

**A STUDY ON ADVERTISEMENT AND SALES PROMOTION
OF AUTOMOBILES IN NEPAL**

**Analysis of Customers Perception on Bajaj and Hero Honda Motorbikes
(At Present Hero and Honda Separated)**

A Thesis

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(At Present Hero and Honda Separated)**

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DECLARATION

I hereby declare that the work reported in this thesis entitled “**A Study on Advertisement and Sales Promotion of Automobiles in Nepal, Analysis of Customers Perception on Bajaj and Hero Honda Motorbikes (At Present Hero and Honda Separated)**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master degree of Business Studies (MBS) under the supervision of **Asso. Prof. Neera Shrestha** of Padmakanya Multiple Campus, Kathmandu Nepal.

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ABSTRACT

The world market today has been narrowed by the information system. The customers keep information of the products or services through various sources. To inform about the products or services to the customers is the other part of companies' activities to increase the sales. Thus, producing the product is not sufficient; in addition it should be promoted as well. This principle applies in case of bike as well. Various brands of bikes are available in the Nepalese market along with the various models. If consumer attempts to collect information about the various models of various brands of bike, it is obvious that he/she would be confused on the crowd of the brands. Thus, a bike company as well practices various promotional tools. Among various promotional tools, the study has examined the advertising and sales promotion only. The main objective of this study is to examine the effect of advertising and sales promotion on the sales of Bajaj and Hero Honda bikes, considering these two bikes as much consumed by the Nepalese riders. The other specific objectives are to examine the brand awareness, view towards purchasing of consumers, effectiveness of advertising and sales promotion and perception of Bike Companies to promotion.

To achieve the objective, the study has been based on primary data analysis and thus is experimental in nature. One set of questionnaire is prepared and distributed to 20 riders of Bajaj Bike and 20 riders of Hero Honda Bike, and the other set of questionnaire is prepared and distributed to 2 Sales Officers and 2 Marketing Officers of each HH Bajaj Bike Company and Syakar Company Limited. The study has found that consumers remain aware about the brand of bike through the promotion by various medias. The demographic variables affect the purchasing decision of the riders and the advertising and sales promotion are effective in influencing the buying decision of the consumers. The sales promotion mainly causes the riders to refer other people as per the views of Bike Companies. The study finally concludes that the sales promotion and advertising have turned result oriented whenever applied; however, it is difficult to determine which promotion tool is much effective. Finally, the study recommends that the advertising and sales promotion should be continuously practiced keeping the consumers at centre while creating either advertising or offering value through sales promotion.

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ABBREVIATIONS

%	:	Percentage
BAL	:	Bajaj Auto Limited
Co.	:	Company
EBL	:	Everest Bank Limited
HH	:	Hero Honda
HHCPL	:	Hulaschand & Hansraj Company Private Limited
No.	:	Number
SO	:	Sales Officer
MO	:	Marketing Officer
TV	:	Television
EC	:	Electronic Commerce
Freq.	:	Frequency

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Marketing means developing a strategy to get the product in front of customers so they have the opportunity to buy it. This concept is a management orientation that holds the key tasks of the organization is to determine the needs and wants of the target and to adopt organization to delivering the desired satisfaction more effectively and efficiency than its competitors. It is the organization on the part of management that all business decisions of a firm must be made in the light of customer needs and wants. It focuses in consumer needs.

Promotion is one of the components of Marketing Mix. Today, the scope of marketing is growing so rapidly due to the expansion of the market. As market demand increase along with the changing test, new and new products are being introduced in the market. Due to the rough competition and sophisticated market, the companies are bound to face new and ever changing marketing realities.

To sustain in the market whose taste and demand are frequently changing, promotion becomes the happening tools for modern age marketers. New prospective is attained by effective promotional practices in the marketing process. Again, to prevent the existing customer switching to other brands, they must be reminded for the existence of the product the versatile promotional activities are being done. Promotion is the contributing and supporting component in the marketing mix. With the help of promotional activities, the firm communicates its objectives with the customers.

Promotion is generally sub-divided into two parts: First is above the line production, which purports promotion in the media (e.g. TV, radio, newspapers, internet) in which the advertiser pays an advertising agency to place the advertisement. Next is below the line promotion: which means all other promotional tools such as coupon, allowances, and holiday tickets to the dealers etc. Much of this is intended to be subtle enough that the consumer is unaware that promotion is taking place.

The specification of the four variables, advertising, sales promotion, personal selling and publicity or public relation, create a promotional mix or promotional plan. A promotional mix specifies how much attention to pay to each of the four subcategories, and how much money to budget for each. A promotional plan can have a wide range of objectives, including: sales increases, new product acceptance, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image.

However, for the study only two promotional mixes have been considered which includes advertising and sales promotion. The word advertising is derived from the two Latin words “ad” means towards and “vertigo” means I turn. So meaning of advertising is to turn people’s attention to the specific things. Earliest form of advertising is to draw the people’s attention to the specific things. In the other words advertising is to draw people’s attention to the certain goods. Moreover, advertising is a form of communication whose purpose is to inform potential customers about products and services and how to obtain and use them. Many advertisements are also designed to generate increased consumption of those products and services through the creation and reinforcement of brand image and brand loyalty. For these purposes, advertisements often contain both factual information and persuasive messages. Every major medium is used to deliver these messages including television, radio, movies, magazines, newspapers, video games, the Internet, and billboards. Advertising is often placed by an advertising agency on behalf of a company.

On the other hand, sales promotion offers an incentive to buy. Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Sales promotions can be directed at either the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotion.

To analyze the promotion mix, especially advertising and sales promotion, the bikes promoted in Nepal has been considered. More specifically, the study analyzes the aforementioned promotional mix on HH (Bajaj) Co. Pvt. Ltd, the authorized dealer of

Bajaj Auto Limited and the Shykar companies of Padmashree Jyoti group, the authorized dealer of Hero Honda for Nepal.

1.1.1 Profile of Bajaj Auto Limited

"Bajaj Auto (BAL) is a major Indian automobile manufacturer. It is India's largest and the world's 4th largest two- and three-wheeler maker. It is based in Pune, Maharashtra, with plants in Akurdi and Chakan (near Pune), Waluj (near Aurangabad) and Pantnagar in Uttaranchal. Bajaj Auto makes and exports motorscooters, motorcycles and the auto rickshaw. Over the last decade, the company has successfully changed its image from a scooter manufacturer to a two wheeler manufacturer. Its product range encompasses Scooterettes, Scooters and Motorcycles. Its real growth in numbers has come in the last four years after successful introduction of a few models in the motorcycle segment. The company is headed by Rahul Bajaj who is worth more than US\$1.5 billion." (*www.bajajauto.com*)

Inspiring confidence, the tagline, has built up confidence, through excitement engineering, not only to domestic consumers but also internationally. "Established just nine decades back in 1926 by Jamnalal Bajaj, the company has been vested with India's largest exporter of two and three wheelers. Bajaj Auto Ltd. sales have increased by approximately 21 per cent in the year 2009/10, which exceeds Rs 65.4 billion, a record in the history of the company. The gross operating profit stands at Rs. 9.3 billion, again a record. The profits after tax of the BAL are close to Rs. 7.7 billion, and the pre-tax return on operating capital is at an impressive 80 per cent." (*www.bajajauto.com*)

The strength of the company is its quality products, excellence in engineering and design, and its ability to delight the customers. The Pulsar, introduced in November 2010, is continually dominating the premium segment of the motorcycle market, helping to maintain the market superiority. Discover DTSi, one more successful bike on Indian roads, is in the 'value' segment of the motorcycle market. It incorporates a high degree of power with fuel efficiency of a 100 cc motorcycle.

BAL is committed to prevention of pollution, continual improvement of environment performance and compliance with all environmental legislation and regulations. They

always believe in providing the customer 'value for money' and keep a special eye upon quality, safety, productivity, cost and delivery

Authorized Dealer in Nepal

Everest bank Ltd (EBL) and Hansraj Hulaschand & Co Pvt Ltd (HHCPL), the authorised distributors of Bajaj motorbikes in Nepal, have joined hands to provide finance services for Bajaj bikes. Jaspal Singh Jass, executive director of EBL and Shekhar Golchha, HHCPL signed and exchanged a contract agreement to this effect today. With this, financing facility for Bajaj bikes has taken a new turn. The finance service for Bajaj bikes will now be available through EBL, which has become the only commercial bank in Nepal to offer finance facilities in the two-wheeler category. After signing the agreement, Golchha termed it a historic moment in two-wheeler marketing in Nepal. “Now Nepal’s No 1 selling two-wheeler brand, Bajaj bikes will be available at easy and comfortable terms of financing,” he added. He further said that financing through EBL will target the middle income group, which cannot afford bikes on an instant cash payment basis. Stating that EBL is a pioneer in retail lending, Jass expressed that the bank’s tie up with Bajaj motorcycles would be mutually beneficial and provide better service to customers.

1.1.2 Profile of Hero Honda Motorbike

Hero Motocorp Ltd., formerly Hero Honda, is an Indian motorcycle and scooter manufacturer based in New Delhi, India. A joint venture between the Hero cycles of India and Honda Motor Company of Japan was established in 1984 as the Hero Honda Motors Limited at Dharuhera, India. The company considered the largest two wheeler manufacturer in India. The 2006 Forbes 200 Most Respected companies list has Hero Honda Motors ranked at #108.

Hero” is the brand name used by the Munjal brothers for their flagship company, Hero Cycles Ltd. Munjal family and Honda group both owned 26% stake in the Company. In 2010, it was reported that Honda planned to sell its stake in the venture to the Munjal family.

In 2010, when Honda decided to move out of the joint venture, Hero Group bought the shares held by Honda. In mid-2011 Honda sold its 26% stake in Hero MotoCorp to Hero Group. CEO Pawan Munjal and the Munjal family own 52% of Hero

MotoCorp. Subsequently, in August 2011 the company was renamed Hero MotoCorp with a new corporate identity. On 4 June 2012, Hero MotoCorp approved a proposal to merge the investment arm of its parent Hero Investment Pvt. Ltd. into the automaker. The decision comes after 18 months of its split from Honda Motors. Hence, in the mid of 2011 Honda companies has become separated from Hero Honda. These days Hero company is known by Hero MotoCorp while Honda company is known by Honda company Pvt. Ltd.

Hero MotoCorp is putting forth an epic performance in the manufacture of two-wheeled motor vehicles. Serving the Indian market, Hero MotoCorp (formerly Hero Honda Motors Ltd.) sells more than 3 million bikes annually with offerings ranging from fuel-efficient scooters to powerful motorcycles. The company, considered the largest two-wheeler manufacturing company in India, exports to Africa, Asia, Eastern Europe, and Latin America. In this respect, I have taken the Hero MotoCorp in my study area.

This study showed the customers perception on Bajaj Motor bikes and Hero Honda Motorbike when they were jointly worked together. Therefore, this study have taken neither respondents of Hero bike rider nor Honda bike rider, it have taken Hero Honda bike riders.

1.2 Focus of the Study

The study will focus on advertising and sales promotion of Bajaj and Hero Honda motorbikes. In today's competitive market, there is tough competition among seller to present their goods and services as best products than anything else. It has become very challenging for any organization to differentiate their products and services from others due to changing needs and demands of consumers. Without a proper marketing management tool, it is impossible for marketer to tell their customers about their products in better way, suggest new uses for a product, informing the market of price change and explaining how the product work.

Advertising is the communication link between the seller and the buyer or the consumer. It does not simply provide information about products and services but is an active attempt at influencing people to action by an overt appeal to reason or emotion. In other words, advertising does not end with the flow of informative from

the seller to the buyer; it goes further to influence and persuades people to action or belief. This is, however, only the communication another way of viewing the advertising function, and that is the marketing point of view.

Each organization has marketing objectives and a marketing plan to achieve them. An organization also identifies the segments of the market it intends to serve. In the process of achieving its marketing objectives, the organization uses several marketing tools. In a study of marketing management, four variables are identified, which are well within controllable limits by the individual organization. They are popularly known as 4 Ps – Product, Place, Price and Promotion. An ideal mix of these four variables is known as the ideal marketing mix to realize the set objectives. This means that the right product should be developed and offered through a distribution network suitable to the organization and the target market segment. The product should not be too costly and should be offered with a suitable promotion strategy. Under promotion, the marketer provides face-to-face communication with individual or a small group as well mass communication with a large audience by way of advertising. Thus, advertising is a part of the marketing mix under the major variable of promotion.

Advertising as a part of the total marketing mix influences the sale of the product, as do the other variables of the mix. Together with the product or brand, price channel of distribution and personal selling, advertising attempts to reach the marketing objectives. When a firm introduces a prestige product with a premium price, advertising should reinforce the idea of the high quality and prestige of the product by associating it with prestigious people, places and events. Similarly, the nature of advertising and the strategy would differ when distribution strategy is through intensive, exclusive or selective outlets.

Precisely, considering all the facts mentioned above, we are going to concentrate our study on the advertising and sales promotion on the motorbike motive world. The study shall revolve around the advertising and promotion behavior of those business houses who are handling the automobile business in Nepal. So forth, the study will reveal how those business houses are able to attain and retain their market share in the country.

1.3 Statement of the Problems

People have changed their lifestyle and demand. Today, world is being motor motive world. Consumers are using different attractive and powerful means of transportation. Similarly, large organization and trading houses are importing and selling different brands and models of motorbikes to fulfill desires of customers specially youth. Amongst them, the most and well known brands in two wheelers 'Bajaj and Hero Honda Motorbike' is rapidly growing business in Nepalese market.

Being distinctly ahead than other, Bajaj and Hero Honda company is providing products with free services and warranty. On the other hand, many other companies are presenting latest models of bikes with great feather to hold significant position in the Nepalese market. TVS, Suzuki, Yamaha, Honda, etc. are competitive bikes having huge competition with Bajaj and Hero Honda bikes for the existence in the market. Hence, Nepalese customers are having plenty of options and confusions to make right decision.

Nepal is mountainous country due to which it is difficult to deliver the product to the place of destination in the right time. In big city, like Kathmandu, Biratnagar, Birgunj pokhara etc. there is a big problem of vehicle Jam. So, the importance of the desirable transportation is very high. In this context, study of motorbike is very important.

Along with that, most of us feel that advertising is, after all for the marketer a powerful persuasive tool for creating a demand for his product. Consumers apparently feel that they have nothing to gain from these advertisements. Most of us do not have faith in the correctness of the advertising message. We have some sort of predetermined impression that advertisements are exaggerations highlighting the benefits of the product, which are not too important while concealing the drawbacks. We do not take any advertisement message seriously and have stereotyped reaction to almost all the advertisement. The basis purpose of advertisement to communicate effectively with the target market itself is not achieved. Therefore, for any company, it is important to present effective advertising and sales promotion at right time in right way for right customer. Losing even a single customer means ineffective advertising, which may be heavy loss for company in present or future. Under this ground, the study of the marketing of vehicle is relevant.

Purchasing capacity of the people is very low in the country. A few numbers of customers are buying vehicle from market. However, many companies are involved in importing different brands of motorbikes. All the companies are using almost same advertisement strategies for selling the product. Due to the cut throat competitions in the market, it is necessary to try new strategies to capture and expand the market. In this ground, it is felt necessary to make research while advertisement and sales of Bajaj and Hero Honda bikes. In this context, some problems have been faced by this coming ages termed as the problem area in this study.

- Has HH (Bajaj) and Hero Honda been more market oriented and given more emphasis on better promotional strategies?
- Has it been able to analyze the varieties of advertising and sales promotional effectiveness for the better product to acquire the customer view?
- Have it been promoting Bajaj and Hero Honda bikes most suitably all professions?
- Are the customers well aware about bikes brand?
- Has it been studied the factors for bike buying decision?

1.4 Objectives of the Study

The main objective of the study is to measure the advertising and sales promotion of motorbikes in Nepal. The specific objectives of the study are;

- To see customer's interest and view towards purchasing of Bajaj and Hero Honda Bikes
- To analyze the factors that influence to buy the Bajaj and Hero Honda bikes
- To examine the brand awareness in customers for bikes.
- To find out the effectiveness of advertising and sales promotion of Bajaj and Hero Honda bike in Nepal
- To find out the view and perspectives of Bike Companies related to Promotion

1.5 Significance of the Study

Today, world is globalized and termed as global village where people live, struggle and survive living. It is a different part of the world of easy access to any place or town of any country by the help of communication and transportation which has developed a lot in last few decades. For the easy traveling of people, excess development had been made in few last years in the transportation means such as cycle, two wheelers motor, three wheelers motor, steam engine, etc. Today motorbike

is most popular means of transportation among youth for both short and long distance traveling. And without advertising and sales promotion, no automobile company can survive in today's competitive market.

Automobile business is one of the businesses which are frequently using aggressive advertising sales promotional tools for their products. Advertising and sale promotion are playing informative, persuasive and reminder role in the market. It is helping to capture high customer equity by attracting potential customers and retaining royal customers of an organization. The power of advertising is so great that some authors have argued that it deprives consumers of their discretion in the market place makes it possible for suppliers to manage demand. Some economists have argued that advertising creates product differentiation, as a result of which demand becomes increasingly inelastic; that, in fact it does nothing but to replace price competition, by advertising. It is possible that the gain in eliminating price competition by covering a market segment for the advertised product may be much more than the expenditure incurred on advertising. Large firms have the power of huge money; they spend it on advertising, particularly when they introduce a product with a varying differentiation, which enables them to capture a substantial market. Not only in such pre-empting of a market possible; but such advertising has the power to create a barrier for new firms or a product to enter the market in competition. The result is that big companies continue to enjoy a large market share in a monopolistic competitive situation, getting high prices and high profits which, again, enable them to spend huge sums on advertising

Advertising is useful for buyers – for both consumer and industrial purchasers. It provides them with new products, their prices, new development research. It increase competition rather than reduces it, as many critics claim. Above all, advertising, being a creative work, bring out art work of the finest quality of eyes, though much advertising is routine and does not full in this category. Finally, talking about the social influence of advertising, we may observe that it cannot change values. It simply reflects the values system of a society; it does not create it. It simply responds to the prevailing value system. The advertiser has to know very minutely the attitudes, beliefs and motives of the target audience.

Hence, the study is going to do a situational analysis of advertising and sales promotion in today's marketing management world and their role of building the brand image of the product. Therefore, this study will significantly help to learn and understand about advertising and sale promotion role in modern business world to the students, business persons and all the concern stake holders.

1.6 Limitation of the Study

- There are different kind of motorbikes are easily available in the market but the researcher have taken only two brands, namely Bajaj and Hero Honda.
- This study is only concern with the advertising and sales promotion of Bajaj and Hero Honda Motorbike in Nepal.
- Sample size is very small in comparison to the population of the study.
- Due to unavailability of population size, this research cannot show the population size and percentage of sample size.
- This study is entirely based on the views and responses of customers and interviews with marketing executives of respective brands.
- This research is not applicable for other researches because of very small sample size the finding are very small. It is based on whole perception of bike holder.

1.7 Organizing the Study

The study has been organized into 5 chapters,

Chapter I: Introduction

This chapter includes general background of study, introduction of Bajaj and Hero Honda motorbikes, focus of study, statement of problem, objectives of study, significance of study, limitation of study and organizing of study

Chapter II: Reviews of Literature

This chapter includes conceptual framework of the study, review and previous researchers in this field.

Chapter III: Research Methodology

This chapter includes research design, population and sample size, source of data collection procedure and data analysis tools.

Chapter IV: Data Presentation and Analysis

This chapter interprets the collected data using various marketing and simple statistical tools and techniques like average and percentage. It includes major findings of studies.

Chapter V: Summary, Conclusion and Recommendation

Finally, the last chapter summarizes the whole study; draw the conclusion and forward recommendations.

References and appendix are shown at the last.

CHAPTER – II

REVIEW OF LITERATURE

This chapter is concerned with review of literature relevant to the topic advertising and sales. A literature review is a body of text that aims to review the critical points of current knowledge on a particular topic. The purpose of reviewing of literature is to develop some expertise in one's area, to see what new contribution has made to receive some ideas for developing a research design. Thus, previous studies cannot be ignored as they provide the foundation of the present study. Its ultimate goal is to bring the reader up to date with current literature on a topic and forms the basis for another goal, such as the justification for future research in the area. Under this section, the conceptual review and the review of previous studies related to the present study has been presented.

2.1 Conceptual Review

2.1.1 Promotion

Promotion may be defined as the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sale of a good or service. "Promotion is most often intended to be a supporting component in a marketing mix. Promotion decision must be integrated and coordinated with the rest of the marketing mix, particularly product/brand decisions, so that it may effectively support an entire marketing mix strategy. The promotion mix consists of four basic elements. They are:-

- Advertising
- Personal Selling
- Sales Promotion, and
- Publicity
- Public Relation" (*Huff and Alden; 1998: 73*)

2.1.2 Advertising

The word advertising originates from a Latin word advertise, which means to turn to. The dictionary meaning of the term is "to give public notice or to announce publicly". Advertising may be defined as the process of buying sponsor-identified media space

or time in order to promote a product or an idea. The American Marketing Association, Chicago, has defined advertising as “any form of non-personal presentation or promotion of ideas, goods or services, by an identified sponsor.”

What Advertisement Is?

Advertisement is a mass communicating of information intended to persuade buyers to buy products with a view to maximizing a company's profits. The elements of advertising are:

- It is a mass communication reaching a large group of consumers.
- It makes mass production possible.
- It is non-personal communication, for it is not delivered by an actual person, nor is it addressed to a specific person.
- It is a commercial communication because it is used to help assure the advertiser of a long business life with profitable sales.
- Advertising can be economical, for it reaches large groups of people. This keeps the cost per message low.
- The communication is speedy, permitting an advertiser to speak to millions of buyers in a matter of a few hours.
- Advertising is identified communication. The advertiser signs his name to his advertisement for the purpose of publicizing his identity. (*Shimp; 2000: 118*)

What is Included in Advertising?

- The information in an advertisement should benefit the buyers. It should give them a more satisfactory expenditure of their rupees.
- It should suggest better solutions to their problems.
- The content of the advertisement is within the control of the advertiser, not the medium.
- Advertising without persuasion is ineffective. The advertisement that fails to influence anyone, either immediately or in the future, is a waste of money.
- The function of advertising is to increase the profitable sales volume. That is, advertising expenses should not increase disproportionately.

Advertising includes the following forms of messages: “The messages carried in-

- Newspapers and magazines;
- On radio and television broadcasts;
- Circular of all kinds, (whether distributed by mail, by person, through tradesmen, or by inserts in packages);
- Dealer help materials,
- Window display and counter – display materials and efforts;
- Store signs, motion pictures used for advertising,
- Novelties bearing advertising messages and Signature of the advertiser,
- Label stags and other literature accompanying the merchandise.” (*Gupta; 1988: 364*)

2.1.2.1 Origin and Development of Advertising

“It has been wrongly assumed that the advertising function is of recent origin. Evidences suggest that the Romans practiced advertising; but the earliest indication of its use in this country dates back to the Middle Ages, when the use of the surname indicated a man’s occupation. The next stage in the evolution of advertising was the use of signs as a visual expression of the tradesman’s function and a means of locating the source of goods. This method is still in common use. The seller in primitive times relied upon his loud voice to attract attention and inform consumers of the availability of his services. If there were many competitors, he relied upon his own personal magnetism to attract attention to his merchandise. Often it became necessary for him to resort to persuasion to pinpoint the advantages of his products. Thus, the seller was doing the complete promotion job himself.” (*Landler and DeGeorge; 1991: 103*)

Development of retail stores, made the traders to be more concerned about attracting business. Informing customers of the availability of supplies was highly important. Some types of outside promotion were necessary. Signs on stores and in prominent places around the city and notices in printed matters were sometimes used.

“When customers were finally attracted to the store and satisfied with the service at least once, they were still subjected to competitive influences; therefore, the merchant’s signs and advertisements reminded customers of the continuing availability of his services. Sometimes traders would talk to present and former

customers in the streets, or join social organizations in order to have continuing contacts with present and potential customers. As the markets grew larger and the number of customers increased, the importance of attracting them also grew. Increasing reliance was placed on advertising methods of informing about the availability of the products. These advertising methods were more economical in reaching large numbers of consumers. While these advertising methods were useful for informing and reminding and reminding, they could not do the whole promotional job. They were used only to reach each consumer personally. The merchant still used personal persuasion once the customers were attracted to his store. The invention of hand press increased the potentialities of advertising. By Shakespeare's times, posters had made their appearance, and assumed the function of fostering demand for existing products. Another important event was the emergence of the pamphlet as an advertising medium. The early examples of these pamphlets disclose their sponsorship by companies want to generate goodwill for their activities. The low cost of posters and handbills encouraged a number of publishers to experiment with other methods." (Davis, Inman, and McAlister; 1992: 172)

2.1.2.2 Advertising Objectives

Each advertisement is a specific communication that must be effective, not just for one customer, but for many target buyers. This means that specific objectives should be set for each particular advertisement campaign. Advertising is a form of promotion and like a promotion; the objectives of advertising should be specific. This requires that the target consumers should be specifically identified and that the effect which advertising is intended to have upon the consumer should be clearly indicated. The objectives of advertising were traditionally stated in terms of direct sales. Now, it is to view advertising as having communication objectives that seek to inform persuade and remind potential customers of the worth of the product. Advertising seeks to condition the consumer so that he/she may have a favourable reaction to the promotional message. Advertising objectives serve as guidelines for the planning and implementation of the entire advertising programme.

“The basic objectives of an advertising programme may be listed as below:

- To stimulate sales amongst present, former and future consumers. It involves a decision regarding the media, e.g., TV rather than print;

- To communicate with consumers. This involves decision regarding copy;
- To retain the loyalty of present and former consumers. Advertising may be used to reassure buyers that they have made the best purchase, thus building loyalty to the brand name or the firm.
- To increase support. Advertising impliedly bolsters the morale of the sales force and of distributors, wholesalers, and retailers; it thus contributes to enthusiasts and confidence attitude in the organizational.
- To project an image. Advertising is used to promote an overall image of respect and trust for an organization. This message is aimed not only at consumers, but also at the government, shareholders, and the general public.” (*Blackwell, Miniard and Engel; 2001: 86-87*)

2.1.2.3 Importance of Advertising

Generally, advertising is a relatively low-cost method of conveying selling messages to numerous prospective customers. It can secure leads for salesmen and middlemen by convincing readers to request more information and by identifying outlets handling the product. It can force middlemen to stock the product by building consumer interest. It can help train dealers salesmen in product uses and applications. It can build dealer and consumer confidence in the company and its products by building familiarity. While sometimes advertising alone may succeed in achieving buyer acceptance, preference, or even demand for the product, it is seldom solely relied upon. Advertising is efficiently used with at least one other sales method, such as personal selling or point-of-purchase display, to directly move customers to buying action.

“Advertising has become increasingly important to business enterprises – both large and small. Outlay on advertising certainly is the voucher. Non-business enterprises have also recognized the importance of advertising. The attempt by army recruitment is bases on a substantial advertising campaign, stressing the advantages of a military career. The health department popularizes family planning through advertising Labour organizations have also used advertising to make their viewpoints known to the public at large. Advertising assumes real economic importance too.” (*Dotson, and Hyatt; 2000: 286*)

Advertising strategies that increase the number of units sold stimulate economies in the production process. The production cost per unit of output is lowered. It in turn leads to lower prices. Lower consumer prices then allow these products to become available to more people. Similarly, the price of newspapers, professional sports, radio and TV programmes, and the like might be prohibitive without advertising. In short, advertising pays for many of the enjoyable entertainment and educational aspects of contemporary life. “Advertising has become an important factor in the campaigns to achieve such societal-oriented objectives such as the discontinuance of smoking, family planning, physical fitness, and the elimination of drug abuse. Advertising helps to increase mass marketing while helping the consumer to choose from amongst the variety of products offered for his selection. Advertising as a profession is in its infancy. Because of this fact, there is a tremendous scope for development so that it may be productively used for the benefit of producers, traders, consumers, and the country’s economy.” (*Dotson, and Hyatt; 2000: 290-291*)

2.1.2.4 Classification and Types of Advertising

Broadly, the advertising can be classified in seven sections;

1. Product – Related Advertising

“It is concerned with conveying information about and selling a product or service. Product advertising is of three types, viz.

i. Pioneering Advertising

This type of advertising is used in the introductory stages in the life cycle of a product. It is concerned with developing a “primary” demand. It conveys information about, and selling a product category rather than a specific brand. For example, the initial advertisement for black – and – white television and colour television. Such advertisements appeal to the consumer’s emotions and rational motives.

ii. Competitive Advertising

It is useful when the product has reached the market-growth and especially the market-maturity stage. It stimulates “selective” demand. It seeks to sell a specific brand rather than a general product category. It is of two types:

A. Direct Type: It seeks to stimulate immediate buying action.

B. Indirect Type: It attempts to pinpoint the virtues of the product in the expectation that the consumer's action will be affected by it when he is ready to buy.

iii. Retentive Advertising

This may be useful when the product has achieved a favourable status in the market – that is, maturity or declining stage. Generally in such times, the advertiser wants to keep his product's name before the public. A much softer selling approach is used, or only the name may be mentioned in “reminder” type advertising.” (*Forrest and Mizersk; 1996: 111-115*)

2. Public Service Advertising

“This is directed at the social welfare of a community or a nation. The effectiveness of product service advertisements may be measured in terms of the goodwill they generate in favors’ of the sponsoring organization. Advertisements on not mixing drinking and driving are a good example of public service advertising. In this type of advertising, the objective is to put across a message intended to change attitudes or behavior and benefit the public at large.” (*Schmitt; 1999: 112*)

3. Functional Classification

“Advertising may be classified according to the functions which it is intended to fulfill.

- Advertising may be used to stimulate either the primary demand or the selective demand.
- It may promote either the brand or the firm selling that brand.
- It may try to cause indirect action or direct action.” (*Kirby; 2005: 42*)

A. Advertising Based on Demand Influence Level

a. Primary Demand Stimulation

“Primary demand is demand for the product or service rather than for a particular brand. It is intended to affect the demand for a type of product, and not the brand of that product. Some advertise to stimulate primary demand. When a product is new, primary demand stimulation is appropriate.” (*Shaw and Ivens; 2004: 84*)

b. Selective Demand Stimulation

“To establish a differential advantage and to acquire an acceptable sort of market, selective demand advertising is attempted. The advertiser attempts to differentiate his brand and to increase the total amount of consumption of that product.” (*Mason and Ezel; 2001: 101*)

B. Institutional Advertising

“Institutional Advertising may be formative, persuasive or reminder oriented in character. Institutional advertising is used extensively during periods of product shortages in order to keep the name of the company before the public. It aims at building for a firm a Positive public image in the eyes of shareholders, employees, suppliers, legislators, or the general public. This sells only the name and prestige of the company. This type of advertising is used frequently by large companies whose.” (*Stanton; 1994: 118*)

C. Product Advertising

Most advertising is product advertising, designed to promote the sale or reputation of a particular product or service that the organization sells. The marketer may use such promotion to generate exposure attention, comprehension, attitude change or action for an offering. It is of three types as follows:-

a. Informative Product Advertising

“This form of advertising tends to characterize the promotion of any new type of product to develop an initial demand. It is usually done in the introductory stages of the product life cycle. It was the original approach to advertising.

b. Persuasive Product Advertising

Persuasive product advertising is to develop demand for a particular product or brand. It is a type of promotion used in the growth period and, to some extent, in the maturity period of the product life cycle.

c. Reminder-Oriented Product Advertising

The goal of this type of advertising is to reinforce previous promotional activity by keeping the brand name in front of the public. It is used in the maturity period as well as throughout the declining phase of the product life cycle.” (*Murphy; 1997: 122-126*)

4. Advertising based on Product Life Cycle

A. Consumer Advertising

“Most of the consumer goods producers engage in consumer product advertising. Marketers of pharmaceuticals, cosmetics, scooters, detergents and soaps, cigarettes and alcoholic beverages are examples. Baring a few, all these products are all package goods that the consumer will often buy during the year. There is a heavy competition among the advertisers to establish an advantage for their particular brand.” (*Panta; 1998: 46*)

B. Industrial Advertising

Industrial executives have little confidence in advertising. They rely on this form of promotion merely out of fear that their competitors may benefit if they stop their advertising efforts. The task of the industrial advertiser is complicated by the multiple buying influence characteristics like, the derived demand, etc. The objectives vary according to the firm and the situation.

5. Trade Advertising

A. Retail Advertising

“This may be defined as covering all advertising by the stores that sell goods directly to the consuming public. It includes, also advertising by establishments that sell services to the public, such as beauty shops, petrol pumps and banks. Advertising agencies are rarely used. The store personnel are usually given this responsibility as an added task to be performed, together with their normal functions. The result is that advertising is often relegated to a secondary position in a retail store. One aspect of retail advertising is co-operative advertising. It refers to advertising costs between

retailers and manufacturers. From the retailer's point of view, co-operative advertising permits a store to secure additional advertising that would not otherwise have been available.

B. Wholesale Advertising

Wholesalers are, generally, not advertising minded, either for themselves or for their suppliers. They would benefit from adopting some of the image-making techniques used by retailers – the need for developing an overall promotional strategy. They also need to make a greater use of supplier promotion materials and programmes in a way advantageous to them.” (*Bovee: 1992: 225-228*)

6. Advertising based on Area of Operation

It is classified as follow:

A. National Advertising

It is practiced by many firms in our country. It encourages the consumer to buy their product wherever they are sold. Most national advertisements concentrate on the overall image and desirability of the product.

Regional Advertising

It is geographical alternative for organizations. Regional advertising is placing ads of any media within a specific geographic location to influence decision in one locality. A region may be defined in different geographic sizes or terms such as city, county, state, country, or continent.

C. Local Advertising

It is generally done by retailers rather than manufacturers. These advertisements save the customer time and money by passing along specific information about products, prices, location, and so on. Retailer advertisements usually provide specific goods sales during weekends in various sectors.

7. Advertising According to Medium

The most common classification of advertising is by the medium used. For example: TV, radio, magazine, outdoor, business periodical, newspaper and direct mail advertising. This classification is so common in use that it is mentioned here only for the sake of completeness.

2.1.2.5 Advertising Budget

The size of the advertising budget can have an impact upon the composition of the advertising mix. In general, a limited promotion budget may impel the management to use types of promotion that would not be employed otherwise, even though they are less effective than the others. Industrial firms generally invest a larger proportion of their budgets in personal selling than in advertising, while the reverse is true of most producers of consumer goods. “Organizations with small budgets may be forced to use types of advertising that are less effective than others. Some marketers find it necessary to restrict their efforts primarily to personal selling and publicity. There are organizations with small promotion budget which take the opposite course of action. They concentrate on advertising and sales promotion, and neglect other methods. Some marketers advertise in expensive ways (through classified advertisement in newspapers and magazines) and spend virtually nothing on personal selling. There is universal difficulty of relating advertising expenditures to sales and profit results. Determining the results of advertising and consequently the amount of money to be allocated in advertising budget are complicated by several major difficulties as follows:

- The effects of external variables such as population, or income, changes
- on economics conditions and competitive behaviour ;
- Variations in the quality of advertising ;
- Uncertainly as to the time-lag effect of advertising ; and
- The effect of the firm’s other marketing activities, such as product improvement and stepped-up personal selling.” (*Shrelekar; 2001: 107-108*)

The above complexities make the companies resort to more than one method of determining the size of their advertising budget. Advertising Budget involves the allocation of a portion of the total marketing resources to the advertising function in a firm. The size of the budget allocation should be based on the potential contribution

that advertising can make. Advertising budgeting should be based on a careful analysis of the opportunity for using advertising. To cope with the realities of advertising budgeting, a variety of procedures have been adopted, which vary considerably when compared with the marginal analysis framework.

2.1.2.5.1 Advertising Budget Allocation by “Rule of Thumb”

Under this approach, the decisions on the amount to be spent are made by advertising managers in co-operation with advertising agency. Many companies resort to more than one method of determining the size of their advertising budgets. Some methods which are in common use are as follows:-

1. Profit Maximization

“The best method for determining advertising expenditure is to identify a relationship between the amount spent on advertising and profits, and to spend that amount of money which maximizes the net profits. Since the effects of advertising may be reflected in future sales too, the advertiser maximizes the present value of all future profits at an appropriate rate. Therefore, a very few advertisers are able to implement the profit-maximizing approach to determine their advertising expenditure.” (*Schultz; 2002: 41*)

2. Advertising as a Percentage of Sales

“A pre-determined percentage of the firm’s past sales revenue (or projected sales revenue) is allocated to advertising. But the question is - What is the relationship between advertising expenditure and sales revenue? Though it looks simple, it is not an effective way of achieving the objectives. Arbitrary percentage allocation fails to provide for the flexibility. This method ignores the real nature of the advertising job. It is not necessarily geared to the needs of the total marketing programme. But this method is widely used. Its wide use reflects the prevailing uncertainty about the measurement of advertising effectiveness. It is an easy way of minimizing the difficulties of annual budgeting negotiations. It is also safe method as long as competitors use a similar method. The fixed sum per unit approach differs from the percentage of sales approach in only one respect that it applies a pre-determined allocation to each sales or production unit.” (*Schultz; 2002: 45*)

3. The Objective and Task Approach

The most desirable method is the objective and task approach. It is goal oriented. The firm agrees on a set of marketing objectives after intensive market research. The costs of advertising are then calculated. "When the resulting amount is within the firm's financial means, it is the advertising budget. It involves the following two steps:

(a) First, the organization must define the goals the promotional mix is to accomplish. For example, a 5 per cent increase in market share, or a 10 per cent rise in gross sales, or a 3 per cent addition to net profit, or more likely, a combination of several items.

(b) Second, it must determine the amount and the type of promotional activity required to accomplish the objectives set. The sum of these becomes the firm's promotion budget." (*Schultz; 2002: 50-51*)

The main problem with this approach is that it is not easy to determine the cost of fulfilling an objective or to decide whether an objective is worth fulfilling. The task method forces advertising managers to engage in advance planning.

4. Competitive Parity Approach

This approach ties its budget to the rupees or percentage of sales expended by its competitions. This approach tries to match the competitor's outlays and meet competition either on absolute or relative basis. It involves an estimate of industry advertising for the period and the allocation of an amount that equal to its market share in the industry.

"Competitive parity budgets can be determined in several ways; but all are based on spending approximately the same amount or percentage of sales as one's competitors. Some of the ways include:

- Spend the same rupee amount on advertising as a major competitor does.
- Spend the same percentage of sales on advertising as a major competitor does.
- Spend the same percentage of sales on advertising as the average for the entire industry.
- Use one of these "rules of thumb" in a particular market." (*Schultz; 2002: 55*)

All these have one common characteristic, that is, the actions of competitors determine the company's advertising budget. But under this situation, a company faces several risks. Sufficient information may not be readily available to estimate the competitor's advertising budget. Such information is derived from secondary sources for some products than others. When only partial information can be obtained, such as expenditure on media, competitive parity may be misleading. It implies that all firms in an industry have the same opportunities but not so in practice.

5. All the Organization can Afford Approach

It involves the income statement and the balance sheet. It asks how much is available to the firm. This question is partially answered by anticipated sales and margins. The decisions based wholly on them ignore the requirements of the advertising. The basic weakness is that it does not solve the problem of how much should we spend" by asking: "What can we profitably spend?" In some instance, companies adopt pricing policies or others strategies intended to yield more advertising rupees. Some may spend whatever rupees are available for promotion, the only limit being the firm's need for liquidity.

This approach does ensure that advertising expenditures are assessed in the light of the profit objectives. It does put advertising in perspective with other corporate functions as contributors to the achievements of objectives.

6. By Using Judgment

"This method relays upon the judgment of experienced managers. Over the years, some of these individuals develop a feel for the market that permits them to arrive at appropriate decisions, given the organization's objectives and limitations. It is a vital input for the determination of the budget. When the management uses other methods, it should temper them with the judgmental evaluations made by experienced managers. Judgment is subject to error and bias. Other methods should supplement this technique." (*Schultz; 2002: 62*)

To conclude, promotion may be viewed as a long-run process. Joel Dean has indicate that advertising should be seen as a business investment, in the same sense as opening a new plant or spending additional funds on improved package design.

2.1.2.6 Methods of Measuring Advertising Effectiveness

Advertising is aimed at improving the sales volume of a concern so its effectiveness can be evaluated by its impact on sales. Most of the managers believe that the advertisement directly affects the sales volume and hence they evaluate the effectiveness of the advertising campaign by the increase in the sales volume. There may be two types measures (i) Direct measures: and (ii) Indirect measures:-

(1) Direct Measures of Advertising Effectiveness

Under direct measures, a relationship between advertising and sales is established. A comparison of sales of two periods or two periods or two markets may be done and the corresponding changes may be noted. The following are some of the methods that are generally used in measuring that advertising effects.

(a) Historical Sales Method

“Some insights into the effectiveness of past advertising may be obtained by measuring the relationship between the advertising expenditure and the total sales of the product. A multiple regression analysis of advertising expenditure and sales over several time periods may be calculated. It would show how the changes in advertising expenditure have corresponding changes in sales volume. This technique estimates the contribution that advertising has made to explaining in a co relational manner rather than casual sales. (Solomon; 1999: 124)

(b) Experimental Control

“The other measure of advertising effectiveness is the method of experimental control where a casual relationship between advertising and sales is established. This method is quite expensive when related to other advertising effectiveness measures yet it is possible to isolate advertising contribution to sales. Moreover this can be done as a pre-test to aid advertising in choosing between alternative creative designs. Media schedules expenditure levels or some combination of these advertising decision areas. One experimental approach to measuring the sales effectiveness of advertising is test marketing.” (Henderson; 1994: 93)

(i) Before-after with Control Group Design

This classic design uses several test and control cities in this design two types of cities are selected. Cities in which advertising campaigns are affected may be named as test

cities and other cities may be called central cities. First of all, the normal sales level is calculated for both type of cities prior to advertising campaign, and then the advertising campaign is presented to the test cities and not the central cities. The effect of advertising campaign, can then, be measured by subtracting the amount of post campaign figure of sale from the pre campaign sale figures in test cities.

(ii) Multivariable Experimental Designs

While the experimental design discussed above yields a reasonably accurate estimate of the effects of the advertising on sales, it is not successful in explaining the success or failure of the campaign itself. Multivariable designs Produce these explanations and are, therefore used by some very large firm because of their diagnostic value.

Thus, in this experimental model it is possible to evaluate how each individual medium behaves alone and in all possible combinations with other media.

(2) Indirect Measures

As it is very difficult to measure the direct effect of advertising on company's profits or sales, most firms rely heavily on indirect measures. These measures do not evaluate the effects of advertisements directing on sales or profits but all other factors such as customer awareness or attitude or customer recall of advertising message affect the sales or profits or goals of the business indirectly. The most commonly used measures are—

(i) Exposure to Advertisement

“In order to be effective, the advertisement must gain exposure. The management is concerned about the number of target audiences who see or hear the organisation message set in the advertisement. Without exposure, advertisement is bound to failure. Marketers or advertisers may obtain an idea of exposure generated by the medium by examining its circulation or audience data which reveal the number of copies of the magazine, newspaper or journal sold the number of persons passing the billboards or riding in transit facilities, or the number of persons living in the tele-viewing or radio listening area, and the number of persons switching on their T.V. and radio sets at various points of time. This number can be estimated by interviewing the numbers of the audience for different media.” (*Sontakki; 1998: 146*)

(ii) Attention or Recall of Advertising Message Content

Under this measure, a recall of the message content among a specified group or groups or prospective customers is measured within 24 hours of the exposure of the advertisement. “Attention value is the chief quality of the advertising copy the advertisements cannot be said to be effective unless they attract the attention of the target consumers. There are two methods for evaluating the attention getting value of the advertisements. One is pre-test and the other is post-test. In a pre-test evaluation, the consumers are asked to indicate the extent to which they recognise or recall the advertisement, they have already seen. This test is conducted in the laboratory setting. Here consumers read, hear or listen to the advertisement and then researchers ask question regarding the advertisement just to test the recall and then evaluate it.” *(Sontakki; 1998: 148)*

In post-test method, the consumers are asked questions about the indication of recognition or recall after the advertisement has been run. These measures assume that customers can recall or recognize what they have viewed or listened to. Various mechanical devices are being used in the western countries which provide indices of attention such as eye-camera etc.

(iii) Brand Awareness

“The marketers who rely heavily on advertising often appraise its effectiveness by measuring the customer’s awareness about the particular product or brand. The assumption of this type of measure is that there is a direct relationship between the advertisements and the awareness. This type of measure is also subject to the same criticisms as is applicable to direct measures of effectiveness (sales measures because awareness is also not the direct result of the advertisements. It is also affected by many other factors. But, for new products, changes in awareness can often be attributed to the influence of advertising.” *(Sontakki; 1998: 152)*

(iv) Comprehension

Consumers generally use advertisements as a means of obtaining information about the product, brand or the manufacturer. They cannot be informed unless they comprehend the message (grasp the message mentally and understand it fully).

Various tests for valuating comprehension are available – One is recall tests – an indicator of comprehension because it is evident that consumers recall what they comprehend. Another measure of the variable is to ask questions about subjects how much they have comprehended a message they have recently heard or seen. One may employ somewhat imprecise test of the comprehension of a newspaper and radio advertisement. One may ask typical target consumers from time to time such questions like ‘what did you think of our new commercial?’ and ‘Did it get the message across?’ The answers of these questions will provide sufficient insight into advertising decision making.

(vi) Attitude Change

“Since advertising is considered to be one way of influencing the state of the mind of the audience towards a product, service or organisation, the results are very often measured in terms of attitudes among groups exposed to advertising communication. Several measures are used ranging from asking the questions about willingness to buy the likelihood of buying to the measurement of the extent to which specific attributes (such as modern or new) are associated with a product.” (*Sontakki; 1998: 158*)

(vii) Action

One objective of advertisement may be assumed to be to stimulate action or behaviour. The action or intention to take an action may be measured on the intention to buy measuring instrument. Under this type of measure, consumers are asked to respond why they are interested in purchasing the product or brand. One type of action that advertisers attempt to induce is buying behaviour. The assumption is that if an increase in sales follows a decrease in advertising expenditure, the change in sales levels are good indicators of the effectiveness of advertising. Logic suggests that measurement of sales is preferable to other measurements.

2.1.3 Sales Promotion

Sales promotion consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and / or greater purchase of a particular product by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations,

contest); trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).

“Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and receives that are offered. Sales persons adopt several techniques for sales promotion. Creative sales promotion can be very effective. It is the marketing manager’s responsibility to specify promotion objectives and policies.” *Chunawalla & Sethia; 1997: 89*)

According to American Marketing Association “Those marketing activities other than personal selling advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine.”

W.J. Stanton defines sales promotion as all those activities other than advertising, personal selling, public relations and publicity that are intended to stimulate customer demand and improve the marketing performance of sellers.

2.1.3.1 Purpose of Sales Promotion

“Sales promotion tools vary in their specific objectives. A free sample stimulates consumer trial, while a free management advisory service cements a long-term relationship with a retailer. From the marketer’s perspective, sales promotion serves three essential roles it informs, persuades and reminds prospective and current customers and other selected audiences about a company and its products. The relative importance of those roles varies according to the circumstances faced by a firm. The most useful product or brand will be a failure if no one knows it is available! Because distribution channels are often long, a product may pass through many lands between a producer and consumers. Therefore, a producer must inform middlemen as well as the ultimate consumers or business users about the product. Wholesalers, in turn must inform retailers and retailers must inform consumers. As the number of potential customers grows and the geographic dimensions of a market expand, the problems and costs of informing the market increase. Another purpose of sales promotion is persuasion. The intense competition among different industries,

puts tremendous pressure on the promotional programmes of sellers.” (*Chunawalla & Sethia; 1997: 108-109*)

Even a product designed to satisfy a basic physiological need requires strong persuasive promotion, because consumers have many alternatives to choose from. In the case of luxury product, for which sales depend on the ability to convince consumers that the products benefits exceed those of other luxuries, persuasion is even more important. Consumers also must be reminded about a product’s availability and its potential to satisfy sellers bombard the market place units hundreds of messages every day in the hope of attracting new consumers and establishing markets for new products. Given the intense competition for consumers’ attention, even an established firm must constantly remind people about its brand to retain a place in their minds. Much of a firm’s sales promotion may be intended simply to offset competitors marketing activity by keeping its brand in front of the market.

2.1.3.2 Objectives of Sales Promotion

The basic objectives of sales promotion are:

i) To Introduce New Products

To induce buyers to purchase a new product, free samples may be distributed or money and merchandise allowance may be offered to business to stock and sell the product.

ii) To Attract New Customers

New customers may be attracted through issue of free samples, premiums, contests and similar devices.

iii) To Induce Present Customers to buy More

Present customers may be induced to buy more by knowing more about a product, its ingredients and uses.

iv) To Help firm Remain Competitive

Sales promotions may be undertaken to meet competition from a firm.

v) To Increase Sales in off Season

Buyers may be encouraged to use the product in off seasons by showing them the variety of uses of the product.

vi) To Increase the Inventories of Business Buyers

Retailers may be induced to keep in stock more units of a product so that more sales can be effected.

2.1.3.3 Rationale of Sales Promotion

Rationale of sales promotion may be analyzed under the following points.

i) Short-term Results

Sales promotion such as coupons and trade allowances produce quicker, more measurable sales results. However critics of this strategy argue that these immediate benefits come at the expense of building brand equity. They believe that an over emphasize on sales promotion may undermine a brand's future.

ii) Competitive Pressure

If competitors offer buyers price reductions, contest or other incentives, a firm may feel forced to retaliate with its own sales promotions.

iii) Buyers' Expectations

Once they are offered purchase incentives, consumers and channel members get used to them and soon begin expecting them.

iv) Low Quality of Retail Selling

Many retailers use inadequately trained sales clerks or have switched to self service. For these outlets, sales promotion devices such as product displays and samples often are the only effective promotional tools available at the point of purchase.

2.1.3.4 Types of Sales Promotion

In using sales promotion, a company must fulfill the objectives of the organization. Sales promotion objectives are derived from broader promotion objectives, which are derived from more basic marketing objectives developed for the product. The specific objectives set for sales promotion will vary with the type of target market.

For consumers, objectives include encouraging purchase of larger-size units, building trial among non users and attracting switches away from competitors' brands. For retailers objectives include inducing retailers to carry new items and higher levels of inventory, encouraging off-season buying, encouraging, stocking of related items, off setting competitive promotions, building brand loyalty of retailers and gaining entry into new retail outlets. For sales force, objectives include encouraging support of a new product or model, encouraging more prospecting and stimulating off-season sales.

Many sales promotion tools are available to accomplish these objectives at the consumer level, and at the middle men level. For the purpose of convenience, the types of sales promotion methods may be grouped under three categories:

- Types of sales promotion directed at consumers.
- Types of sales promotion directed at dealers and distributors.

2.1.3.4.1 Consumer Promotion Tools

The main consumer promotion tools include samples, coupons, cash refund offers, price packs, premiums, prizes, patronage rewards, free trials, product warranties, tie-ins, and point of purchase displays and demonstrations.

i) Samples

Samples are offers of a free amount or trial of a product to consumers. The sample might be delivered door to door sent in the mail, picked up in a store, found attached to another product or featured in an advertising offer. Sampling is the most effective and most expensive way to introduce a new product.

ii) Coupons

“Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific product. Coupons can be mailed, enclosed in or on other products or inserted in magazine and newspaper advertisements. Coupons can be effective in stimulating sales of a mature brand and inducing early trial of a new brand.” (*Solomon; 1999: 128*)

iii) Cash Refund Offers or Rebates

These are like coupons except that the price reduction occurs after the purchase rather than at the retail shop. The consumer sends a specified “proof of purchase” to the manufacturer, who in turn ‘refunds’ part of the purchase price by mail. Cash refunds have been used for major products such as automobiles as well as for packaged goods.

iv) Price Packs

“These are offers to consumers of savings off the regular price of a product, flagged on the label or package. They may take the form of a reduced-price pack which is single packages sold at a reduced price (such as two for the price of one) or a banded pack, which is two related products banded together (such as a tooth brush and tooth paste). Price packs are very effective in stimulating short term sales, even more than coupons.” (*Solomon; 1999: 131*)

v) Premiums or Gifts

These are merchandise offered at a relatively low cost or free as an incentive to purchase a particular product. Sometimes the package itself, is a reusable container may serve as a premium. A self-liquidating premium is an item sold below its normal retail price to consumers who request it.

vi) Prizes

These are offers of the chance to win cash, trips or merchandise as a result of purchasing something. Pepsi-cola offered the chance to win cash by matching numbers under the bottle cap with numbers announced on television. Sometimes the prize is a person, offering the winner either cash or dinner with celebrity.

vii) Patronage Awards

These are values in cash or in other forms that are proportional to one's patronage of a certain vendor or group of vendors. Most airlines offer "frequent flyer plans" providing points for miles traveled that can be turned in for free airline trips. Cooperatives pay their members dividends according to their annual patronage. Le Meridien adopted an "honoured guest" plan that awards points for users of their hotels.

viii) Free Trials

Free trails consist of inviting prospective purchasers to try the product without cost in the hope that they will buy the product. Thus, often we see, auto dealers encourage free test drives to stimulate purchase interest.

ix) Product Warranties

These are an important tool, especially as consumers become more quality sensitive. When My TVS offered a two year car warranty, substantially longer than other competitors' customers took notice. They inferred that My TVS quality must be good or else the company would be in deep trouble. Companies must carefully estimate the sales-generating value against the potential costs of any proposed warranty programme.

x) Tie-in Promotions

These are becoming increasingly popular. In a tie in promotion two or more brands or companies team up on coupons, refunds and contests to increase their pulling power. Companies pool funds with the hope of broader exposure, while several sales forces push these promotions to retailers, giving them a better shot at extra display and ad space.

xi) Point-of-Purchase Displays

These take place at the point of purchase or sale. Display of visible mark or product at the entrance of the store is an example. Unfortunately many retailers do not like to handle the hundreds of displays, signs and posters they receive from manufacturers. Nepal Lever often use this tool to promote its products in the retail market.

xii) Product Demonstrations

Products are being shown in action. Consumers can visit the store and see the usage of product in live action so that doubts of the consumers can be clarified in the store itself. When a new product is introduced in the market, the sales promotional tool is often used. For example ultra modern grinder mixer being used by the company to demonstrate its speciality than the other product.

2.1.3.4.2 Trade Promotion Tools

“More sales promotion rupees are directed to the trade than to consumers. Manufacturers seek the following objectives in awarding money to the trade:

- Trade promotion can persuade the retailer or wholesaler to carry the brand.
- Trade promotion can persuade the retailer or wholesaler to carry more than it normally carries.
- Trade promotion can induce the retailers to promote the brand through featuring, display, and price reduction.
- Trade promotion can stimulate retailers and their sales clerks to push the product.” *(Solomon; 1999: 143)*

Manufacturers use several promotion tools. Some of which are mentioned below:

i) Price – Off

Manufacturers may offer a price – off, which is straight discount off the list price on each case purchased during a stated period of time. The offer encourages dealers to buy a quantity or carry a new item that they might not ordinarily buy. The dealers can use the buying allowance for immediate profit or price reductions.

ii) Allowance

Manufacturers may offer an allowance in return for the retailer’s agreeing to feature the manufacturer’s products in some way. An advertising allowance compensates retailers for advertising the manufacturer’s product. A display allowance compensates them for carrying a special display of the product.

iii) Free Goods

Manufacturers may offer free goods, which are extra cases of merchandise to middlemen who buy a certain quantity of items.

iv) Push Money

Manufacturers may offer push money which is cash or gifts to dealers or their sales force to push the manufacturer’s goods.

v) Specialty Advertising Items

“Manufacturers may offer free specialty advertising items to the retailers that carry the company’s name such as pens, pencil, calendars, paper weights, and memo pads. As the number of competitive sales promotions have increased, friction has been created between the company’s sales force and its brand managers. The sales force says that the retailers will not keep products on the shelf unless they receive more trade promotion money, while the brand managers want to spend their funds on consumer promotion and advertising.” *(Solomon; 1999: 152)*

2.1.3.5 Sales Promotion Strategies and Practices

The sales promotion strategy is an important element in overall marketing strategy. Sales promotion strategy involves identification of objectives, effective communication for attracting attention, allocation of budget, determining the correct promotional mix, introduction of strategic approach and finally evaluation.

1. Objectives

The marketer should determine his sales promotion objectives. He should determine what is to be accomplished and what kind of buyer responses are desired. Sales promotion tasks should be objective oriented. These tasks are informing, persuading and reminding the customers about the products. The sales manager should inform consumers about his product and should highlight its special features. He has not only to inform the customers but persuade them to buy it.

2. Communication

“Sales promotion should attract the attention of the target audience. If the prices, discounts, off season facilities etc, are not adequately and effectively communicated, the effort of sales promotion would be wasted. A point to be noted here is that the audience evaluates not only the message but also the source of the message in terms of its credibility. The purpose of communication is to persuade potential customers to purchase the product. The sales manager determines the message to be aimed at the target market to gain product acceptance. The overall marketing objectives define the role of communication in sales promotion. Identifying the target audience is the main task of a sales promotion communication. The audiences response to the message source helps determine the effectiveness of the message.” (*Henderson; 1994: 138*)

3. Medium of Reach

Sales promotion may adopt different methods for approaching people. Strategic variables are taken into account while deciding a particular method of sales promotion. Consumer promotion has been considered a very effective mode of sales promotion; potential consumers are offered samples, coupons, etc; to promote sales. The point of purchase display is a silent strategy to trigger off buying decisions. Retailers rely on in-store displays to familiarize customers with their product. A showroom display makes it easy for prospective buyers to familiarize themselves with the different features of the product.

“Trade promotion through buying allowance, free goods, merchandise allowances, push money etc; help to enhance sales by retailers and traders. Packaging is another important form of promotion, particularly for consumer goods. It may carry selling messages and information about the product. A good package design attracts the

shopper's attention away from other products. It is a proper of blend of colour, design and shape." (Henderson; 1994: 142-143)

4. Budget

"One of the most difficult marketing decisions facing companies is how much to spend on promotion. It is not surprising that industries and companies vary considerably in how much they spend on promotion. It is important to determine sales promotion budgets before resorting to sales promotion activities. The resources and sales potentials are estimated before the formulation of budgets. Sales promotion budgets should be adequate so that they achieve the promotion objective. The budgets can be of various methods such as affordable method, percentage of sales method, competitive parity method, objective and task method and so on." (Henderson; 1994: 155)

5. Promotional Mix

Companies face the task of distributing the total promotion budget over the four promotion tools of advertising, sales promotion, publicity and sales force. Within the same industry, companies can differ considerably in how they allocate their promotional budget. Companies are always searching for ways to gain efficiency by substituting one promotional tool for another as its economics become more favourable. Many companies have replaced some field sales activity with ads, direct mail and telemarketing. Other companies have increased their sales promotion expenditures in relation to advertising, to gain quicker sales. The trial and error method, past performance and corporate policies may influence the appropriate promotional mix. "Many firms have increased their sales with the application of appropriate combinations of the promotion media, sales promotion and personal selling are supported with publicity. The promotion mix is a variable in the marketing strategy. It should be clearly decided how fare a particular element should be used in combination with other promotional methods." (Agrawal; 2001: 211)

6. Strategic Approach

The kind of promotional mix employed determines the promotional strategy. Generally speaking a particular combination, type or amount of sales promotion, personal selling, publicity and advertising are brought into the promotional mix, which becomes the promotional strategy in the course of implementation. The

marketing strategy as much guides the determination of the promotional strategy, which may be divided into sale promotion strategy, personal selling strategy, publicity strategy and advertising strategy. The strategies, sustaining promotional strategy, developmental promotional strategy or promotional appropriation.

a) Push and Pull Strategies

The push and pull promotional strategies may be used to enhance sales. The push strategy concentrates on middlemen or retailers who push the sale of the product to the final consumers. This strategy covers cooperative advertising, attractive terms of sale, coupons and discount facilities. The pull strategy is directed toward the final buyers. It persuades the buyers to go to the sellers to buy. "Sales promotion, particularly customer promotion, is an important form of the pull strategy. Customer promotion, may call for the offer of samples, money-refund offers, prices-off, premiums and so on. The push strategy asks the sellers or retailers to attract the layers. Trade promotion is thus the main form of the push strategy. Trade promotions refers to buying allowances, free goods, co-operative advertising, push money, sales contests and so on. The marketing manager has to adopt both these strategies to promote sales." (Kotler; 2003: 328)

7. Evaluation of Sales Promotional Strategy

"Sales promotional strategies should be evaluated twice. First at the stages of implementation and secondly after the final performance because implementation control' will suggest improvements during the application of the promotional strategy, while 'performance control' will be a guide for the future. Implementation control covers initial planning, objectives, promotional packages, and printing of special premiums and packaging materials, distribution to retailers, etc. Even though it has proved successful whenever tried, very few firms adopt this strategy. Many manufacturers believe only in performance control. Performance is evaluated in the light of planned objectives. Consumer surveys and consumer experiments are used to evaluation techniques show how far the sales promotion techniques have been effective in increasing sales through motivating consumers and sellers, and point the way to improvement in sales promotion." (Shaw & Ivens; 2004: 125)

2.2 Review of Journals and Articles

Changchien, Lee & Hsu, (2008), in their article, "*Online Personalized Sales Promotion in Electronic Commerce*", have stated that it is quite a challenge that a business will face more competitors in Internet than in traditional market, and the customers' loyalty in the Internet is low compared with traditional market so that it is a difficult problem for a business to attract and retain customers in EC. Traditional mass marketing is no longer effective for EC in the Internet, and thus more precise on-line one-to-one marketing for better suiting each customer becomes more and more important for competing in the Internet, along with the use of highly advanced data analysis techniques and the development of new marketing strategies for EC. Hence, in this study, promotion products are carefully selected based on the experiences analyzed and retrieved from the historical transactions and proposed for each customer. An on-line personalized promotion decision support system is developed to assist a business in intelligently developing the on-line promotion products. The system consists of three modules: (1) marketing strategies, (2) promotion patterns model, and (3) personalized promotion products. The main concept of the system is that business can utilize data mining techniques to find out effective promotion products based on customers' purchasing behaviors, in accordance with business' marketing strategies and pricing strategies.

To avoid missing potential patterns, behaviors of customers from three categories, all customers, customer clusters, and each individual customer, are all extracted from the past transactions. Then the best promotion products are selected after ranking all candidate promotion products in terms of multiple criteria, which may be dynamically changed according to the business' current marketing goals and strategies. With promotion products based on significant past customers' purchase patterns, it has the potential to increase the success rate of promotion, and customer satisfaction and loyalty as well. Although the study has proposed a personalized promotion decision support system, pricing strategy, methods for clustering customers, and dynamic mining can be further enhanced in future studies. For pricing strategy, with the pricing strategies of the other competitors considered in deciding promotion prices, decision analysis such as game theory can be employed in generating more effective and competitive prices. As for customer clustering, clustering directly based on

customers' profiles may not lead to good clustering results. Due to the diversity in individual consumer behavior, cognitive needs, and personality, further research of methods on clustering customers may be quite interesting and helpful. For example, some professional products, such as digital camera, the professional knowledge and specific needs of the customers need to be included as factors for recommendation. Last, since customers change over time, the use of dynamic data mining methods can efficiently analyze and adjust consumer behaviors dynamically.

Kwon & Kwon, (2009), in their article, "*Demographics in Sales Promotion Proneness: A Socio-Cultural Approach*", have examined the effect of demographics (i.e., education, income, and gender) on promotion proneness. The effects of demographics were further investigated in relation to psychographic traits such as enjoyment of shopping and gender congruency. The effects of demographics were examined in terms of what benefits or costs those represent for shoppers to gain monetary savings from sales promotions. The study employed the concept of human capital to explain deal proneness. The model of human capital could provide unique insights into the role of consumer knowledge, skills, and expertise in explaining various consumer behaviors (e.g., brand loyalty and lifestyles). Consumers strategically maximize consumption efficiency using their economic and human capital. Shopping for most household goods and personal goods such as clothing or food is a repetitive task. Increasing human capital is economical, because unlike economic capital, human capital is accumulated, not used up, through purchasing activities. Thus the benefits of sales promotions increase as costs decrease by accumulation of human capital. The human capital of consumption is developed through informal training of consumption skills and updates in market knowledge in addition to investment in formal education.

The study interprets the observed influence of education along with price/promotion knowledge as the effect of consumer human capital. In consumption, human capital, is information and skills (assets) that consumers can use when they choose products or brands. Those with higher education have a better cognitive ability to process and organize information and accordingly develop more human

capital for consumption activities. The study also interprets the positive effect of price-promotion knowledge as that of Human Capital in consumption which requires continuous updates of market information. The insignificant gender and human capital interaction effect (also suggests a consistent positive role of human capital in promotion phone behaviors across gender. Human capital in consumption cannot be obtained in a day. It is formed through repeated shopping experience. In contrast to the assumption that (high-class people use coupons less because of their high opportunity cost, consumers with high income are more prone to respond to sales promotions, because they have more opportunities for various retail experiences through which they accumulate consumption skills and information on products, brands, and promotions.

Another contributing factor to the positive effect of human capital and income, contrary to past research findings, reflects various changes brought to the retail industry and environment. Coupons were distributed mainly through newspapers until a couple of decades ago. However, today those are provided in various formats (e.g., clipping coupons/rebates, stand-alone inserts, and email coupons/rebates) through a number of distribution vehicles (e.g., in-store, print media, mass media, coupon books, and coupon/rebate Internet sites). Furthermore, due to the market power shift to retailers from manufacturers, the U.S. retail market has become extremely sales promotion-driven. Because of these changes in the retail market, shopping is not a simple chore as it used to be. Maximizing consumption efficiency through various sales promotions requires market knowledge and expertise, which is a form of human capital that is accumulated over time.

Teunter, (2009), in his article, *“Analysis of Sales Promotion Effects on Household Purchase Behavior”*, has stated that sales promotion can influence household purchase behavior in many ways (the so-called sales promotion reaction mechanisms). A household can decide to switch brands, purchase a larger quantity than intended, purchase it at a different moment than intended, etc. But not only the current behavior can be influenced. Suppose that a household purchases a larger quantity due to the promotion. During the subsequent shopping trip, the household can decide to buy less than what it normally

purchases, or the household can decide to postpone its subsequent shopping trip to compensate for these extra promotional purchases. The sales promotion therefore can also influence the household behavior during the next shopping trip (the so-called post-promotional effects). Some households anticipate a sales promotion coming up and therefore wait for it, or buy less right now (the so-called pre-promotional effects). The effects of sales promotions on household purchase behavior have to be studied in an inter-temporal setting, not taking only the current promotional shopping trip into account but also the pre- and post-promotional shopping trips.

Manufacturers and retailers are spending more and more of their marketing money on sales promotions. Conflicting empirical results exist with respect to the effects of these sales promotions on household purchase behavior. Based on household scanner data, new insights are developed into the drivers of household promotion response and into the different reaction mechanisms that constitute household promotion response.

2.3 Review of Thesis

Rai, (2004), in his study, *“A Study on Sales Promotion of Pharmaceutical Product in Nepal”*, has the main objective to study the market position of Nepalese Pharmaceutical industries, Profitability of Pharmaceutical production and determining the problem of Nepal pharma market. The specific objectives of the study are;

- To assess market share, price spread and Nepal producers share in pharma market of Nepal.
- To analyze the sale promotional tools and techniques adopted by Nepalese Pharma market.
- To analyze the competition in Nepalese Pharma Market.
- To assess the import substitution of Pharma industry.

The major findings of the study are;

- Only 32% of total Pharma market share of Nepal is covered by local production. Remaining 68% by Indian and other countries.

- **Nepalese Pharmaceutical Companies have to survive in their own domestic market due to inability to export their production to foreign countries. Moreover, only fifty percent of total installed capacity of domestic companies have been utilized and rest half is idle which is leading to rise in cost of production.**
- **The promotional tools adopted by most of Pharmaceutical companies are announcing schemes, high bonuses to retailer offering gifts to doctors. And these are the major factor that leads the Nepalese Pharma Market to unhealthy and unethical promotional practices.**
- **An excessive number of similar brands lead to problem of substitution, i.e. chemist substituting a prescribed brand in preference of another that might be more profitable to them.**

Basnet, (2005), in his study, *“Impact of Television Advertising of Cosmetic Products on Consumer’s Behavior; with Reference to Sunsilk Shampoo”*, has the main objective to measure the impact of television advertising on consumer behavior. The other specific objectives of the study are;

- **To examine the consumers’ preferences on television advertisement.**
- **To examine the popularity of television advertisement.**
- **To analyze the effectiveness of the advertisement on cosmetic products.**
- **To analyze the factors that influence to buy the product.**

The major findings of the study are;

- **Majority of the respondents (62.5%) below age level of 15 years preferred musical advertisement mostly and it is followed by 18.75% of good wording whereas 6.25% of respondents prefer simple advertisement and 12.5% of respondents prefer all the advertisement, i.e. musical, good wording, and simple.**
- **In context to the education-wise preferences to the advertisement indicates that most of the lower educated respondents preferred to musical advertisement. Regarding musical advertisement, 68.75% of people of below SLC prefer such programs while in case of respondents having SLC level majority of them 56.25% like musical advertisement.**

- In case of the preference of advertisement according to gender majority of the (50%) male respondent found they like the musical advertisement and it is followed by 37.5% respondents who prefer good wording.
- In relation to the television watching habits, majority of the respondents (80%) found to have the habit of watching television. From the comparison of male and female respondents, the percentage of women respondents for watching television seems to be higher than male respondents.

Shrestha, (2006), in his study, *“Radio Advertising and Its Impact on Purchasing Acts in Consumer Goods”*, has the main objective to measure the impact of radio advertising on purchasing acts in consumer goods. The specific objectives of the study are;

- To study the availability and comparative cost of different forms of advertising in Nepal.
- To find out the impact of radio advertising on consumer buying behavior.
- To study the influence of radio advertising on sales of the advertised product.

The major findings of the study are;

- The radio is the most effective mode of advertising in Nepalese context. This mode disseminates the information not only to urban population but also to the rural population.
- The study also ascertains that in comparison to the television advertising, the radio advertising is cheap and draws more attention of the consumers toward the product. About 76% of the total respondents have favored for this issue.
- Despite disseminating information, the radio advertising has positive influence on the consumers and thus it persuades the listener to buy the product. About, 45% of the total respondent have opined that they bought product after the listening the acoustic advertisement in radio.
- Not only the consumers are facilitated by the advertisement, the company has also been ultimately benefited by the advertisement. About, 68% of the total personnel of the selected companies have stated that the radio advertisement aid to increase the sales in greater extent.

Panta, (2009), "*A Study on Brand Loyalty*" has addressed the following major objectives.

- To examine the brand awareness of the Nepali consumer
- To find if Nepali consumer are loyal or not
- To identify the correlates of Brand Loyalty.

Major Finding of the study are;

- Nepali consumers are aware of various brands of the product offered.
- The brand loyalty in Nepalese consumers varied as per variable such as age, sex, marital status, family system, education etc.

Singh, (2011) "*A Study on Brand Loyalty on Nondurable Product*" has addressed the following major objectives.

- To find out the brand loyalty
- To know the consumer behavior on Non durable Product
- To make the guideline for making marketing strategies
- Similarly, this study will be valuable reference to the scholars and researchers.

Major Finding of the study are:

- It is found that Nepalese consumers give high importance to Brand in the consumer non-durable goods. The weighted mean of the various important points given (i.e. from 01 to 05) by the respondent is 3.94
- Most of the consumers are found buying the products selected for this study by brand rather than by inspection or influences. The percentage of consumers who buy by brand is 70% in Cold Drink, 74% in instant noodles. 52 % in Hair Oil and 60% in Shampoo.
- In each product selected for the study, at least 64% of the consumer are found to have knowledge of maximum alternative brands available in the market. This shows the high brand awareness in Nepalese Urban consumers.
- Majority of the Nepalese urban consumers are found brand loyal.

Kayastha, (2012), "*Brand Loyalty on Consumer Product*" has addressed the following major objectives.

- To find out the brand loyalty of Katmandu Valley

- To identify the relationship of brand loyalty with demographic variables like age, sex and income.
- To find out the number of brand loyal consumers or percentage of brand loyal consumer.
- To recommend important measures that would help the develop marketing strategies and for conducting further researchers on loyalty on branding in future.

Major Finding of the study are:

- In the case of Shampoo, male and female are found to have equally loyal., Tests how that there is no difference in brand loyalty between male and female.
- In case of mineral water greater % of female are found to have loyal and most of male are found to have no loyalty. Test shows that there are significant differences between male and female.
- Similarly in the case of toothpaste % of loyal respondent are found high. They are equally brand loyal. There is no significant difference in brand loyalty between male and female.
- In case of hair oil male and female respondent are found highly loyal. Among them female are more than and test statistics shows that there is no difference in brand loyalty between male and female.
- Under age group 15-20, greater % of respondent are found to have divided loyalty and then found to have no loyalty in case of soap.
- There is no relation between age and brand loyalty. Greater % of respondent is found to have divided loyal among them.
- Most of the respondent are found to have undividedly loyal in case of shampoo. This indicates that, they are conscious in the case of shampoo. Test statistics shows that there is no relation between age and brand loyalty.
- In the case of Mineral water greater % of respondent are found to have loyalty. Among them greater % of respondent of age group 20-25 are found loyal. Test statistics indicates that there is no relation between age and brand loyalty.
- In the case of shampoo greater % respondent of income group are found to have undividedly brand loyal. In this case most of respondent are fall in to

undividedly brand loyal. And test statistics show that there is no relation between income and brand loyalty.

- In the case of mineral water most of the respondent is found to have no loyal. But among them greater % of respondent of income group 20000 and above are found undividedly loyal in the case of Mineral water. This indicates that there is no relation between age and brand loyalty.
- In the case of toothpaste most of respondent or greater % of respondent are found loyal consumer categories. Among them greater % of income group 10 to 13 and above are found more loyal than other.
- Advertising campaign is found to be the dominant factor for brand switching in product soap, shampoo, and mineral water.
- In the case of products toothpaste and hair oil, majority of the people are affected by price activities (price off) for brand switching.
- It is found that incentives like price off free, goods etc highly effects people to purchase the brand.

2.4 Research Gap

Definitely, the above studies have shed light on the promotion strategy to greater extent, and thus occupy a crucial place in the conduction of this study. However, all of the above researchers are confined to only one promotion mix, i.e. either sales promotion or advertising. Nevertheless, a company practices all sorts of promotional mixes in most of the cases. Identifying this gap, the present study presents the joint effect of sales promotion and advertising to acquire the consumer view and draw the attention of the consumers toward the bike of Bajaj and Hero Honda.

CHAPTER - III

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. Research methodology is defined as “a systematic process that is adopted by the researcher in studying problem with certain objective and view.” In the other word, research methodology describes the method and process applied in the entire aspect of the study focus of data, data gathering instrument and procedure, data tabulating and processing and method of analysis. It really a method of critical thinking by defined and redefining the problems, formulating hypothesis or suggested solution and collecting and organizing and evaluating data, making deduction and making conclusions. Research methodology is a path from which we can solve research dilemma systematically to accomplish the basic objective of the study. It consists of a brief explanation of research design, nature and sources of data, method of data collection and methods of tools used for analyzing data.

3.1 Research Design

The research design is the outline of a plan, structure and strategy of investigation conceived so as to obtain answer to research question and to objective of this study. The study aims to portray on the advertisement and sales promotion in motorbikes in Nepal. This study is concerned with the past phenomena and thus is vigorously involved in collecting the past data, evaluating and verifying such data, and harmonizing scientifically such data in a protocol to deduct the inferences. However, the main reason behind adopting this historical research is that to show the significance of such past events to the present. In this study, the consumer’s interest and view towards purchasing of HH Bajaj and Hero Honda bikes and the past performances of the motorbike related to advertising and sales promotion have been measured, taking the past events as basis. As the study aims to draw inferences from the observed evidences, it can be categorically said that the study follows deductive reasoning method in lieu of inductive reasoning. Also, the research is explanatory in nature. In this study, empirical as well as descriptive research design is adopted.

3.2 Sources of Data

The study is based on primary data and secondary data. Primary data have been collected by conducting questionnaire, interview and observation. Customers of attitude towards different brands of bikes have been clearly reflected in the questionnaire. Purchase behaviors shown by potential buyers of bike have also reflected in the questionnaire. For the primary data analysis, two set of questionnaires have been prepared. The Set A questionnaire contains 18 questions and has been filled up through 20 customers of HH (Bajaj) and 20 customer of Hero Honda Company while the Set B questionnaire contains 5 questions and it has been filled up through 2 employees of HH (Bajaj) and 2 employees of Hero Honda Company. Subsequently, the secondary data have been collected by reviewing, books, journal/articles, newspaper, thesis and surfing electronics social media such as goggles, blogs and face book.

3.3 Method of Data Collection

The data are collected from primary source. The primary data, the questionnaire approach was adopted. The questionnaire was carried out with different customers and employees of HH (Bajaj) and Hero Honda Bikes. This study has used the convenience sampling method.

3.4 Population and Sample

At present numerous motorbikes prevail in Nepal through numerous sales agents, although the country does not manufacture a single. However, the analysis of advertising and sales promotion of all the various brands of motorbikes is not possible, so for the ease, the study chooses the bikes of Hansraj Hulaschand and Co. Pvt. Ltd, one of the companies of Golchha Organization and the authorized agent of Bajaj Auto Ltd., and Shykar companies of Padmashree Jyoti group is the authorized dealer of Hero Honda in Nepal as the sample of the study. More specifically, among the huge customers of Bajaj and Hero Honda motorbikes only 20 customers of Bajaj and 20 customers of Hero Honda bike owners are selected, and among several employees only two employees as a key personnel of the main office of Bajaj company and two key employees of Hero Honda company are selected as sample for the study. Customers of Kathmandu represent population size. But due to unavailability of population size, this research cannot show the population size and percentage of sample size. Because of very small sample size the finding are very

small.

3.5 Method of Analysis & Presentation of Data

After collecting data, as necessarily required, they were separated and analyzed presentation and analysis of the collected data is the main theme of the research work. Collected data were first presented in systematic manner in tabular forms and then analyze by applying simple statistical tools to achieve the research objectives. Besides these, some chart and table have been presented to analyze and interpret the finding of the study.

3.6 Tools for Analysis

The main purpose of analyzing the data is to change if from and unprocessed from to an understandable presentation. This research is based only on primary data therefore the analysis of data consists of organizing, tabulation and drawing inferences.

3.6.1 Pictorial Presentation

- Bar Charts
- Pie - Charts

CHAPTER – IV

DATA PRESENTATION AND ANALYSIS

In this chapter, to find the answer of research problem, the collected data are necessary to present and analyze by processing. This chapter will present the data on table and figure. The main objective of the study is to present data and analyze them with the help of various statistical tools. This chapter consists of analysis and presentation of empirical data. The collected data are tabulated, analyzed and presentation in a reasonable and wise manner. The data presentation and analysis are based on primary source of information.

4.1 Consumers Interest and View toward the Bike Brand

As the first and second objective of the study is to analyze the consumers' interest and view toward the bike brand and analyze the factors that influence to buy the Bajaj and Hero Honda bikes, the duration of the bike purchase, consideration made while buying the specific brand, factors influencing the specific brand of bike buying, the media on which the brand became much affective, the models of different brands and the performance of the brand is measured.

4.1.1 Duration of Bike Purchase

Under this section, the surveyed consumers are asked about their purchase duration of the bike. The study assumes that the greater the duration of the purchase, the greater the consumers would like to keep information about the brand of bike.

Table 4.1
Duration of Bike Purchase

Bike purchasing year	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
1-2 years	2	10	4	20	6	15
2-4 years	9	45	5	25	14	35
4-6 years	5	25	4	20	9	23
6 years and above	4	20	7	35	11	27
Total	20	100	20	100	40	100

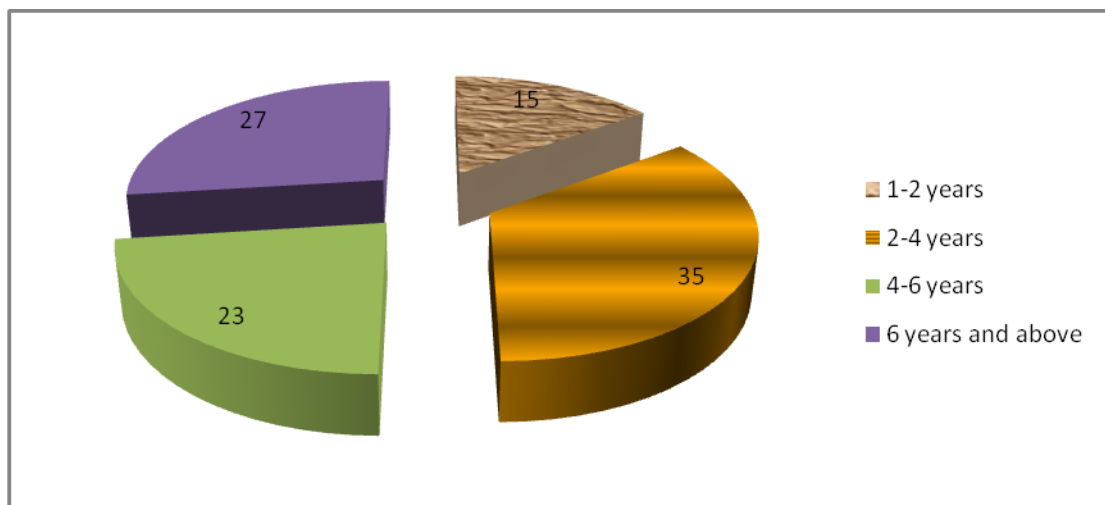
(Source: Field Survey, 2013)

Among the 20 Bajaj Bike users, 45 percentages of them have been riding the bike of same brand from 2 to 4 years. Likewise, 5 out of 20 surveyed Bajaj Bike riders have been riding the Bajaj bike from 4 to 6 years, whereas, 4 riders, representing 20 percentages of the surveyed Bajaj Bike users, have been using HH Bajaj Bike from 6 years and above, and 2 riders were riding the same brand bike from 1 to 2 years. In contrast, 7 out of 20 surveyed riders of Hero Honda have been using the brand of Hero Honda Bike from 6 years and above, 5 riders are using the bike from 2 to 4 years, 4 riders are consuming the bike of Hero Honda from 1 to 2 years, and the rest 4 riders are using the bike of Hero Honda from 4 to 6 years.

The prevalence of the bike riders who are riding the bikes of HH Bajaj and Hero Honda from 2 to 4 years is high on total surveyed bike riders. The total of 14 surveyed riders out of 40 riders, representing 35 percentages of the surveyed riders, is using the bike of either HH Bajaj or Hero Honda. Besides them, the 11 surveyed respondents, 27 percentages are consuming the sampled brands of bikes from 6 years and above, 23 percentages (9 out of 40) are riding from 4 to 6 years, and 15 percentage (6 out of 40) are riding from 1 to 2 years. It can be excerpted that the conclusion of this survey relies heavily on the opinions of the consumers who are riding the bike of either HH Bajaj or Hero Honda from 2 to 4 years.

Figure 4.1

Duration of Bike Purchase



4.1.2 Factors Influencing the Bike Buying Decision

Generally, people buy the specific bike under the influence of something. These influencers could be the family, friends, relatives, the promotional effect and others.

Table 4.2

Factors Influencing the Bike Buying Decision

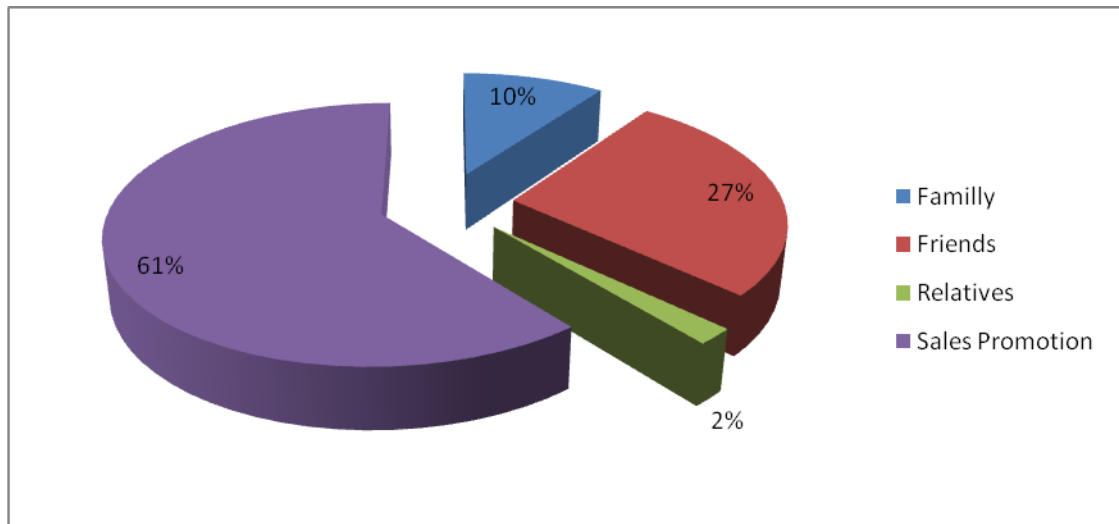
Influencing Factors	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Family	1	5	3	15	4	10
Friends	6	30	5	25	11	27
Relatives	1	5	0	0	1	2
Advertisement and Sale Promotion	12	60	12	70	24	61
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

The advertisement and sales promotion of the bike, either digital or physical, has greatly influenced the bike buying decision of Hero Honda and HH Bajaj. The 60% of the surveyed Bajaj Bike riders and the 70% of the Hero Honda Bike riders have revealed this fact. It means that the advertisement and sales promotion of the surveyed bike is much effective than friends family and relative. Rather it has also been found that the suggestions of friends have greatly worked out, as 30% of the Bajaj Bike riders and 25% of the Hero Honda riders have taken the suggestion of the friend while buying the bike. Likewise, the 5% of the Bajaj Bike riders and 15% of the Hero Honda riders have said that the family opinion has greatly influenced the bike buying decision, and 5% of the HH Bajaj bike riders have stated that the suggestion of the relatives has greatly influenced the bike buying decision.

Analyzing the overall response and the response of each category of riders, it can definitely be said that the advertising and sales promotion of the bike is the most influencing factor for buying purchasing decision. Next to it, the friends, are the greater influencers for bike acquisition.

Figure 4.2
Factors Influencing the Bike Buying Decision



4.1.3 Consideration Made Before Purchasing

The study assumes that the purchaser of the bike considers all the factors that need to be examined before purchasing the bike, and they also estimates the consequences of the choosing the specific brand.

Table 4.3
Consideration Made Before Purchasing

Consideration of purchasing	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Brand Name	11	55	5	25	16	40
Easy Financing Scheme	1	5	2	10	3	7
Social Pressure	3	15	2	10	5	13
After Sales Service	2	10	3	15	5	13
Fuel Efficiency	3	15	8	40	11	27
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

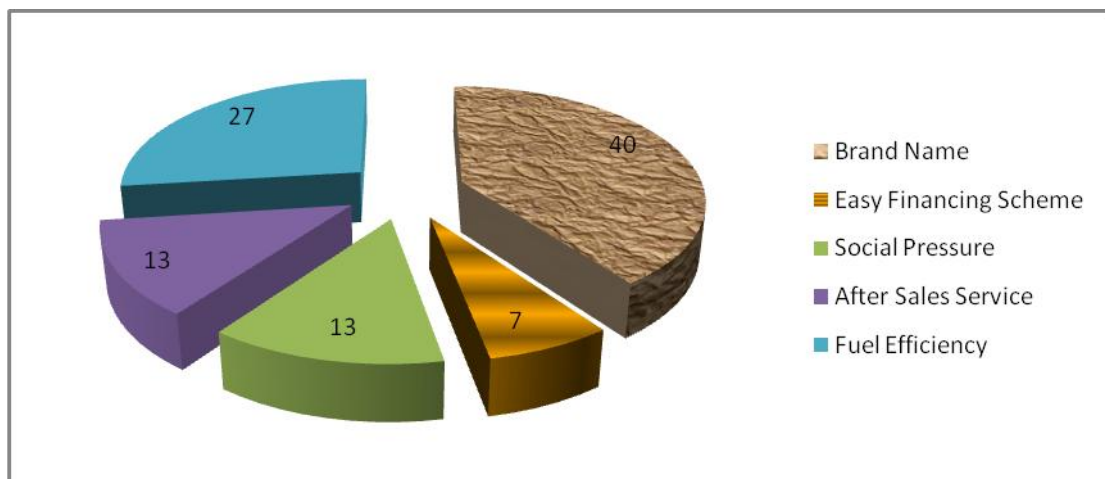
Amongst the various factors that have the potentiality to influence the buying decision, the Bajaj bike riders are mostly influenced by the brand name, evidenced by the majority (55%) of the surveyed Bajaj bike riders supporting this view. As per them, the brand name itself is sufficient for them for buying the bike. In contrast, the majority of the surveyed Hero Honda riders (40%) have said that they consider the fuel efficiency or in other words the mileage per liter of petrol of the bike, whereas

only 15% of the surveyed Bajaj Bike riders have gauged the mileage while making the purchasing decision. On the other side, the 10% of the Bajaj Bike riders and 15% of the Hero Honda Bike riders have said that they have considered the after sales service, such as free repairing services for certain periods, the accessibility to such services and others, while buying the bike. Likewise, the social pressure is also one of the factors for buying the bike. Though it is not the main factor, as only 15% of the Bajaj Bike riders and 10% of the Hero Honda riders have purchased due to this factor, it obviously have pressurized the riders to extravagant on the bike. Also the easy financing scheme, such as the finance company granting loan for vehicle purchase under hire purchase system, can be considered as one of the factors affecting the buying decision. The 5% of the Bajaj Bike riders and 10% of the Hero Honda riders said that they would not have purchased the bike, if such financing scheme were not avail.

In total, it has been found that the brand name is the main factor for influencing the buying decision on motor bike. Next to it is the mileage of the bike, after that is the after sales service and social pressure have almost equal effect and the easy financing scheme has the least effect. Quantitatively, the surveyed result showed that 40% of the total surveyed bike riders have said that the brand name is the main reason for buying that bike, 27% have said that the mileage, 13% of them have pointed out the social pressure, 13% have said the after sales service, and the other 7% have said that the easy financing scheme are the main reason for buying the current used bike.

Figure 4.3

Consideration Made Before Purchasing



4.1.4 Media Affecting the Purchasing Decision of the Buyers

Unless the information about the product is flown, the study assumes that the likely consumers remain unaware about the product. The company adopts promotional mixes to make the consumers aware about the product and its features. Among the various promotional methods, the media is considered to have far reaching impact, but which mode of media is most effective is still a big question.

Table 4.4
Media Affecting the Purchasing Decision of the Buyers

Media	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
a. Digital	13	65	10	50	23	58
i. TV	8	40	5	25	13	33
ii. Radio	3	15	2	10	5	13
iii. Online	0	0	1	5	1	2
iv. Product Placement	2	10	2	10	4	10
b. Physical	7	35	10	50	17	42
i. Press advertisement	3	15	4	20	7	17
ii. Bill board advertisement	4	20	4	20	8	20
iii. Street advertisement	0	0	2	10	2	5
Total	20	100	20	100	40	100

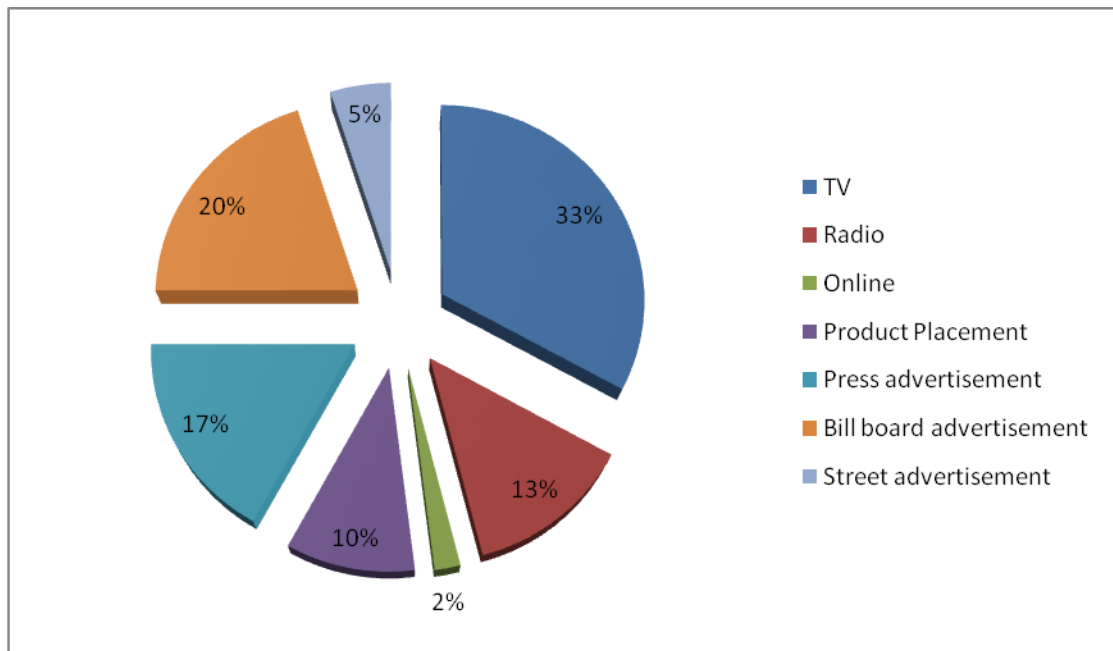
(Source: Field Survey, 2013)

Although the sales promotion and advertising made on both the digital media and physical media have their own importance, it seems that the promotion on digital media is more effective, as evidenced by the 58% of the riders supporting digital media and the rest 42% supporting physical media. Among the various types of digital media, the television is quite much impressive to the bike riders, as 33% of the total bike riders have suggested that the advertisement and sales promotion made on television has accentuated their willingness to buy the bike. Likewise, 13% of the total surveyed riders have suggested that the advertisement and sales promotion should be made on radio, as radio covers wide population embracing both the current users and the potential users. However, only few, 2%, stated that the willingness to buy the motor bike is accelerated by the promotion made on internet. Further, the 10% of the surveyed riders have stated that the product placement, such as use of the product in the movie, documentary and other else that impresses the likely consumer to purchase the product, has attracted their attention toward the product.

On the other side, it has been found that the bill board advertisement is much enticing to the consumer for purchasing the bike. The 20% of the total surveyed bike riders have been attracted by the bill board advertising. Next to this promotion act, the promotion on press, such as in daily newspaper, journal, magazines and other booklets, has been successful enough to attract the 17% of the surveyed bike riders. However, the street advertisement is less significant medium for promoting the bike sales. Only 5% of the riders have been allured by this medium of promoting sales. Finally, it can be said that the Hero Honda and HH Bajaj need to advertise more on television for enhancing the sales along with other types of media.

Figure 4.4

Media Affecting the Purchasing Decision of the Buyers



4.1.5 Models of Surveyed Bikes

Various models of Bajaj Bike and Hero Honda Bike are available in the Nepalese market. The consumers chooses their bike according to their need, crave, affordability, and others. To know the mostly used bike of Bajaj and Hero Honda is also related to the concern of the study.

Table 4.5
Models of Surveyed Bikes

Bajaj Model	Bajaj		Answer	Hero Honda	
	Freq.	%	HH Model	Freq.	%
Avenger	3	15	Passion	1	5
Pulsar	7	35	Pleasure	8	40
Platina	2	10	Splendor	5	25
Discover	5	25	CBZ Xtreme	3	15
Duke	2	10	Karizma	2	10
Others	1	5	Others	1	5
Total	20	100		20	100

(Source: Field Survey, 2013)

Among the various brands of the Bajaj Bike, the Pulsar bike is most popular among the riders of the Bajaj Bike. Mainly the male riders who are students and some of whom are the service holders under the age of 36 years are riding the Pulsar Bike. Similarly, the Discover Bike is much popular among the service holders and businessman. Also some of the businessman who prefer Bajaj bike are found to be riding the Platina Bike, and the avenger bike is mostly used by the students, and just the youngsters. The other Bajaj Bikes like Duke and Ninja are used mostly by the students and just the youngsters. Further it has been found that the students prefer Karizma and CBZ Xtreme to other bikes of Hero Honda. The youngsters prefer Karizma to other bikes, and the female riders buy Pleasure Scooty in lieu of other brands. Most of the service holders are riding Achiever, Splendor and Impulse bike, and the businessman are riding Achiever, Glamour, Splendor and other brands of Hero Honda. In aggregate, among the various brands of HH Bajaj and Hero Honda, the Pulsar bike and Pleasure are much popular and mostly used bikes among the bike riders.

4.1.6 Bike Performance Level

The advertisement and sales promotion remains ineffective and the brand turns fiasco unless the consumers are satisfied with the performance of the bike. To know to the performance level of the bike, the riders are asked on this issue.

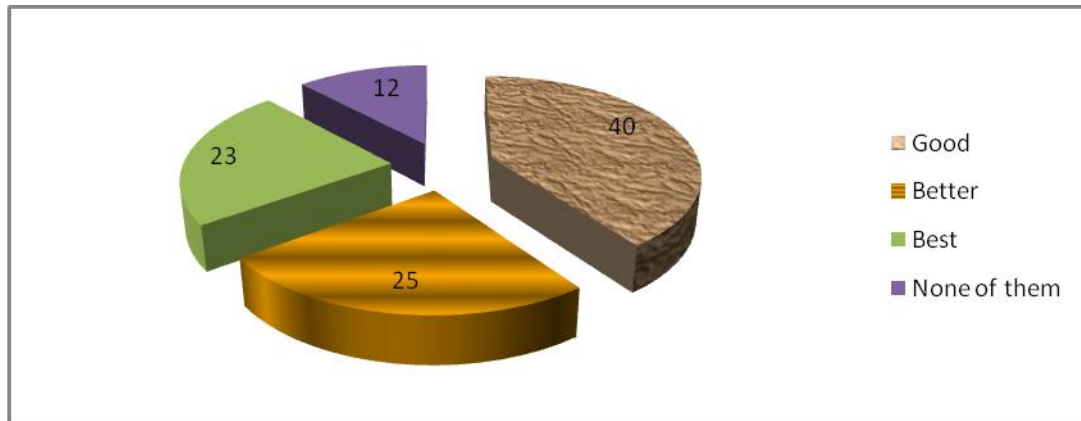
Table 4.6
Bike Performance Level

Bike Performance Level	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Good	7	35	9	45	16	40
Better	6	30	4	20	10	25
Best	4	20	5	25	9	23
None of them	3	15	2	10	5	12
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

Most of the consumers of HH Bajaj and Hero Honda are satisfied with the performance of the bike. The 35% of the surveyed riders of HH Bajaj, the 45% of the surveyed riders of Hero Honda, and the 40% of the total surveyed riders have stated that the performance of their bike is good and thus they are satisfied. Similarly, 30% of the riders of Bajaj, 20% of the riders of Hero Honda and 25% of the total riders have said that the performance of the bike is much better than what they have expected while purchasing the bike, and thus their satisfaction level regarding the performance is much higher. Likewise, the other 20% of the riders of Bajaj Bike, 25% of the riders of Hero Honda and 23% of the total riders have said that the performance of the bike is best and is above their expectation, amazing the riders. However, the rest 15% of the Bajaj riders, 10% of the Hero Honda riders and 12% of the total surveyed riders have stated that they are neither satisfied nor dissatisfied with the performance of the bike. Finally, it can be concluded that the HH Bajaj and Hero Honda deliver what they promise in their advertising, sales promotion and other promotional activities to the customers.

Figure 4.5
Bike Performance Level



4.2 Brand Awareness of Customers in Bikes

To examine the brand awareness of the customers in bike is the second objective of this study. To attain this objective, the consumers' desired features on bike, the demographical effects on buying decision, and the problems experienced by the riders on that specific brand or model is measured.

4.2.1 Average Bikes Purchased by the Male and Female Bike Riders

The male and female both are using the bike for their purpose. Generally, the male riders prefer motorcycle than scooter, while the female riders prefer scooter than motorcycle. But how many bikes do they have purchased in the bike is concern to the subject of the study, to know the view of the gender in bike buying decision.

Table 4.7

Sex Distribution of Respondents, (2008-2013)

Respondents	Freq.	Percentage
Male	32	80
Female	8	20
Total	40	100

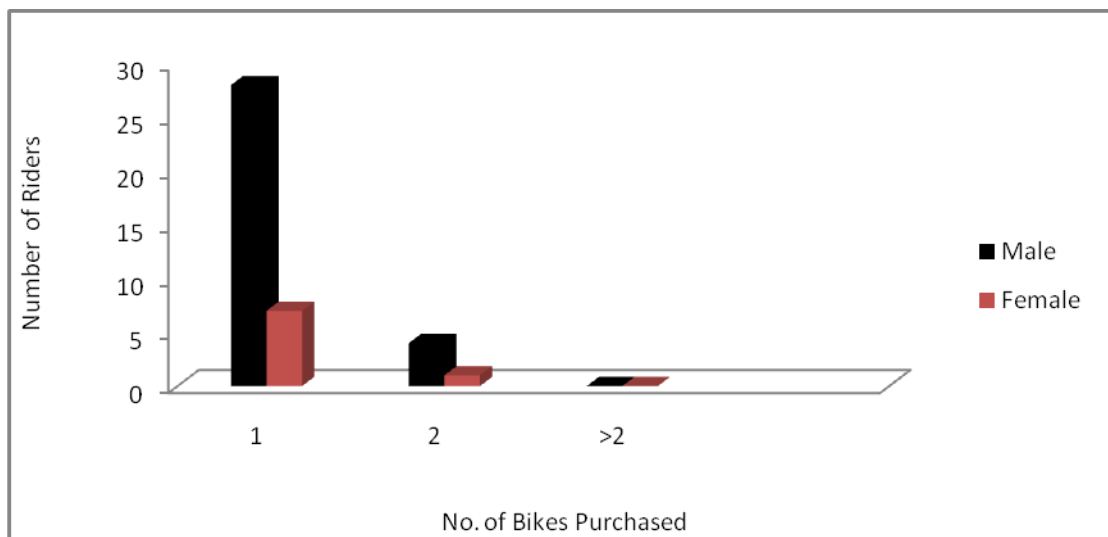
(Source: Field Survey, 2013)

It can be said that the responses obtained and the findings drawn from this analysis are dominated by the opinion of the male respondents, as only few female respondents have shown their willingness to answer the questionnaire. On the other side, it can be

assumed that as only few model of Scooty are available in market, which is preferred by the female riders in Nepalese market, the number of female respondents is few. Quantitatively, the research questions are answered by 80% male respondents and the rest 20% female respondents. Amongst the respondents, the preponderance of the male respondents and female respondents have bought one bike/scooty, as the motorbike is durable for longer period and is also costly, and thus the riders would not buy another bike unless they are unsatisfied with the performance of the bike and have sufficient money to buy another bike. However, some of male riders and some of female riders have made double purchase, either by selling the previous one or just adding another one, within the five year periods and none of them have bought more than twice. Thus, it can be said that the conclusion of the study is based heavily on the opinions and experience of the riders who have bought the bike at once.

Figure 4.6

Average Bikes Purchased by the Riders



4.2.2 Age Group of the Bike Riders

The demographic variable certainly affects the bike buying decision. Thus, the consumers of bike that are surveyed under this study have been classified in four age groups to know the view of buyers on the ground of age as well.

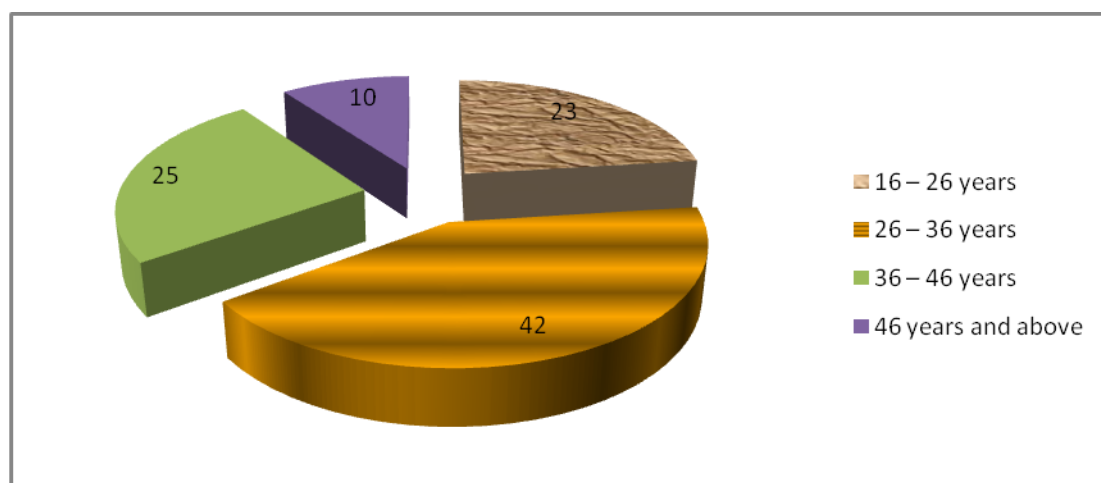
Table 4.8
Age Group of the Bike Riders

Age Group	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
16 – 26 years	5	25	4	20	9	23
26 – 36 years	7	35	10	50	17	42
36 – 46 years	5	25	5	25	10	25
46 years and above	3	15	1	5	4	10
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

Most of the consumers of bike fall within the group of 26 to 36 years. They are using the bike mostly either for the service/job or for business purpose. The 35% of the Bajaj bike riders, 50% of the Hero Honda bike riders and 42% in total of the respondents fall within this age group. Likewise, the other 25% of the Bajaj bike riders, 25% of the Hero Honda bike riders, and 25% in total of surveyed riders fall within the age group of 36 to 46 years, while 25% of the Bajaj riders, 20% of the Hero Honda riders and 23% of the total riders fall within the age group of 16 years to 26 years. Similarly, 15% of the Bajaj riders, 5% of the Hero Honda riders and 10% of the total riders are within the age group of 45 years and above. The findings of the study are dominated by the opinions of the riders who are within the age group of 26 years to 36 years. Because of the age group they purchased the bikes only one time.

Figure 4.7
Age Group of the Bike Riders



4.2.3 Occupation of the Riders

Certainly, the occupation of the riders affects the bike buying decision. The businessman who earns enough could buy the expensive bike. The student and youngsters can also demand expensive bike from the parents, while the service holders may buy the bike that are durable and fuel efficient. However, these assumptions could contrast with the market survey.

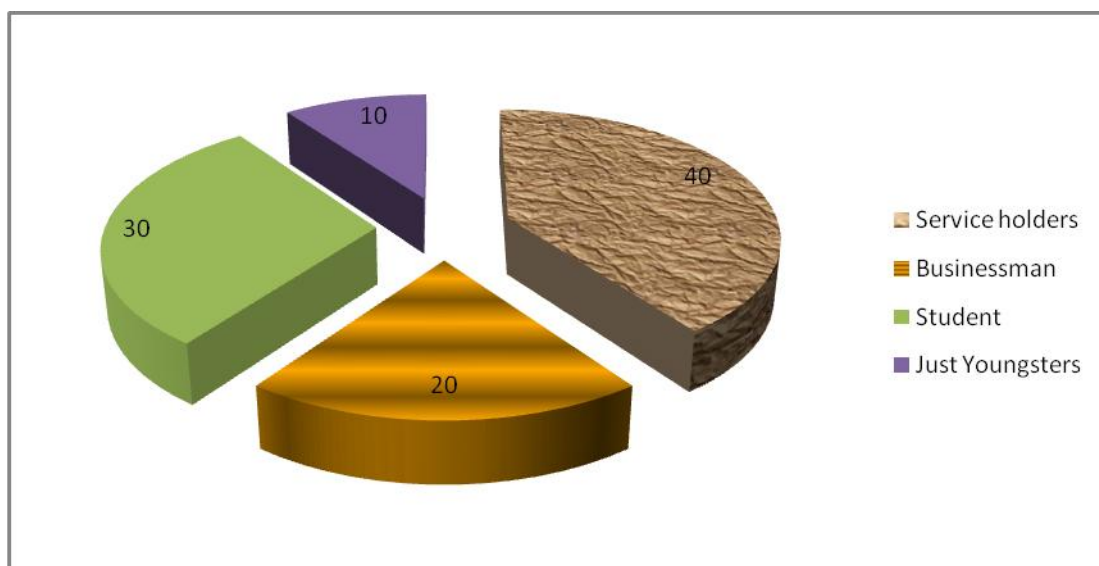
Table 4.9
Occupation of the Riders

Occupation	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Service holders	6	30	10	50	16	40
Businessman	5	25	3	15	8	20
Student	9	45	3	15	12	30
Just Youngsters	0	0	4	20	4	10
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

Mainly the students are the main users of the HH Bajaj bike, as 45% of the surveyed Bajaj bike riders are students, and thus it can be presumed that the promotion of bike like Pulsar, Duke etc. of Bajaj are targeted to the students. However, only 15% of the Hero Honda bike riders are the students. In contrast, the majority of the Hero Honda riders are the service holders, and from the survey it has been found that the bike like Passion, Impulse and Splendor are used by the service holders. On the other side, the 30% of the surveyed Bajaj bike riders are service holders and they are using the bike like Platina, Discover etc. for their job. Similarly, the 25% of the Bajaj bike riders and 15% of the Hero Honda riders are the businessmen which are in low percentage than other riders. This shows, may be businessman used car for transportation than bike. The rest 20% of the Hero Honda riders are youngsters. In total, the 40% of the surveyed riders are service holders, the 30% of such respondents are students, the 20% of the respondents are businessman and the rest 10% are youngsters.

Figure 4.8
Occupation of the Riders



4.2.4 Features of Bikes Influencing the Buying Decision

While having the brand awareness of the bike, the likely consumers judges each feature of the bike. Thus, the feature of the bike has greater role to influence the bike buying decision, but which feature is most important depends on the consumers' attitude and purpose of the bike.

Table 4.10
Features of Bikes Influencing the Buying Decision

Features	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Performance	11	55	10	50	21	53
Exterior Appearance	3	15	2	10	5	12
Fuel Efficiency	5	25	8	40	13	33
Buy Back Guarantee	1	5	0	0	1	2
Total	20	100	20	100	40	100

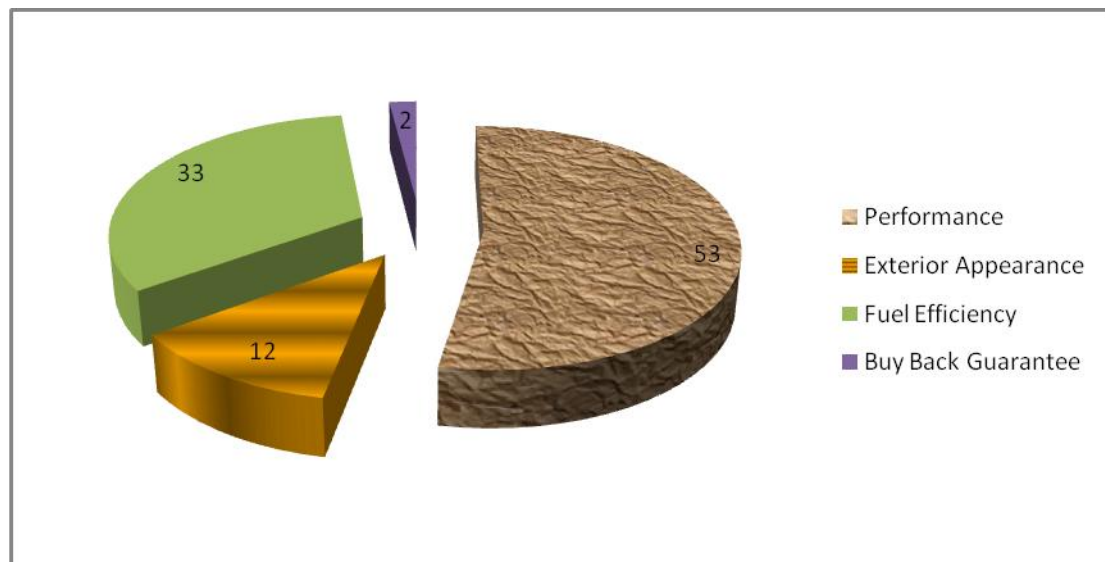
(Source: Field Survey, 2013)

The performance of the bike is one of the most important features of HH Bajaj and Hero Honda, as per the 55% of the Bajaj riders and 50% of the Hero Honda riders, and 53% of the total surveyed riders. As per these riders, the peak up of the bike in relation to the Cubic Centimeter, which is a diagrammatic representation of engine cylindrical volume, greatly matters the bike buying decision. However, the 25% of the

Bajaj Bike riders, 40% of the Hero Honda Bike riders and 33% of the total riders have stated that they consider the fuel consumption feature of the bike while buying the bike. They said that they switch off from one brand to brand if the fuel efficiency, which means greater miles per liter of petrol, is not satisfactory. Similarly, the 15% of the Bajaj Bike riders, 10% of the Hero Honda riders and 12% of the total riders have stated that they consider the buy back guarantee feature of the bike, which is buying the bike by the same company to which the bike emanates. Next to this feature, the 5% of the Bajaj Bike riders and 2% of the total respondents have stated that the exterior appearance is one of the most important features that are considered while buying the bike. However, this feature is less significant as only few respondents have considered it to be important. Considering the overall majority, it can be said that the HH Bajaj and Hero Honda should concentrate their effort on the performance of the bike, as majority of the respondents have considered it to be the important feature influencing the bike buying decision.

Figure 4.9

Features of Bikes Influencing the Buying Decision



4.2.5 Problem of Bike Affecting Loyalty

Generally, the consumers leave the model and in extreme situation leave the brand of bike if they face regular problems, and thus may debilitate the brand loyalty. To know what sort of problems had the surveyed riders experienced on the specific brand of bike, the respondents are asked on this matter.

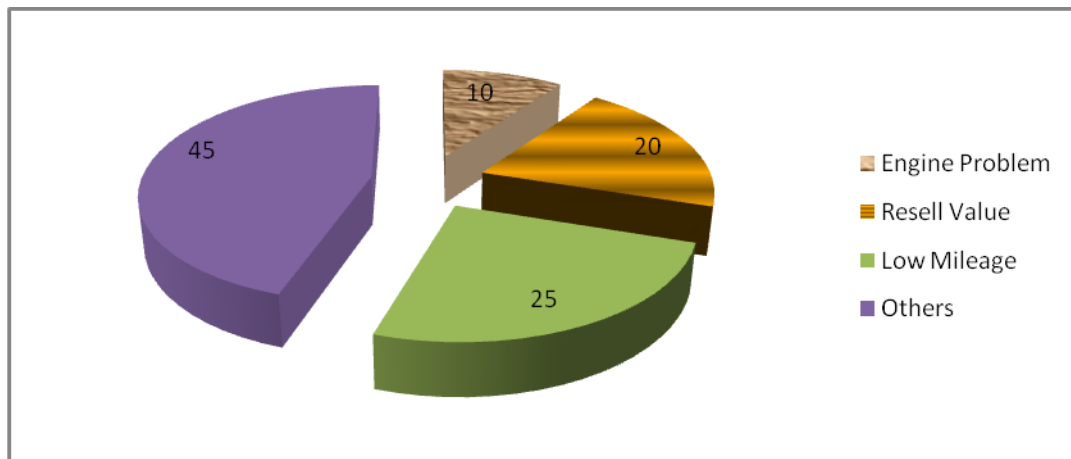
Table 4.11
Problem of Bike Affecting Loyalty

Problem	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Engine Problem	0	0	4	20	4	10
Resell Value	8	40	0	0	8	20
Low Mileage	6	30	4	20	10	25
Others	6	30	12	60	18	45
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

Most of the consumers of the Bajaj Bike riders are complaining that the low resale value of the bike as compared to that of Hero Honda bike is one of the main problems of Bajaj Bike. The 40% of the Bajaj Bike riders have revealed this fact. However, the majority of the Hero Honda riders (60%) stated that the other factors like the simple look in most of the brands, the emanation of greater smoke, the non durability of the tyres etc. are the major problems of the Hero Honda bikes in general. The other 30% of Bajaj Bike riders stated that the reduction of mileage in great after certain years is the major problem of the Bajaj Bike, and 20% of the riders of Hero Honda stated that the engine problem of the bike after few years is the major problem of the said bike. Similarly, the 30% of the Bajaj Bike riders stated that the other problems like the weaknesses of stand (specially in discover bike), chain spocket and quicker in break sole damage, where as the 20% of the Hero Honda riders said that the low mileage are the major problem of bike for them. Considering the respondents in total, it can be concluded that the 45% of the total respondents pointed out the other problems like the non durability of the tyre, greater smoke, simple design and others are the major problem, while 25% of the respondents stated the low mileage of the bike, 20% stated low resale value and the rest 10% said the problems in engine are the major problems of the bike.

Figure 4.10
Problem of Bike Affecting Loyalty



4.3 Effectiveness of Advertising and Sales Promotion

The third objective of the study is to measure the effectiveness of advertising and sales promotion of Bike Company in boosting up the sales. To achieve this objective, the status of these two promotional mixes, elements and values to be considered on advertisement, the prerequisite for successful advertisement, tools of sales promotion and its causes on consumers are measured. However, the study unable to completely meet this objective since the companies denied to provide the exact cost, sales and profit data of sales and advertisement.

4.3.1 Most Persuading Promotional Tools

There are various types of promotional tools to boost the sales of the product. But what exactly promotion tool is most effective in persuading the consumers to buy the bike is the subject of this study and thus needs to be determined.

Table 4.12
Effectiveness of Advertising and Sales Promotion

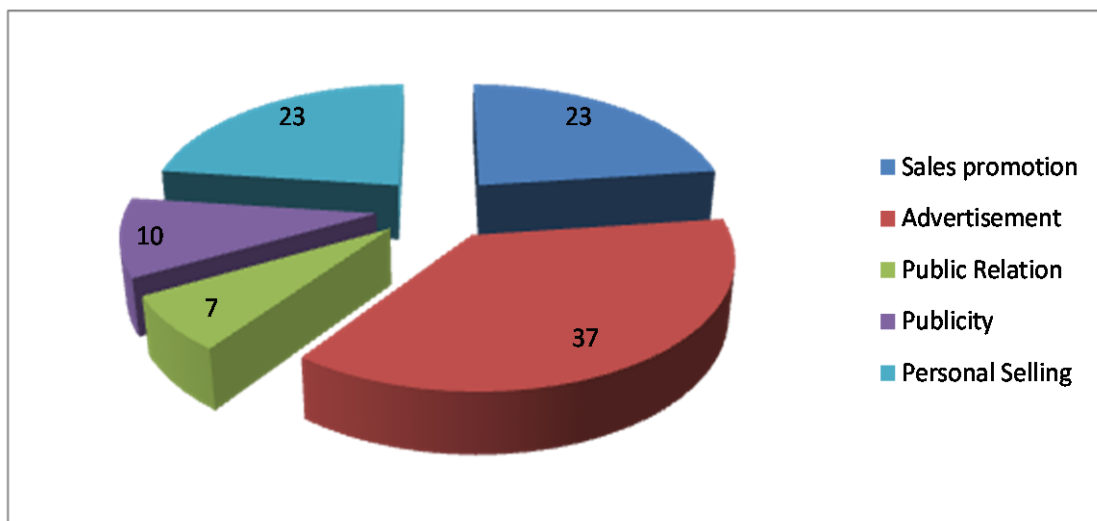
Promotional Tools	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Sales Promotion	4	20	5	25	9	23
Advertisement	8	40	7	35	15	37
Public Relation	1	5	2	10	3	7
Publicity	2	10	2	10	4	10
Personal selling	5	25	4	20	9	23
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

Among the various promotion tools, it seems that the advertisement is much effective in touching the sentiment of the buyers, as the 40% of the Bajaj bike riders, 35% of the Hero Honda riders and 37% of the total surveyed riders are persuaded by the advertisement for buying the bike. As per these riders, the advertisement of the Bajaj Bike or Hero Honda greatly attracts their attention and convinced them that the message flown on the advertisement are true and finally persuade them to buy the bike. However, the other 20% of the Bajaj Bike riders, 25% of the Hero Honda riders and 23% of the total riders have said that they have been mostly persuaded by the sales promotion of these companies. As per them, the sales promotion in the form of cash rebate, Trade Fare/Exhibition/Trade Fare/Exhibition/Exchange Mela and others has been perceived to be much convincing. Similarly, the 5% of the Bajaj Bike riders, 10% of the Hero Honda riders and 7% of the total riders have belief on the public relation made by the company not on the advertisement and other promotional tools. The public relation that includes press releases, speaking, writing, blogging and more are much convincing as per these riders. On the other side, the publicity, which is just sending the non personal communications on media and others, of the company is much persuading as per the 10% of the Bajaj Bike riders, 10% of the Hero Honda riders and 10% of the total riders. However, 25% of the Bajaj riders, 20% of the Hero Honda riders and 23% of the total riders are persuaded to buy the bike by personal selling promotional tool which is nearly equal to sales promotion. It is one of the major persuading promotional tools.

Figure 4.11

Effectiveness of Advertising and Sales Promotion



4.3.2 Elements of Advertisement to be Emphasized

While creating the advertisement, the advertiser needs to concern on various elements that are significant in touching the sentiment of the buyers and eventually persuade them to buy the bike.

Table 4.13

Elements of Advertisement to be Emphasized

Elements of Advertisement	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Tagline	0	0	2	10	2	5
Color	12	60	9	45	21	53
Design	3	15	2	10	5	12
Celebrity Advertising	5	25	7	35	12	30
Total	20	100	20	100	40	100

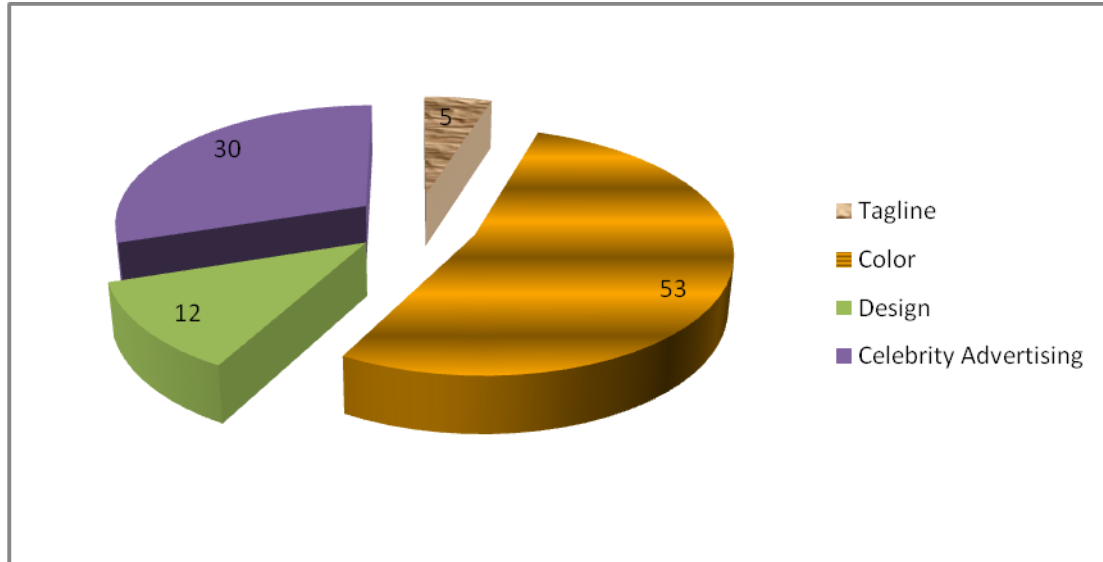
(Source: Field Survey, 2013)

The color of the bike is one of the most important elements that the likely buyers consider. This is also substantiated by the market situation, as the buyers preferred black Pulsar of 120 cc and blue Pulsar 220 cc. The Bajaj Bike riders are step ahead to Hero Honda riders on this issue, as 60% of the Bajaj Bike riders and 45% of the Hero Honda riders have preferred color to other elements of the bike. In total, 53% of the respondents said that they consider color in addition to other attribute while choosing the bike. Thus, it can be said that advertiser should be able to cause on the available color of the bike while creating advertisement. Next to the color, the celebrity should be chosen by the advertiser while creating advertisement. Certainly the advertisement done by the celebrity and layman differs tremendously in the impact to the consumers. The 25% of the Bajaj Bike riders, 35% of the Hero Honda riders and 30% of the total surveyed riders revealed that they are highly persuaded to buy the bike due to the celebrity advertisement. On the other hand, the 15% of the Bajaj Bike riders, 10% of the Hero Honda riders and 12% of the total riders have stated that the design of the bike matters a lot as it reflects their personality. Thus, according to them, the advertiser should put much emphasis on envisaging the design of the bike while making advertisement. However, in the context to bike, the advertisers need to pay less attention to the tagline, as none of the Bajaj riders, only 10% of the Hero Honda riders and 5% of the total riders have been convinced to some extent by the tagline

while purchasing the bike. The tagline for instance here of Bajaj Discover 150cc is “More Excitement per Litre” and of Hero Honda is “There is a Hero one each one of us (English translation of hindi tagline). Finally, it can be concluded that the color of the bike is most crucial element to be considered by the advertiser of the bikes.

Figure 4.12

Elements of Advertisement to be Emphasized



4.3.3 Driving Force for Brand Loyalty

Brand loyalty is not built by itself rather it develops gradually. The Company of the bike needs to find out what force is most important in building up the brand loyalty among the consumers.

Table 4.14

Driving Force for Brand Loyalty

Driving Forces	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Past Experience	12	60	10	50	22	55
Facilities	2	10	2	10	4	10
Income Level	6	30	8	40	14	35
Total	20	100	20	100	40	100

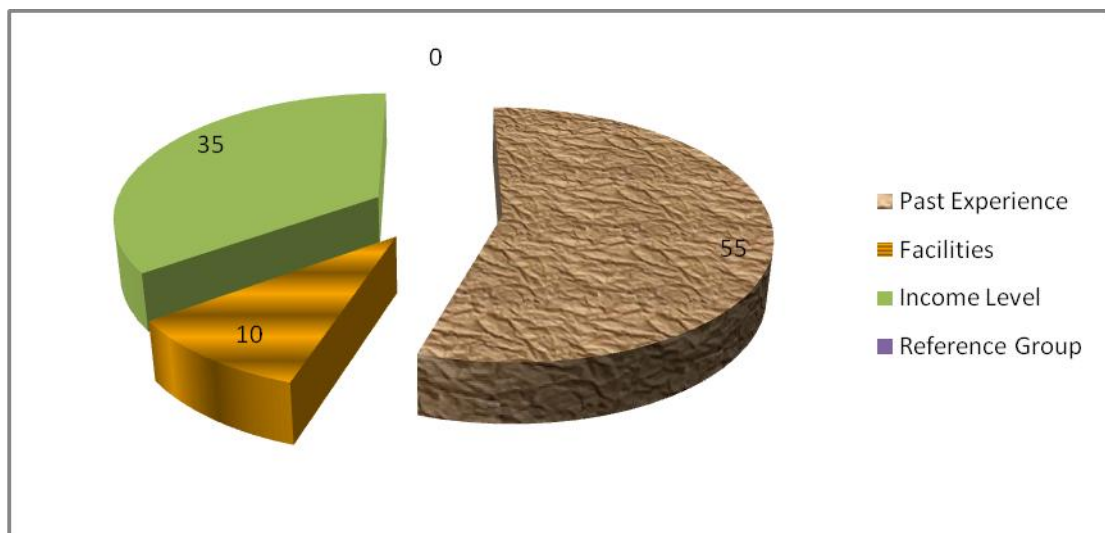
(Source: Field Survey, 2013)

There exists strong relationship between the brand loyalty and the past experience of the consumers in case of motorbike, as the majority of surveyed bike riders have been either emanating good word of their corresponding bike brand or purchasing the same brand; very few i.e. only 12.5 % respondents of the respondents bought twice of the

same bike brand, due to their satisfaction on the brand performance (having positive experience) and due to the age group. Quantitatively, 60% of the Bajaj Bike riders, 50% of the Hero Honda riders and 55% of the total bike riders have been loyal to the same brand of bike due to their positive experience on the brand. Besides past experience, the facilities such as services, buying back the bike if customers will and other, have been able to make the bike riders loyal to the brand, as 10% of the Bajaj Bike riders, 10% of the Hero Honda riders and total 10% of the surveyed riders are staying on the same bike due to the facilities provided either by the Bajaj Company or by the Hero Honda Company. Also, the income level of the customers has been one of the crucial factors affecting the loyalty of the riders toward the brand. It means that if the income level rises, the customer may leave the brand and buy another expensive brand of bike. The 30% of the Bajaj Bike riders, 40% of the Hero Honda riders, and 35% of the total surveyed riders have stated that they are staying on the same brand due to their income level blocking them to buy much expensive brand of bike. However, none of the surveyed riders have said that their loyalty to brand is variable to the suggestion of reference group. Eventually, it can be drawn that the brand loyalty has directly positive relationship with positive past experience, positive relationship with the facilities associated with the brand of bike and inverse relationship with the increase in income level of the consumers. Comparatively, the past experience of the riders is most responsible to make the riders loyal to the brand.

Figure 4.13

Driving Force for Brand Loyalty



4.3.4 Effective Tool of Sales Promotion

In past, various sales promotion tools have been practiced by the Bajaj Bike Company and Hero Honda Company, and these sales promotion tools have their certain effect on accelerating the sales. To know what sale promotion tool has precisely affected the consumers, the respondents are asked on this issue.

Table 4.15

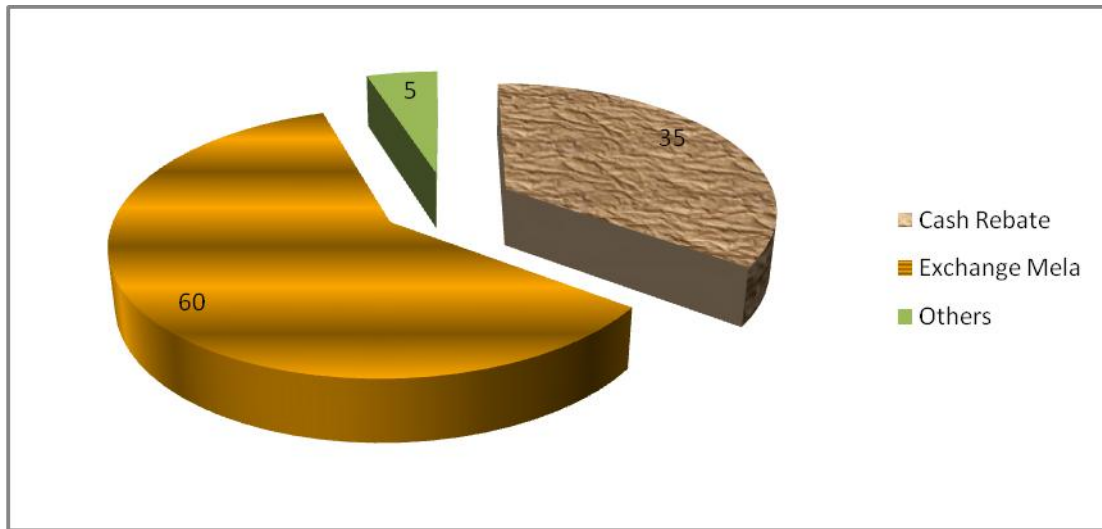
Effective Tool of Sales Promotion

Tools of sales Promotion	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Cash Rebate	6	30	8	40	14	35
Trade Fare/Exhibition/Exchange Mela	12	60	12	60	24	60
Others	2	10	0	0	2	5
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

Among the various sales promotional tools practiced by the bike company and its distributors frequently, the Trade Fare/Exhibition/Exchange Mela has been much popular to the buyers. The Trade Fare/Exhibition/Exchange Mela, which is just exchanging the bike with the bike of same company by adding some extra cash in many cases, has been able to draw the cavalcade of the buyers to the exchanging hub. The 60% of the Bajaj Bike users, 60% of the Hero Honda users and 60% of the total users have expressed this view. The other sales promotional tools that is the cash rebate has also been able to attract some of the buyers to buy the bike. As per the 30% of the Bajaj Bike riders, 40% of the Hero Honda riders and 35% of the total riders, most of the consumers either buy bike or flow good word of mouth to influence the buying decision of other, when the cash rebated is high. Normally, the cash rebate of bike within the 10% of the purchasing value. Similarly, the 10% of the Bajaj Bike riders, representing 5% of the total surveyed riders, have stated that other sales promotional tools, such as paying insurance by the company up to certain years, giving gifts; for instance distributing Jackets, T-shirts printed in 'Hero Honda' etc. and others, have proved to be effective. On the basis of the majority of the respondents, it can, however, be concluded that the Trade Fare/Exhibition/Exchange Mela is the best sales promotional tool practiced by the surveyed Bike Companies.

Figure 4.14
Effective Tool of Sales Promotion



4.3.5 Causes of Sales Promotion

The sales promotion is conducted to cause the people to initiate steps in increasing the sales of the company ultimately. The causes of the sales promotion, thus, are seen in different forms.

Table 4.16
Causes of Sales Promotion

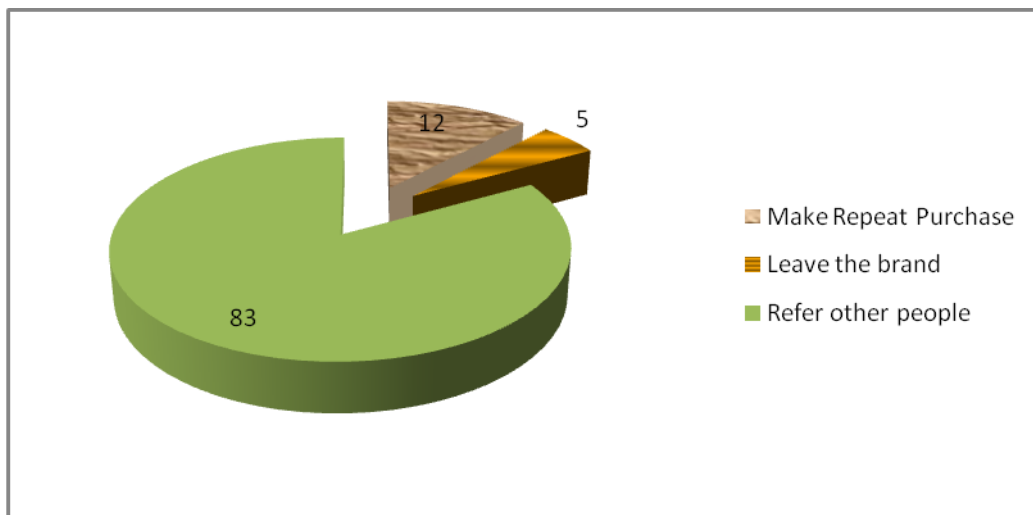
Causes of sales Promotion	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Make Repeat Purchase	3	15	2	10	5	12
Leave the brand	0	0	2	10	2	5
Refer other people	17	85	16	80	33	83
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

As described in previous section that only 5 surveyed respondents; 3 of Bajaj Bike riders and 2 of Hero Honda riders, have made repetitive purchase, it can be said that the sales promotion practiced by the Bike Companies are not much effective to induce the buyers for making repeat purchase, rather the sales promotion are much effective to cause the riders make reference to other people for buying the brand of the bike the riders possess. The 85% of the Bajaj Bike riders, 80% of the Hero Honda riders and 83% of the total surveyed riders have stated that they had make reference to their

surrounding people to buy the bike of brand they have during the sales promotion practiced by the company. However, 10% of the surveyed Hero Honda riders have stated that they left the brand of bike by purchasing another brand of bike, as they assumed that the sales promotion of the brand of bike they possess seemed fraudulent. According to the opinions of the majority of the respondents, it can be certainly said that the sales promotion causes the riders to refer the other people for buying the promoted bike, which indirectly increases the sales of the bike companies.

Figure 4.15
Causes of Sales Promotion



4.3.6 Causes of Successful Advertisement

Unless the company makes it much competent to the competitors, the advertisement of its brand would not affect much in persuading the consumers to buy the advertised brand. Thus, on what competency the Company of the Bike needs to be build up is understood from the consumers' perspective.

Table 4.17
Causes of Successful Advertisement

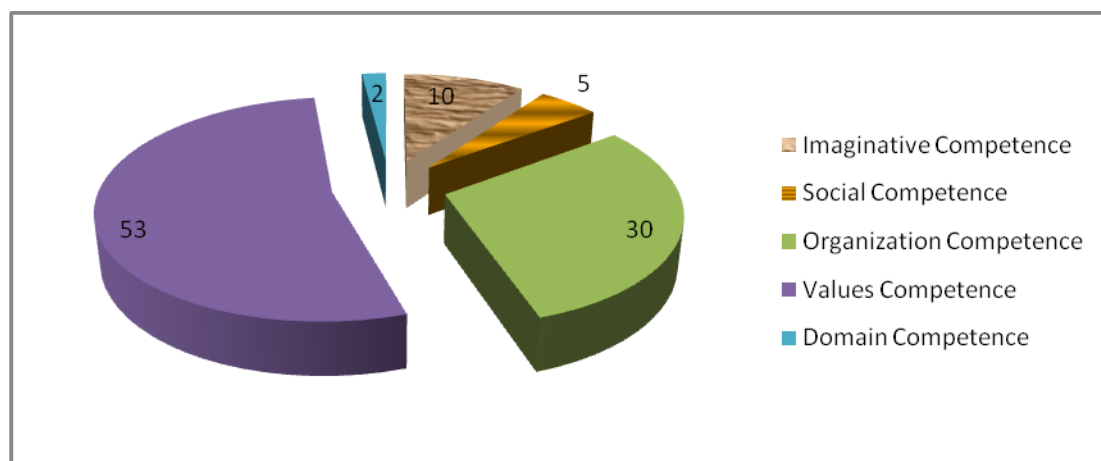
Causes of Successful Advertisement	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Imaginative Competence	3	15	1	5	4	10
Social Competence	2	10	0	0	2	5
Organization Competence	5	25	7	35	12	30
Values Competence	9	45	12	60	21	53
Domain Competence	1	5	0	0	1	2
Total	20	100	20	100	40	100

(Source: Field Survey, 2013)

For the success of advertisement in Bike, the advertisement should be on the ground of values competence, which means that the advertisement should reflect on what the bike company has introduced new features in its bike. The features so added should turn valuable to the customers, as per the opinion of 45% (9 out of 20) of the Bajaj Bike riders, 60% (12 out of 20) of the Hero Honda riders, and 53% (21 out of 40) of the total riders. The study also found that the Bike Company needs to judge the strength, weakness, opportunity and threat of own in relation to those of the rival companies. The company needs to keep update information about the rival company in order to make oneself organizationally competitive. As per the view of 25% of Bajaj Bike riders, 35% of the Hero Honda riders and in total 30% of the riders, the advertisement would not be effective unless the bike Company make itself organizationally competitive. It has also been found that the Bike Company not only need to be organizationally competitive but also it needs to be competitive in imaginative for making the advertisement effectively. As per the opinion of the 15% of the Bajaj Bike riders, 5% of the Hero Honda riders and 10% of the total riders, the Bike Company needs to estimate the future needs of the consumers, and thus make itself technologically competitive, only after then the advertisement shows its effect optimally. Similarly, the 10% of the Bajaj Bike riders, indicating 5% of the total riders, have stated that the organization should be socially competent. It means that the Bike Company should manufacture the Bike that is environmentally friendly; low noise pollution, less smoke etc., and thus make itself as a social product. Finally, the rest 5% of the Bajaj Bike riders, none of the Hero Honda riders and 2% of the total riders have said that the Bike Company needs to have domain competence for the success of advertisement. It means that the Bike Company should introduce peculiar significant feature on the bike and make the bike charming to the riders. Eventually, it can be concluded that the organization competence is the major root cause for the success of the advertisement.

Figure 4.16

Causes of Successful Advertisement



4.3.7 Values to be Characterized by Advertisement

The advertisement of the product is judged by different people from different perspectives. The advertisement would turn fiasco if it does not reflect any values to the viewers or readers. Thus, what sort of values need to be characterized most by the advertisement of the bike is the concern of the study.

Table 4.18

Values to be Characterized by Advertisement

Values	Bajaj		Hero Honda		Total	
	No.	%	No.	%	No.	%
Attention Value	5	25	4	20	9	22
Suggestive Value	2	10	0	0	2	5
Memorizing Value	3	15	1	5	4	10
Conviction Value	4	20	7	35	11	28
Sentimental Value	6	30	5	25	11	28
Education Value	0	0	1	5	1	2
Instinctive Value	0	0	2	10	2	5
Total	20	100	20	100	40	100

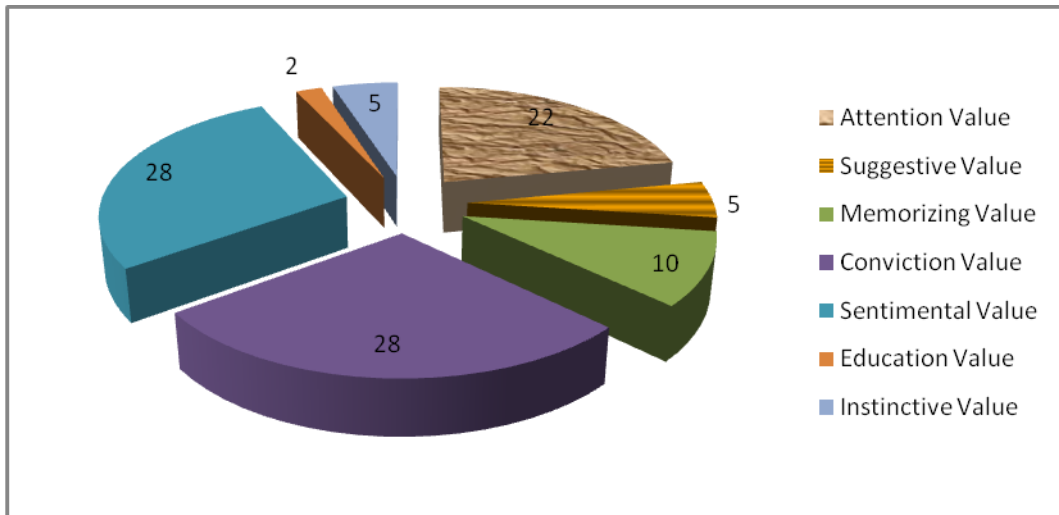
(Source: Field Survey, 2013)

As per the majority of the Bajaj Bike riders (30%), the advertisement should touch the sentiment of the potential buyers, only then these buyers are induced to buy the bike. Supporting this view, the 25% of the Hero Honda riders, and 28% of the total surveyed riders have stated that the advertiser should have good notion on the sentiment of the buyers and should positively affect it, otherwise, the negative impact

on the sentiment instead deteriorate the sales of the bike. The other faction of the surveyed riders; 20% of the Bajaj Bike riders, 35% of the Hero Honda riders and 28% of the total riders, have stated that the advertiser should create the advertisement in such a way that it strengthen the conviction value of the consumers and that belief would obviously increase the sales of the company. Likewise, the 25% of the Bajaj Bike riders, 20% of the Hero Honda riders, and 22% of the total riders, have understand the advertisement at the tool for drawing the attention of the consumers toward the advertised bike, and thus as per them, the advertiser should make advertisement considering the attention value of it. Similarly, 10% of the total riders; including 15% of the Bajaj Bike riders and 5% of the Hero Honda riders, have stated that no matter whether the advertisement encompasses the sentimental value, conviction value and other attributes, it should necessary have the memorizing value. The message of the advertisement, color, design and other attribute of the bike should have the memorizing value to the consumers. Further, the 5% of the total riders; 10% of the Bajaj Bike riders and none of the Hero Honda riders, have said that the advertisement should be suggestive. It means that the advertisement should clearly mention on how the product can be used, or what is the new things added on the advertised Bike. Also, the 5% of the total riders; which is just the 10% of the Hero Honda riders, said that the advertisement should have instinctive value, which means that the advertisement should possess the capacity to cause the viewers or readers promptly buy the bike. However, only 2% of the total riders have said that the advertiser should consider the educative value. From the opinion survey, it can definitely be said that the sentimental value and the conviction value should be considered enormously by the advertiser while creating the advertisement of the bike.

Figure 4.17

Values to be Characterized by Advertisement



4.4 Companies' Perspective toward Sales Promotion and Advertising

The final objective of the study is to understand the result of sales promotion and advertising and understanding of them through the companies' perspectives. For this, the notion toward the measured promotional mixes, results and orientation of sales promotion, and finally the betterment of sales promotions vs advertising are evaluated by asking the questions to the personnel of HH Bajaj Co. and Syakar Co. Ltd.

4.4.1 Notion of the Bike Companies toward Sales Promotion

The sales promotion is done by the Company ultimately to boost the sales quickly. But would the sales promotion of the bike be effective if it does not offer any value to the consumers and is done just for the company's benefit is related to the objective of this study.

Table 4.19

Notion of the Bike Companies toward Sales Promotion

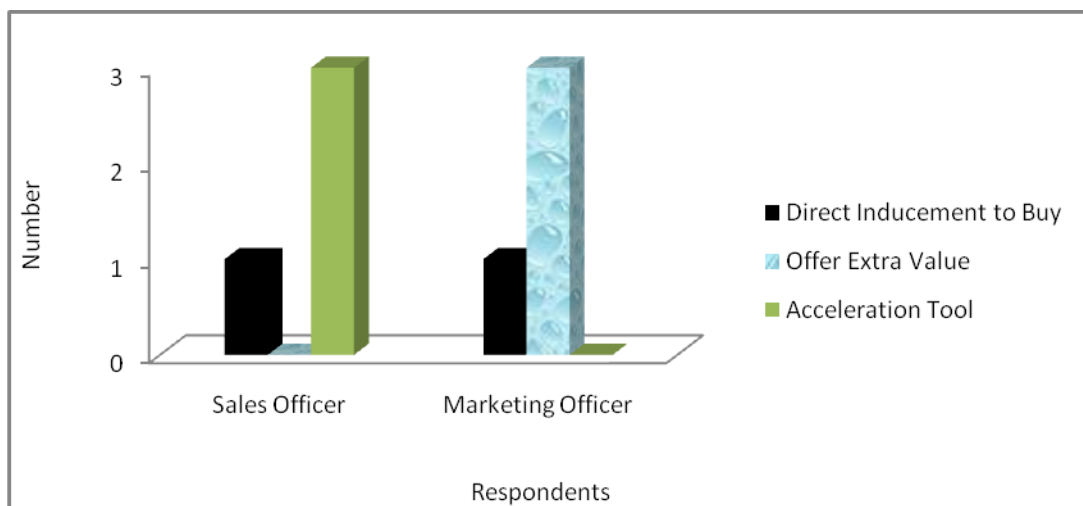
Notion Towards Sales Promotion	Bajaj		Hero Honda		Total	
	SO	MO	SO	MO	SO	MO
Direct Inducement to Buy	1			1	1	1
Offer Extra Value		2		1	0	3
Acceleration Tool	1		2		3	0
Total	2	2	2	2	4	4

(Source: Field Survey, 2013)

As per the opinion of the sales officers of Bajaj Bike, the 1 out of 2 respondents has said that the company understood and utilized the sales promotion as just tool of directly inducing the consumer to buy the bike. However, the other sales officer contrast with this opinion, and said that the company utilized it as just the acceleration tools of the sales. The marketing officers of the HH Bajaj, however, stated that the sales promotion is not mainly the acceleration tool rather it is the mechanism for offering the extra value to its consumers. On the other part, the 2 sales officers of Hero Honda understood that the sales promotion of their company is just the acceleration tool of sales, the 1 marketing officer has said that the company is utilizing the sales promotion as a tool for inducing the buyers to buy, and the another marketing officer said that the sales promotion is just the offering of extra value. In total, it can be said that the marketing officers of the two surveyed bike companies has mainly understood the sales promotion as the mode of offering extra values and the sales officers have the notion that the sales promotion is the acceleration tool for sales.

Figure 4.18

Notion of the Bike Companies toward Sales Promotion



4.4.2 Results of Sales Promotion in Increasing Sales

The sales promotion is done to increase the sales of the company, but in what way the sales promotion is working in getting the intended result should be the concern of the bike company. The result of the said promotion in Bajaj Bike and Hero Honda are analyzed in this section.

Table 4.20
Results of Sales Promotion in Increasing Sales

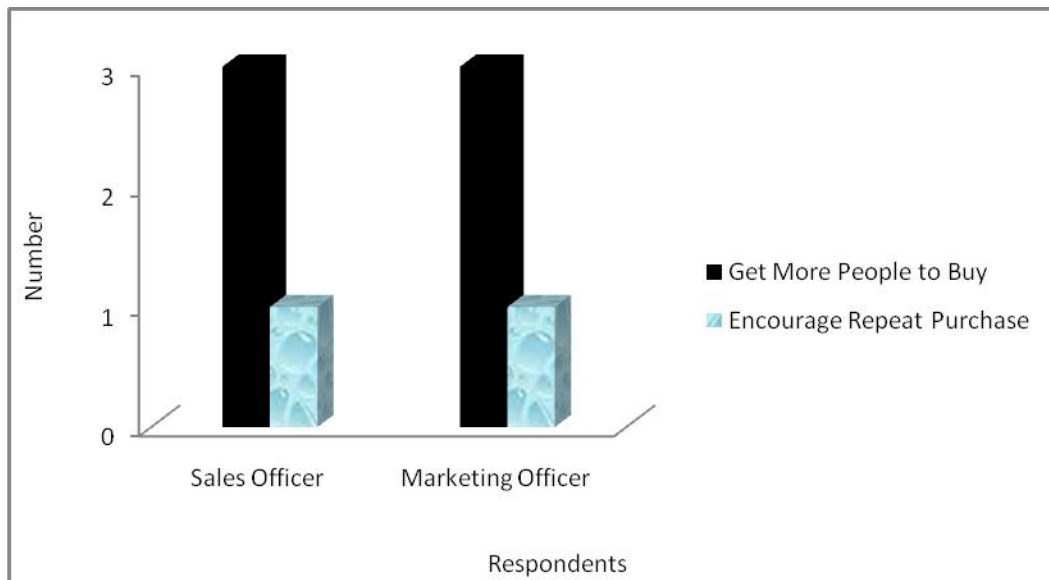
Answer	Bajaj		Hero Honda		Total	
	SO	MO	SO	MO	SO	MO
a. Penetration	2	1	1	2	3	3
i. Get More People to Buy	2	1	1	2	3	3
ii. Encourage Brand Switching						
iii. Trial						
b. Increase Buying Rate	0	1	1	0	1	1
i. Encourage Multiple Purchases						
ii. Encourage repeat Purchases		1	1		1	1
Total	2	2	2	2	4	4

(Source: Field Survey, 2013)

The sales officer of the HH Bajaj Company has experienced that during the sales promotion by the company, they found that such sales promotion has been able to increase the market share through the market penetration. In market penetration, the sales promotion drives the infinite numbers of potential buyers to buy the Bajaj Bike. However, only 1 marketing officer of HH Bajaj Bike, 1 sales officer of Syakar Co. (Hero Honda) and 2 marketing officers of Hero Honda shared this same view. As per these respondents, the sales promotion did not encourage brand switching and cause the consumers to trial the bike. In total 3 sales officers and 3 marketing officers said that the sales promotion makes more people to buy the bike. In contrast, 1 marketing officer of Bajaj Bike and 1 sales officer of Hero Honda Bike said that the sales promotion increases the buying rate by causing the consumers to make repeat purchases; however, the sales promotion could not encourage to make multiple purchase, since the bike itself is costly, spacious and others.

Figure 4.19

Results of Sales Promotion in Increasing Sales



4.4.3 Orientation of Sales Promotion

Not always the sales promotion is done for the direct benefit of the company, but sometimes it is done for the mutual benefits of all the stakeholders. To know on which stakeholder is the sales promotion of the surveyed bike company is mostly oriented in the past, the question is asked to sales officers and marketing officers.

Table 4.21

Orientation of Sales Promotion

Answer	Bajaj		Hero Honda		Total	
	SO	MO	SO	MO	SO	MO
Consumer Oriented		2		1		3
Company Oriented	1		2		3	
Trade Oriented	1			1	1	1
Total	2	2	2	2	4	4

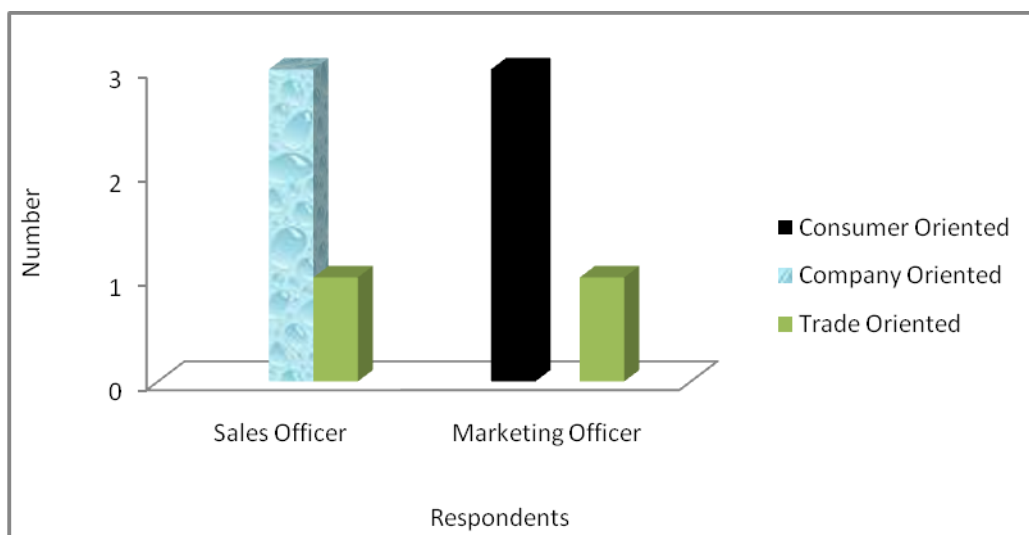
(Source: Field Survey, 2013)

As evidenced by the data from sales officers, it can be said that the sales promotion practiced by the Bike Companies are rather company oriented and the consumer oriented or sales oriented. The 3 out of 4 surveyed sales officers of Bajaj and Hero Honda bike stated this opinion. However, the other surveyed respondents did not agreed on this view, and thus 1 sales officer and 1 marketing officer said that the sales promotion of the bike company is trade oriented, it means that the sales promotion is

targeted for the benefits of the authorized dealers of the Bike Company, and 3 marketing officers said that the sales promotion of the bike companies are just consumer oriented, and thus the sales promotion is done to offer the extra values to the consumers. In depth, the 2 marketing officers of HH Bajaj and 1 marketing officer of Syakar Co. have the perception that the sales promotion is consumer oriented, 1 sales officer of Bajaj and 2 sales officer of Hero Honda considered that sales promotion is company oriented and the rest 1 sales officer of Bajaj and 1 marketing officer of Hero Honda experienced that the sales promotion is trade oriented.

Figure 4.20

Orientation of Sales Promotion



4.4.4 Sales Promotion Vs Advertising

Examining the effect of the sales promotion and advertising in enhancing the sales of the bike company is the basic objective of this study. Thus, to know between two promotion mix which one is better, the question is asked to the respondents.

Table 4.22

Sales Promotion Vs Advertising

Answer	Bajaj		Hero Honda		Total	
	SO	MO	SO	MO	SO	MO
Sales Promotion		1	1		1	1
Advertising		1		2		3
Difficult to Say	2		1		3	
Total	2	2	2	2	4	4

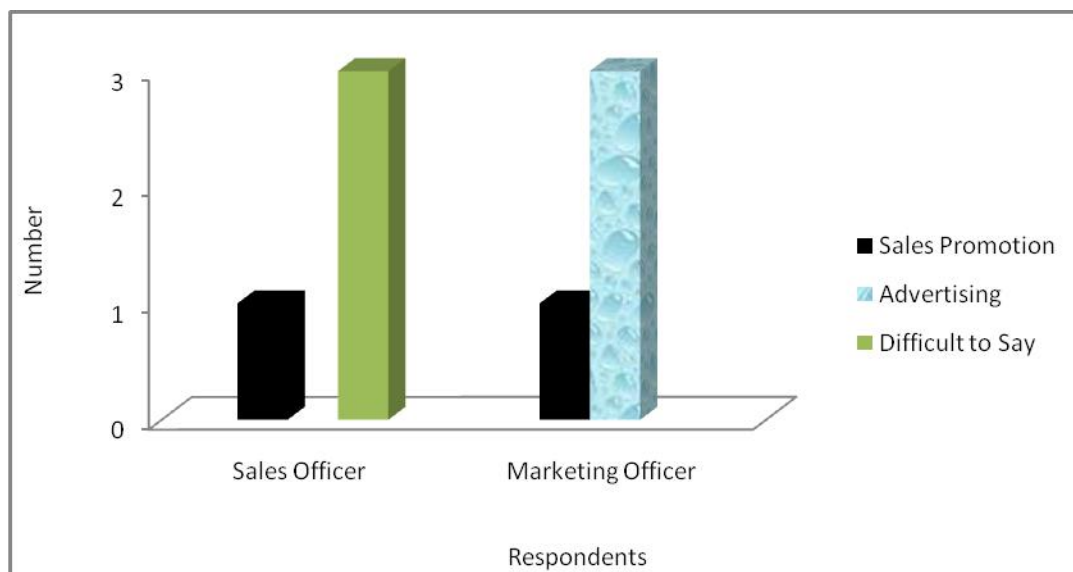
(Source: Field Survey, 2013)

Finally, the all 2 sales officers of Bajaj Bike, 1 sales officer of Hero Honda and in total 3 sales officers could not differentiate on which sort of promotional tools; sales

promotion or advertising, has proven to be much effective in accelerating the sales of the company. Likewise, 1 marketing officer of Bajaj Bike and 1 sales officer of Hero Honda Bike said that the definitely the sales promotion is much effective than the advertising as they experienced quick sales during the sales promotion. However, 1 marketing officer of Bajaj Bike and 2 marketing officers of Hero Honda Bike said that the advertising is much efficacious than the sales promotion, and as per them the result of the advertising does not seem quickly rather the advertising persistently promote the product of the company. Eventually, it can be said that both the promotion tools would prove efficacious if done in right time and in right time, otherwise would just turned to be the fiasco for increasing the sales.

Figure 4.21

Sales Promotion Vs Advertising



4.5 Major Findings of the Study

On the basis of the analysis, the following major findings have been drawn;

- The findings of the study are dominated by the bike riders who are riding the bike of the surveyed brand from 2 to 4 years. Exactly 35% of the surveyed bike riders are riding the bike from the mentioned period.
- It has been found that advertisement is in the first position whereas sales promotion and personal selling is in the second position to influence the bike buying decision.
- For 40% of the bike riders, the brand name of Bajaj and Hero Honda is sufficient to make the purchasing decision.

- The advertisement has influenced the 38% of the bike riders' decision and the sales promotion has influenced 23% of the bike riders' decision in buying the Bajaj or Hero Honda bike.
- The digital media proved to be more effective than physical media in making the riders aware about the brand of the bike and its features. Among the various digital Medias, the TV is most effective and among the various physical medias, the press is most effective.
- The Pulsar Bike and the Pleasure Scooty is most popular among the bike riders. The 35% of the Bajaj Bike riders prefer Pulsar to other brands of Bajaj and the 40% of the bike riders prefer Pleasure to other brands of Hero Honda. Also, the Pleasure Scooty is mostly used by the female riders.
- Even though, there is not a legal provision to allow riding a motorbike under 16 years, the study found that the youth under 16 are also using the bikes.
- The 40% of the bike riders said that the performance of their bike is good and thus the bike gives the performance on what the Company promises through its advertisement.
- Generally, the performance of the bike, in terms of peak up, is the most important feature that the bike riders seek. The 53% of the bike riders stated that they consider the performance while 33% said that they consider the fuel efficiency while e making the bike buying decision.
- In average, the 28 male riders out of 32 and the 7 female riders out of 8 bought just one bike in the last five year periods. Also, the 42% of the riders fall within the age group of 26 to 36 years, and the 40% of the riders are service holders.
- The majority of the consumers (45%) said that the problems like non durability of tyre, non matching personality of bike, emanating much smoke etc are the major problems of their bike. Next to it, the low mileage in case of Bajaj Bike is also the main problem for the riders.
- The 37% of the riders considered the advertisement to be much effective than other promotional tools while 23% considered the sales promotion to be much effective than other promotional tools.
- The color of the specific brand or model of the bike has affected the purchasing decision of 53% of the buyers, and the 30% of the buyers are affected by the celebrity advertising.

- The service holder using the cheaper bike since they know the importance of money while the youngsters and students are using the costly bike because of their unawareness of the money value, which is generally not earned by themselves. Most of the youngsters are using the bike for show up rather than its proper utilization.
- 55% of the riders said that they would be loyal to the brand of the bike on the basis of good past performance, while 35% are loyal to the brand just due to their low income level.
- The 60% of the riders said that among the various tools, the Trade Fare/Exhibition/Exchange Mela proved to be most effective sales promotion tool. Likewise, the 53% of the consumers said that for the advertisement to have positive effective, the values competence is the most prerequisite.
- 83% of the riders stated that the sales promotion of the Bike caused them to refer other people to buy the bike, while only 12% made the repeat purchase.
- The 28% of consumers said that the advertisement should sentiment of the consumers and the other 28% of the consumers said that it should strengthen the belief of the consumers toward the brand.
- As per the view of marketing officer and sales officers, offering extra value and accelerating the sales respectively are the notion that the companies have understood about the sales promotion. Similarly, the sales promotion of the company mainly got more people to buy the bike and it is mainly company oriented as per the view of sales officers and consumer oriented as per the view of marketing officers. Though the marketing officers clearly indicated that the advertising is much better than sales promotion, the sales officer said that which is better is much difficult to say.

CHAPTER – V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Just producing the products or services is not enough in business world. A business would be gauged success if the produced goods or services reach to the people for whom such products or services are produces. There involves a channel of producers, distributors, dealers/wholesalers, retailers and consumers for ensuring that the produced product has reached the final consumers. However, such channel does not work in its full capacity unless the consumers are aware about the products or services and their features. And in this situation, the producers need to promote their goods and services. Generally, the producers can apply all the promotional mixes; advertising, sales promotion, personal selling, publicity and others, if any, to promote their products.

Among the various promotional tools, the study has given much emphasis on the advertising and sales promotion to promote the bike of Bajaj and hero Honda. In short, the advertising is the promotional tool that makes inform to the consumers and others about the products and its features through the media, while sales promotion is that tools which offer extra value to the members of promotional channel. The study aims at determining the effect of sales promotion and advertising on the sales of Bajaj and Hero Honda Bike. For attaining such objective, the study develops a closed-end questionnaire and makes field survey taking the riders of Bajaj Bike and Hero Honda, and the sales officer and marketing officer of the surveyed bike as the respondents. The data thus obtained from such filed survey are then tabulated and interpreted.

From the analysis, it has been found that the Bajaj and Hero Honda bikes are used by all the age group, genders and professional, but certainly the preference on the model differs. Some of them gives on what color of the desired model is advertised, while some other notices on the design, tagline and the celebrity. Similarly, some of the riders have bought next bike and many others have referred to the others during the sales promotion. It has been found that the Bike Company should not advertise at a cost of sales promotion or vice-versa, rather the Company need to simultaneously

practice both the sales promotion and advertising, and others as well, to promote the bike.

5.2 Conclusion

From the analysis, it can be concluded that sales promotion and advertising have their own role to promote the sales of Bajaj Bike and Hero Honda Bike. The consumers keep the information about the new features of the bike and other values offered through a large pool of media, both the physical and digital media. Among these various medias, the TV and the Press advertisement (daily newspapers) are the most important sources for the interested consumers. Along with these media, the other parties like family, friend and reference group are also persuading the likely consumers to buy the bike. From the study, it has been found that advertisement is in the first position whereas sales promotion and personal selling is in the second position to influence the bike buying decision. In bike, the brand name itself is just sufficient to influence the purchasing decision of most of the consumers. In addition, the other factors like the easy financing scheme, social pressure, after sales service and fuel efficiency are also considered by the buyers. Among the various causes of brand loyalty, the past experience of the riders is on the top, and such positive past experience has derived from the performance of the bike as promised by the company. However, the company needs to consider some of the problem; the low resale value, engine and tyre non durability and others, that could deteriorate the brand loyalty. From the study, it can also be found that the brand loyalty is somewhat affected by the demographic variables of the consumers. The women prefer to buy the scooty whereas the men prefer motorbike to scooty. Also, the younger people prefer sporty bike like Ninja, Duke etc., while the older people desired simple designed bike like Splendor, Discover, Platina etc. Even though, there is not a legal provision to allow riding a motorbike under 16 years, the study found that the youth under 16 are also using the bikes. In addition, the occupation of the consumers also affects their bike buying preference. From the study, most of the service holder are using the cheaper motor bike like Hero Honda Splendor and Platina Bajaj, whereas the youngster are using the costly bike such as Karizma Hero Honda, CBZ Extreme, Ninja Bajaj and Duke Bajaj. The service holder using the cheaper bike since they know the importance of money while the youngsters and students are using the costly bike because of their unawareness of the money value, which is generally not earned by

themselves. Most of the youngsters are using the bike for show up rather than its proper utilization. However, the bike companies are not considering these demographic variables while making advertisement and sales promotion, as these promotional tools of the Hero Honda or Bajaj Bike are either trade oriented or company oriented, and further the company has understood the sales promotion as mainly the sales acceleration mechanism.

For the success of the advertisement, first of all, the Bike Company should ensure that its bike in the market has competitive value or the bike company is organizationally competitive; it knows its strength, weakness, opportunity and threat of own and the rival company. Further, the bike should have imaginative competence, social competence and domain competence as well. The advertisement need to emphasize on the available color of the model as well, as color has greater influence on the market and such advertisement would be more productive if it is played by celebrity. Also, it can be concluded that the advertisement would be much influencing to the buying decision of the consumers, if the advertisement is made only after understanding the sentiment of the consumers and by causing them to strengthen their conviction on the brand. Besides these values, the memorizing and attentive values are also important to produce effective advertisement of bike. It can also be concluded that the sale promotion does not cause the buyers in most cases to make repeat purchase or leave the brand, as the bike purchase is costly investment, and spacious, and in general people uses at most two bikes in their riding life. The sales promotion rather shows its effect by causing people to refer the promoted bike to their surrounding ones. Finally, it can be said that the bike company should practice both the advertisement and sale promotion persistently to boost the sales, as both of these promotional tools are significant.

5.3 Recommendations

At last, the following recommendations have been provided for the enhancement of the promotion of the bikes;

- In each year, the Company needs to earmark certain amount for the promotion of bike. The Company can adopt the sales proportion approach, judgmental approach and others whichever is appropriate for deciding the amount for promotion.

- Both the modes of advertising, digital advertising and physical advertising, are equally effective in their scope to convince the consumers about the products. Thus, Bajaj and Hero Honda should have good harmony between these two modes for achieving the optimum promotional mix.
- The Bike Company should use sales promotion for the immediate achievement in sales acceleration, while the company should use advertisement for the long term capture of the market.
- The Bike Company should use the effective tool for the ease identification of brand. Since not all consumers are literate, the organization should consider these consumers while making an effective advertisement. For this, color of the brand, symbol and logo and cartoon and animation can be an ease tool for brand recognition.
- The Bike Company should examine and modify, if necessary, the management processes for establishing strategic promotional objectives and for seeing that specific promotion plans have both objectives and plans to ensure that the strategic objectives are met.
- The sales promotion tool of Bike Company should use market penetration, which embraces as quest of more people to buy, encouraging brand switching of the product and trail product, for seizing the communicative market.
- Although the sales promotion of the Bajaj and Hero Honda is company oriented and consumer oriented, the company should persistently practice the consumer as well as the society oriented in future.
- The Bike Company should more effectively integrate sales and marketing operations, utilizing both organizational structures to facilitate integration and operating procedures to enforce/encourage the kind of consultation that would lead to better integration.
- The bike company should aware to include the legal provision of using bike during their advertisement and sales promotion

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APPENDICES

Appendix - I Questionnaire

A Study on Advertisement and Sales Promotion of Automobiles in Nepal Analysis of Customers Perception on Bajaj and Hero Honda Motorbikes (At Present Hero and Honda Separated)

Please tick the best answer choice.

A. Questionnaire to meet first and second objective (to see customer's interest and view towards purchasing of Bajaj bikes/Hero Honda Bikes and to analyze the factors that influence to buy the Bajaj and Hero Honda bikes)

1. When did you purchase this Bajaj/Hero Honda bike?

- a. 1 - 2 (Years before)
- b. 2 – 4
- c. 4 – 6
- d. 6 yrs above

2. Who influenced bike buying decision?

- a. Family
- b. Friends
- c. Relative
- d. Advertisement
- e. Sales Promotion

3. What factors influenced bike buying decision?

- a. Brand Name
- b. Easy financing scheme
- c. Social Pressure
- d. After sales service
- e. Fuel efficiency

4. Which of the following media is most effective to bike buying decision?

- a. Digital

- i. TV
 - ii. Radio
 - iii. Online
 - iv. Product Place
-
- b. Physical
 - i. Press advertisement
 - ii. Bill board advertisement
 - iii. In store advertisement
 - iv. Street advertisement

5. Which model of Bajaj bike/Hero Honda bike is most used in Nepal?

For Bajaj Riders

- a. Avenger
- b. Pulsar
- c. Platina
- d. Discover
- e. Duke
- f. Others (Specify)

For Hero Honda Riders

- a. Passion
- b. Impulse
- c. HF
- d. Pleasure
- e. Splendor
- f. Glamour
- g. Achiever
- h. CBZ Xtreme
- i. Karizma
- j. Others (Specify)

6. At what level you satisfied using this bike?

- a. Good
- b. Better
- c. Best
- d. None of them

B. Questionnaire to meet second objective (to examine the brand awareness of costumer in bikes)

1. Average of bike buying in the perspective of Gender? (need to be mentioned in blank space)

- a. Male (2008 -2013)
- b. Female (2008 -2013).....

2. What are the age groups of buyer?

- a. 16 – 26
- b. 26 – 36
- c. 36 – 46
- d. 46 – above

3. Who are the buyers?

- a. Service holder
- b. Business man
- c. Student
- d. Youngster

4. What features of bike influence bike buying decision?

- a. Performance
- b. Exterior Appearance
- c. Fuel Efficiency
- d. Buy back grantee

5. Which of the following problem faced on Bajaj bike/Hero Honda Bike?

- a. Engine Problem
- b. Low Resell Value
- c. Low Mileage

Others (Specify)

C. Questionnaire to meet third objective (to find out the effectiveness of advertising and sales promotion of Bajaj and Hero Honda bike in Nepal)

1. Which of the following promotional tools have persuaded you more to buy the bike of Bajaj/Hero Honda?

- a. Sales Promotion
- b. Advertisement
- c. Public Relation
- d. Publicity
- e. Personal Relation

2. On which of the following element should be emphasized by the advertiser to build advertisement?

- a. Tagline
- b. Color
- c. Design
- d. Celebrity Advertising

3. What drives you to be the brand loyal on Bajaj/Hero Honda?

- a. Past Experience
- b. Facilities
- c. Income Level
- d. Reference Group

4. Which of the following sales promotion tools have remained most effective for consumer promotion?

- i. Cash Rebates
- ii. Trade fare/Exhibition/Exchange Mela
- iii. Others (Specify)

5. Which of the following root causes is most crucial for success in advertisement of Bajaj/Hero Honda?

- a. Imaginative Competence
- b. Social Competence
- c. Organization Competence
- d. Values Competence
- e. Domain Competence

6. The sales promotion of Bajaj/Hero Honda has caused you to.....

- a. Make Repeat Purchase
- b. Leave the Brand
- c. Refer other People

7. A good advertisement should possess which of the following characteristics or values in most?

- a. Attention Value
- b. Suggestive Value
- c. Memorizing Value
- d. Conviction Value
- e. Sentimental Value
- f. Education Value
- g. Instinctive Value

D. Questionnaire to meet forth objective (to review the perspectives of Bike Companies related to Promotion)

1. How has the company understood and utilized the sales promotion?

- a. Direct Inducement to Buy
- b. Offer Extra Value to the Consumer
- c. Acceleration Tools

2. The sales promotion practiced by Bajaj/Hero Honda has been effective to increase the sales and market share through.....

- a. Penetration
 - i. Get More People to Buy
 - ii. Encourage Brand Switching
 - iii. Trial

Increase Buying Rate

- i. Encourage Multiple Purchases
- ii. Encourage Repeat Purchases

3. The sales promotion practiced by HH (Bajaj)/ Hero Honda is mainly.....

- a. Consumer Oriented
- b. Company Oriented
- c. Trade Oriented

4. Finally, between the two promotional mixes, i.e. sales promotion and advertising, which has been more able to increase the sales?

- a. Sales Promotion
- b. Advertising
- c. Difficult to Say

Thank you very much.

