= 1.052). So by and large respondents views were evenly distributed about the value additions they require along with the flight tickets. About the value additions respondents were ready to pay extra amount for services like car rental services with air ticket (M= 3.27, SD= 1.096), all inclusive packages (M= 3.27, SD= 1.096) and hotel room services with air ticket (M= 3.11, SD= 1.212). However, many respondents did not want to pay extra amount for guide services (M= 2.98, SD= 1.147) and in flight entertainment (M= 2.95, SD= 1.208).

The primary data discussed above clarifies the overall satisfaction of respondents about flight operation of the airlines. The curiosity thus emerges as whether respondents across occupational groups

share or differ in their opinion and satisfaction level. For the purpose the following hypotheses have been tested.

Visitors’ travel preferences across occupational groups

Hypotheses

1. There is no significant difference between choices for air travel across various occupational groups. (P value .721)

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Air travel is preferred *	Between Groups	(Combined)	3.838	4	.960	.520	.721
	Within Groups		92.271	50	1.845		
	Total		96.109	54			

Results can be found in the table above, as choice of travel air (P - 0.721) group the P value is more than 0.05. Thus the hypotheses cannot be rejected. We can conclude that there is no significant differences exist between travel preferences by air across occupational structures.

Air travel preferences across occupational structure

Hypotheses

- There is no significant difference between time factor of choosing air travel to Puducherry across various occupational groups. (P value .857)
- There is no significant difference between convenience factor of choosing air travel to Puducherry across various occupational groups. (P value .370)
- There is no significant difference between curiosity factor of choosing air travel to Puducherry across various occupational groups. (P value .917)
- There is no significant difference between cost factor of choosing air travel to Puducherry across various occupational groups. (P value .151)

- There is no significant difference between value for money factor of choosing air travel to Puducherry across various occupational groups. (P value .518)

Report						
Occupation		Time factor	Convenience factor	Curiosity factor	Cost factor	Value for money factor
Professional	Mean	4.13	3.88	3.25	2.50	2.88
	N	8	8	8	8	8
	Std. Deviation	1.458	.991	.886	1.309	1.126
Self Employed Professional	Mean	3.75	3.33	3.25	2.25	2.50
	N	12	12	12	12	12
	Std. Deviation	1.055	1.435	1.138	.866	1.000
Business Persons	Mean	3.88	3.50	2.88	3.06	2.88
	N	16	16	16	16	16
	Std. Deviation	1.025	1.033	1.360	.772	.719
Government Employees	Mean	4.29	4.00	3.14	2.57	3.29
	N	7	7	7	7	7
	Std. Deviation	.951	.816	.690	1.134	1.254
Others	Mean	3.92	3.08	3.17	2.25	2.58
	N	12	12	12	12	12
	Std. Deviation	1.084	.996	1.337	.866	1.165
Total	Mean	3.95	3.49	3.11	2.56	2.78
	N	55	55	55	55	55
	Std. Deviation	1.079	1.103	1.149	.977	1.013

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Time Factor * Occupation	Between Groups	(Combined)	1.616	4	.404	.330	.857
	Within Groups		61.220	50	1.224		
	Total		62.836	54			
Convenience Factor * Occupation	Between Groups	(Combined)	5.287	4	1.322	1.093	.370
	Within Groups		60.458	50	1.209		
	Total		65.745	54			
Curiosity Factor * Occupation	Between Groups	(Combined)	1.322	4	.330	.236	.917
	Within Groups		70.024	50	1.400		
	Total		71.345	54			
Cost Factor * Occupation	Between Groups	(Combined)	6.375	4	1.594	1.765	.151
	Within Groups		45.152	50	.903		
	Total		51.527	54			
Value For Money Factor * Occupation	Between Groups	(Combined)	3.412	4	.853	.821	.518
	Within Groups		51.970	50	1.039		
	Total		55.382	54			

Results can be found in the table above, as in no case of factors for choosing air travel to Puducherry P value is less than 0.05. Thus the hypotheses cannot be rejected. In all the five cases of factors for choosing air travel to Puducherry time (P - 0.857), convenience (P - 0.370), curiosity (P - 0.917), cost (P - 0.151) and value for money (P - 0.518) groups the P value is more than 0.05. Thus the hypotheses cannot be rejected. We can conclude in these cases as there is no significant differences exist between factors of air travel preferences to Puducherry and their occupational structures.

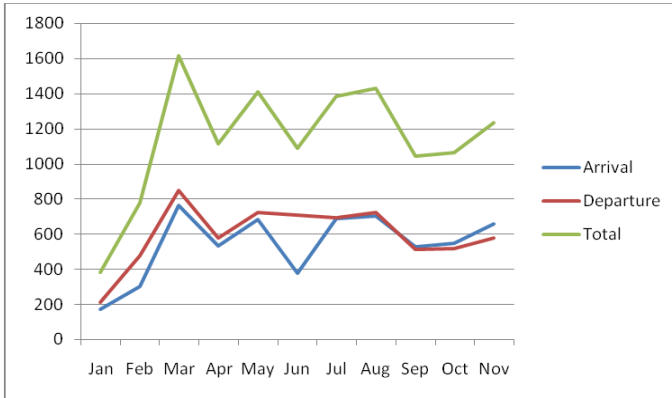
Primary survey thus reveals passengers travelling with SpiceJet were satisfied at majority fronts and were willing to pay extra for additional services. Passengers were also aware about the government incentive for the sector. Local government in association with the Union government had included the SpiceJet flying from Puducherry under LTC travel. The local government too had announced tax holiday for aviation fuel. H.S. Suresh,

regional executive director, AAI (Southern Region) observes “the Puducherry government was extremely keen on pushing through the airport modernisation process and it was hoped that there would be enough tourists driving up the load factor...,” (Deccan Chronicle, 2014, Dec 25). He also observed that it was internal decision of the Airlines to withdraw from the sector.

SpiceJet Operation in Puducherry-withdrawal an internal decision?

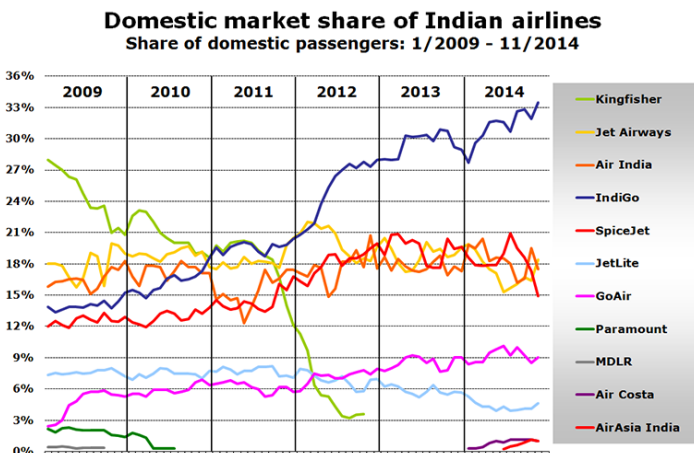
SpiceJet Ltd. one of the low cost airlines in the country operated to Puducherry till recently in February 2014. It connected Puducherry to Bengaluru with direct flights and with stop over to other Metro cities such as Mumbai, Delhi, Hyderabad and Kolkata. SpiceJet one of the India’s leading airlines, held 14.9% of market share in Indian domestic scheduled operations during November 2014. It currently operates 230 daily flights to 41 domestic cities and 9 international destinations. SpiceJet operations in Puducherry were commenced on 14th January 2013 operating with the ATR-72 flights. SpiceJet was the only airline which offered airline connectivity to Puducherry.

SPICEJET - PASSENGER TRAFFIC JAN-NOV 2013			
Month	Arrival	Departure	Total
Jan	174	211	385
Feb	304	477	781
Mar	764	851	1615
Apr	534	579	1113
May	686	725	1411
Jun	379	710	1089
Jul	691	693	1384
Aug	706	724	1430
Sep	530	514	1044
Oct	549	516	1065
Nov	658	577	1235



Source: Airport Authority of India, Puducherry

The table as well as graph explains the steady growth of (both arrivals and departure) travellers to Puducherry. The fluctuations may correspond to seasonal variations. S. Mahesh Station-In-Charge, SpiceJet (The Hindu, February 8, 2014) explained loss on this sector as the reason for withdrawal of operation, the airlines bargained unsuccessfully for 30% seat assurance with the local government. The same report however underlined steady growth in the sector.



Source: <http://www.anna.aero/wp-content/uploads/2015/01/Chart-Domestic-market-share-of-Indian-airlines.png>

Market Share of major scheduled domestic airlines of India in 2014

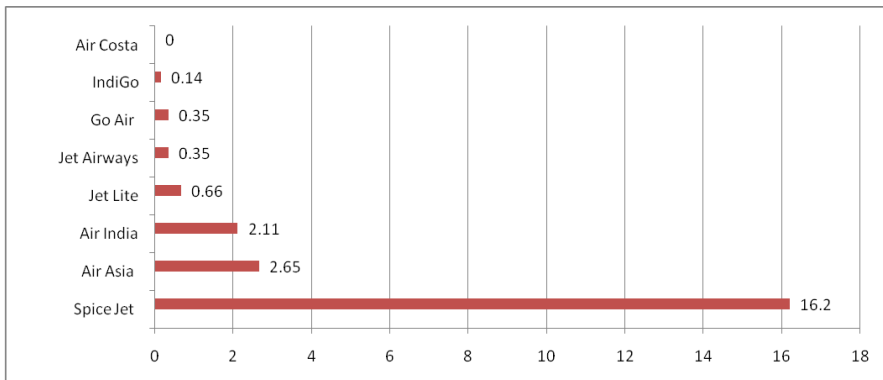
Month	Air India	Jet Airways	Jet Lite	SpiceJet	Go Air	IndiGo
January	19.8	19.9	5.3	18.6	8.4	27.7
February	19.5	19.14	4.7	17.9	8.6	29.6
March	20.4	18.2	4.3	17.8	8.6	30.3
April	18.3	17.5	4.3	17.9	9.5	31.6
May	18.6	17.1	3.9	17.9	9.8	31.7
June	18.5	15.3	4.3	19.0	10.1	31.6
July	18.0	15.7	3.9	20.9	9.2	30.7
August	16.2	16.1	4.0	19.5	10.0	32.6
September	16.6	16.7	4.1	18.6	9.2	32.8
October	19.5	16.4	4.1	17.3	8.5	31.9
November	17.5	18.4	4.6	14.9	9.0	33.5
December	Data not available					
Total	18.4	17.3	4.3	18.2	9.2	31.27

Source: DGCA reports

The picture and table above explains the dwindling market share of SpiceJet which experienced highest cancellation rate owing to its financial problems. The cancellation in SpiceJet operations was 16.2%, highest in the industry. The domestic aviation industry when grew by 9.14% over the last year's passenger traffic, SpiceJet had a negative growth. Further to it the highest rate of 16.12% as compared to 3.34% of overall cancellation rate of the industry explained deep crisis of the company from within. The market share of the company witnessed a sharp decline from the mid of 2014 to a new low 14.9% in November 2014. The crisis would have been forecasted internally by the company at the beginning of the year 2014 for which the company had no other options but to close less profitable routes. And Puducherry sector was one of the first followed by other south Indian cities like Tuticorin and Salem. It is said that Tuticorin operations were stopped when the load factor was close to 90% (Parthasarathy, V., Dec 25, 2014). Compared to the overall cancellation rate of

scheduled domestic airlines in November 2014 has been 3.34% compared to 16.2% of SpiceJet itself showing financial difficulties of the airline. Airline-wise details of cancellations are as follows.

Rate of Cancellations of all scheduled domestic airlines



Load factor and financial loss

The table mentioned below explained managerial efficiency of the airlines company since load factor in 2014 is considerably higher compared to the previous year. The higher load factor in 2014 was resultant of suspension of less popular routes including Puducherry. However managerial efficiency could not help company from financial crisis. The company incurred a record loss of Rs. 1003.24crore in the year 2014. Cost per available seat kilometer (CASK) as per the company recorded a sharp rise of 10% over the last year in addition to rise in international prices of lease rentals, maintenance and spares. Thus the financial adversity of the company seems not because of operational inefficiency rather financial.

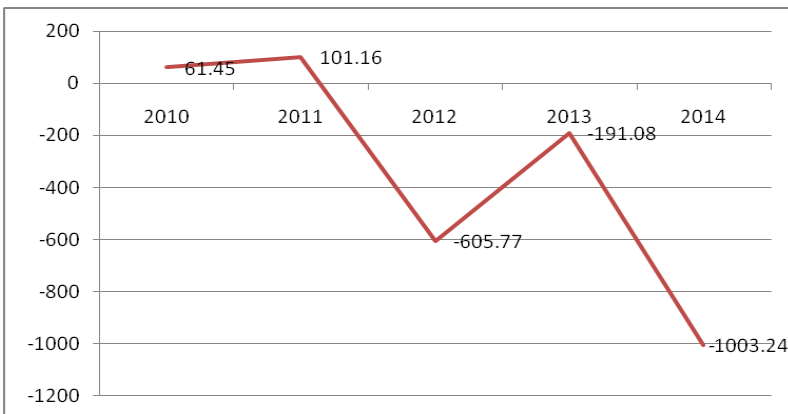
Load factor of SpiceJet 2013-2014

Month	Load factor - 2013	Load factor - 2014
January	71.6	69.9
February	80.8	71.0
March	76.1	68.9
April	75.0	73.3

May	80.9	81.3
June	73.3	81.4
July	69.6	79.4
August	75.8	82.5
September	67.9	85.9
October	67.5	80.1
November	70.7	86.9
December	75.3	86.9
Total	73.7	78.4

Source: DGCA reports

Company net profit/loss over the period from 2010 to 14



Source: www.moneycontrol.com

Conclusion

Respondents expressed their satisfaction about timing aspects of air travel, the choice of connecting cities, and most other aspects of air travel. Respondents were found to be willing to pay extra given value added services offered with airlines tickets. Puducherry as an upcoming leisure tourist destination with the Ashram and Auroville international township has also witnessed strong government support for civil aviation. Respondents in the research, across occupational backgrounds were not divided on motivational grounds and satisfaction levels. Passengers of all categories were thus satisfied about the air travel from Puducherry. Secondary data

also supported steady increase in the passenger traffic. However the sole airlines company SpiceJet suspended its flight operation citing internal decision. An analysis of carrier's individual performance and vis-à-vis other scheduled domestic carriers was made in the paper. The company was found to be operationally efficient because of increased passenger traffic and overall load factor. However the financial inefficiency was reflected in continuous and rising loss and resultant decreased market share in 2014. Thus failure of the airlines to continue operations to Puducherry was the outcome of company's financial crisis rather than demand of the sector.

However for future air connectivity to Puducherry government has to take a proactive role. Cooperation between various stakeholders including airline-companies is crucial for tourism development at a destination which also helps carriers in increasing passengers' traffic. Thus joint marketing strategies by stakeholders especially the airlines and Puducherry Tourism can collaborate in promoting tourism in the region.

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