

A Study on Export Marketing Strategy of Nepalese Handicraft Industries

A THESIS

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RECOMMENDATION

This is to certify that the thesis

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A Study on Export Marketing Strategy of Nepalese Handicraft Industries

*Has been prepared as approved by this Department in the prescribed format of Faculty of
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A Study on Export Marketing Strategy of Nepalese Handicraft Industries

And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master of Business Studies (MBS)

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DECLARATION

I Hereby declare that this thesis work entitled “*A Study on Export Marketing Strategy of Nepalese Handicraft Industries*” submitted to Office of the Dean, Faculty Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Masters of Business Studies which is prepared under the supervision of respected supervisor *Dr. Narayan Krishna Pradhan*, Shanker Dev Campus.

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I hope, I have attempted to bring this report errorless but the possible errors would be covered by the future researchers.

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ABBREVIATIONS

AWB	Air Way Will
CDF	Customs Declaration Form
CO	Certificate of Origin
DDC	District Development Committee
EPZ	Export Promotion Zone
EU	European Union
FEDF	Foreign Exchange Declaration form
FNCCI	Federation of Nepalese Chamber of Commerce
FSC	Forest Stewardship Council
GSP	Generalized System of Preference
HAN	Handicraft Association of Nepal
L/C	Letter of Credit
LDT	Local Development Tax
NRB	Nepal Rastra Bank
NTWLC	Nepal Transit & Warehousing Co. Ltd.
T.U	Tribhuvan University
TEPC	Trade and Export Promotion Centre
TIA	Tribhuvan International Airport
TRIPS	Trade related Intellectual Property
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
VDC	Village Development Committee
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

CHAPTER - I

INTRODUCTION

1.8 Background Of The Study

“Lying strategically between China and India, the kingdom of Nepal is characterized by rugged topography, ethnic diversity and a predominantly agricultural economy. The country spans 147,181 square kilometers, and has three main geographical areas: high mountains bordering Tibet, the middle hills, and the plains (Terai) belt in the south. Geographically, Nepal lies in 26° to 30° north latitude and 88°5' to 88°12' east latitude with the length of 885 km and width ranging from 144 km to 240 km. Over 80% population of Nepal depends on the agricultural sector for their livelihood. However low productivity of this sector is one of the reasons for Nepal to remain one of the least developing countries in the world prospects for overall economic development of the country will depend upon the transformation present economy to industrial economy within the political scenarios.” (Nepal & Dahal, 2004: 142)

In the past, the Nepalese market was highly supply driven. Organization could sell almost everything they produced or imported. In a high demand situation, they did not realize the importance of marketing. Marketing for most of the organization meant distribution and selling. Nepal has experienced significant social and economic change in the last three decades. Nepalese business community feels that their major weakness lies in the area of marketing. They have realized the importance of marketing and the growing concern over the various marketing techniques to be applied.

According to American Marketing Association, "Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives" (P.D. Dictionary of Marketing Chicago, USA, 1995).

To general public, marketing is selling through advertising which means selling and advertising are the strongest parts of marketing for them. Marketing helps an organization to find out what their customers want. It also helps to decide what products are to be made. The decision is carried on after a long research in the market.

Production is the prime activity of each and every industry and successful marketing of the product is the ultimate goal. Today's marketing environment is characterized by globalization, technological changes and strong competition. Successful marketers are those who deliver what customers are willing to purchase as well as according to their ability to purchase. For this reason, marketers today conduct many researches to study consumer decisions. Once it is understood, marketers become able to predict and shape their marketing strategies accordingly. Without doubt, marketers who understand markets and consumer behavior have great competitive advantage over other competitors. So, it is obvious that a producing organization or manufacturer must determine the needs and wants of their customer first and then bring the product in the market accordingly. Nepal Handicrafts industry with its products to meet the international market has to follow the footsteps of market gurus, in order to successfully run the business in the global market scenario.

According to Prof. Philip Kotler, "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating offering and exchanging products of value with others."

Another scholar Prof. William J. Stanton defines marketing as "a total system of business activities designed to plan, price, promote and distribute want-satisfying products to target markets to achieve organizational objectives."

According to E. Jerome McCarthy, "Marketing is the performance of activities that seek to accomplish an organization's objectives by anticipating customer or client's needs and directing a flow of need-satisfying goods and services from producer to customer of client."

Similarly, the American Marketing Association defines marketing as "the process of planning and executing this conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individuals and organizational goals."

Hence, above definition of marketing suggest that it consists of some activities consisting of study of consumer needs, products, price, and place, promotion to facilitate the exchange that satisfies individual as well as organizational objectives within the social and marketing environment prevailing today. The consumer or customer gets the product he/she wants and the manufacturer or marketer gets the profit with satisfaction. This highlights the importance of product as the whole process of marketing. Product is always an important element of marketing mix. It is more than goods and services as people think it to be.

Nepal's history of economic development is relatively short. Planned economic development started only since 1956 A.D. though an earlier attempt was made in 1948 A.D. Nepal has accomplished 13th three year plans. Various efforts are being put on to attain a faster growth rate. Nepal's economic growth during the 1980s to accelerate economic growth through expansionary fiscal policies led to considerable macroeconomic instability. In 1993/94 Nepal experienced its best macro-economic performance in the decade of nineties. In 1991/92 and early 93, Nepal undertook a series of reforms aimed at economic liberalization. These reforms have improved economic performance in a number of areas while they have been less satisfactory in other areas. Export growth after recording negative growth in 1994-95 has recorded steady growth thereafter. Exports decline by about 9.7 % in 2010/11 and import increase to a substantial amount of 28.9%. (Economic Survey, 2010/11: xxiii).

Various types of Handicrafts are available in Nepal for the export purpose. Nepalese Handicrafts industry manufactures and export different kinds of Nepalese Handicrafts products. Hinduism and Buddhist items are rituals objects & things. Nepalese

Handicrafts expertise product has opened the door for our products in the United States, Germany, Japan, Spain, Australia and a few others.

1.9 Nepalese Handicrafts History

The historical development of Nepalese craft and cottage industry, though very old, is full of ups and down. A reference is found in Kautilya's Economics about various production and export from Nepal. During the time of Chandra Gupta Mouriya in forth century there was considerable trade in blanket of wool, Nepal was mentioned as a source of good blankets. It was rainproof blanket made of eight pieces joined together of black color known as "bhiringisi" as well as "apasaraka". In the same way it was mentioned in the epics of Jain religion "Brihatakalpasutra Vhashya" that good quality of woolen blanket were available in Nepal. Various famous Chinese travellers (Wangunshe and Huansang 648 A.D.) had highly appreciated many skills of Nepalese craftsmen and artisans in travelogues. Right from the very beginning up to the mid nineteenth century the rulers of the country to promote national industries and trade did adopt various measures of production, promotion and encouragement. To save national industries, only those commodities were imported which were not produced locally. (www.nepalHandicrafts.org.np/Handicrafts_history.php)

Towards the end of the nineteenth century Nepalese arts and crafts in particular the entire home based industries in general suffered a lot due to the general liberal import policy of the government. Before British could establish their regime over India and entered in to place treaty with Tibet in 1904 A.D. Nepal was interpret and the main route for Tibet, external trade with other countries. But the treaty os 1904 A.D. facilitated the Britishers to open a new route between India and Tibet through Chumbic Valley plus the trade route treaty of 1923 A.D. between Nepal and British India, which was not in favour of Nepal and had very unfavorable effects both on industries and on flourishing trade of the country. (en.wikipedia.org/wiki/Nepalese_Handicrafts)

But the unusual demand for all consumer goods prior to and during the World Was IInd provided a respite to the dying Nepalese industries. Moreover the government of

the day realized the necessity of some means to promote industries in Nepal. As a result of the realization, "Industrial Council" was set up in 1935 A.D. Later on "Nepalese Cloth and cottage Industries Publicity Office" was established in 1939 A.D. As it is clear from its name, the office was the only government effort for promoting cottage industries. (www.fncsi.org.np) (Official Site of Federation of Nepal Cottage and Small Industries)

Besides the government efforts there were some individual "Gandhin Social Workers" who regarded spinning & weaving as potential weapon to fight against dehumanizing poverty of the masses and Rana's dictatorship. Tulsi Meher tops the list of such people. He is the man who also got the "Nehru Purushkar" of the year i.e. 1978 A.D. For the first time, it was advocated to executive spinning and weaving as composite work and not separates. (www.mahaguthi.org/background.php)

Kautilya spoke in praise of all Nepalese home made goods including handloom products. Weaving is practiced by all most all communities of the hills and valleys e.g. newars, gurungs, magar, bhote, Sherpa, rai, limbu and tharu of Tarai. (www.nepalHandicrafts.org.np/Handicrafts_history.php)

Kerk Patrick who came to visit Nepal in 1793 A.D. wrote in his book, "An Account of the Kingdom of Nepal", the newars are expert in cottage industries. As far as cloth is concerned, they make rough course kind of it partly for use and partly for export. The cotton needed for it is produced in Nuwakot of Madhesh. Thus even as late as 1816 A.D. Nepal was not only self sufficient in her requirement of cloths, but had surplus for export also. Thus up to the end of 19th century, Nepalese people were self sufficient to meet the requirement of cloth through the production of handloom which was flourishing and promising cottage and small scale industry of Nepal at that time. After the treaty of Sugauli in 1918 A.D. with the British, the door for open trade between Nepal and India was thrown wide open. Indian goods mass produced in factories and goods similarly produced in other countries had free occurs into Nepal, which cause a great suffer to the indigenous industries of our country. Thus cottage

and village industry of country went on determining day by day. (An Account of the Kingdom of Nepal, Patrick Kerl, 1793:232) (www.books.google.com)

Selected Export Products

HANDICRAFTS:

Handicrafts is an important sector, which has played a very significant role in the country's economy not only in providing employment to a vast segment of craftsmen in Kathmandu valley and other regions but also in terms of generating substantial foreign exchange for the country. In the last 25 years, export of Handicrafts of the country has significantly grown and encouragingly diversified to more than 50 countries. Nepal's Handicrafts presents its unique image and identification in international arena. It also help in the conservation of national traditional and heritage of the country.

Handicrafts produced in Nepal could be categorized mainly as: (COUNTRY REPORT – NEPAL, Nepal Freight Forwarders' Association, Kathmandu, Nepal,

Traditional/conventional Handicrafts include the products such as metal statues, ethnic costumes, traditional silver and gold jewellerys, ceramic products, wood carving, religious and ritual objects, handloom products, handmade Nepalese paper, stone sculptures, metal utensil, Paubha (Thanks) painting, filigree products etc.

Contemporary/Modern Handicrafts are home furnishing materials, flooer coverings, modern paintings, pashmina products, puzzle toys macramé's (knot crafts), leather products, gift wares, decorative items, crazy hats, natural buttons made of bone and horns of domestic animals. USA, UK, Germany, franch Nethelands, Taiwan, Singapore, Japan, Hong Kong, Canada, Italy, Australia are the major markets for these products.

READYMADE GARMENTS:

The readymade garment industry is one of the major product sectors which has great contribution to the Nepalese economy. Readymade garments sector has grown as largest export item of foreign exchange earning and also in contributing employment opportunities to large section of communities. The ready-made garments ranging from the loom fabrics to mill fabrics are made & exported as per buyers order. No matter whether they are traditional or fashion wears. Coats, Jackets, Jumbers, Jump suits, shirts and blouses, skirts and trousers, slacks and shorts, quilted jackets & waistcoats etc. made from cotton or rayon are the main categories exported from Nepal. The major export markets of Nepalese garments are USA, Canada, Germany, France, Netherlands, UK, Switzerland, Spain, Italy, Australia, etc.

WOOLLEN CARPETS:

The art of woollen carpet weaving based on traditional skill is found to have prevailed particularly in the Himalayan belt of the country. In 1959 about 15000 Tibetan refugees fled their country and came to Nepal Since woollen carpet had been an indigenous Handicrafts of Tibet, it was thought this tradition could be continued in Nepal. Handmade woollen carpet is an art guided by culture, religion, tradition and environment of the country. Since Nepal is a country with century old history, tradition, culture, religion and crafts, it can be strongly believed that the technology of carpet weaving should have been there for centuries as a traditional occupation. Nepalese handmade woollen carpets stand for quality and excellent image, recognition and importance both at home and abroad. The original Nepalese carpets are characterized by exclusive design and elegant colour matching to international market needs. Made with high quality wool imported from New Zealand and Tibet Autonomous Region of P.R. of China, carpet are customized in different sizes and knots which range from standard 60 knots to 200 knots per sq inch. Special carpets are also made with 100% silk as well as silk blending. Exclusively introduced carpet based on hemp fibre is also well accepted by carpet connoisseurs. Germany, USA,

Austria, Netherlands, U.K. Switzerland, Spain, Belgium, Sweden, Korea, Russia are the major export markets for Nepalese carpets.

PASHMINA PRODUCTS:

“Pashmina” the Nepalese word for the highest quality of wool (generally 11-14 micron, long staple fiber), is an ultra fine and exceedingly soft wool or diamond fibre extracted from the body of the mountain goat “chyangra” scientifically known as “Capra Hircus”. This goat is native of the Himalayan belt, 10,000 ft. above sea level. The existence of this nature’s wonder species is very harsh with extremely cold climate and scarce vegetation. Blessed with very thin, short and the softest wool found in the nature, it has an exotically silky texture, which, when wearing it next to the skin, provides a uniquely titillating experience which has been described as sensual sublimely by our ancestors. Pashmina, the finest fibre, has been popular for centuries among royalty and other elites as the most luxurious wool in the world with development of the product in the regions of Nepal where people have recognized of its special qualities for centuries. The incredible softness of the pashmina created unique and superior products on the minds of the people and demand for it began to increase worldwide. This glorious fibre has been prized for its warmth, lightness and durability. For delicacy, softness, lightness and warmth, no other fibre can match with pashmina. It is surprising that pashmina has been successful in establishing its unique image and special place among fashion wear throughout the planet. The main export product made from pashmina are shawls, stoles, mufflers, scarves, blankets & readymade garments which are woven on a warp of cotton, the preferred composition of pashmina shawl eventually changed to cashmere and silk, because of superior pliancy and sheen and thus, the “pashmina” shawl was born. Varieties of new products fashion wear such as sweaters, night suits, room slippers, set to matching bag, hat, embroidery and shaded multicolour combination, different self patterned shawl, baby blankets design are of other special products of pashmina and silk composed of 70-60%, 80-20% 60-40% and 50-50%.

LEATHER AND LEATHER PRODUCTS:

Leather is one of the major exportable items in the basket of the Nepalese exportable products. Most of the leather goods are based on the leather processed in the form of wet blue, chrome tanned, chrome crust and chrome full finished in the country. Leather products include buffalo hides and goatskins. For the last few decades Nepal has been producing and exporting a wide variety of leather goods both of modern and traditional designs in different sizes and color such as fashion shoes and boots, jackets, vests, trousers, skirts and other garments, travel bags, camera bags, wallets, purses, money bags, belts, industrial gloves and aprons, folders, pictures frames, key holders etc. Nepalese leather products have distinct touch giving each item its export appeal and durability. Design and making are tailored to the buyers' requirement, as the leather goods possess high export potentiality and ample scope of value addition. USA, Japan, Pakistan, Italy, Netherlands, Switzerland, Brazil, U.K., Spain, Taiwan, Singapore, Hong Kong are the major export markets for Nepalese leather and leather products.

WOOD CARVING:

Nepalese wood carving, the most renowned craft reflects Nepalese architecture, art and culture. Today it has been expanded to small decorative Handicrafts gift like picture frame, rack with hangers, wooden ties, small boxes, animals, buttons, furniture, decorative wall hanging etc from the limited items temples, wooden panels and windows.

NEPALESE PAPER AND PAPER PRODUCTS:

The Lokta paper although different, is also popularly known as rice paper. It is handmade traditionally from time immemorial in Nepal from the bark of *Daphne cannabina* or *daphne papyacea* called "Lokta." Which is found at altitude of 6500 feet to 9500 feet. The Lokta has characteristics of regenerating again after 6 to 8 years of cutting thus, under controlled management it preserves the fragile forest ecology of Nepal. Nepalese paper and paper products are very famous in the overseas market.

Nepalese paper made from 'Lokta' or Dayshing (*Daphne cannabina*) plants has its own unique feature, which has a tearing strength. In addition Lokta paper withstands insects and temperature extremes with exceptionally durable and resistant to moths and milde. Therefore from the very olden days the Lokta paper is used to preserve the oldest available manuscripts of Hindu and Buddhist texts. It is a tradition in Nepal to preserve the value things in Lokta paper as such all legal documents and property ownership documents are registered in Lotka paper. Beside Nepalese paper, its used have also extended beyond sacred and legal manuscripts to calendar, kites, wood block prints, masks, stationery, notebooks, notebooks, gift wrappers, bags, envelopes greetings cards, gift wrap, lamshades etc. and as printing material for books and other publications. The major markets are USA, Japan, Canada and European countries.

GOLD JEWELLERIES:

Nepal is a country of multi culture and religion, with diversified geographical landscape and holds its dignity to be rich in social, natural beauty and cultural aspects. Nepal has been renowned for years as a common garden for diversified indigenous arts and people. Nepalese people have their own peculiar art and cultural heritage with different rights and rituals from birth to death. Nepalese people are very fond of different varieties of golden ornaments and jewelleryes, Nepalese women prefer to wear varieties of golden ornaments and jewelleryes on the different occasion to display one identity and social status, whereas men used to wear few ornaments and jewelleryes that consist to religious, tantrism and horoscope values. Nepalese artists and artisans have got expertise in their traditional art from the ancient time and have passed this experience from generation to generation. These all-traditional as well as modern combined design, Nepalese people consider gold jewelleryes as the safe deposit and preservation of the property. Hence, a common proverb prevails in Nepal for gold like "a personal insurance, little delights to sunny days and a treasure to rainy days."

SILVER JEWELLERIES:

The silver jewellery reflects traditional art, art-craft and special skill almost inherited from generation to generation in Nepal. Every craft-man has his own style & workmanship. However, the arrival of foreign tourist has provided vigorous impetus for blending the traditional heritage with modern foreign market taste. Traditionally Shakya and Sunar families worked on exquisite pieces of ornament. The filigree and joili cutting have made Nepalese silver jewellery unique. The hand made production process has made it possible to spread in onto rural areas benefiting the rural mass. With the experience of two decades of export, nowadays production process has made it possible to spread in onto rural areas benefiting the rural mass. With the experience of two decades of export, nowadays Nepalese silver jewellery are found in traditional, modern/traditional or modern design. Some of the popular silver jewellery include earring, ring, bracelet, pendant, bangles and brooches made of minimum 92.5 per cent purity silver with/without semi-precious stones. Silver jewellery is another prominent export item of Nepal, made mostly by hands of skilled craftsman reflecting the traditional arts and culture. Unique sets and varieties of earrings, necklace, bracelets, brooches, pendants, payels, kalli, phuli etc. are popular items of Nepalese Jewellery that are made of silver. The Major export markets of Nepalese silver jewellery are USA, UK, Canada, Denmark, France, Germany, Italy, Japan, Saudi Arabia, Brazil etc.

Major Handicrafts

Nepalese Handicrafts include a wide array of products. Handicrafts encompass many products from ethnic, tribal, environmental, rural, hand made and deprived sector. Some products are art based while others are utility oriented.

Products	Description
Bags & Accessories	Purses, hand bag, travel bag and the like made from cloth and Leather

Basketry Products	Various types of products made from bamboo and cane split, stem or root.
Ceramics	Glazed and non glazed Earthenware
Christmas Decorations	Ornaments products meant for decorating Christmas tree made from textile, metal and clay.
Contemporary Paintings	Paintings using sketch and colors on canvas and other materials
Craft Paintings	Paintings using wheat/ rice bran/ stem, waste thread and other materials.
Crazy/ Fancy Hats	Hats with symbolic impression like flags, animals and other specially meant for big sporting events.
Ethnic Dolls	Dolls & Puppets of Nepalese culture made of cloth, clay and wood.
Ethnic Garments	Garments of traditional design.
Filigree Products	Decorative articles such as animals, charm boxes made of brass, copper, white metal and silver with wire works and studded with stones.
Giftware	Small items made from different materials basically useful for offering gift.
Hand Knitwear	Articles made of hand - knitting such as pullovers, sweaters, mufflers, socks, legwarmers, caps
Handloom Products	Cotton cloth woven with non-mechanized handlooms.
Handmade paper Products	Products made of Lokta (Daphne Papyracea of thymalaeceae family) such as stationary, lampshade, wall paper, wrapping paper, bag, gift items etc. Contd.
Home Furnishing	Bed covers, bed linens and the like using block/ screen printing, Embroidery, crochet and similar skills.
Horn & Bone	Buttons, cufflinks and other decorative articles

Products	
Incense	Various circular & square type elongated boxes made copper, brass and other metals used for storing incenses
Leather Goods	Products made of goat skin and water buffalo leather
Macramé (Knot craft)	Knot craft Products
Metal craft (Statue)	Icons based on Buddhism and Hinduism, made of coppers, bronze, silver and gold as basic raw materials with chisel works.
Metal craft (Utensil)	Utensils and garden articles made through hammering and casting such as flower vas, singing bowl, bell, cymbals, wine jars, cups and so on.
Natural Buttons	Buttons made from small tree branch, stone, bone and horn.
Natural Fiber Products	Apparel and non-apparel products made from hemp, nettle and similar indigenous plants.
Pashmina Goods	Articles made of pashmina (fine goat hair) such as shawls, mufflers, sweaters
Paubha (Thanka)	Sacred scroll paintings on cloth/ paper, based on Buddhist and Hindu religious scriptures.
Puzzles & Toys	Wooden toys and puzzles for growing children.
Religious Goods	Bell, Vajra and other different objects, items used for religious ceremony of Buddhism and Hinduism.
Silver Jewelry	With / Without semi-precious stones such as earrings, bangles, bracelet, pendent, bangles with minimum of 92.5% purity.
Stone Carving	Statues, decorative and utility products made of stones.
Wood carving	Products made of various types of wood such as door panels, figures of gods & goddesses, replicas of famous windows, imitations of temples/ monuments and many decorative utility articles, with hand carving.

Source : www.nepalHandicrafts.org.np

1.10 Statement of the Problem

The Handicrafts industries in Nepal are facing critical situation, and time has come to save the existence of these companies. To overcome threat and challenges, the CEO or entrepreneurs must take the rational decisions by implementing the effective and pertinent marketing strategies.

The problems confronting this industry are supply market, which is heavily dependent on China and U.S. market, domestic skilled labor, poor logistics, supply of raw materials, difficulty of access to foreign market, demand constraints, high cost and poor quality and changing pattern of demand in international market and lack of conducive government policy (Agrawal, 2002:87).

In addition, the most crucial challenges of Nepalese Handicrafts industry is to compete with the technologically advanced countries. It is definitely sure that this industry will be collapsed if the effective and pertinent marketing strategy is not implemented to win the market share, heart share and mind share of the prospective buyers. In comparison to the other countries Handicrafts entrepreneurs of Nepal lack the implication of the long term strategic marketing management planning in their overseas business. Within the period of one and half decade it was the enough time for Nepalese entrepreneurs to get international marketing experiences and to build its competitive positions. But nobody has taken care about the matter. As a matter of fact this industry lies inside neck as a bone whether to swallow or throw.

Regionalization of trade in Handicrafts increased customs checks to ensure that transshipment activities do not take place, rigorous application of ethical standards to prevent child labor and compulsion to adapt eco-labels will be some of the key drivers and trade parameters determining exports of Handicrafts.

Not only the macro economic analysis but also the marketing strategy is the crucial factor for any enterprises to survive and thrive, either big or small , under the

changing global trading environment But the Nepalese Handicrafts entrepreneurs are more concerned on government policy.

Enterprises cannot exploit the opportunities and copying the threats – even the government policy or environment is favorable to business, if they are not strategically ready to interact with the business environment. Since there is intense competition in U.S., Canada, Europe and Japan, there are still other countries in South Asia and South East Asian countries where Nepalese Handicrafts entrepreneurs can concentrate their business by marketing strategy implementation. Thus entrepreneurs should be proactive rather than the reactive in nature. After the general statement of problem, some research problems identified are as follows:

- What are the appropriate export marketing strategies and how they should be implemented?
- How Nepalese Handicrafts industry can develop competitive export strategies?
- What are the determinant factors that help Handicrafts industry to implement the export marketing strategy effectively?
- How can Handicrafts industry and concerned organizations develop a strategic approach plan to tackle the possible challenges?
- Do the Nepalese Handicrafts entrepreneurs implement the efficient sourcing strategy to get inputs a cost effective rate?
- How can the Nepalese Handicrafts industry increase productivity and develop new products as well as create niche markets in new markets?
- Lack of factual data and research in relevance to Nepalese Handicrafts industry is main problem.

1.11 Objectives of the study

The main objective of the study is to analyze the export marketing strategies to find out the suitable marketing strategies for suggesting the entrepreneurs and for trying to seek out the ways of saving the existence and increasing the competitiveness of Nepalese Handicrafts Industries. The specific objectives of the study are:

- To analyze the export marketing strategies in Nepalese Handicrafts Industries.
- To analyze the view of entrepreneurs, CEO or marketing managers about the export marketing strategies
- To know how the executives understand competitors and choose competitive position.
- To evaluate the policy and practices on export marketing strategies in present situation.
- To make recommendations for effective management of threats and challenges faced by Nepalese Handicrafts Industries in Nepal.

1.12 Significance of the study

Although some of the research-works on Handicrafts-industry had been done by previous researchers this topic called „export marketing strategies of Nepalese Handicrafts industries“ is almost new. Almost-all of the previous research works were focused on the topic of socioeconomic-problem and-prospect WTO and its impact to Handicrafts industry and Nepalese Handicrafts industry in changing global trading environment. But none of the research works had been basically focused on export marketing strategies to suggest and save the existence and to strengthen the competitive position of the Handicrafts industry. So the present study can be considered as worthy-from the point of view;

- It provides the data and information of entrepreneur’s point of view about the export marketing strategies, which will help to build and improve the suitable marketing strategies for the further period
- The study is beneficial to other export industry also.
- It helps entrepreneurs, CEO and marketing managers to strengthen the competitive position of Handicrafts industry.
- It provides the insights of the concerned study. So the Nepalese policy makers, teachers and students who are interested in this study will be benefited.

1.13 Limitations of the study

The study was carried within the following limitations:

- The study was concerned with export marketing concept.
- Only limited studies and surveys are available in this area
- The study was focused on export aspect of the industries.
- The use of questionnaire and personal visit was made to acquire necessary data.

Lack of appropriate database may constrain the result.

- Samples were taken from within the Kathmandu Valley. So it does not represent the whole country.
- Most of the questions were attitudinal rating scale which might bias the results.

1.14 Organization of the study

The study has been organized into five chapters. The title of each of these chapters is as follows:

CHAPTER I Introduction

Introduction chapter comprises background of the study, focus of the study, statement of problem, objectives of the study, significance of the study, limitation of the study and organization of the study.

CHAPTER II Review of literature

Chapter two consists of review of literature. This chapter is subdivided into various sections such as conceptual framework, review from different studies, review from journal, article and magazine and review from master's thesis for the concerned topic.

CHAPTER III Research methodology

Research methodology deals with the method of investigation and includes research design, nature of the data, data collection procedure and tools used.

CHAPTER IV Presentation and analysis of data and major findings

Data presentation and analysis of data deal with different statistical and the financial tools that used in the analysis of the data.

CHAPTER V Summary, conclusion and recommendations

Last chapter includes the summary, findings of the study and recommendation

CHAPTER - II

REVIEW OF LITERATURE

2.14 Conceptual Framework

The purpose of a literature review is to:

- establish a theoretical framework for topic / subject area
- define key terms, definitions and terminology
- identify studies, models, case studies etc. supporting the topic
- Define / establish the area of study, i.e. the research topic.

This chapter consists of two parts-Conceptual Framework and Review of Related studies. In conceptual framework, review of what has been written in academic books is carried out while review of related studies is further divided into review of journals and review of master degree thesis.

2.15 Conceptual Review of Marketing

Management process through which goods and services move from concept to the customer. As a philosophy, it is based on thinking about the business in terms of customer needs and their satisfaction. As a practice, it consists in coordination of four elements called 4P's: (1) identification, selection, and development of a product, (2) determination of its price, (3) selection of a distribution channel to reach the customer's place, and (4) development and implementation of a promotional strategy. Marketing differs from selling because (in the words of Harvard Business School's emeritus professor of marketing Theodore C. Levitt) "Selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about. And it does not, as marketing invariably does, view the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs."

Prof. Govinda Ram Agrawal (2001:1) identifies the today's marketing environment characteristics as follows:

Globalization: Global corporations are present in most of the markets; no domestic market is safe from competition.

Technological changes: Technological advances have shortened the time and distances. New product appears worldwide in a short period. Consumers are using internet and computers for shopping purpose.

Liberalization: Deregulation has brought competition everywhere. Public enterprises are being privatized.

For a managerial definition marketing has often been described as "the art of selling products," but people are surprised when they hear that the most important part of marketing is not selling! Selling is only the tip of the marketing iceberg (Kotlers, 2003:9).

The above definition outlines that marketing is not only the art of selling products but also the Integrative activities of marketing where the selling is the part of marketing activities.

Prof. Dr. E. Jerome Mc Carthy & Dr. William D. Perreault (1990:3) argue the effects of marketing in almost every aspect of our daily life are as follows:

When it's time to-roll-out of bed in the morning; does your general alarm make you with a buzzer playing your favorite radio station? Is the station playing rock, classical, or country music? Will you slip into your Levi's, your shirt from L.L. bean and yours Nikes, or does the day call for your brooks brothers' suit? Will breakfast be Kellogg's corn flakes –made with corn from American's heartland or some "extra large" eggs and Horne! Bacon cooked in Panasonic microwave imported from Japan/Will it be Maxwell house coffee –grown in Colombia or some Minute Maide as orange juice?

May be you're late and plan to get an egg Mc Muffin at the M.C. Donald's drive thru. When you leave home, will it be in a Toyota, on a huffy bike, or on the bus that the city bought from General Motors.

When you think about it, you can't get very far into a day without bumping into marketing and what the whole marketing system for you. It affects every aspect of our lives often in ways we don't ever consider..

It means that most of the human and social needs are extremely related with marketing activities. An organization can achieve its goals by fulfilling the customer's need or satisfying them through proper marketing activities. Marketing helps organization to find out what their customer needs and wants. After identifying the customer needs and wants. The ultimate achievement of the marketing is to win the large marketing share, heart share and mind share of the customers.

Marketing requires separate work and a distinct group of activities. But it is first a central dimension of the entire business. It is the whole business seen from the point of view of its final results that is from the customer's point of view (Carvens, Hill & Wood ruff, 1988:4).

Some of the important definitions of prominent writers are as follows:

According to Prof.Cundiff, Still& Govini (1982:5):

Marketing activities are those most directly concerned with the demand stimulating and demand fulfilling efforts of the enterprise .these activities interlock & interact with another as component of the total system by which a company develops and makes its product available, distributes them through marketing channels, promotes them & price them. From the above definition we can understand that the marketing is the combination of 4ps (i.e. product, place, price& promotions).

Prof. Philip Kotler (2003:9) in his famous book marketing management defines marketing as , "a social & managerial process by which individuals & groups obtain what they need & want through creating ,& freely exchanging products & services of value with others .'. Kotler states that marketing is the set of human activities that facilitates and consummates the exchange transaction. So affect the exchange transation. There are somer core marketing concepts like needs. Wants & demands: products& services Utility, value and satisfaction: exchange, transaction and relationship; social & managerial process; markets; marketing & marketers & individual single buyer & group institutional buyers.

2.16 Role of Marketing in Handicrafts Industry

All of business people including employee, supplier, everyone that engaged into a business, especially those business man (one who runs the business) and also the business owner know exactly what they mean when they are into a business. They all agree to one purpose, which is to make money, to create profit. But how do they know about what they have been doing? Do they have reached what they aim at the first time them setting up their business?

In this case, they must pay attention with the return on investment. To make the goals achieved, they have to manage their industrial marketing, as the important factor. Industrial Marketing helps all company to bear the bridge between buyer and seller.

Many years ago marketers were practicing one to one marketing and they produced goods based on the specific requirements of the customers. With the industrialization companies started producing standardized product to satisfy average market to achieve economies of scale. This is known as mass marketing and this created the production era. Customer contacts were managed by the middlemen and this created transaction oriented marketing where the middlemen focused on revenue from single transaction rather than long term profits. This approach ignored the customers and sellers simply believed that whatever produced by then can be sold and they kept on producing goods without considering customer needs.

But many changes on in marketing environment has forced companies to focus on one to one marketing with customer relationship management (CRM).

Why has the Role of Marketing Changed?

Change in Customers-

Customers are increasingly becoming aggressive and expect not only highest quality product with features but also to service them to provide better customer value. Customer expects customized services rather than standardized products and if a firm fails to customers surely competitors will do and overtake customers.

With the complicated needs and variety of needs customers become highly sophisticated creating different market segments and expect products to satisfy need of those segment. Marketers cannot have a standardized product and cater to all segments and this has forced the firm to customized and change marketing strategies.

Organizations now focus of customer retention rather than attracting new customers as retention strategies are proved to be cost effective.

Globalization-

With globalization foreign companies are able to cater to local market and this has made a pressure on local supplier as anyone can enter the market without barriers. To make themselves competitive among local and other foreign players firm needs to focus more on customer needs and satisfy them effectively.

With the development of economic unions such as European economic union and SAARC free trade zone the trading among member countries are encouraged and many benefits such as duty relief are granted. Due to this reason firms from trading unions can enter local market with no barriers making the competition severe and firm need to change their marketing strategies to be competitive.

Competition-

With free trade orientation it was made possible for anyone to enter the market to sell goods and this has increased the amount of sellers in the marketing. In contrast no of customers remains unchanged making the supply exceed the demand level. This has resulted in cut throat competitive situation in the market and to build sustainable competitive advantage firms need to change their marketing strategies.

Technology-

The invention of internet, e-commerce and m-commerce has totally changed the way in which business activities are carried out. Online sales, online promotions, viral marketing, click and brick organizations, social network marketing and pure click organizations have changed the entire business world with cost effective marketing strategies which let firm to build customer relationships at at a lesser cost. This has increased the amount of e-commerce users forcing companies to adopt e-commerce strategies.

Shorter product life cycles-

Rapid developments in technology and change in the consumer needs and tastes have made the product life cycle shorter. Some products reach decline stage even without reaching maturity stage as they are replaced by a new invention. Shorter product life cycle forces companies to develop new products to cope up with new technologies and suit the changing customer preferences. Developing new products involve high cost and companies focuses on CRM strategies to lengthen the product life cycle.

Economic situation-

The changes in economic situation such as financial crisis, high inflation, reduction in disposable income and increase in unemployment level and job redundancy level has forced the consumer to be more alert on their spending. Customers are more concerned about their spending level and they consider about value generated before spending. High price sensitiveness has resulted in difficulty to increase the price of

goods and marketer have to change the role of marketing to earn revenue using means other than increasing prices. Additionally lower economic growth also has contributed to lower sales level giving pressure to change marketing activities.

Political situation-

Instability in global political situation has made business environment vulnerable. This situation has made the consumers very careful in their spending. This has made the organizations to build strong customer relationships and force the consumer to purchase from them. Due above mentioned factors the role of marketing has changed and organizations focus on CRM to build strong customer relationships to achieve long term profitability.

Marketing plays a very significant role in acceleration the pace of industrialization which in turn aims at making the economy developed and strong. In this connection it is significant to note that marketing is the most important multiplier of economics development. The development of marketing makes possible economics integration and the fullest utilization of assets and production capacity an economic already possesses. It mobilizes the latent economic energy and finally contributors to the greatest need that for the rapid development of entrepreneurs and managers. Ultimately the development of entrepreneurs and managers help in managing industrial activities in a country. It is evident that industrially developed countries are developed in the area of marketing too.

Marketing plays important role in the process of industrialization. The proceeds of industrial activity are passed on to the society through the process of marketing. Hence the success or failure of business largely hinges upon the art and science of marketing which is composed of explorative knowledge tact and talent of veteran practitioners. In the global market the multinational companies like Sony, Hitachi, Toshiba, Philips, Proctor and Gamble, Johnson and Nicholson and many others have been permeating throughout the world with the help of modern marketing practice and

methods. So are Tata, the Birla, the Bajaj India and the STC, Thai Foods and Pancha Kanya Iron in Nepal. Marketing in this sense has made the producers as well as the customers more conscious towards comparative services, values, safety, satisfaction and convenience (Sharma, 1999:4).

Sherbini (1995) has contended that marketing is instrumental for industrial development. He also observes that marketing problems could be more obtrusive than many other deterrents to the process of industrialization. The growth of marketing attributes to disseminate new ideas favorable to economic growth. Hirsch (1961) pointed out that growth in marketing could help disseminate new ideas favorable to economic growth, new pattern of consumption possible new techniques and the end purpose of business enterprises.

Lazer (1969) while discussing the need for broadening the social role of marketing argues that it can help reduce and eliminate poverty preserves and natural resources and stimulate economic growth. Slater (1976) mentions that it has become an article of faith among preachers of the gospel that marketing has something vital and constructive to add to development efforts. Kacker (1982) asserts that marketing enhances potential aggregate demand, which further aids to enlarge market and accelerate economic development. Rao (1982:60) opines that it plays the role of an educator it cultivates changes in public attitudes, it brings about changes in the quality of life, it encourages a modern way of living, it strives to build efficient economic and social institution; it strives to secure the satisfaction of the public which is the primary recipient of national development. Anonym (1984) adds that marketing has a cost reducing dimensions. Effective marketing not only create new and bigger markets thereby helping to activate production, it enables industries to reduce cost, create further demand and ensure further production increases.

2.17 An Overview of Strategic Marketing Management

“There is but one certainty regarding the times ahead, the times in which managers must work and perform. This certainty is that they will be turbulent times. In turbulent times, the first task of management is to make sure of the firm's capacity for survival; to make sure of its structural strength and soundness; and to make sure of its capacity to survive a blow, to adapt itself to sudden change, and to avail itself to sudden change and new opportunities.” [Drucker, 1974]

Although this first Peter Drucker passage is appropriate, given the environment early in this, the twenty-first century, it is actually more than 20 years old. Many producers in Florida would agree that these are indeed turbulent times that require firms to take stock of their strengths and ability to seize opportunities.

“There are no solutions with respect to the future. There are only choices between alternative courses of action, each imperfect, each risky, each uncertain, and each requiring different efforts and different costs. But nothing could help the manager more than to realize what alternatives are available to him and what they imply.” [Drucker, 1974]

“Truly strategic managers have the ability to capture essential messages that are constantly being delivered by the extremely important, yet largely uncontrollable external forces in the market and using this information as the basis for altering the important controllable internal factors of the business to strategically and effectively position the firm for future success.” [Kepner, 1995-2001]

The Goal of Strategic Marketing Management

There are at least four goals of strategic marketing management that need to be understood by those wishing to use strategic marketing management to craft profitable strategies:

To select reality-based desired accomplishments (e.g., goals and objectives).

To more effectively develop or alter business strategies.

To set priorities for operational change.

To improve a firm's performance.

Reality-based accomplishments are shaped by the level of understanding decision makers have regarding the external factors outside of their control and the internal factors under their control. Proper use of this newly acquired knowledge of internal and external factors will lead to more effective business strategies. Strategy, by definition, means decision makers must make choices, and that means setting priorities for operational change. Conducting a strategic marketing management planning exercise should be more than just an exercise. Therefore, the goal of effective marketing management is to improve a firm's performance.

Figure 1 illustrates the strategic marketing management model as discussed in this workbook. This model is divided into three levels: external/self analysis, strategic posture, and market planning. We will explain each of these three components, beginning with external/self analysis, followed by strategic posture and market planning. External/self analysis will receive the majority of our attention in this workbook, while strategic posture and market planning will be given a brief overview. Upcoming Food and Resource Economics Extension reports will focus on strategic posture and market planning.

Figure: 2. 1

The Strategic Marketing Management Model



Components of External Analysis

External analysis involves an examination of the relevant elements external to your organization. This analysis should be purposeful, focusing on the identification of threats, opportunities, and strategic questions and choices. The danger of being overly descriptive must be guarded against. It is easy to get caught up in an exhaustive descriptive study, at considerable expense, with little impact on strategy and long-run profitability. It is not uncommon to generate page after page of strengths, weaknesses, opportunities, and threats facing your business, especially if management involves the entire organization in the process. This brainstorming type of activity is useful and may encourage buy-in by the rank and file of your organization, but at some point this list of self (internal) and external factors must be boiled down to the most important strengths, weaknesses, opportunities, and threats facing the firm (Aaker, 1995).

The components of external analysis include:

- Customer analysis is the identification of the market segments to be considered, as well as the motivations and unmet needs of potential customers identified.

- Competitor analysis is the identification of strategic groups and their performance, image, and culture, as well as the identification of competitor strengths and weaknesses.
- Industry analysis is the uncovering of major market trends, key success factors, and the identification of opportunities and threats through the analysis of competitive and change forces (e.g., distribution issues, governmental factors, economic, cultural, demographic scenarios, and information needs) [Aaker, 1995].

Components of Self Analysis

Having completed a detailed external analysis, one must look inward. Self analysis seeks to provide a detailed understanding of aspects internal to your organization of strategic importance. Components of self-analysis include assessing the internal strengths and weaknesses of your organization, as well as identifying strategic problems, organizational capabilities, and constraints your firm brings to the strategic marketing management process (Aaker, 1995).

We will utilize the analysis of the internal strengths and weaknesses to identify strategic problems, organizational competencies (Prahalad and Hamel, 1990) and constraints. At this time, it is appropriate to define what is meant by a strength and a weakness:

Strength. Something a company does well, or a characteristic that gives it an important capability. For example, one of Wal-Mart's strengths is its cost-efficient distribution system.

Weakness. Something a company does poorly, or a characteristic that puts it at a disadvantage. For example, one of Wal-Mart's weaknesses could be its inflexibility to respond to changes in the marketplace at the local level.

SWOT Analysis

SWOT is an acronym that is widely used in the strategic planning literature. SWOT has been so widely and extensively used, that it is difficult, if not impossible, to give credit to any one person for its origination. Each letter of the acronym stands for a different component of this internal/external interface: S=Strengths, W=Weaknesses, O=Opportunities, and T=Threats.

Strengths and weaknesses are internal, while opportunities and threats are external to the firm. The goals of SWOT analysis are twofold:

To determine the firm's competitive advantages and disadvantages. In what areas do strengths clearly distance the firm from the competition? In what areas do firm's weaknesses clearly put it behind?

To prioritize the firm's opportunities and threats. In what areas do firm's strengths match or mismatch to firm's opportunities? In what areas do firm's weaknesses make the firm increasingly vulnerable to threats?

SWOT analysis generally follows a four-step process:

Step 1: Conduct competitive and change analyses to uncover potential opportunities and threats.

Step 2: Make an honest assessment of firm's strengths and weaknesses in Marketing, Production, Personnel, Information Systems, Finance, Management/Leadership, and Organizational Resources.

Step 3: Determine firm's competitive advantages and disadvantages.

Step 4: Prioritize the opportunities and threats.

Concluding the Strategic Marketing Management Analysis

“The final analytical task is to zero in on the strategic issues that management needs to address in forming an effective strategic action plan. Here, managers need to draw upon all prior analysis, put the company's overall situation into perspective, and get a lock on exactly where they need to focus their strategic attention” (Thompson and Strickland, 1995).

Strategic marketing management process is not meant to be used once every five years, only to collect dust on some manager's shelf. To be effective, this process requires the support of upper management and the involvement and commitment of the entire company.

2.18 International Marketing Environment

The international marketing environment has undergone significant changes since 1945 creating both new opportunities and new threats. The most significant changes are:

- The significant internationalization of the world economy reflected in the rapid growth of world trade and investment.
- The increasing domination of US dollar in the world economy.
- The rising economic power of Japan in the world's market.
- The shift in the world income since 1973 to the oil producing countries.
- The increasing trade barriers put up to protect domestic market against foreign competition.
- The establishment of a working international financial system offering improved currency convertibility.
- The gradual change of governments and politics in various countries of the world.
- The gradual shift of Communism into Capitalism.

The hundred-odd nations of the world differ greatly in the kinds of goods and services they are ready to use or they need. For example, it would be as such a mistake for a Nepali manufacturer to seek a market for bullock carts in American markets as for American manufactures of microwave ovens to seek a market in Nepal.

International marketing decisions and programmes are highly influenced by the international marketing environment. Some international environments are internal and are of controllable nature, but some are external and are of uncontrollable nature. Since, the key to the success of international marketing managers is the ability to make timely and appropriate adoptions to a complex and ever changing environment, it is their task to cope with the internal forces of their decisions in light of the external environment in such a manner that marketing objectives are achieved.

The task is made more difficult in international marketing, because the marketer must deal with at least two levels of uncontrollable uncertainty instead of one. Uncertainty is created by the uncontrollable elements of the business environment at home that are applicable to foreign operations plus the uncontrollable elements of business environments found in the foreign country or countries in which a company operates. The following diagram illustrates the total environment in international marketing.(Shrestha, 1994:9)

Controllable Domestic Factors:

Controllable factors include 4Ps i. e., product, price, place and promotion, popularly known as marketing –mix. In order to achieve the desired goal of the firm, the marketing decision makers manage and coordinate the marketing-mix. However, these factors are influenced by the domestic external forces in a way that the levels of uncertainty in decision making are created most frequently.

Domestic Uncontrollable Factors:

Marketing decisions based on the marketing-mix are influenced by the home country's political, economic, social, cultural, competitive, legal and natural factors. The marketing decision makers analyze and follow the ever-changing environment regarding these forces. On the basis of these changes, the marketing decision makers should make marketing programmes and decisions if they want to succeed in the market.

Uncontrollable Foreign Factors:

Uncontrollable factors may differ from countries to countries. For example, the politics and legal environment of Nepal may differ from that of India, Japan and USA. Therefore, whatever marketing decisions are made in Nepal by taking into considerations the political and legal environment of Nepal may not adopt to the India, Japanese or US markets.

2.19 Concept Of Export Marketing

Export marketing is a part of international marketing. It is concerned with the foreign trade of a country. It simply implies exporting of goods to importing countries. Each country must have some exports to pay for its imports. Exports are of vital importance for a developing country like Nepal as they bring required foreign exchange essential for the development of a country.

Export marketing means selling out products successfully overseas. It implies marketing our products abroad. This type of marketing is a highly specialized activity. It is quite different from that of domestic marketing. There are a number of distortions in such a type of trade flows. These have emerged due to certain policies pursued and institutions developed to regulate their trade by certain countries. These distortions are in the form of (a) Import Restrictions (b) Trade Agreements and (c) Regional Grouping/Trade Blocs (Kalkundrikar & Wali, 1993:7).

Although there is no difference between domestic and export markets so far marketing principles are concerned, they differ greatly in marketing environment. While deciding to sell abroad, a firm will have to learn a great many new things. It will have to acquire a good knowledge of changing international marketing environment for the marketing of a particular product in a particular country or territory. The international marketing largely depends upon the local environment of that particular country or territory.

2.20 Role Of International Organization

After the collapse of international trade in 1930 i.e., after the great Depression of 1930s, the developed countries sought in order to reconstruct and developed their countries, the monopolistic policies or unilateral policies of bilateral trade agreements, competitive tariff barriers, devaluation and quotas. The monopolistic and unilateral policies created a serious problem for the developing countries like Nepal whose exports consists primarily of agriculture products and have inadequate resources for developments. Therefore, in order to protect the interest of developing countries, international organizations such as IMF and GATT were formed soon after the Second World War. Since IMF is purely a financial institution, it does not help in protecting countries from trade barriers.

Generalized Agreement on Tariff and Trade (GATT)

It is multilateral treaty that lays down agreed rules for conducting international trade on a stable basis and without any discrimination. The main objective of GATT is to achieve liberalization of world trade through negotiations among member countries. It aims at reducing, or even eliminating, trade barriers between countries, so that international trade may flow freely and swiftly.

One of the chief features of a GATT proposal is that member countries agree to extend the "Most-Favored nations" (MFN) treatments to one another. Besides offering the "MFN" status to member countries, the GATT committee constantly strives to

achieve a progressive reduction in other duties payable in the importing countries by arranging a series of negotiations aimed at mutual settlement.

Till 1979 seven major trade negotiations had taken place under the GATT's auspices. However, the most important and fruitful negotiation was Kennedy Rounds of Negotiation (1964-68) held in Geneva. It was successful in reducing customs duties and tariffs.

It was unfortunate that while during the decade 1960-70, substantial reduction was made in tariff barriers notably through the Kennedy Round or tariff negotiations, this trade liberalization was to a certain extent offset by the growth of non-tariff barriers {which was disguised and therefore difficult to quantify} and preferential trading groups such as the EEC, OECD, EFTA etc. which engaged in free trade between the member countries and therefore, in fact discriminated against non-member countries.

United Nations Conference on Trade and Development (UNCTAD)

Since the existing institutions like GATT and IMF were not properly organized to handle the peculiar problems of the developing countries, the United Nations Conference on Trade and Development (UNCTAD) was established in 1964 in order to provide a forum where the developing countries could discuss the problem relating to their economic development. UNCTAD presently is the only body whose membership includes developing, developed as well as centrally planned countries.

One of the main objectives of UNCTAD is to prevail upon the developed countries into progressively reducing and eliminating tariff and non-tariff barriers and other restrictions that seriously limit trade from developing countries.

One of the main objectives of UNCTAD is to prevail upon the developed countries into progressively reducing and eliminating tariff and non-tariff barriers and other restriction that seriously limit trade from developing countries

Developing country like Nepal is epically facing the problem of instability of prices on their primary products in international markets. In order to stabilize the prices of such primary products, the UNCTAD formulated the integrated Programmed of Commodities and created a common fund which will stabilize the prices of primary products through buffer stock.

Although developing countries like Nepal are enjoying special treatment such as the GSP and reduction or elimination of tariff and non-tariff barriers, the problem stands where it was. The main reason for this is frequent change in import regulations, customs regulations and procedure in developed countries, their unilateral and monopolistic right in doing so, creation of preferential trading groups such as EEC, OECD, EFTA etc. The developed countries are increasingly enjoining a larger share of the international trade and do not faces such trade barriers.

2.21 Risk Management And Export

In the previous section we discussed the nature and consequences of export barriers. Now we shall discuss various risks which are supposed to be overcome in the country's export trade.

Due to increasing complexities of business, the number and variety of risks are increasing these days. Actually speaking, international trade flows along with such risks. They cannot be separated from one another. Therefore, in international marketing, risks are neither voluntary nor avoidable. The exporters must face and try to solve the risks while entering the international market. There is variety of such risks.(Varsney & Bhattacharya,1982:64)

Commercial Risks:

Commercial risks include the risks arising from suitability of the product for the market or otherwise, changes in supply and demand conditions and changes in prices like exchange rate, transit etc. Generally, commercial risks arises due to the inability of a country to adapt themselves to new environment, lack of knowledge, different kinds of situations obtaining in different countries, and greater transit time involved in the arrival of goods in the foreign country.

Political Risk:

Every government reacts to their environment by inviting and pursuing policies deemed necessary to solve the problems created by their particular environment. The government is an integral part of every foreign business Activity- a silent partner who has nearly total control. Therefore, before a company commits itself to operating the foreign market, it should exert considerable effort in assessing the dominant political climate.

Political risks arises as a result of changes in the party in power in the country concerned changes in the form of governments, strong feeling of nationalism, strong cultural division, coups, civil wars, rebellion, wars between two or more countries, capture of cargoes by enemies etc. These risks may be avoided or reduced to some extent by judicious selection of countries. Insurance companies may also agree to provide cover for some of these risks on payment of additional premium. Some of the risks are also covered by the Export Credit and Guarantee Corporation, but in Nepal there is no such Cooperation as yet.

Some products appear to be more politically vulnerable than others, that is, because of particular circumstances they receive special government attention, either favorable or unfavorable depending on the product. Favorable political attention mean protection while unfavorable political attention mean discouragement or politically risky. The host government may intervene over the foreign firm in different forms such as, confiscation, expropriation, and domestication.

Confiscation occurs when a foreign investment is taken over by a government without any reimbursement. Expropriation involves the official seizure of foreign property by a host country whose intention is to use the seized property in the public interest may or may not lead to full or partial financial compensation. Awhile, domestication is defined as the process whereby a host government, by various means, forces a foreign held corporation to relinquish control, including actual ownership, on several fronts to national. Domestication entails a transfer of ownership in part or totally to nationals, greater decision making powers.

Legal Risks:

Countries vary in their political setup, their commercial laws may ting also be different. Conducting legal proceedings in a country is complicated and expensive task. The exporter must try to solve or reduce such risks through agents or exporter and the importer.

Cargo Risks:

One of the most important and regular risks in export marketing is the cargo risk. Cargo risk may arise due fire, storm, collision, theft, leakage, explosion, perils of sea etc. Every international trade must insure cargos to protect it from these risks.

Credit Risks:

The foreign buyer, in many cases, does not make advance payment to the exporter. He may ask for credit. Therefore, on the one hand, the exporter must have enough money to offer credit to overseas buyer and on the other; he should be prepared to take credit risks. Although, in Nepal, exporters are provided with pre-shipment and post-shipment finance to make them financially capable to offer credit to the overseas buyers, such finance is provided in a restricted manner and as such most of the exporters are not in a position to face these risks. Another most important problem is that export credits are not guaranteed by any specialized financial institution.

Foreign Exchange Fluctuation Risks:

Payments in international trade are made in internationally acceptable or convertible foreign currencies depending upon the contract or negotiations between the exporter and the importer. However, in international markets, exchange rates fluctuate from time to time due to various reasons such as devaluation or revaluation of a particular currency vis-a-vis other currencies, changes in economic power etc. In such cases, the uncertainty of foreign exchange rate becomes a risk in export marketing. Although agreement is reached between exporter and importer at the time of the contract, such problems, frequently arise in international trade. The exporters of Nepal have been facing this problem in the recent years to a considerable extent.

2.22 Export Market Management In Nepal

Till 1951 Nepal remained virtually in a state of isolation from the outside world. It was in that year that some political upheaval took place and a new era in Nepal's politics and economy started. But it was only in 1956 that the country launched its first five year and set in motion a systematic process of development. And yet till 1960 no attempt was made to streamline the country's foreign trade. (Shrestha, 1994:214)

1961 saw the introduction of 'Bonus System' to achieve the objectives of economic independence and trade diversification, but instead of promoting the country's export trade this system brought distortion and dislocation in this field. It introduced the malpractice of 'over-invoicing' in the country.

It was only after the establishment of Trade Promotion Centre in 1971 that the country started diversifying its foreign trade and reduced economic dependence in India. Yet the volume and value of export trade did not rise satisfactorily. In order to achieve better results, government abolished the „bonus system“ and introduced „dual rate system“. But this system also could not serve the basic objective of the country. Then his Majesty's Government of Nepal abolished this system too and introduced a „multiple exchange rate system i.e., a „basket system“ which was able to adjust

foreign exchange rates according to the demand for and supply of foreign exchange and essential commodities in the country.

In spite of all these efforts, the pattern of Nepal's foreign trade did not change. It continued to lead to an acute balance of payments problem. Imports continued to gallop year after year, but growth in exports decreased.

Frankly speaking there are several fundamental weaknesses in the country's export thrust which are responsible for creating a serious situation of this type.

The present study reveals that Nepal's exportable products are not being subjected to the rigors of the requirements of the international market; export is often conceived mainly as a matter of trade in surplus in the existing products, rather than as an effort to develop products especially for foreign markets. The concepts of product suitability and adaption and high quality are still unknown in the country.

Trade policy is directed more towards import substitution than export promotion. Responsibility for policy execution lies in the wrong hands. As such it has created „fly-by night“ exporters in the country whose main intention is to make quick gains by taking illegal advantages of import incentives rather than to promote exports of the country as such.

Trade promotion center is the only export institution which is engaged in the country's export expansion. But it is quite inefficient and ineffective in its working. There are various trade associations also working in this direction but they are all very much self-centered and do not contribute directly to the country's export expansion. It is primarily a Generalized System of Preferences which plays a vital role not only in the country's export promotion but also in the economic growth of the country, although Nepal has not been able to enjoy full benefit from this system. About 70 percent of its total exports is still going to the non-preference giving countries such as India, Bangladesh, Hong Kong and other Asian, African and Latin American countries.

Since the financial capabilities of most of the exporters in Nepal are limited, their collection and supply capacity is extremely low. Moreover exporters in Nepal cannot look to the financial institutions for support with confidence. The banking system in Nepal is not yet fully geared to support the export sector. Funds are made available only in a restricted manner and that too through time-consuming procedures. There are no specialized agencies operating in the country for export credit guarantee and export credit insurance which could undertake the risk of banks as well as the exporters.

For a smooth flow of an export order every exporter has to fulfill various legal requirements. The quantum, mode and mechanics of export of a vast range of goods are regulated by the Exports and Imports (Control) Act, the Customs Traffic Act and the Foreign exchange Regulation Act with a view to simplifying licensing procedure, exporters. Similarly export products and licenses have also been classified into various categories for this purpose. Licenses are issued on the basis of customs Traffic Act which enables the government to prohibit, either absolutely or subject to conditions, the import and export of goods so that the interests of the country may be protected against fraudulent activities such as smuggling and black-marketing. Foreign Exchange Regulation Act has been introduced in the country in order to properly utilize the country's foreign exchange reserves. Allocation of foreign exchange is done by the Nepal Rastra bank on the basis of national priority but day business of buying and selling foreign exchange is ordinarily handled by the exchange departments of commercial banks.

One of the most important requirements for the success of an export campaign is the capacity of the country to prepare a comprehensive and precise export plan. It is that which will give a proper direction to the country's export thrust by deciding in advance about what to export, where export and how to export. In Nepal unfortunately there is no export planning as such. It is just an annual estimate and programmed. While fixing the export target the authorities concerned consider only the supply position of the country and its past record. But other important factors such as taste of

the customers, changing environment in international markets, competitive position of the foreign competitors etc. are not taken into account. These days there is absolutely lack of even annual estimates.

There are various products in the country which can be developed specifically for foreign markets and in which the country has comparative advantages in terms of raw materials, trainable manpower, technological base, and capacity to absorb higher technology. Saffron is one of them. It is an expensive spice which is used for various purposes such as flavoring dishes, coloring medicine, religions ceremonies etc. Although there is no production of saffron in Nepal, studies have proved that it can be produced and developed for the purpose of export.

he next important aspect of export management is export procedure and documentation of which the whole attention of the authorities remains fixed. In Nepal this aspect has been a most time-consuming and tedious process. Due to the weak institution base and negligence on the part of the government towards the export sector, exporters are facing another great problem i.e. non- receipt of payment from the importers even after the goods have been delivered at the importer's port.

Nepal's geography is one of the biggest bottlenecks to export expansion. Calcutta remains the only exit port for Nepali Cargo. On the one hand, the physical facilities of the port are very poor and, on the other, transit expenses in terms of time spent in fulfilling transit formalities, port clearance, frequency of strikes, executing insurance cover and other procedures are comparatively very high. Calcutta proves to be a bottleneck specially during the period of strikes or other forms of labor unrest or congestion of docks.

2.23 Strategy For Export Promotion

Nepal is the second least developed country in the world. Hence like other least developed countries, it is also facing the problem of vicious-circle of poverty and economic backwardness. It has multidimensional problems such as fast population

growth, slow pace of industrialization, deterioration in productivity, sluggish growth of export, growth of imports, at a faster pace, lack of commitment, adverse geographical position etc. The country therefore faces a dual challenge, firstly, how to grow faster and secondly, how to overcome its balance of payments problem.

Since one of the factors on which a country's economic growth depends is the balance of payments situation, the task of a country should be to improve this position. From the strategic point of view, there are four methods of adjusting balance of payments disequilibrium. These are (a) penetration into foreign markets, (b) import-substitution; (c) lowering the overall economic growth rate and thereby reducing demand for imports, and (d) increasing net external borrowings. Although these four methods are equally important to adjust the country's balance of payments disequilibrium, penetration into foreign markets has been regarded as the best method for the purpose. This is so because imports cannot be curtailed sufficiently and the last two methods are regarded as „beggar policy“.

For the development and expansion of the country's export trade, Nepal launched a new trade policy, economic programme and export programme. However, the situation did not improve, because the whole organizational infrastructure in this regard in the past has been extremely weak. Similarly, there has been lack of entrepreneurship, sincerity and determined effort in the aforesaid areas.

The present study shows that for the promotion of exports and consequent economic growth of the country, the following measures are a must.

2.10.1 Product Development Programme

(i) The foremost task of the country should be the selection and development of genuine exportable products. For this purpose, it should concentrate on those products in which the country has a comparative advantage in raw materials, manpower and technology.

(ii) There is no guarantee that a product once developed, launched and introduced will continue to be popular in the foreign market. Steps should, therefore, be taken to review the product-popularity periodically and to upgrade it and redesign it as and when required. A country should assess the suitability and acceptability of the product before launching it in a new market. For this purpose, a three-step investigation is necessary:

- Study the product in relation to competitive products on the market;
- Investigate trade acceptance of the product (acceptance from importers, Wholesalers and retailers);
- Test the product with consumers and end users.

(iii) If any deficiency appears while assessing the suitability and acceptability of a product it should be corrected by possible redesigning of the product or its packaging, which is known as „adapting the product“ to the target market.

2.10.2. Massive Industrialization

(i) Industrialization increases the economic wealth of the country. Therefore proper attention should be paid to protecting the existing infant industries and promoting new industries in the country by clearly defining their categories such as basic industries, export-oriented industries and import substituting industries. Since there is a dynamic relationship between these industries, their balanced growth is essential. One without the other will not produce fruitful results.

(ii) There is a dynamic change in the demand of the people. Products today should be able to win not only the mouths and hands of the people but also their eyes and minds. Therefore, proper attention should be paid to industrial design. The rising demand for the Honking and Japanese goods in the world market early reveals how important industrial design has become for the general public. For this purpose the country should fulfill at least the following pre-requisites;

- The national education plan should pay greater attention to the production of industrial designers within the country;

- Incentives should be provided to the designers concerned for developing a professional character;
- Effort should be made to boost the profession of industrial design; and arrangement should be made for organizing and operating the exhibition facilities and ancillary services to the designers in the country.
- For greater industrialization and higher productivity in the country appropriate technology should be imported through joint ventures as has been done in other countries of the world such as Japan, Taiwan, Honking, India etc. Nepal should also adopt “me too” type of near-copying of products and processes developed elsewhere, because one who fails to keep up with technological change may fail in international competition as well.

2.24 The Export Procedure and Practices

- The Nepalese Export Regulations for the Garment Industries
- All export must have been registered at the government office.
- All Handicrafts exporters are required to hold a Bonded Warehouse Certificate, issued by the Ministry of Finance, Department of Customs.
- All Handicrafts exporters are required to be the member of Handicrafts Association of Nepal.
- Payment of foreign currency have to be guaranteed and an approval carrying letter attached with the LC or the advance payment note issued by the bank are required to be presented at the time of export.
- All payment has to be done through bank.
- Handicrafts have to be of Nepalese origin, re-exporting is prohibited.
- The export procedure of the Nepalese Handicrafts to overseas countries is stated as follows;

I. Import of Raw Material

Raw materials for the garment manufacturing mainly comprise of Handy and its accessories. Nepalese Handicrafts Industry is mainly dependent on Indian Handys supply.

After the arrival of raw materials at the import point, they are required to be made custom clearance for which the concerned party should submit the delivery order receipt, registration certificate and renewed income tax certificate to the custom office. In addition to it the import custom declaration form explaining all the imported items and its details (quality, total amount, origin of materials airway bill number , income tax certificate and firm s registration number etc) should be filled up by the currency (US \$ or other foreign currency) used in the import of the raw materials should also quoted. After the signing of bond o and provision of a bank guarantee, the raw materials is then transported to the factory and kept under the terms and conditions of the bonded warehouse facility. While issuing the bank guarantee the concerned bank will charge 10 percent or more, depending on the size of party's business.

II. Issuing Of Visa

For the export of Handicrafts from the country Visa is required which is provided by the Visa Cell of the National Productivity and Economic Development center, on the recommendation of the HAN. The visa system was introduced in 1987, July. The following documents are required in order to get Visa for Handicrafts export.

- a) Recommendation of the HAN
- b) Copy of Custom Declaration Form (Import)
- c) Copy of Import L/C
- d) Copy of export L/C
- e) Copy of Custom Declaration Form Import of previous Visa.

On the basis of these document and availability of quota for the concerned industry, the visa is issued by Visa Cell of NPEDC.

III. Export of Nepalese Handicrafts

After obtaining the visa, exporters using bonded facilities in the import of raw materials have to obtain the recommendation letter from the Nepalese Handicrafts section of Custom Office located at Tribhuvan International Airport, in order for custom clearance. An export is required to submit following documents to the Custom Office along with the good to be exported.

- Import Custom office declaration form
- Invoice of the exporter Packing list
- Certificate of Origin from the local Chamber of Commerce
- Firm company registration certificate
- Income Tax certificate
- GSP incase of export to advanced counties, which have unilaterally introduce the scheme of such preferences
- Foreign exchange declaration form of Nepal Rastra Bank
- Certificate of Valuation and documents related to freight

After submission of export declaration, Nepalese Handicrafts section attaches sample of fabrics import and dispatch it to custom section office for verification of sample with the deemed export. During the examination, consignment should confirm the description given in the packing list and the price quoted should not vary.

The customs section matches the sample with the deemed export goods and if found the same authorize to export. After physical examination and documentary verification the export consignment is repacked on the spot under the supervision of custom's staff until every package of the consignment is sealed.

After the completion of inspection, the custom inspector endorses all the documents and certificates customs declaration forms of the Nepal Rastra Bank Foreign exchange form, GSP certification and Custom Transit Declaration. The export consignments, which are to be shipped by air, have to be stored in the warehouse for 24 hours in the custom's go down.

Upon export the custom office advises the Nepalese Handicrafts section, which the prepares the documents regarding release of Bank guarantee and forwards the particulars to the import custom office on remaining stock of raw material the prevalent duties and taxes are charged by the import custom duty on the balance of fabrics (total import – total consumption of Handy for exported goods)

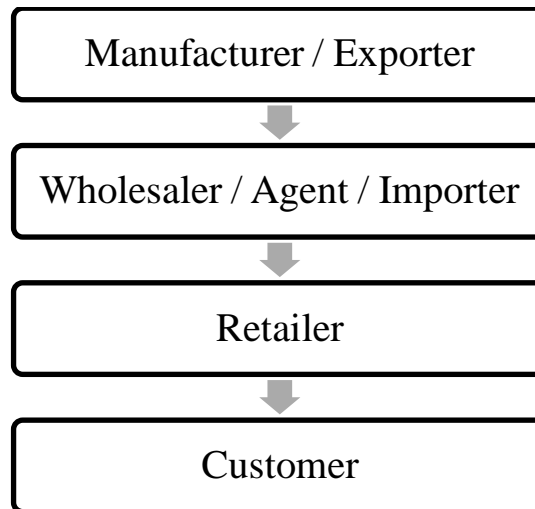
a. Export Practices

The various export of practices related to the Nepalese Handicrafts industry of Nepal has been presented below under their respective headings.

b. Export Trade Channels

In Nepal, Handicrafts exporter uses both indirect trade channels. Indirect trade channels operate through middlemen and the Nepalese exporter are highly dependent on this channel. The majority of middlemen are Indian agents. Part of the export is done through direct contacting where either the buyers themselves contact the Nepalese manufacturers exporter or vice versa. The prevailing export trade channel is as follows:

Export Trade Channels Trade channels



Order of Nepalese Handicrafts are also secured either through middlemen or directly to the Nepalese manufactures/exporters.

IV. Pricing

Pricing for Nepalese Handicrafts is settled between an exporter and importer as a negotiated price. Once the price is fixed, exporter and importer must comply with it. The usual pricing method practiced by Handicrafts manufactures is "cost plus" pricing, which may also be described as:

Cost of raw materials + Labor + Overhead + Profit = Price offered

Floor Pricing

HAN fixed a floor price for all categories through the government has removed floor price for Nepalese Handicrafts few years back. HAN still have it for the purpose of providing safeguard to exporter against nonpayment because buyers have to open L/C equivalent to amount quoted for the particular category after placing an order. In case of nonpayment by the buyers, Nepalese exporters could at least recover the amount paid in form of pay or L/C.

V. Export Valuation

The value of goods mentioned in the bill or invoice subtitled by the exporters is regarded as the value of such goods for the customs purpose. In case the custom officer is not satisfied with the bill or invoice submitted to him, he may determine the value of such goods on the basis of previous records. Irrespective of this provision, custom office demands certification of valuation of Handicrafts from HAN

VI. Transportation

Both air and sea carriers are equally used for the transportation of Nepalese Handicrafts as it is of lightweight, Via air, Nepal is directly linked to Europe through Frankfurt, London and Paris or otherwise for cheap air routes to Europe. The goods can be transported through India (Delhi, Mumbai), Bangladesh (Dhaka), Saudi Arabia etc. Via sea, Nepal is linked to European ports through Calcutta port. The mode of transportation for Handicrafts may be land-sea, air- air and air-sea. The commonly used route is land-sea as it is the cheapest. However, the buyers dictate the route

VII. Terms of payment

Exporters do not export Handicrafts unless a guarantee of payment is obtained. Such a guarantee may take the form of advance payment or a letter of credit(L/C), other methods of payment include documents against payment, documents against acceptance and deferred payment terms. The bank does not guarantee payment of these cases therefore; they carry a greater risk of non-payment.

Export Payment policy

According to the Foreign Exchange Regulation Act 1962 and Rules 1963, an exporter is responsible to receive the total payment for exported goods in terms of convertible currency within six months from the date of shipment from Nepal. No export transaction can be effected on the consignment basis. Payment for the export of any product should be made either in advance of shipment or on the basis of irrevocable letter of credit. This rule applies to Handicrafts exporters too.

VIII. Terms of delivery

The terms of delivery depends on the conditions set forth in the contract. It could be:

- a. Free onboard (FOB)
- b. Cost Plus Freight(CF)
- c. Cost- Plus Insurance and Freight(CIF)

The terms and conditions depend on the mutual agreement between the buyers and seller.

Delivery Time

The time of delivery is determined by the necessary transportation to the destination port. The exporter guarantees the delivery of goods to the forwarding agent appointed by the buyers within the specified in the contract

IX. Sales Promotion

The most commonly used tools for sales promotion is the trade fairs or exhibition. Exporters have been regularly participating in such fairs and exhibition. Exporters have to be recommended by HAN in order to participate in the trade fairs or exhibitions.

2.25 Review Of Previous Research

Upreti, (2010) has conducted research on the topic “A STUDY ON NEPALESE HANDICRAFT PRODUCTS IN INTERNATIONAL TRADE FAIR”

His major objectives:

- To analyze the effectiveness of international trade fair as a promotional activity for the expansion of Nepalese handicraft business activity.
- To examine the position of the handicraft business organization after participating in international trade fair
- To analyze the problems that the Nepalese handicraft exhibitors has to face while participating in international trade fair.

His major findings:

- Most of the products exhibited in international trade fair are handicraft products.
- Nepalese participation in international trade fair is encouraging and adventitious.
- Participation in international trade fair increases the export of the firm.
- Effective and problem free participation in international trade fair is important rather than mere representation in the international arena.
- Process of Nepalese participation in international trade fair can be broadly categorized as government and direct participation.

His major recommendations:

- From the study of Nepalese handicraft products participation in international trade fair, it can be said that the participation in international trade fair is overall encouraging though managed and effective participation is lacking.
- Nepal is continuously participating in those fairs since 1968. After 30 years of participation the firms are not getting the advantages that are supposed to get from the participation in international trade fair. So, to make the participation more effective government and other concerned associations should do the best to support the firm by providing timely information about the fair to the firms. As well government should sponsor more and more firms to participate in international trade fairs.

Shrestha (2007) has conducted research on the topic “CONSTRAINTS IN THE EXPORT OF NEPALESE HANDICRAFT PRODUCTS AND POSSIBLE SOLUTIONS”.

Her major objectives:

- To find the complication regarding Export Documentation of Handicraft.
- To find the problem related with Customs clearance Procedure.

- To find the Policy Conflicts regarding handicraft export.

Her major findings:

- Nepalese handicraft exporters have been counting complicated export procedure, difficulty in easier availability for raw materials, Export financing problems, conflicting and unclear policies.
- The intensity of problems in export documentation indicated by exporters of all categories is slightly different.
- Massive problem of mishandling of goods, corruption and harassment by the customs officials.

Her major recommendations:

- Simple and hassles free export documentation process can make the whole export process quick and less expensive.
- Improvement in the customs clearance procedure will be recommended.
- Many efforts were made to promote handicraft export. Different export incentives have been introduced.
- Quality requirements for the craft items are getting very important NTBs. Market requirements are changing and consumers are more conscious about environmental issues.

Tuladhar (2009) has conducted research on the topic “MARKETING OF REUTERS TRADER ASIA”

Her major objectives:

- To study the process of marketing strategy for the Reuters service in Nepal.
- To study customer preferences with regards to Reuters services in Nepal.
- To recommend ways to promote Reuters services based on customer study.

Her major findings:

- As people are fast embracing information technology culture, inclination of the customers to use Reuters products is increasing gradually to meet their needs to supply up to the minute relevant data.
- Reuters primarily provides Forex data, which is pertinent to the treasury departments particularly with the increased volume of exchange of foreign currencies.
- The service is also being widely used for its up to the minute International business and Forex news, and trend analysis through charts and rate history.

Her major recommendations:

- To enhance the performance the start up time required now should be reduced as much as possible.
- The latest version of the product is quite user-friendly, and clients also prefer that the newer versions have even simpler operation and be more user-friendly.
- Data displayed at times seem inconsistent with other sources data. Such errors should be avoided.

Bhatta (2008) has conducted research on the topic “THE ROLE OF MASS MEDIA IN TOURISM MARKETING”

His major objectives:

- To find out the quantity and quality of news, articles and advertisements published in the newspapers about tourism and its marketing.
- To evaluate both positive and negative roles/impacts of newspapers in tourism promotion and development in Nepal.
- To analyze mass media and tourism marketing and to find out the views of the experts of the related field about the study subject.

His major findings:

- The most appropriate and accessible mass media is radio more reliable mass media is television. Newspapers are widely used mass media and more influential.
- Political leaders are the major sources of news.
- There is seen the positive roles of newspapers in the tourism marketing of Nepal

His major recommendations:

- A separate page should be devoted for tourism and its advertisement because it is the very bright industry for Nepal for foreign exchange earnings
- The newspapers should play the roles of informative, political, product awareness, entertaining, introducing destiny, primitive and so on.

2.26 Research Gap

There is gap between the present research and the previous researches. Previous researchers conducted on the topics concerning on the macroeconomic aspect. Most of the study were based on trade aspects rather than marketing aspects. The findings of the previous researches were mostly based on secondary data. Most of the previous researches did not disclose what kinds of export marketing strategies should be implemented in Nepalese Handicrafts industry. Thus to fill up those gap the current research is conducted. This research is a survey type of research. It is based on the primary sources of data. It examines the view of entrepreneurs about the marketing strategies competitive situation of Nepalese Handicrafts industry, implementing condition of marketing strategies by the industry. Probably this might be the first research study carried on this topic regarding Nepalese Handicrafts industry.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a way to systematically solve the research problem. It refers to the various sequential steps that are to be adopted by a researcher during the course of studying the problem with certain objectives. This chapter refers to the overall research method from the theoretical aspects to the collection and analysis of data. This study covers quantitative methodology in a greater extent and also uses the descriptive part based on both technical aspects and logical aspect.

3.2 Research Design

The research design adopted in this study was basically descriptive. But some of the hypotheses were also to be tested. To achieve the objectives relevant, data & information were collected, analyzed & tested simultaneously. The study was carried out through survey.

3.3 Types & Sources of Data

Both types of primary & secondary data have been used for the present study. But main focus is given to primary data. Data were mainly collected from primary source. Primary data were collected through questionnaire, interview & discussions.

Population & Sample Size

According to Handicrafts Association of Nepal, there were several Handicrafts industries were operating in 2010. Among them, more than 90% were operating in Kathmandu Valley. Out of them only 150-200 found to be in operation at the time of survey. For the purpose of survey, those industrial units which were in operation during the survey period were accounted. Hence, out of total 9 units (3 units from small scale, 3 units from medium scale & 3 from large scale) were selected as a sample size. Purposive or judgmental was followed to find out the fact & to analyze the marketing strategies of Nepalese Handicrafts industry.

3.4 Data Collecting Instruments

Primary data was collected by using the questionnaire. The set of questionnaire was distributed to (CEO, MD & marketing manager or entrepreneurs of the selected industries. Interviews were also conductive with the few executives & managers in order to acquire in depth information & support the survey for the study.

3.5 Components of Questionnaire

The questionnaire prepared for data collection questions related marketing strategies. They also inquired about the background information of industries, objective, business policies, market situations for the product, organizational & managerial competitive strategies, external and internal business environment & planning & implementation of the industries. The questionnaire included three types of questions closed ended scales (schematic rating scale) and preferential rating. In closed ended question, appropriate alternatives were given to enable the respondents to make simple but correct choices. In the scaled questionnaire, five point scale was given in ranging from 1 (most favorable) & in the preferential rating questionnaire, number 1 was given for most preference, number 2 for second most preference and so on. The questionnaires were included in the annex.

3.6 Questionnaire Administration

The questionnaire was administered to the CEO, MD, marketing manager or entrepreneurs of the selected industries. Personal were also taken for clarifications of information. Personals visits also made during the study periods. Personal visit was made to have direct contact with the interviewees so that more information & data could be collected & relative accuracy ensured.

3.7 Data Processing & Tabulations

Primary data were processed & tabulated as per the need of the study. The computed mean scores (M.S) could range from 1 to 5 has been interpreted as favorable & 5 as

unfavorable. However the score range from 1-5 was given. The range has been interpreted in the following ways:

- 1.0 to 2.5 favorable (maximum)
- 2.5 to 3.5 indifferent (moderate), &
- 3.5 to 5.0 unfavorable (minimum)

Percentages of response were also incorporated.

3.8 Data Presentation & Analysis

3.8.1 Survey

The information received is described in the study. Percentage & mean scores were computed & the results interpreted.

3.8.2 Statistical Analysis

The Chi-square test has been used to measure the degree of relationship and the differences in various forms of primary data to find out dependency or interdependency of variables.

CHAPTER –IV

PRESENTATION AND ANALYSIS OF DATA

This chapter deals with data presentation, analysis and interpretation following the research methodology presented in the third chapter. Data presentation and analysis are the central steps of the study. The main purpose of this chapter is to analyze and elucidate the collected data to achieve the objective of the study following the conversion of unprocessed data to an understandable presentation. The chapter deals with the main body of the study.

4.1 Analysis of the Survey Data

The main purpose of the study is to analyze the position effectiveness of export market strategy of the Nepal's Handicrafts Industries and finally trying to figure out the ways in which suggestive action can be taken in order to increase the share of export of Nepal's Handicrafts.

Here, I have provided the outcome of the questionnaire served for the analysis of the various strategies followed my Industrialist of Nepali Handicrafts Industries. Even though the Nepalese Handicrafts Industries export pattern is increased by a short fragment but due to the immense possibility of its future betterment. Accordingly, various questions were asked to the Industrialist in order to find the factors governing the marketing of our Handicrafts in the International market. The nature of the marketing strategies followed by the entrepreneurs

On this basis the Handicrafts Exporters were interviewed with the structures questions in the Appendix –A. The result and brief analysis of the above mentioned questioned on the basis of average mean are therefore mentioned as follows:-

4.1.1 The Effectiveness of export Nepalese Handicrafts industries

Nepalese Handicrafts was a reliable, efficient and authentic export to serve the needs of clients around the world. Nepal has Exporting its product to World with setting the standard in Nepali Handicrafts. Nepal's handicraft workshop is still thriving, but it has now expanded its manufacturing to trade in a variety of Nepali items.

The field survey that is interview with 10 entrepreneurs result the following data. They had been asked for rating the effectiveness of your export marketing strategies and policies from rank 1 to 5.

No entrepreneurs have selected 1, four entrepreneurs have selected 2, three entrepreneurs have selected 3, two entrepreneurs have selected 4 and one entrepreneur has selected 5.

Calculation of arithmetic mean of satisfaction level of export

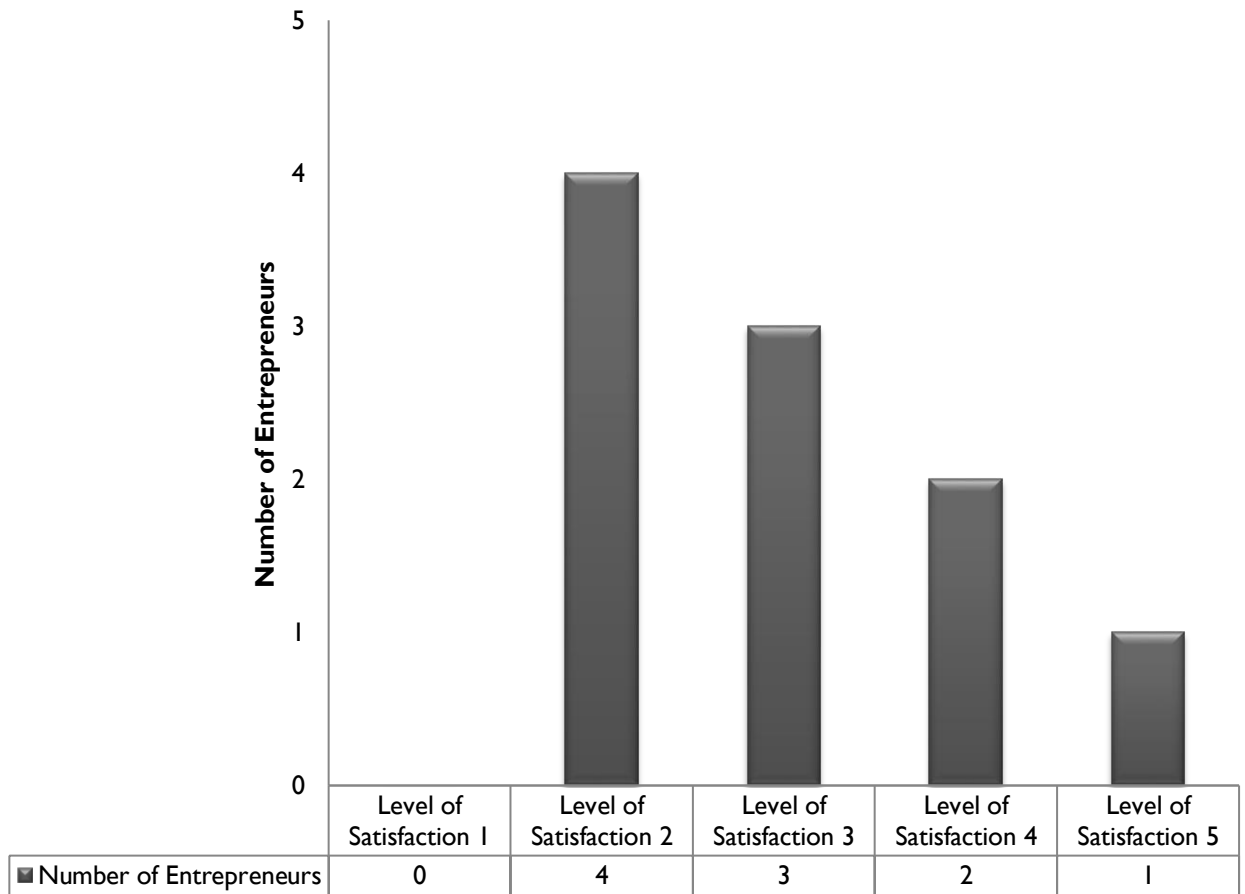
Level of Satisfaction (X)	Number of Entrepreneurs (f)	fX
1	0	0
2	4	8
3	3	9
4	2	8
5	1	5
	N = 10	$\Sigma fX = 30$

Source: Field Survey

$$\text{Mean } (\bar{X}) = \frac{\Sigma fX}{N} = \frac{30}{10} = 3$$

Figure: 4.1

Bar Diagram of the Effectiveness of export of Nepalese Metal crafts



The Effectiveness of export Handicrafts industries marketing strategies and policies are verified, as this being the factor which can further help the industry in order to take corrective majors. The entrepreneur has rated 3 points, which means that they are on the average on the basis of using their effective market strategies and policies in the international market.

4.1.2 Period of analyze export marketing strategies

7 Entrepreneurs said that they analyze export market strategies once in a year, 2 entrepreneurs said at the time of formulating plans and 1 entrepreneur answered no fixed time.

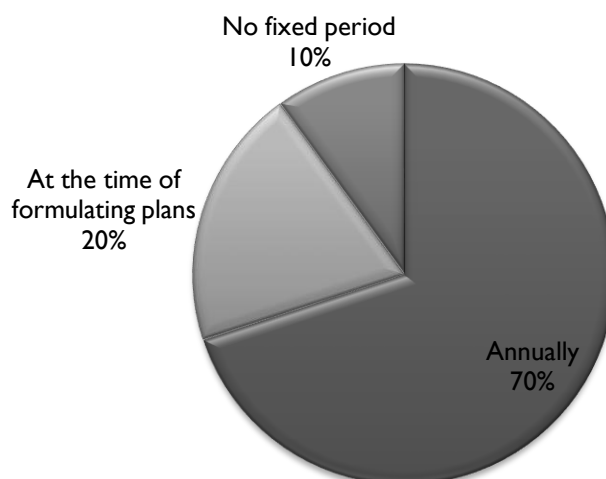
Period of Analyze Export Marketing Strategy	No. of Entrepreneurs
Annually	7
At the time of formulating plans	2
No fixed period	1

Source: Field Survey

Most of the entrepreneur has agreed that their export market strategies are basically analyze on an annually basis. The analysis of their own marketing strategy will indeed help them to cope with the problem arising in the future and current smooth operation of their firm.

Figure 4.2

Pie Chart of Period of Analyze Export Marketing Strategy



4.1.3 Environmental Effect for the operation growth and expansion of enterprise

The entrepreneurs believe that only effective market strategy is not the unique factor surrounding the export of Handicrafts. The objective attainment also depends on the factors such as the product reaching on time at the point of sale.

The field survey results the following fact

Favorable Level \bar{X}	Political and Legal f_1	Economic f_2	Socio-Cultural f_3	Technological f_4	Competitive f_5	$X f_1$	$X f_2$	$X f_3$	$X f_4$	$X f_5$
1	1	1	2	2	1	1	1	2	2	1
2	2	2	3	2	0	4	4	6	4	0
3	4	4	4	3	4	12	12	12	9	12
4	2	2	0	3	3	8	8	0	12	12
5	1	1	1		2	5	5	5	0	10
Total	10	10	10	10	10	30	30	25	27	35
Mean						3	3	2.5	2.7	3.5

Source: Field Survey

On accounting the external environmental that is the environment which cannot be controlled by the organization but have to work accordingly facing it. Among the external environment affecting the Nepalese Handicrafts industry, the executives unanimously believe that the political & legal environment is on the minimum (i.e. being the least satisfactory), frequent strikes diverting the attention of buyers to the neighboring countries. The Economic environment is given the average mean of 3. The Socio-cultural is favorable but not highly giving mean of 2.5. Whereas, most of the Handicrafts is made with human hands with less dependence on the technology. The competition is on the growth stage getting it to favorable.

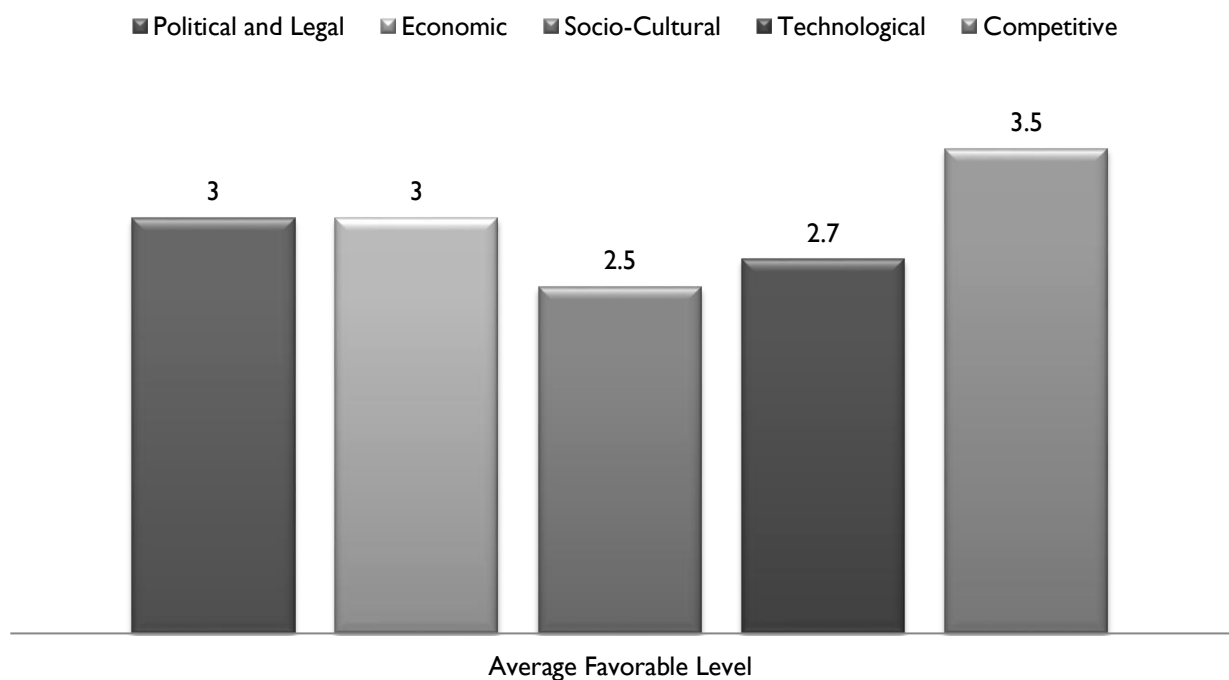
The entrepreneurs believe that competitive situation affects on average mean 3.5 because the Nepali Handicrafts are unique but even though in the global market there is always competition.

	Political and Legal	Economic	Socio-Cultural	Technological	Competitive
Average Favorable Level	3.00	3.00	2.50	2.70	3.50

Source: Field Survey

Figure 4.3

Bar Diagram of Environmental Effect for the operation growth and expansion of enterprise



4.1.4 Rating of Competitors

The competitors like India and China are always on the front run. The highest being the India and China is also competitor because of its me-too marketing strategy and Spain in some instances like in the US. Bangladesh being the country facing the same kind of socio-political situation like Nepal is not big competitor.

4.1.5 Sources of information of Competitors

The Nepalese Handicrafts industry also is tapping up its foot in the e-commerce and most items are featured in the website being sold by the third party. The government agencies provide minimum assistance in providing information about their competitor. Other sometime acknowledge by the manufacturer's agents and sellers based abroad.

4.1.6 Marketing Intelligence Department

Most of them believe that there is lack of proper market Intelligence and lack of resources to engage in extensive market research is hampering this Industry.

4.1.7 Rating of Competitors

The entrepreneurs have agreed to the fact that both the competitors both the internal and external are on an increasing rate.

4.1.8 Monitoring the objective and strategies of Competitors

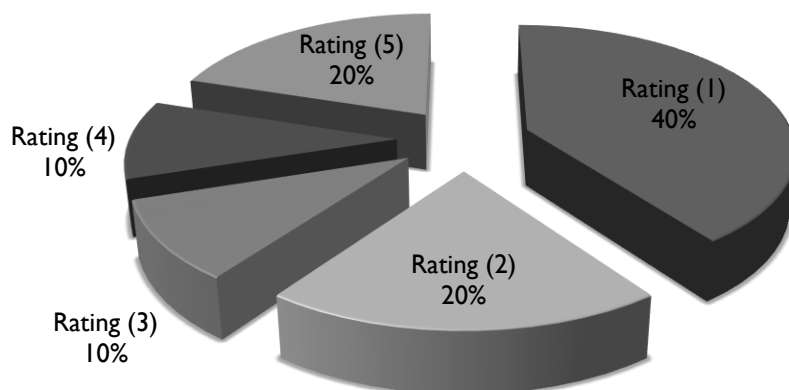
The continuous monitoring of the competitors helps the company to stay in the business in the long run. So, the majority of them are viewing the strategy of the competitors to make the necessary changes on their part.

4.1.9 Competitors Positions

Rating (X)	Number of Entrepreneurs (f)	fX
1	4	4
2	2	4
3	1	3
4	1	4
5	2	10
Total	10	25
Mean		2.5

Source: Field Survey

Figure: 4.4
Pie Chart of Competitors Position



The survival of the company depend upon many factors particularly in Nepal the turmoil in politics is making the majority of the exporter at risk of survival. The rate of survival being at average mean of 2.5.

4.1.10 Need and Wants of Customer

The needs and wants of the customers are very specific with variety of options to choose from. But due to the uniqueness of the Nepali export items. The mean consideration has reached to a satisfactory level of 2 points.

4.2 Analysis of the Secondary Data

4.4.1 Country wise Export of Handicrafts Goods- Fiscal Year 2067/68

Table 4.1 Country wise Export of Handicrafts Goods
Fiscal Year 2067/68 (2010/11)
Month : (Shrawan-Ashadh)

Afghanistan	212,700	Malaysia	6,175,207
Argentina	442,845	Malta	2,339
Australia	5,490,645	Mauritius	44,724
Austria	2,291,039	Mexico	127,704
Bahrain	195,356	Mongolia	1,200,678
Belgium	687,704	Netherlands	7,006,352
Bhutan	4,925,161	New Caledonia	108,017
Brazil	656,240	New Zealand	2,903,867
Bulgaria	22,409	Norway	381,577
Canada	10,208,072	Oman	266,179
Chile	13,181	Others	595,697

China	65,284,551	Panama	28,606
Colombia	1,813	Poland	744,438
Croatia	73,612	Portugal	203,730
Czech Republic	1,028,775	Romania	11,050
Denmark	2,162,770	Russia	2,631,097
Ecuador	15,242	Saudi Arabia	45,185
Finland	309,120	Singapore	5,751,249
France	12,450,136	Slovak	155,617
Germany	45,028,191	Slovenia	727,623
Greece	138,811	South Africa	504,528
Hong Kong	7,975,309	South Korea	775,922
Hungary	2,934,224	Spain	7,225,743
India	15,562,089	Sweden	180,949
Indonesia	251,300	Switzerland	5,590,094
Iran	103,658	Taiwan	33,384,089
Ireland	127,534	Thailand	2,146,369
Israel	7,644	Tibet	32,024,749
Italy	7,756,350	Turkey	769,545
Japan	9,034,506	UAE	144,333
Jorden	512,756	UK	7,731,659
Latvia	49,790	USA	47,022,318
Lebanon	57,927	Ukraine	2,948,567
Lithuania	2,038	Vietnam	576,833
Luxembourg	60,435	Total	366,210,568

Source: Federation of Handicrafts Associations of Nepal

URL: www.nepalhandicrafts.org.np

4.4.2 Top 10 export destination of Nepalese Handicrafts

Top 10 export destination of Nepalese Handicrafts goods is China, USA, Germany, Taiwan, Tibet, India, France, Canada, Japan and Hong Kong and percentage of export to total export in these destination is 17.83, 12.84, 12.30, 9.12, 8.74, 4.25, 3.40, 2.79, 2.47 and 2.18 percentage respectively.

Table 4.2 Top 10 export destination of Nepalese Handicrafts

Rank	Country	Percentage of Export in Total
1	China	17.83
2	USA	12.84
3	Germany	12.30
4	Taiwan	9.12
5	Tibet	8.74
6	India	4.25
7	France	3.40
8	Canada	2.79
9	Japan	2.47

10	Hong Kong	2.18
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Source: Federation of Handicrafts Associations of Nepal

Figure: 4.5
Bar Diagram of Percentage of Export in Total

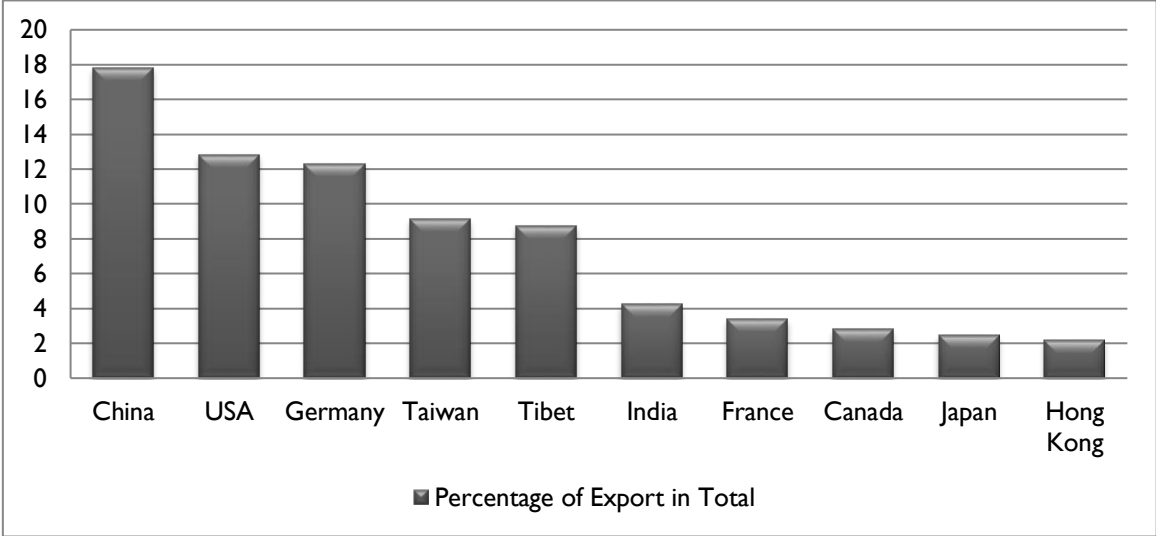
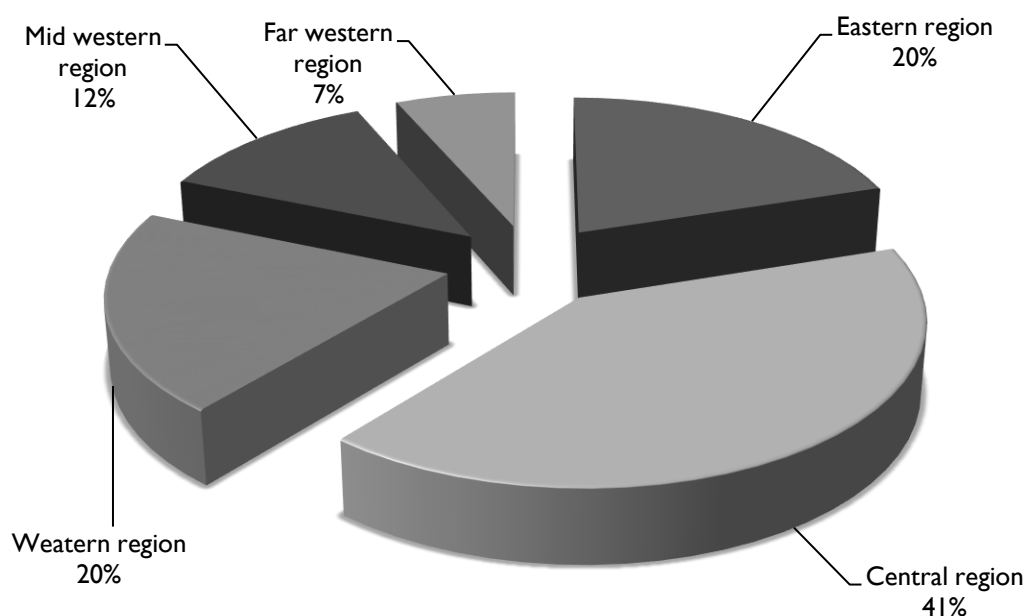


Figure: 4.6
Pie Chart : Craft related workers in Nepal (According to Region)



Craft Related Workers are in large number on central region and least number in far western region.

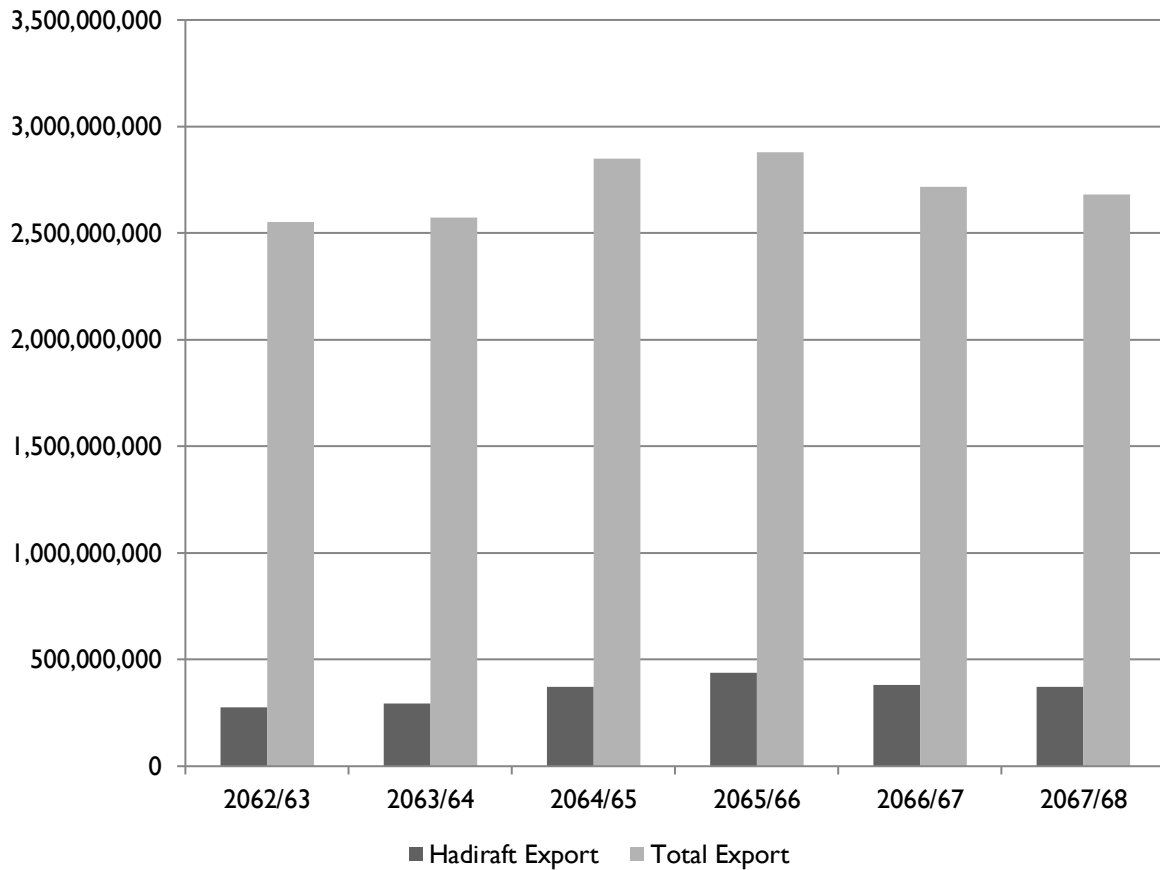
4.4.3 Percentage of Handicrafts Export to Total Export

Table 4.4 Percentage of Handicraft Export to Total Export

Year	Handicrafts Export	Total Export	% of Handicrafts to Total Export
2060/63	276,238,090	2,552,952,543	10.82
2063/64	293,065,733	2,571,841,423	11.40
2064/65	373,010,297	2,849,476,340	13.09
2065/66	437,790,118	2,880,644,848	15.20
2066/67	381,198,709	2,716,384,047	14.03
2067/68	372,515,583	2,682,814,905	13.89

Source: Federation of Handicrafts Associations of Nepal
 URL: www.nepalhandicrafts.org.np

Figure 4.7
Bar Diagram of Percentage of Handicrafts Export to Total Export



Total Highest export was in year 2065/66 and lowest export was in Year 2062/63. Highest export of both products is in year 2065/66 and lowest of Textile is in 2063/64 whereas Non-Textile is in 2060/63.

4.5 Testing of Hypothesis

Scale of industry	Level of Satisfaction for effectiveness of strategies					
	1	2	3	4	5	Total
Cottage	0	2	0	0	0	2
Small	0	1	1	0	0	2
Medium	0	1	2	0	0	3
Large	0	0	0	2	1	3
Total	0	4	3	2	1	10

Null Hypothesis. H_0 : $\mu_c = \mu_s = \mu_m = \mu_l$ i.e. there is no significant difference in satisfaction level for effectiveness of strategy of different scale of industry.

Alternative Hypothesis. H_1 : $\mu_c \neq \mu_s \neq \mu_m \neq \mu_l$ i.e. there is significant difference in satisfaction level for effectiveness of strategy of different scale of industry.

Scale of industry	Level of Satisfaction for effectiveness of strategies					
	1	2	3	4	5	Total
X_C	0	2	0	0	0	$\sum X_C=2$
X_S	0	1	1	0	0	$\sum X_S=2$
X_M	0	1	2	0	0	$\sum X_M=3$
X_L	0	0	0	2	1	$\sum X_L=3$
X_C^2	0	4	0	0	0	$\sum X_C^2=4$
X_S^2	0	1	1	0	0	$\sum X_S^2=2$
X_M^2	0	1	4	0	0	$\sum X_M^2=5$
X_L^2	0	0	0	4	1	$\sum X_L^2=5$

$$\text{Grand Total (T)} = \sum X_C + \sum X_S + \sum X_M + \sum X_L = 2 + 2 + 3 + 3 = 10$$

$$\text{Correction Factor (C.F.)} = \frac{T^2}{n} = \frac{100}{10} = 10$$

$$\begin{aligned} \text{Total Sum of Square (TSS)} &= \sum X_c^2 + \sum X_s^2 + \sum X_m^2 + \sum X_l^2 - CF \\ &= 4 + 2 + 5 + 5 - 10 \\ &= 6 \end{aligned}$$

$$\begin{aligned} \text{Sum of square between sample (SSC)} &= \frac{\sum X_c^2}{n_c} + \frac{\sum X_s^2}{n_s} + \frac{\sum X_m^2}{n_m} + \frac{\sum X_l^2}{n_l} - CF \\ &= \frac{2^2}{1} + \frac{2^2}{2} + \frac{3^2}{2} + \frac{3^2}{2} - 10 \\ &= 5 \end{aligned}$$

$$\begin{aligned} \text{Sum of square within sample (SSW)} &= \text{TSS} - \text{SSC} \\ &= 6 - 5 \\ &= 1 \end{aligned}$$

One Way ANOVA table

Source of Variation	Sum of Square	d.f.	Mean sum of square	F-Ratio
Between Sample	5	4-1 = 3	$\frac{5}{3} = 1.67$	$F = \frac{1.67}{0.167} = 10$
Within Sample	1	10-4 = 6	$\frac{1}{6} = 0.167$	
Total	6	10-1 = 9		

Critical Value : The Tabulated Value of F at 5% level of significance for 3 and 6 d.f. is 4.76

Decision : Since calculated value of F is higher than tabulated value of F, the null hypothesis H_0 is rejected. Therefore, we conclude that there is significant difference in satisfaction level for effectiveness of strategy of different scale of industry.

4.6 Major Findings

From the analytical study of Nepalese handicraft products participation in international trade fair, we can say that participation in international trade fair is encouraging and effective for the promotion of the Nepalese handicraft products in the international market. Here, one can know the consumer taste, buyers' interest, state of

competition, smell the market trends and establish business contacts around the world. After the establishment of Trade Promotion Center and Handicraft Association of Nepal, Nepal has been continuously maneuvering the participation in various international trade fairs in Europe, USA, Japan, India and Australia.

The study is done basically on Nepalese handicraft products participation in international trade fair regarding the number of participation, the products exhibited in international trade fair, and the effectiveness of trade fair related to the Nepalese products. Findings obtained from the above study can be discussed as follows:

- Nepal has been participating in international trade fair since 1968. After the establishment of TPC and HAN the number of participation increases and till date more and more firms are repeatedly participating in international trade fair every year directly and through the government and other agencies.
- Most of the products exhibited in international trade fair are handicraft products. Handicraft is the major export item of Nepal. It accounts around 15% - 20% of total export of the country.
- Nepalese participation in international trade fair is encouraging and adventitious. Promotion of the product, increase public relation, order placement, and export and making new customers are some of the advantages after participating in international trade fair.
- Participation in international trade fair increases the export of the firm. The export is directly related to the number (times) of participation in international trade fair.
- Effective and problem free participation in international trade fair is important rather than mere representation in the international arena. Even though Nepal's participation in international trade fair is encouraging, the exhibitors have to face different problems regarding the fair, support, and the selection procedure. Non- availability of proper information about the fair and the strategic location in the fair, inadequate Govt. support in terms of funding, cooperation, market intelligence, mode of payment for export regarding consignment and document against payment, inconvenient and long process of selection are some problems

that the Nepalese exhibitors had to face while participating in international trade fair.

- Process of Nepalese participation in international trade fair can be broadly categorized as government and direct participation. Direct participation is done through different associations, organizations, and by direct contact with the fair organizer. Through government participation, TPC circulates the information about the fair to HAN and FNCCI. HAN selects and recommends firms for trade fair participation from among its members and FNCCI again select the firms. Finally TPC confirms the participating and forwards the application form to organizer
- From the study it is known that the firms prefer direct participation in international trade fair. Participation through Trade Promotion Center is also preferred by the exhibitors.
- Participation in international trade fair has helped the exhibitors to introduce their products in international market with facility for spot sales and order placement. Though effective participation of Nepal in International trade fair is not so good. Government and other related associations should be very supportive.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This chapter is the important chapter for the research because this chapter is the extracts of all the previously discussed chapters. This chapter consists of mainly three parts: Summary, conclusion and recommendation. In summary part, revision or summary of all four chapters is made. In conclusion part, the result from the research is summed up and in recommendation part, suggestion and recommendation is made based on the result and experience of thesis. Recommendation is made for improving the present situation to the concerned parties as well as for further research.

Nepal's history of economic development is relatively short. Planned economic developments started only since 1965 A.D. though earlier attempt was made in 1948 A.D. various efforts are being put in to attain a faster growth rate. In 1994/95, Nepal experienced its best macro-economic performance in the decade of nineties. The history of Handicrafts industry in Nepal is as old as 25 year. Nepalese Handicrafts industry had occupied the 1st position in terms of overseas exports. Handicrafts sector has made a significant contribution to the national economy of the country. It accounts for around 18 % of the total export and 40 % of foreign exchange among the overseas export earnings. This sector has provided employment to about 100000 Nepalese people which is about 12 % of total industrial employment. In the current situation Handicrafts industry faces the severe threats and challenges with technologically advanced countries because of WTO's provision. A massive fall down in export growth rate since the second half of 2001 has forced many industries to withheld production and some to close down. Nepal may have to face not only difficult adjustment problems but also risk collapse of the industry as a result of intensified international competition and its inability to cope with the change situation in this product line. The vulnerable situation of Nepalese Handicrafts sector is due to the internal constraints from outdated manufacturing process to the logistic system and

non-conducive government policy and attitude to the geographical disadvantage of being landlocked country. The cost of production and the further lead time from the date of order to date of shipment of the goods are 25 % higher than other South Asian countries and three times longer compared to India respectively.

5.2 Conclusions

The main objectives of the present research are to analyze the marketing strategies to find out the pertinent marketing strategies for suggesting the entrepreneurs and trying to seek out the way of saving the existence and increasing the competitiveness of Nepalese Handicrafts industry. As per the nature of the study, survey type research design is followed with descriptive and analytical approach. Surveys of different scale industries were made. Questionnaires were distributed and the table discussions were carried out to gather information. Information thus acquired was tabulated as required by the study. The study was focused on analyzing the marketing strategies of Nepalese Handicrafts industries. It revealed that executives have positive attitude about the marketing strategies but they are pessimistic in practices. They preferred more on conducive-government policy rather than marketing strategies. They have not formulated proper marketing strategies to cope the present situation. The enterprises have mostly depended on Indian agents. They have not been able to adopt effective outward looking marketing policy. Therefore the whole industry appears to be deficient in formulation and adoption of effective marketing strategies. The traditional ways of doing business has not helped. The executives could not put their industry in competitive position by making good marketing plans and implementing them.

5.3 Recommendations

- The executive's preferential category and increasing of competitive position are independent.
- There is significant difference between the scale of industries and their rated mean score.
- There is significant difference between the scale of industry (i.e. large & medium) and their rated mean score.

- There is significant difference between the scale of industry (i.e. medium & small).
- There is significant difference between the scale of industry (i.e. large & small). And their rated mean score.

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APPENDIX-I

To

The CEO / MD / Marketing Manager

Dear Sir,

As a student of MBS of Shanker Dev Campus, T.U.,Putalisadak, I would like to inform you that I am writing a thesis entitled "Export marketing strategies of Nepalese Handicraft Industry". For this purpose I have taken your enterprise as one of the sample and it is obvious that without your kind cooperation I would never be able to complete my thesis research. I would also like to assure you that the information obtained from your enterprise will be used only for the academic / research purpose in my thesis and not otherwise. I therefore request you to furnish the following information as per the questionnaire. Please tick () where necessary.

QUESTIONNAIRE

Name of the Industry:.....
Name of CEO/MD/Marketing Manager:.....
Established Year:.....
ISO No. (If the industry has):
Scale of Industry: Cottage (), Small (), Medium (), Large ()

1. How do you rate the effectiveness of your export marketing strategies and policies?

Highly satisfactory	1	2	3	4	5	Not satisfactory
---------------------	---	---	---	---	---	------------------

2. When do you analyze your export marketing strategies?

Annually () At the time of formulating plans () No fixed period ()

3. Do you think that company can achieve the desired objectives only through the export marketing strategies?

Yes () No ()

If yes, what extent,

Maximum	1	2	3	4	5	Minimum
---------	---	---	---	---	---	---------

4. How do you rate your external environment for the operation growth and expansion of your enterprises?

Political and Legal	Highly Favorable	1	2	3	4	5	Not Favorable
Economic	Highly Favorable	1	2	3	4	5	Not Favorable
Socio-Cultural	Highly Favorable	1	2	3	4	5	Not Favorable
Technological	Highly Favorable	1	2	3	4	5	Not Favorable
Competitive	Highly Favorable	1	2	3	4	5	Not Favorable

5. To what extent has competitive situation affected your enterprise?

Extremely	1	2	3	4	5	Not at all
-----------	---	---	---	---	---	------------

6. Which countries are the major competitors of Nepalese Handy Craft Industry? Give your preference 1 to the most and 5 to the least.

India ()

China ()

Spain ()
 Bangladesh ()

7. What are the sources that you get information about the competitors? Give your preference 1 to the most and 2 to the second most and so on.

Web Sites (WTO, ITC etc) ()
 Government agencies (MICS, TPC) ()
 Handicraft Association of Nepal ()
 Experts ()
 All the above ()
 If Other, Please Specify ()

8. Does your enterprise have marketing intelligence department to assess the competitor's activities and strategies?

Yes () No ()

If yes, which department has taken the responsibility?

9. Rate the competitors of your company?

Internal Competitors	Maximum	1	2	3	4	5	Minimum
Foreign Competitors	Maximum	1	2	3	4	5	Minimum

10. How do you rate to continuously monitor the objective and strategies of competitors?

Maximum	1	2	3	4	5	Minimum
---------	---	---	---	---	---	---------

11. How do you rate the competitive positions of your enterprise?

Highly competitive	1	2	3	4	5	Highly Survival
--------------------	---	---	---	---	---	-----------------

12. How do you rate that your enterprise has satisfied the need and wants of customers?

Highly satisfaction	1	2	3	4	5	Highly Dissatisfaction
---------------------	---	---	---	---	---	------------------------

13. How do you rate your enterprise?

Market Power	High	1	2	3	4	5	Low
Market Share	Highly Satisfactory	1	2	3	4	5	Highly Dissatisfactory
Market Growth	High	1	2	3	4	5	Low

14. What kind of periodic plans do you formulate?

Short term (up to 1 year) ()
 Medium term (1 to 3 years) ()
 Long term (5 years) ()
 Perspective plan (10 years & more) ()
 Other, please specify

15. Do you consider and evaluate your rival's plan and policies while formulating your plans and strategies?

Yes () No ()

16. How do you rate about the implementation of your company according to marketing plan?

Excellence	1	2	3	4	5	Poor
------------	---	---	---	---	---	------

17. How do you rate the important strength and weaknesses of your enterprises?

STRENGTH OF ENTERPRISES:

Production Capacity	Maximum	1	2	3	4	5	Minimum
Man Power	Maximum	1	2	3	4	5	Minimum
Technology	Maximum	1	2	3	4	5	Minimum
Organization	Maximum	1	2	3	4	5	Minimum
Marketing Information System	Maximum	1	2	3	4	5	Minimum
Others	Maximum	1	2	3	4	5	Minimum

WEAKNESSES OF ENTERPRISES:

Financial Position	Maximum	1	2	3	4	5	Minimum
Marketing Position	Maximum	1	2	3	4	5	Minimum
Skilled Manpower	Maximum	1	2	3	4	5	Minimum
Capital	Maximum	1	2	3	4	5	Minimum
High Cost of Production	Maximum	1	2	3	4	5	Minimum
Slow Distribution	Maximum	1	2	3	4	5	Minimum
Others	Maximum	1	2	3	4	5	Minimum

18. What kind of changes in marketing strategies is essential to attain effective marketing?

Which of the following are you adopting and would like to adopt?

Product Quality	High	1	2	3	4	5	Low
Price Strategies	High	1	2	3	4	5	Low
Extensive Promotion	High	1	2	3	4	5	Low
Extensive Distribution	High	1	2	3	4	5	Low
Market Segmentation	High	1	2	3	4	5	Low
Any Other	High	1	2	3	4	5	Low

19. How do you rate to identify the competitors?

Customer-based approach: This grouping of competitors is based on competitions for customers.

Maximum	1	2	3	4	5	Minimum
---------	---	---	---	---	---	---------

Strategic group approach: A strategic group consists of organizations with similar competitive strategic similar characteristic and similar image in a given industry.

Maximum	1	2	3	4	5	Minimum
---------	---	---	---	---	---	---------

20. How do you rate the effectiveness of value chain of your company?

PRIMARY VALUE ACTIVITIES

inbound logistic (Material handling and warehousing)	Maximum	1	2	3	4	5	Minimum
operation: transforming inputs into the final product	Maximum	1	2	3	4	5	Minimum
outbound logistic: order processing and distribution	Maximum	1	2	3	4	5	Minimum

marketing and sales: communication, pricing and channel management	Maximum	1	2	3	4	5	Minimum
--	---------	---	---	---	---	---	---------

SECONDARY VALUE ACTIVITIES

procurement: procedure and information system	Maximum	1	2	3	4	5	Minimum
---	---------	---	---	---	---	---	---------

technology development: improving the product and processes system	Maximum	1	2	3	4	5	Minimum
--	---------	---	---	---	---	---	---------

HRM: hiring, motivating, training and compensation	Maximum	1	2	3	4	5	Minimum
--	---------	---	---	---	---	---	---------

firm infrastructure: general management , finance accounting government relationship and quality management	Maximum	1	2	3	4	5	Minimum
---	---------	---	---	---	---	---	---------

21. How do you rate about?

The threats of substitute products	High	1	2	3	4	5	Low
------------------------------------	------	---	---	---	---	---	-----

The bargaining power of buyers	High	1	2	3	4	5	Low
--------------------------------	------	---	---	---	---	---	-----

The bargaining power of suppliers	High	1	2	3	4	5	Low
-----------------------------------	------	---	---	---	---	---	-----

The rivalry among competitors	High	1	2	3	4	5	Low
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22. How do you rate about company formulation?

The goal after assessing the SWOT analysis	Maximum	1	2	3	4	5	Minimum
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The strategy after assessing the SWOT analysis and formulating the goal	Maximum	1	2	3	4	5	Minimum
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23. How do you rate the evaluating of feedback (result) and control of your company?

Frequently	1	2	3	4	5	Less Frequently
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Thank you very much for your kind cooperation.

Appendix II















