

PROMOTIONAL STRATEGY OF TOURISM ASSOCIATIONS IN NEPAL

A THESIS BY

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DECLARATION

I hereby declare that the work reported in this thesis entitled “**Promotional Strategy Of Tourism Associations In Nepal**” submitted to Office of Dean, Faculty of Management, Tribhuvan university in my original work done for the partial fulfilment of the requirements for the Master of Business Studies (MBS) under the supervision of Dr. Shanker Thapa of St. Xavier College.

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ABBREVIATIONS

ALS	Average Length of Stay
AI	Appreciative Inquiry
APC	Average Income Per Capita
C.B.S.	Central Bureau of Statistics
CEDA	Center for Economic Development and Administration
DF	Degree of Freedom
DFID	Department of International Development
DTDMP	District Tourism Development and Management Plan
DOT	Department of Tourism
DRCG	Development Research and Communication Group
ES	Economic Survey
FNCCI	Federation of Chambers of Commerce and Industry
FXE	Foreign Exchange Earning from Tourism
F.Y.	Fiscal Year
GDP	Gross Development Product
HAN	Hotel Association of Nepal
IUOTO	International Union of Official Travel Organization
MoCTCA	Ministry of Culture, Tourism and Civil Aviation
MOF	Ministry of Finance
NARA	Nepal Association of Rafting Agents
NATA	Nepal Association of Travel Agents
NMA	Nepal Mountaineering Association
NRB	Nepal Rastra bank

NTDP	Nepal Tourism Development Board
NTOs	Nepal Tourism Organizations
SAARC	South Asian Association for Regional Cooperation
TAAN	Trekking Agents Association of Nepal
VNY	Visit Nepal Year
Vol.	Volume
WHS	World Heritage Sites
WTO	World Tourism Organization

CHAPTER I

INTRODUCTION

1.1 Background of the study

Tourism has been considered as fundamental instrument for the economic development of the country. It should be the main reason that many governments of developing or developed countries are involved in design, development and operation of the tourism industry. In the context of Nepal, it is also regarded as one of the important sources of foreign exchange earning of the country, besides this it has a significant impact on the social and physical structure of the country.

For centuries the Kingdom of Nepal was divided into many principalities. The Kirats ruled in the east, the Newars in the Kathmandu Valley, while Gurungs and Magars occupied the mid-west. The Kirats ruled from 300 BC and during their reign, Emperor Ashoka arrived from India to build a pillar at Lumbini in memory of Lord Buddha. The Kirats were followed by the Lichhavis whose descendants today are believed to be the Newars of the Kathmandu Valley. During this period, art thrived in Nepal and many of the beautiful woodcarvings and sculptures that are found in the country belong to this era.

With the end of the Lichhavi dynasty, Malla kings came to power in 1200 AD and they also contributed tremendously to Nepal's art and culture. However, after almost 600 years of rule, the kings were not united among themselves and during the late 18th century, Prithvi Narayan Shah, King of Gorkha, conquered Kathmandu and united Nepal into one kingdom. Recognizing the threat of the British Raj in India, he dismissed European missionaries from the country, and Nepal remained in isolation.

During the mid 19th century Jung Bahadur Rana became Nepal's first prime minister to wield absolute power. He set up an oligarchy and the Shah Kings remained as figure heads. The Ranas were overthrown in the democratic movement of the early 1950s. After the Partyless Panchyat System, there was a multiparty democratic system with a constitutional Monarch.

Previously, Nepal was recognized as the country of peace, but at the present time it has been converted into a politically disturbed country. Especially, the political problem has affected the permanency of the government, which has had an adverse effect on the country's business and economic performance.

Frequent changes in government and national policies and laws have posed a great challenge not only to production and business sectors, but also to the foreign investment and tourism sector (Shrestha, 2005).

Nepal has a comparative advantage in the development of tourism because of its natural topography such as mountains, rich valleys, lovely landscapes, rich cultural heritage and so on.

With the vast potential for tourism, many countries around the world have enlisted it as a major destination. The "Observer" and the "Guardians," famous British publications, had rightly described Nepal as a second tourist state after New Zealand in the world tourism perspective.

It has been revealed that tourism includes several forms of directly and indirectly productive activities (Curry & Morvari, 1992) especially in the developing nations, where the possibilities of exporting manufactured goods are in limited state. Moreover, it has been considered to be an attractive way to generate scarce foreign exchange, creating jobs for semi-skilled and skilled labours, developing and promoting their arts and handicrafts providing ample opportunities for export promotion of these commodities (Richter & Richter, 1985; Cater, 1987; Inskoop, 1991; Sinclair, 1992).

Tourism industry has been considered as a major industry in the Nepalese economy with the prospect of earning foreign currency, employment generation, promotion of art and culture, conservation of heritage, promotion of cottage and small industry, increment in per capita income and transfer of knowledge and awareness etc., the importance of tourism is overwhelming. The present status of tourism industry shows a slowdown tendency, though it was remarkably important in the Nepalese economy. With the recession in the world economy, the Nepalese economy is also facing some recessionary symptoms. The Maoist insurgency inside the country during the last 10 years and its consequences in the law and order situation has had an adverse impact in the tourism industry, and the rate of tourist arrival had also sharply declined till 2005.

However, since 2006 there has been some improvement in tourism. Nepal, with the end of a decade long armed conflict, is passing the state of transformation. The nation is in the quest of entire socio-economic and political changes. The entry of CPN-Maoist into main stream politics after CPA on November 23, 2006, formation of seven parties 'interim government' on April 19,2007, successful holding of CA poll on April 10, 2008, are major milestones on the path of the peace process and transformation of the nation. Beside this, the drafting of the new constitution by the CA and the holding of the general election thereafter are other upcoming major tasks for the structural changes of the nation (Uapdhaya, 2008).

With the onset of the positive message about the country, it is in fact a golden opportunity for the Nepalese tourism industry to work towards reviving its image in the international tourism market.

1.2 Significance of the Study

Tourism, also known as a smokeless industry, is one of the fastest growing sectors in the world. It is learnt that various terrestrial and aquatic ecosystems, including socio-cultural heritage, are opening up for tourist use in order to earn more foreign exchange through a sustainable use of these resources. This sector has been understood as a vehicle of foreign exchange earnings, intensive labor generator, consumer of farm food products and promoter of ancillary industries and handicraft.

Tourism has also been counted as the largest industry in the world contributing to its economic developments. It has helped the country's economy in various ways. It is a service industry and can have a significant effect on those countries with surplus labour. Most sectors of tourism industry are labor intensive and require relatively short training for most of the jobs. It is supported by hotels, airlines, travel and tours and handicrafts. The benefits of tourism in the economy of the host country is measured mainly in terms of foreign exchange receipts from tourists and its multiplier effect on different activities, contribution to the national income, employment and balance of payments.

Tourism is the largest single item in the world's foreign trade. The income earned in the form of sale of tourism product and services may be valuable resources for the balance of payment of the country.

Tourism has become an important factor to the Nepalese economy (Shackley, 1994). The number of visitors staying overnights has practically increased from zero at an extraordinary speed during the past 35 years (Richer, 1989). It is especially so for Nepal. Tourism is not the choice but an economic compulsion since we do not have any other alternative (Shrestha, 2006)

Tourism has become one of Nepal's most important sources of foreign exchange. It appears to possess higher comparative advantages in view of its being one of the important industries earning foreign currency without causing any adverse effect on the environment and also being endowed with the opportunity of using the existing geographical and cultural heritage. It has also been realized that tourism can play a significant role in the development of rural and mountainous areas of Nepal. Similarly, the nature based activities has emerged as a popular tourist product since 1960s. Nature tourism has been found to be significant in improving the economic conditions of the rural development through income and employment generation in the remote areas where alternative economic activities are virtually non-existent (Basnet, 2006).

Tourism and travel related services accounted to 11% of the world GDP and employed 200 million people worldwide. In Nepal, tourism generates about 1.5 million direct and indirect employments and it creates opportunities ranging from small to large scale industries like hotels, airlines, travel, and trekking agencies (Sherpa, 2007).

The tourism industry, unlike some other industries, is critical enough to be affected and often damaged by a change in the weather/season, occurrence of incidents and even by rumor or propaganda and on the other we can't afford to have gold rush in an area which is both environmentally and socially vulnerable (Shakya, 2008).

Tourism is a vital sector of the Nepalese economy as it contributes to correct the adverse trade balance. Tourism comprises the activities of persons travelling to and staying in places outside, their usual environment for not more than one consecutive year for leisure, business and other purposes (WTO, 1999). Over the past several decades international tourism has gained distinct importance around the globe. World tourism recovered strongly in 2010 even exceeding the expectations. The tourists' arrivals grew by 6.7 percent in 2010 against the 4.0 percent decline in the previous year – the year hardest hit by the global economic crisis (UNWTO, 2011). Similarly, tourism

receipt remained at US \$ 852 billion in 2009 (UNWTO, 2010). In Nepal, despite the belated start of formal tourism after the restoration of democracy in 1952, it gained remarkable growth over the years. In 1962, 6,179 tourists¹ travelled Nepal (MOTCA, 2010). It is estimated to be around one million in 2011 including the arrivals of foreigners by land. Nowadays, Nepal caters more than half million tourists and earns foreign currency equivalent of about NRs. 16,825 million. The sector provides employment for about 20 percent of economically active population and contributes about 3.0 percent on gross domestic product (GDP).

In Nepal, the knowledge of tourism service marketing is very useful, especially for earning foreign exchange currency from airlines, hotels and travel and trekking agencies. This study may also be useful to increase the income through customer care, employee satisfaction and offering of quality product or services. In the present situation, the study of tourism service promotion is important to meet the standard and expectation of a growing awareness of the customer's perception and expectation and their measurement of satisfaction. There is no doubt that it will provide a broad knowledge about tourism services, which will prove to be a valuable guide for the development of tourism in Nepal. It is also beneficial to the government to make plan and policies and implement rules and regulations for the development of tourism. Similarly, for the researcher, it will be a base for further study in the field of tourism services.

1.3 Tourism Associations of Nepal

There are 19 associations of various star and non-star hotels, travel agencies, trekking agencies, rafting and airline companies in Nepal. All these associations are active with following objectives (summarized) which are:

1. Contribute to the healthy development of tourist industry and trade.
2. Develop goodwill among travel agents on all subjects of common interests, welfare and protect the professional interest.
3. Provide co-operation and consultation to His Majesty's Government for the promotion of tourism in Nepal.

4. Work directly or indirectly for institutional mission of all matters pertaining to interests of tourist industry & trade.
5. Enthuse feelings of close co-ordination and professional ethics among all components engaged in tourist industry and trade.
6. Undertake research work for promotion of tourism.
7. Obtain national and international recognition for the association.
8. Promote and safeguard the interests of other professionals, trade & industries that are ancillary to tourism.

1.4 Statement of the Problem

Nepal has a large number of snow peaks like Annapurna, Dhaulagiri, Machhapuchhre, Ganesh Himal, Mount Everest and numerous other peaks offering immense attractions, cultural values and archaeological beauties and are the main attractions to the tourists of Nepal. However, the potentiality so far does not seem to have been exploited properly. Though various studies have been conducted highlighting the various aspects of tourism but these studies have not seemed to address the current problem of tourism. The main purpose of this study is to increase the attraction of international visitors to Nepal through the offering of quality tourism products and services and making them more satisfied. However, there are many problems hindering the development of the tourism. Therefore, efforts have been made to find out the major problems faced by the Nepalese tourism industry.

In Nepal though tourist traveling by land transport has increased significantly for the last few years however, most of the tourists come to Nepal by air transport. As we have noticed, tourism in Nepal appears to have developed along with the airline services. Civil aviation has a crucial role to play in the tourism development. Airline business is highly competitive in the world market. However, the aviation system of our country is very poor in terms of quality of services and physical facilities. Nepal Airlines Corporation is regarded as the oldest airlines corporation of Nepal. Nevertheless, owing to the limited financial resources as well as inefficient managerial capacity, it does not have sufficient number of aircrafts with huge bodies. Similarly, due to the limited

number of international operations, lack of direct link with tourist generating countries of the world and limited participation of private airlines in the international operation, the international tourists have to travel to Nepal transiting through different countries. This has created a greater problem to the international tourists as they have to bear more cost and time for the trip to Nepal.

Nepal's tourism potential is vast but factors such as limited air access, poor infrastructure and lack of appropriate promotion strategy have resulted in limited growth. Certain key projects are vitally necessary for the development of tourism, as for example, Tribhuvan International Airport (TIA) is the only international airport in Nepal and the entry point to this abode of Himalayas.

Nepal has not been able to make adequate efforts to promote tourism. This is a major factor that Nepal is not being able to attain up to the expected level. The tourism policies and strategies are being pursued up to now by Nepal seem to give only limited attention towards tourism marketing.

Similarly, tourist safety has appeared as the number one concern for tourism development. Assured safety in terms of crime, theft, murder, terrorism, harassment, health, hygiene and sanitation are the major problems for the development of tourism. Besides this, though Nepal is a peaceful country, the unstable political situation, has been creating an obstacle, as travelers and tourists think it is not the right time to visit Nepal as they do not want to take any risk while traveling (Rayamajhi, 2008).

In view of the problem discussed above, this study has examined the following research questions are as follows:

1. How tourism associations are promoting tourism in Nepal?
2. What is the status of tourism products and the tourism service infrastructure in the country?
3. What is the impact of tourism sector on the national economy of Nepal?
4. How do tourists perceive the quality of tourism services in Nepal?

1.5 Objectives of the Study

The basic objective of this study was to examine into the status of tourism service promotion of Associations in Nepal. The specific objectives of the study were as follows:

1. To examine the promotion strategy of tourism associations in Nepal.
2. To assess the nature, strength and weaknesses of Nepal's tourism products and services.
3. To assess the impact of tourism on the national economy of Nepal.
4. To evaluate the customer's satisfaction, and the quality of tourism services in Nepal.

1.6 Hypothesis

Following hypothesis was made for the study:

1. There is no significant effect of Average Length of Stay (ALS) on Foreign Exchange Earnings from tourism (FXE).
2. There is no significant effect of Total Number of Tourist (TNOT) on Foreign Exchange Earnings from tourism (FXE)
3. There is no significant effect of Average Length of Stay (ALS) on Per Capita Earning from tourism (PCE)
4. There is no significant effect of Total Number of Tourist (TNOT) on Per Capita Earning from tourism (PCE)

1.7 The Limitation

This study has been carried out with the following limitations.

This study includes only the international tourists (including Indian) in the visitors' survey 2013 but does not include the domestic tourists.

1. Only five Tourism Associations is included due to limited time frame and resources.
2. There was also a limitation of literature particularly about the studies in the area of tourism marketing.
3. The study is concerned more on the service and economic aspect rather than on the social and environmental impact of tourism.

1.8 Organization of the study

The present study is divided into five chapters as in Figure 1.1. The broad outlines of the chapters are as follows:

Chapter 1 is an introductory chapter. It presents the background of the study, concept of tourism and tourism service marketing. In addition, it deals with the significance of the study, objectives of the study.

Chapter 2 presents theoretical background of tourism. It includes a brief presentation of theoretical foundation on tourism and review of studies made, which are mainly related to Nepal.

Chapter 3 presents research design, and sources of data and methods of analysis to be adopted.

Chapter 4 presents the survey findings and includes presentation and evaluation of tourism marketing and development efforts as perceived by tourists, organizations and experts.

Chapter 5 presents the summary of findings and conclusions of the research. It also includes suggestions and recommendations for further research.

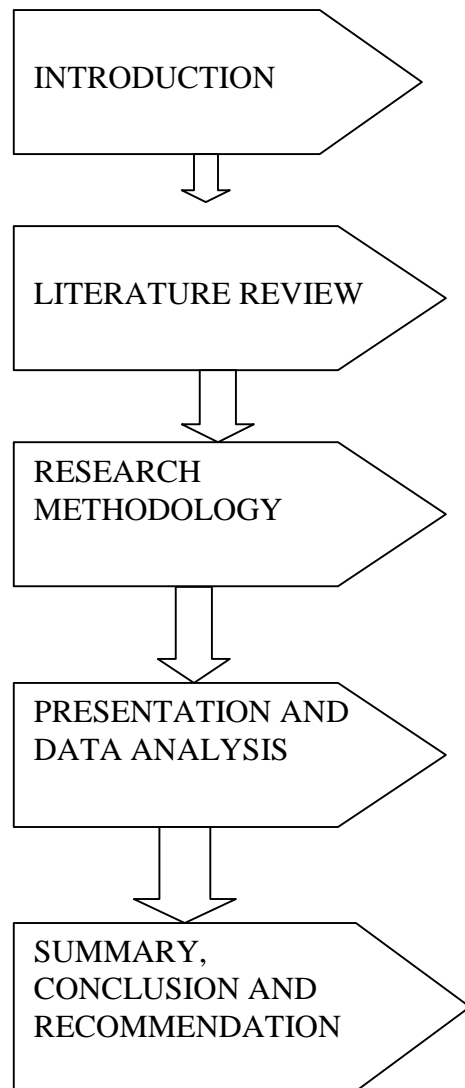


Figure1.1 organization of the study

CHAPTER II

REVIEW OF LITERATURE

2.1 Introduction

In the second chapter of this study, an attempt has been made to review the literature on the theoretical background on tourism, concept of tourism, the travel market. Equal emphasis has been given to the role of associations and tourism promotion. A brief history of tourism development has also been enriched.

Similarly, in the second part of this study to increase the horizon of knowledge, researcher has reviewed various books, articles, journals and research paper written and published by different writers and scholars, and scrutinized previous research works conducted by different scholars on related subject.

2.2 Meaning of Tourism

The word "Tourism" originates from the word "Tour" which means journey out of home to see and visit several places. In the old sense, it means a journey, a travel, a voyage, pilgrimage, excursion, expedition and so on. In ancient times people traveled from one place to another for adventure. The objectives of traveling in those days were different from those of the present day. Columbus traveled for months in the unknown ocean and discovered America. He did not travel for months for pleasure, but such persons cannot be called tourists. The first and second world war gave birth to tourism. Because when the world wars were over, people from different countries liked to visit the nations devastated by war. This can be considered as the beginning of the history of world tourism.

According to Ghosh (2000), tourism is very difficult to describe. Some think of tourism as an industry, and some say it is an activity. If an industry is defined as a number of firms that produces similar goods and services, in competition with each other, then tourism cannot be conceived as an industry, because it offers complementary service rather than competing products and services i.e. the airlines, hotels and attraction industries which do not compete with each other. So, it is better to call it an activity. It is an activity that takes place when people move to some other place for leisure or for

business and stay at least for twenty-four hours. Tourism and travel are not synonymous. All tourism involves travel, but all travel is not tourism.

So far as tourism is concerned, some authorities have described tourism as a system. As a system, it is viewed as consisting of inter-related parts. According to the authorities, the tourism system consists of four parts e.g. market, travel, destination and marketing (promotion). First the individual makes a decision to travel, then he thinks where, when and how to go. The second segment of tourism system analyses those choices. The destination is the third part of the system which consists of attractions and services used by the traveler and finally the destination encourages people to travel through the process of marketing (Ghosh, 2000).

In other words, Gosh has expressed that unlike other consumer products, the products of tourism is an experience rather than a good. Therefore, there is no tangible return on the investment. But it is relatively tourist when they travel they acquire an experience which is made up of many different parts, some- tangible (like transportation, accommodation), and some intangible (pleasure of a mountain, lakes etc) (Ghosh, 2000).

2.3 Concept of Tourism

In the world, 'Travel' is as old as mankind and by nature human beings are fond of traveling. Human travel started since nomadic times, when they traveled and migrated for food and shelter due to natural compulsions (Tewari,). The true consciousness and the anxieties of human nature encouraged traveling for new findings. Thus, "the origin of tourist industry can be traced to the earliest period of human habitation on the globe. Of course, there exists a difference between modern traveling and traveling during the early period. But it is the habit of traveling in those far off days which was a must for the survival and existence of early men. But with the advent of civilization and change in the human outlook, the meaning of traveling has been shifted from the necessity to the desire of taking marvelous adventures" (Ranjit,). Prior to the advent of the industrial revolution, travel was primarily related to the trade, the desire for military conquest or the performance of group rites. It was principally the traders, in the early historical period, who blazed the trail by establishing national trade routes and communications,

which later extended throughout the region and finally to other continents. Thus, it was trade that first motivated travel in the real sense, (Tewari).

Later, the advent of modern means of transport and communication has uplifted tourism by facilitating and encouraging traveling. This developed form of traveling in modern technology is known as 'tourism' today. National Committee on Tourism, India defined it as, "the new phenomenon of traveling in pursuit of leisure, culture and the quest for knowledge about alien lands connotes the concept of tourism and the growth of tourism is closely related to the ease and speed of travel, economic growth and political development" (Mohanty).

Tourism grew gradually over the years as easier and faster means of travel became available. Mass tourism started in Europe only in late 19th century but today it is a worldwide reality". It has emerged as the most lucrative business of the world, having tremendous potentiality, growth of ancillary industries, generating income and employment and in the development of industrially backward region through its various linkage effects" (Singh, 1975).

In general, the concept of travel means the movement of people from one place to another. "It is a common practice to use the word 'travel' and 'tourism' either singly or in combination to describe three types of concepts:

- a) The movement of people;
- b) A sector of economy or an industry; and
- c) A broad system of interacting relationship of people, their needs to travel outside their community of residence.

International organizations like the tourism committee of the Organization for Economic Co-operation and Development (OECD), the World Tourism Organization (WTO) use the term 'tourism' not 'travel'. In the 1970s the United States preferred the term 'travel' but there was greater acceptance for the term 'tourism' a decade later. It is however, considered by many that the area should be described as 'travel and tourism' (Tewari).

In general, tourism denotes the movement or journey of human beings from one place to another, whether it may be within one's own country or second countries, for various purposes. The popular word "Tourism" of the present day is derived from the French word "Tourisme" which originated in the decade 1930s, but its significance was not fully realized until today when 'Tourism' has a wider meaning and significance (Satyal, 2001).

2.4 Scope of Tourism

In Sanskrit literature, there are three terms for tourism, derived from some other place. The three terms are (Negi, 1990).

Paryatna: It means going out for pleasure and knowledge.

Desatna: It means going out of the country primarily for economic gains.

Tirthatna: It means going out to places of religious merits.

Another early definition dating from before the Second World War was the attempt to define tourism by Hunziker and Kraf of Berne University (Holloway,). According to him tourism is the sum of phenomena and relationships arising from the travel and stay of non – residents, in so far as they do not lead to permanent residence and are not connected with any earning activity.

The definition expressed by these experts represents an approach which starts with the idea of “tourism” and defines it as what tourists do, what is done for tourists and anything done with tourists. Four major characteristics of tourism have been noted from the Burkart and Medlik's technical definition.

- a. Tourists are the people who take part in a journey to, and stay in various destinations.
- b. Their destinations are different from their normal place of residence and work, so that their activities are not the same as those of the resident and working populations of their destinations.
- c. Their objective is to return to their normal place of stay within a few days or months, so the journey is of a temporary and short – term nature;

- d. Their purpose to take part in the journey is not to take up permanent residence or employment.
- e. There is an emphasis in the second point differentiating between tourists and other people. Justification of the above points validated 'tourism' as a distinct field of study.

Mc. Intosh, Goeldner, and Ritchie defined tourism as "the sum of the phenomenon and relationship arising from the interaction of tourists, business supplies, government and host communities in the process of attracting and hosting these tourists and other visitors (Mc. Intosh, Goldner & Richer,)

The Tourism Society in Britain had also attempted to clarify the concept and in the year 1976 defined as follows: "Tourism is the temporary short-term movement of people to destinations outside the places where they normally live and work and their activities during the stay at these destinations, it includes movement for all purposes, as well as day visits or excursions." (Bhatia,)

In Nepal, then HMG/Ministry of Tourism and Civil Aviation has adopted the definition recommended by the United Nations, Guidelines for Tourism Statistics (New York, 1971). According to those recommendations, the non-general term 'visitor' is divided into two special categories; excursionists and tourists (DOT,).

In Nepal people used to travel by walking in the absence of modern day road transport facilities, from one part of the country to another mostly for different purposes. For this over-night shelter and some rest, open, *patis* (rest houses) and *chautaras* (platforms), were erected, mostly by philanthropists and other charitable societies (local and private *guthis*), at different parts of the walking and trekking route of Nepal.

Therefore, domestic tourism in Nepal is not a new concept, although it has remained unsecured so far. Nepal being a country with many religious sites at different parts of the country, the religious minded people usually visited Nepal for particular reasons (Kayastha and Bajracharya,).

2.5 Definition of Tourism

According to the latest international definitions, which are endorsed by the UNITED NATIONS (UN), travel can be defined as “the activity of persons while they move different geographic locations, for any purpose and duration. Those who travel are referred to as travelers. Travel can occur within a country or region (domestic travel) or involve more than one country (international travel)” UN /UWTO, (2007).

A visitor is defined as a traveler taking trips outside his/ her usual environment involving visits with a length of stay less than a year. In relation to travel, tourism is more narrowly defined concept that refers “to the activity of visitors while on trips or related to trips”.

In distinct from the wider concept of travel, the UN definition of tourism excludes employment in the destination country as a purpose of visit. It is also stressed that “to be a visitor is a transient situation, related to specific trips itself”. Visitors can be subdivided into tourists (or overnight visitors) and excursionists (or same day visitors) UN/UNWTO, (2007).

The above definition primarily refers to the demand side, i.e. the perspective of visitors. Tourism can also be examined from the supply side, i.e. focusing on the attractions, resources and establishments that are utilized or created for the purpose of tourism within destination areas. (Wall & Mathieson, 2006). Although not an “Industry” in the conventional sense, tourism has been described as a “composite industry beginning with primary inputs (land, labors, and capital), a transformation into intermediate inputs (physical plant, such as resorts, parks, etc.), further processing to create intermediate outputs (guided tours, festivals and cultural performance) and final consumption by the tourist, with a final output experiences (Wall & Mathieson, 2006).

Wall & Mathieson therefore rejects definitions that exclusively describe tourism as an activity, an industry, or a product. Instead, they propose to conceptualize tourism as a “multi-faceted phenomenon” due to its inherently complex and spatially fragmented nature. “Tourism involves the tourists, the destination and its people, and the routes and means of which they are brought together. Tourism is both an economic and social phenomena.

This approach tourism “lacks precision and has fewer immediate practical or technical applications”. However, it contextualizes more accurately the consequences of tourism as being the result of a complex array of relationship and interactions (Wall & Mathieson, 2006). Lastly, it is necessary to define the term destination as the major spatial domain of tourism impact.

2.6 The Tourism Market

According to Bhatia tourism is the fastest growing industry in the world. It is also one of the world’s most competitive businesses and the competition is increasing as more and more countries seek to attract tourist and more companies and organizations become involved in the highly skilled business of transporting, accommodating and catering for tourists.

According to Sinha, (2002) marketing is a management philosophy which, in light of tourist demand, makes it possible through research, forecasting and selection to place tourism products on the market most in line with the organization’s purpose for the greatest benefit. This definition suggests several things. First, it indicates that marketing is a way of thinking about a situation that balances the needs of the tourist (as indicated through tourist demand) with the needs of the organization or destination. Second, the definition stresses tourist research in the selection of tourist demand. Thirdly, the concept of product lifecycle and positioning are useful for the proper placement of tourism products on the market and to suggest an appropriate marketing policy and strategies resulting from that decision (Sinha, 2002).

2.7 Tourism Marketing: Concept

The tourism phenomenon has attracted almost the entire world. Those responsible for managing the affairs of nations have universally recognized the economic advantages of tourism. It is a very important source for maximizing scarce foreign exchange earnings for not only developing countries but for many developed countries of the world (Anju, & Bhatia,). Marketing in tourism would follow the same principles of general marketing but it has some peculiar qualities. The historical approach to tourism marketing was that of endeavoring to convince potential visitors about the assets and resources of specific destinations. The product was specifically the combination of attractions of destinations. In brief, the main focus was given to the product; however it

did not matter whether potential visitors had any interest in such attractions. Thus product-oriented marketing has helped to increase visitor's arrivals. But in recent years, attention has been shifted from product destination to potential destination visitor. New concepts such as visitor's motivation and satisfaction began to creep into the marketers thinking (Batra & Chawla, 2001).

Therefore, tourism marketing is different from other forms of marketing because it must present an overall vision of the complete tourism product, including peripheral services from other sectors. Business success is not determined by the producer, but by the customer. The success of tourism marketing means overcoming four dimensions of marketing mix by achieving the targeted audience segmentation- objectives-evaluation Cited from Druker.

2.8 Feature of Tourism Marketing

Marketing of tourism product is different from the marketing of physical product because a tourism product has unique features that differentiate it from the physical product. As tourism is a service industry, tourism products have distinct characteristics which differ from other physical products.

- a. **Intangibility** – Intangibility is one of the most important features of tourism industry which is different from other physical product. Tourism product is the set of all services offered to tourism during the period of visit of the visitors to the destinations. It is performance, deeds and efforts. As a result, the tourism products cannot be inspected, sampled, stored, seen, touched and tasted in advanced to their purchase. This can cause lack of confidence on the part of the consumer. Therefore the element of greater risk is involved on the part of the tourist. So to overcome risk and doubt consumers tend to look for evidence of quality and other attributes. This shows the reliability of the marketer's which play a vital role in tourism marketing (Shanker, 2002, and Jaishi, 2008).
- b. **Perishability** – Perishability means that services cannot be stored and, due to the perishable nature of the tourism product, if it is not sold today, it cannot be stored for tomorrow unlike other physical products and will be a total loss. As we have known if an airline seats or hotel rooms are not sold today, it is lost forever. We cannot sell them after a few days or months. The opportunity is lost which leads to

a financial loss. This will adversely affect the airline and hotel business. Hence, due to the perishable nature of the tourism product, the marketer has to cut down the prices of such products during the off season (Shanker, 2002).

- c. **As mobility** –Tourism product is a service product, it does not move through a channel of distribution. The product cannot be transported to the consumers. Consumers must come to the product to experience it. This is mostly related in the case of tourism service and destination. In such a situation, the marketing manager can adjust the fluctuation demand by offering a price reduction, price conscious target market, such as families with children, which help to alter their demand pattern in the off season (Jaishi, 2008)
- d. **Instability in demand** – The demand for tourism product is usually fluctuating. It can be affected by the factors like political instability, seasonal change and religion etc. The demand for tourism product varies as per the situation and season. So the marketer has to spend money for the promotion of tourism, and he has to manage the additional room in a hotel and an airline seat during the peak seasons (Jaishi, 2008).
- e. **Ownership** – In physical products, the ownership of goods can be transferred i.e. seller to the buyer, but in a tourism product, that is impossible because the consumer simply use the service. The airline seats or hotel rooms etc can be used by paying the bill for a particular period while the ownership remains with the proprietors, but not transferred the to the service user. It is clear that ownership is not affected in the process of selling the services. The buyer is only buying the rights of service process (Reddy et al, 2000 and Jaishi, 2008).
- f. **Rigidity in Supply** – The tourism product unlike physical product cannot supply within a short period of time .i.e. rooms or facilities in a hotel cannot change or be built within an hour. Similarly, once the hotel property constructed to serve for specific customer segments i.e. hotel room segmented for economy type customer cannot be moved up into a luxury one without considerable expenses and time. Like physical products, the service providers cannot manage within day or weeks (Jha, 1994).

- g. **Variability in Service** – One of the major features of tourism product is heterogeneity. Especially in hotel business and airline services, most of the time human services are involved in the delivery and consumption processes. It refers to the fact that services are delivered by individuals to individuals, and therefore each service encounter will be different by virtue of the participants or time of performance. As a consequence, each consumer is likely to receive a different experience. Service rendered varies from customer to customer, and sometimes the services are rendered according to the needs of the customers.

In tourism service organization, people typically perform services, but they do not always perform consistently or the same as a machine (product) does. There may be variation from one service to another within the same organization or variation in the service that a single individual provides from day to day and from customer to customer. For this a good service management is crucial for an airline company. Poor customer reaction to a poor airlines service can be traced back to a poor service management. Similarly, many errors in service operations are one time failure i.e. the waiter who drops a plate of food in a customer's lap creates a service failure that can be neither foreseen nor corrected ahead of time (Hoffman & Bateson and Reddy et al, 2002).

- h. **Quality of personnel** – In tourism marketing most of services are handled by people i.e. in a hotel industry the service quality is generally influenced by staff and the services offered to the guests customers are substantially influenced by the quality of personnel. The housekeeper not managing bedroom properly, the waiter and related staff failing to maintain good quality service in restaurants and bars, the staff not decorating the rooms properly, the receptionists not showing empathy, etc would influence the quality and image of the hotel adversely (Jha). Hence, these are the basic things which must be taken into account while providing service to the customers. A receptionist holding a telephone for a long time will certainly spoil the image of that hotel in the mind of the customer waiting for their query (Jha).

2.9 Work on Tourism Marketing activities

National Tourism Promotion Report 1983 was prepared by National Tourism Promotion Committee of 1981. Suggestions were also provided on marketing strategies

and plans for tourism. It reemphasized the need for promoting Nepal Style Tourism as mentioned in the Nepal Tourism Master Plan which would include sightseeing, trekking, and wildlife adventure and which would promote Nepal as a primary destination. The major suggestions given in this report are to develop resorts in the mid mountains to encourage tourists from India during the hot Indian summer season, promotion in Europe be stepped up, special programs be designed for Buddhist pilgrims from India, depute a person in the Embassies of Nepal for promoting tourism, participate in various important trade fairs and to promote convention tourism.

Another report entitled “Study and Recommendation for Nepal Marketing Plan- A Marketing Task Force Report” (1983) prepared by PATA, in 1983, considered to be very effective marketing plan of tourism. The main recommendation mentioned in this report are the establishment of an autonomous Nepal Tourism Promotion Board, to recognize responsibility by the private sector for all overseas sales activity, to engage overseas representation to conduct ongoing promotion and publicity for Nepal and to organize a research section to carry out market research on visitors to Nepal.

Nepal Tourism Master Plan Review (1984) has suggested action program for implementation for the promotion of tourism in Nepal. This study contains three parts. Part one gives a background to the 1972 Tourism Master Plan., Part two sets forth an updated set of policy objectives and a market development concept for the five years and part three provides action-oriented recommendation.

2.10 The Promotion

Promotion is according to Brassington & Pettitt (2000) the direct way in which an organization communicates the product or service to its target audiences.

Brassington & Pettitt (2000) has categorized the promotional tools into five main elements;

- a. Advertising,
- b. Sales Promotion,
- c. Public Relations,
- d. Personal Selling, and
- e. Direct Marketing

a. Advertising

Brassington and Pettitt (2000) define advertising as any paid form of non-personal communication directed towards target audiences and transmitted through various mass media in order to promote and present a product, service or idea. The key difference between advertising and the other promotional tools is that it is impersonal and communicates with large numbers of people through paid media channels.

b. Sales Promotion

According to Brassington and Pettitt (2000) sales promotion is different tactical marketing techniques with mostly short-term incentives, which are designed to add value to the product or service, in order to achieve specific sales or marketing objectives.

c. Public Relations

According to Brassington and Pettitt (2000) the essence of public relations (PR) is to look after the nature and quality of the relationship between the organization and its different publics, and to create a mutual understanding.

d. Personal Selling

Brassington and Pettitt (2000) define personal selling to be a two-way communication tool between a representative of an organization and an individual or group, with the intention to inform, persuade or remind them, or sometimes serve them to take appropriate actions.

Furthermore, personal selling is a crucial element in ensuring customers. Post purchase satisfaction, and in building profitable long-term buyer-seller relationships built on trust and understanding

e. Direct Marketing

According to Brassington and Pettitt (2000), direct marketing is an interactive system of marketing, using one or more advertising media to achieve measurable response anywhere, forming a basis for creating and further developing an on-going direct relationship between an organization and its customers. To be able to create and sustain quality relationships with sometimes hundreds or even thousands of individual customers, an organization needs to have as much information as possible about each one, and needs to be able to access, manipulate and analyze that information. Thus, the database is crucial to the process of building the relationship.

2.11 Role of Tourism Associations

With comply above activities Nepal tourism associations are established to perform following role:

- a. To promote healthy relationship among individuals who are actively engaged in tourism related business through useful interaction, organizing regular meetings and cultural and social activities.
- b. To set up educational institutions and other institutions which create an environment for offering various courses in tourism and get affiliation/approval from University/Universities or other institutions for conducting such courses.
- c. To institute awards, prizes and gifts for encouraging tourism.
- d. To promote and improve the standard and quality of tourist movement in Nepal.
- e. To reward and recognize, persons and organizations working in the field of tourism.
- f. To collaborate with tourism related industries like hotels for mutual benefit.
- g. To establish a printing and publishing house or otherwise bring out periodicals, magazines and books.
- h. To purchase, construct, take on lease or otherwise acquire land, building and other movable and immovable properties and to sell, lease, mortgage or hypothecate or otherwise dispose of all or any of the property and assets of the society on such terms and conditions as the society may deem fit for attaining the objects.
- i. To accept donations in cash or in kind, grants and collect subscriptions, fees and other charges for the services rendered by the society and take and raise funds by way of loans or otherwise and the receipts shall be solely utilized and applied towards the promotion of aim and objectives of the society.
- j. To do all other lawful acts, as are necessary for and/or incidental to the attainment of the aims and objectives of the society.

2.12 Review of Related Studies

The plan has emphasized for development of tourism outside Kathmandu such as the development of Pokhara, Chitwan and development of national parks at Langtang, Annapurna, Dhaulagiri and Khumbu. The development of pilgrimage centers at Lumbini, Muktinath, Barachetra and Janakpur was also envisaged.

The Master Plan had recommended for the establishment of a Ministry of Tourism and Culture embracing functions then found within the Department of Tourism, the Department of Archaeology, the Department of Culture, the Department of Forestry, the Ministry of Foreign Affairs and Immigration office.

‘Nepal Tourism Marketing Strategy 1976-1981’ prepared by Joseph- Edward Susnik started with the premises that:

- a. As the stay of tourists cannot be prolonged for now; the number of international visitors should be increased substantially.
- b. Images of secondary destinations like Pokhara, Lumbini and Chitwan should be built up.
- c. Nepal should become a gateway for South and South-East Asia.
- d. Nepal should become the starting of any Asian tour as it is the cradle of a religion and culture that influenced the history and life of the major parts of Asia. In his report, Susnik has suggested for the formation of Nepal Tourism Marketing Committee as well as Nepal Tourism Infrastructure Committee with representation of private sector and the Department of Tourism be recognized into Nepal Tourist Office which should concentrate on the marketing and promotional activities abroad with an independent operational budget.

National Tourism Promotion Report 1983 was prepared by National Tourism Promotion Committee of 1981. Suggestions were also provided on marketing strategies and plans for tourism. It reemphasized the need for promoting Nepal Style Tourism as mentioned in the Nepal Tourism Master Plan which would include sightseeing, trekking, and wildlife adventure and which would promote Nepal as a primary destination. The major suggestions given in this report are to develop resorts in the mid

mountains to encourage tourists from India during the hot Indian summer season, promotion in Europe be stepped up, special programs be designed for Buddhist pilgrims from India, depute a person in the Embassies of Nepal for promoting tourism, participate in various important trade fairs and to promote convention tourism.

Another report entitled “Study and Recommendation for Nepal Marketing Plan- A Marketing Task Force Report” (1983) prepared by PATA, in 1983, considered to be very effective marketing plan of tourism. The main recommendation mentioned in this report are the establishment of an autonomous Nepal Tourism Promotion Board, to recognize responsibility by the private sector for all overseas sales activity, to engage overseas representation to conduct ongoing promotion and publicity for Nepal and to organize a research section to carry out market research on visitors to Nepal.

Nepal Rastra Bank (1989) carried out an econometric study with an objective to study and estimate the level and patterns of tourist expenditure in Nepal, to estimate the value-added and imports contents and thereby foreign exchange earnings from tourism in Nepal, and to estimate income and employment generation in the tourism sector of Nepal. In this study, regressions were run on the time series data as well as cross-sectional data for the period 1974-1987. The major findings of the study included tourism demand to be income inelastic in dependent variables, tourist expenditure and number of tourists, for the total time series analysis for the period 1974-1987. Tourist expenditure was found to be highly sensitive with respect to exchange rates, but the sensitivity of tourist arrivals to this variable was less. Country-wise time series regression for 14 countries gave mixed results.

Nepal Tourism Marketing Program (1990), a specific study made on tourism marketing, funded by Asian Development Bank, included some valuable suggestions on marketing. The main suggestions were as follows:

The objective of marketing should be to reinforce the image of Nepal as a world leader and trekking as premium product,

- a. For sightseeing tourism, Kathmandu and the Himalayas must be established as a ‘must see’ premium product,

- b. Encourage travel agencies in generating countries to represent Nepal for information purpose also,
- c. Professional representation to be established in London, Japan, Hong Kong, Washington or New York.
- d. Seek technical assistance in marketing for best use of the funds.

Another important study report entitled “Tourism Sector Development Project” include programme development for Kanchanjungha, Jumla, Sukla Phanta, Bardia, Lumbini, and Chitwan, development of standards for tourism industry and their implementation package. Marketing aspect of tourism not covered in this study. Besides, a number of studies in various other aspects and facets of tourism have been conducted.

Baskota and Sharma claimed that the tourism sector has been and will continue to be an important sector in the Nepalese economy for a long time. Although there has been a growth in tourist arrivals over the past two decades, the length of stay and real expenditure per tourist has not increased. In fact, the real expenditure has fallen over this period. The import leakage from this sector is very high, which implies the low level of development of import substitution industries in the economy. They assert that although the growth of tourism is desirable or say indispensable for the Nepalese economy, but first of all, it must identify how this growth should be made conducive for Nepal i.e. through attracting more tourists or increasing their stay or making tourists to spend more in real terms or by minimizing the import leakage.

Tourism has gradually emerged as one of the major industries in Nepal. Though it is still in its initial stage of development, it is striving to be an ordinary agent of development and endurable medium to create various contributions. In fact, tourism can contribute as a channel for the socio-economic development of the country, as a massive foreign exchange earner, as a big generator of employment through its labour-intensive nature, as an endurable medium of infrastructure promoter of cultural harmony and peace (Bahuguna, 2005).

According to the World Bank (2001) ecotourism (along with adventure and cultural travel) is one of the three types of tourism most amenable to community based initiatives. These niche markets provide especially desirable “Customers” for culturally

or environmentally friendly tourists as they spend more and stay longer at a destination than the average tourists, generating a higher yield but with less impact on the life of the community and on the local culture and environment. Community based tourism can generate a sense of pride in the local population and make funds available for maintaining or upgrading cultural assets (e.g. archeological ruins, historic sites, traditional crafts production) (World Bank, 2001).

Niroula (2005) has expressed that a new concept about rural tourism (community based tourism) has spread worldwide in the field of tourism at present, and this concept has brought change in the traditional concepts and views on tourism apart from adding new dimensions in the sustainable development of tourism. He emphasizes that community based tourism can play a vital role in the reduction of poverty in countries like Nepal that are unable to utilize their tourist heritage for economic reasons despite of its ample possibilities.

Shakya (2008) expressed his view that tourism is a highly sensitive industry. On one hand, it is easily affected by external forces like insurgency, strike, hijacking, bombing and disease outbreak, and on the other we cannot afford to have gold rush in an area which is both environmentally and socially vulnerable. He further adds that in future, we will have to focus more on conservation oriented program and sustainable tourism and practices.

2.13 Theoretical Framework

From the above literature review theoretical framework can be developed and it is below

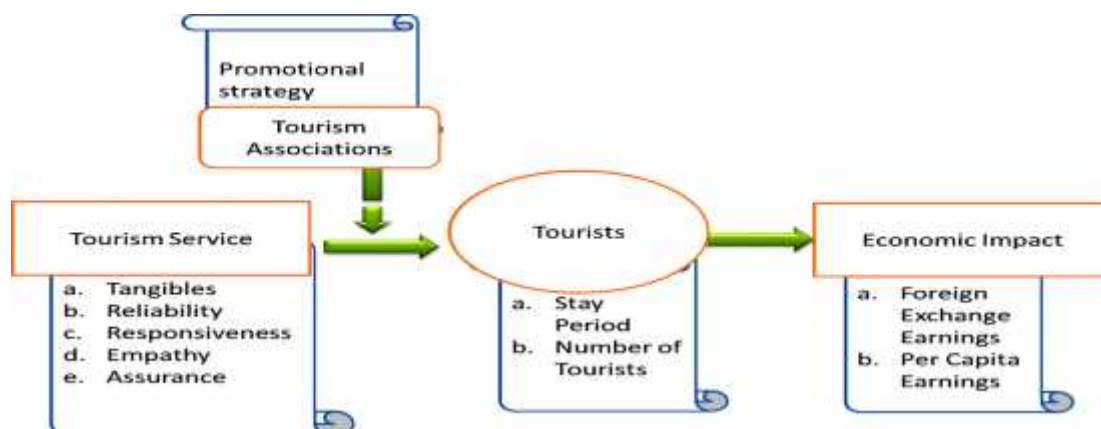


Figure 2. 1 Theoretical Framework

Source: Study and Recommendation for Nepal Marketing Plan.

Tourism has become one of Nepal's most important sources of foreign exchange. It appears to possess higher comparative advantages in view of its being one of the important industries earning foreign currency without causing any adverse effect on the environment and also being endowed with the opportunity of using the existing geographical and cultural heritage. Tourism and travel related services accounted to 11% of the world GDP and employed 200 million people worldwide. In Nepal, tourism generates significant foreign exchange earnings and 1.5 million direct and indirect employment (Dhakal, 2003) and it creates opportunities ranging from small to large scale industries like hotels, airlines, travel, and trekking agencies (Sherpa, 2007).

a. Independent Variable

Tourism service quality is independent factors which affects the tourists' arrivals. Tourism service quality can be measure Tourism services quality in terms of:

1. Tangibles include physical facilities, equipment, and appearance of personnel.
2. Reliability means ability to perform the promised service dependably and accurately
3. Responsiveness means willingness to help customers and provide prompt service.
4. Empathy refers to the care and concern and personal attention which the service providers deliver to their customers.
5. Assurance is defined as an employee's knowledge, courtesy and ability of the firm and its employees to inspire trust and confidence, security and freedom from risk, doubt and danger.

b. Semi-independent Variable

Good Tourism services are a necessity for attracting Tourists. It will put impact on number of Tourists as well as make them stay for longer period in Nepal. Number of Tourists and stay are subjective and considered independent variable in the study.

c. Dependent Variable

Tourism puts significant impact in economy. Tourism has been established as one of the crucial and stable source of foreign exchange earning in Nepal. The growth of foreign exchange earning has been a medium of salvation over the year for correcting trade deficit at some remarkable degree. (Sharma, 2001:48). The expenditure habit of tourists determines the income to nations. It is dependent to tourists.

d. Modifier Variable

Tourism Associations are formed in order to promote tourism activities through mutual benefit. Promotion is according to Brassington and Pettitt (2000) the direct way in which an organization communicates the product or service to its target audiences. Promotional activities put significant effects in increasing the number of tourists in the country. As well as promote Nepal tourism in international arena.

2.14 Conclusion

In the first part of this chapter, the researcher has reviewed the literature on various theories of tourism and introduced a brief historical development of tourism of Nepal.

This study shows that 'travel' is as old as human civilization and it is natural for human being to travel to different places to satisfy their desires. In old age tourism has been looked at as a journey, pilgrimage and adventure, while in the modern age, travel has become 'tourism' i.e. activities provided by an increasing number of personnel involved directly, and indirectly in the travel sector to satisfy the needs and desires of the visitors.

There are different views regarding the definition of tourism. Some say that tourism is traveling for recreation and some consider tourism as a system consisting of four interrelated parts i.e. market (area where the potential buyer and seller interact with each other to sell and buy the products and services), travel – is related to activities of tourists for entire trips, destination is a place where visitors can enjoy with its features, and satisfy the desires and finally destination encourages people to travel through the process of marketing. Therefore marketing is the process that stimulates and satisfies the need of the human beings. It is an integrated effort to satisfy the tourists by making

available to them the best possible services. To sum up, tourism is an experience rather than a good.

Tourism may be domestic as well as of international. The person who travels within the borders of his own country for leisure, pleasure and recreation and business is called a domestic tourist, and the activities of the domestic tourist are called domestic tourism. On the other hand, the international tourism involves the movement of people among different countries in the world, and a person who goes outside of his / her own country for leisure, pleasure, recreation, business etc is called international tourist.

Marketing of tourism means marketing a service, this means marketing something intangible and it is marketing a promise. Being a service oriented industry, the marketing management of tourism should consider that the distinguished characteristics of tourism products are mostly services oriented (hotel, airlines, travel and trekking guide etc) and highly perishable, inseparable, intangible, heterogeneous and the ownership is non – transferable.

In this part to explore views, knowledge and ideas, the researcher has studied various important theoretical foundations of tourism and relevant literature on Nepalese perspective. Similarly, various publications carried out by different planners, researchers, experts, academicians, professionals and foreign experts published in national and international publications theories were deduced.

The present study is different from others in various forms. Generally, the present study deals with the promotion strategies used by tourism associations and it is more comparative among the major associations.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the short outline of the methods applied in the process of analyzing the Promotional strategy of tourism associations in Nepal among selective associations. So, it incorporates research plan and design, survey instrument, description of sample, data collection procedure, Time frame, Pilot test and final administration. Figure 3.1 provides an overview of the research process, which involves a series of rational decision making choices. The steps of research design are shown in Figure 3.1.

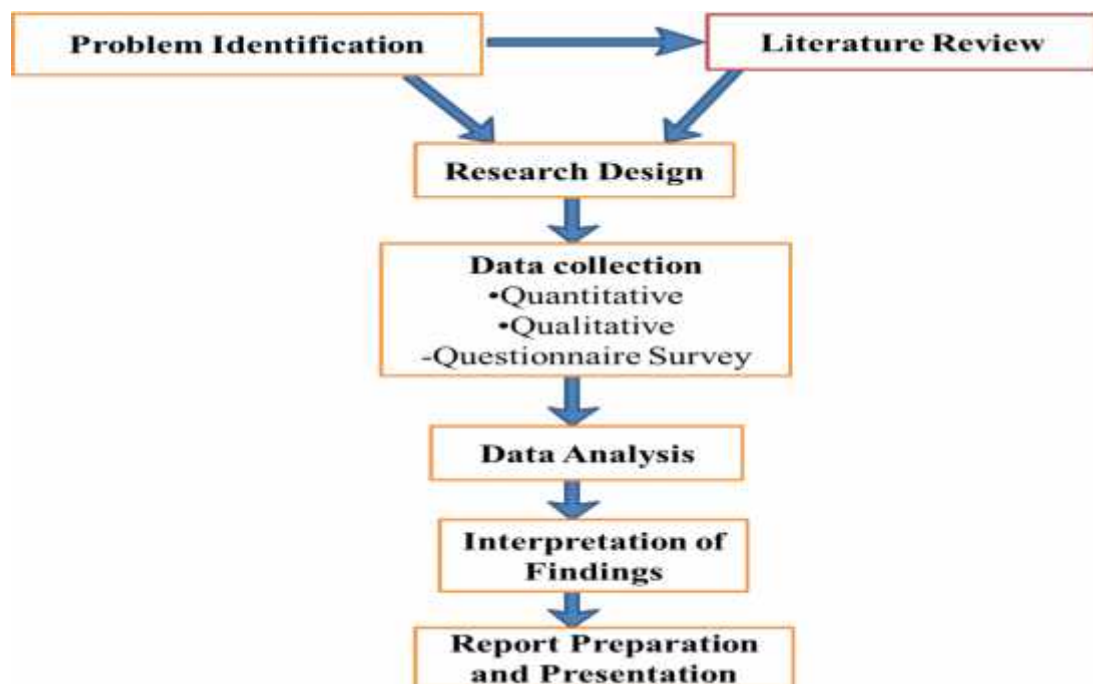


Figure 3. 1 Research Process of study

Source : Research Methodology, P.Pant

3.2 Research Design

A research design is an overall plan for the activities to be undertaken during the course of a research study. According to William Zikmund (2007), "Research design is a master plan specifying the methods and procedures for collecting and analyzing the needed information."

It serves as a framework of study, guiding the collection and analysis of data, instruments to be utilized, an organized and integrated system and also a blueprint specifying the method to be adopted for gathering and analyzing data. Research design can be of various types: a) exploratory b) descriptive c) comparative d) interventional d) qualitative (Pant, 2012)

This chapter relates to the overall approach to the research process. It describes the methods and process followed in the entire research process. Descriptive as well as survey research design were followed for undertaking the study. All the available information regarding tourism services were collected from different sources. Opinions were also collected through the appropriate design of questionnaires and data were conducted to have access on the conditions of present tourism, services, and promotional activities of tourism as well as its weaknesses and prospects.

As the objective of this research is to portray the characteristics and role of tourism associations and to determine the tourism importance in foreign exchange earnings of nation descriptive research was employed.

3.3 Explanation of Research Design

The objective of this chapter is to explain the design and methodological procedures that were used in this study. Specific objectives are as follows:

-) Discuss the survey instrument
-) Discuss the sample
-) Discuss data collection procedure
-) Discuss the time frame
-) Discuss the viability of the data collection and study
-) Discuss the reliability of research
-) Pilot test
-) Discuss the analysis plan
-) Final administration

3.4 Survey Instrument

For this research study, a questionnaire as well as interview questions was prepared which consisted single response, multi response, rating scale, structured type of questions.

The questionnaires were handed personally to the respondents. A black and white printed copy was handed over to tourists and was requested to fill it. In order to get relevant information formal interviews were also conducted with some of the association members in course of data collection.

The data and information collected from primary as well as secondary sources were categorized, tabulated, analyzed by using appropriate statistical tools. Here, data from questionnaire have been gathered and tabulated systematically and then analyzed using frequency and valid percentage.

The questionnaire contains close-ended questions in order to create less time consuming when filling in the answer. Most of the close-ended questions are measured using 5-point scales anchored by 1 (poor) and 5 (highly satisfied) to create an easy to answer and unbiased questionnaire. As well as questionnaire too contains the priority basis questions basically for Associations for making analysis more simple and comparative.

After the questionnaire was completed, each item was analyzed separately or in some cases item responses was summed to create a score for a group of items. Hence, Likert scales are also known as summative scales. A Likert scale adds up responses to statements representative of a particular attitude. A person's attitude is the summed score from each question. As in this study, a high score would indicate a highly satisfaction and a low score indicate low satisfaction.

3.5 Description of the Sample

3.5.1 Tourists

The questionnaires prepared for tourists were collected from the Kathmandu, mainly from office of different star and non-star hotels, travel, trekking, and rafting agencies of Nepal. Altogether 80 questionnaires were distributed.

3.5.2 Tourism Associations

Regarding the opinion of tourism associations, information was obtained from the direct interview of various associations. Out of this (19), 5 associations were taken through convenience sampling.

3.6 Nature and Sources of Data

In the present study, both primary as well as secondary data were used and different techniques were followed for the collection of the necessary information. In order to collect the primary data, the respondents were categorized into two different groups. The first group comprised of tourists visiting Nepal through different mode of transport, the second category comprised of tourism associations engaged in different tourism sectors, such as accommodation, travel, trekking and rafting services of Nepal.

3.6.1 Primary Data Collection Procedure

Both qualitative and quantitative data and information were collected. Field visits were conducted. The researcher had prepared questionnaires (See Annexure 4 and 5) and structured interview questions to collect the opinions from different categories of respondents. At the questionnaire preparation stage, In order to learn the in-depth perception of tourist, tourism organizations and associations, the questionnaires for them were designed accordingly.

In order to know the opinion of tourists, they were enquired about the nationality, reasons of choice of Nepal as their destination, preference for mode of transport, selection of accommodation and main sources of information. Similarly, an attempt was made to know their views about the need of new product development, need of product positioning in the international market, major strengths and weaknesses of tourism products and services and infrastructure development in Nepal in the form of closed-ended questionnaire format. Likewise, efforts were made to know the views of tourists regarding the quality of services and facilities provided to them by different tourism organizations and valuable suggestions to improve the quality of tourism services were expected from them.

Similarly, in order to know the views of the associations engaged in different tourism business sectors such as, hotel business, travel, trekking, rafting and mountaineering were selected and the second set of questionnaires (interview questions) was asked. The questionnaire contained some major elements related to tourism i.e. the nature of tourism business, the need of product development and product positioning in the international market, and major strategies for the development of tourism products. Likewise, an attempt was made to obtain the views regarding the major concentration of marketing efforts and also attention was drawn for the promotion of tourism. As people are one of the major factors of tourism, the relationship of employers with their employee and realization of importance of human resource development were also enquired. In the same way, they were enquired to express their views about the quality of tourism product and service standard, and customer's satisfaction in the form of open and closed-ended questionnaire format.

3.6.2 Secondary Sources of Data

Most of the secondary data employed in this study were obtained from various government offices, semi government and private offices. Basically the secondary data were collected from various issues of Economic Survey, Budget Speech of different years of Ministry of Finance- (Government of Nepal), Year Book of Tourism Statistics MoCTCA of various years, Quarterly Economic Bulletin (Nepal Rastra Bank) of different volumes, and National Account prepared by (Central Bureau of Statistics)-, Survey of Hotel Industry from CBS, Government of Nepal. Similarly, secondary data employed in this study were also obtained from -Annual Operation Plan of different years of Nepal Tourism Board, Articles from Nepal Travel Trade Reporter, Articles and other Publications from different official records, World Tourism Organization, PATA- Annual Statistical Report, WTO-Tourism Highlights from various years and World Tourism Barometer.

3.7 Time Frame

The data collection process through the questionnaire was completed in three weeks expected to be completed in two weeks. Other process of secondary data was collected during the research period.

3.8 Validity of Data Collection

In general, validity is an indication of how sound your research is. More specifically, validity applies to both the design and the methods of your research. Validity in data collection means that your findings truly represent the phenomenon you are claiming to measure. Valid claims are solid claims. Validity is one of the main concerns with research. "Any research can be affected by different kinds of factors which, while extraneous to the concerns of the research, can invalidate the findings." (Seliger & Shohamy). Controlling all possible factors that threaten the research's validity is a primary responsibility of every good researcher.

For validity of the study, initially a structured questionnaire was set after deep analysis and study of literature. The questionnaire was then submitted to the guide teacher for necessary suggestions. Finally after consideration of suggestion given by the guide teacher a new questionnaire was prepared. The new questionnaire was simple to understand and divided into two sections. Section A contains questions related to demographic variables like age, gender, nationality, occupation etc. and Section B contains questions that measure motive of visit. After the preparation of the new questionnaire, for more validity the pilot testing of the questionnaire was executed. After completion of the test the questionnaire was once again review and finalized after the advice of the guide teacher and experts.

The questionnaire was then distributed to the tourists. The responses of the respondents were supposed to be unbiased because the samples were selected randomly. In order to study about the promotional strategy of tourism association in Nepal, formal semi-structured interviews were also conducted. This all activities justify the validity of the data collection process and study.

3.9 Reliability of the Research

It is very vital for a research or study to be reliable. Reliability refers to the consistency of a measure. It also refers to how well it produces results (or how bad it may fail). A test is considered reliable if we get the same result repeatedly. Regarding reliability of this research and accuracy in data, the questionnaire were explained thoroughly to the respondents and asked them to answer the questionnaire without any biasness. To have more accurate results and relationship between variables, the questionnaire are cross

checked and finalized. In most cases the respondents were asked to complete the questionnaire in the presence of the researcher to nullify the effect of confusion upon the question.

3.10 Pilot Test

Questionnaire has been modified based on the pilot survey. 15 respondents have been asked to fill in the survey questionnaires to see if there are some mistakes or confused questions. Moreover, one of the most important goals of the pilot survey is to test the validity of investigating the assumptions presented above.

The questionnaire were distributed randomly to business students in order to determine the validity of the instrument that is used to measure the variable of this study prior performing data collection in order to achieve the objectives. The pilot study showed that the respondents took 10 to 15 minutes in filling the questionnaire. The respondents did not find the questionnaire long to fill up. They understood all the questions and easily responded to them. However, this test revealed that respondents were finding the questions kind of repeated because the variable used for the study are quite interrelated with each other. So, the researcher addressed this issue by reordering the questionnaire and eliminating the questions which actually had the same meaning. This changed the questionnaire trend and was found helpful for the respondents to give the genuine response. Hence, the pilot study helped in validating the questionnaire.

3.11 Data Processing and Analysis

After the Pilot test, Both the quantitative and qualitative data were collected, edited, coded, tabulated and interpreted in the appropriate formats, and a great deal of the qualitative information obtained from the study was processed thoroughly, and documented as precious information. Microsoft Office Excel software and SPSS 18 was used in analyzing the data collected from the field survey. Descriptive statistics like average and percentage were used to analyze the data. Tables were used to compare the data.

Secondary data was tabulated and annual rate of percentage (ARP) and Indices were calculated. Comparative tables and ratios like foreign exchange earnings from tourism

to GDP, government revenue from tourism to total tourism earning were computed. The periodic growth was computed using compound growth rate.

The primary data were processed in a percentage of total response. The questionnaires and interviews were tabulated along with frequencies and percentages. For coding and output SPSS 18 software is used. The output and results are presented through Microsoft Excel in terms of tables, which are shown in Data Analysis Section.

3.12 Final Administration

Finally, after the items are refined, the questionnaire was administered to the target population through personal contact by the researchers and their assistance. First, permission of the consent of respondents was sought with the help of the informed consent form, informed of the purpose, assured anonymity and confidentiality of responses. In all, respondents will be given the questionnaire to complete and return it to us after completion. This will be between the periods of two weeks. In order to get a more representative sample of the entire target population, the questionnaire will be administered to respondents within the Kathmandu valley.

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

This chapter describes the main part of the whole study where the data collected from various sources are presented and analyzed in detail. The frequency tables were used to portray the data. The mean, standard deviation and frequencies has also been calculated for the mathematical analysis of the data.

This chapter also covers the test of hypotheses which have been set in the first chapter. Each hypothesis is tested and analyzed individually.

4.2 Status of Tourism in the economy of Nepal

Tourism is known as ‘a smokeless industry or an industry without chimney’. Although it is the main source of foreign exchange earnings, the contribution of this industry should not be evaluated in terms of economic benefit alone. It contributes in a wider perspective and an effort has been made to assess its contributions in varying terms (Shrestha, 2000).

Tourism is one of the fastest growing industries in the world. It has been playing a pivotal role in the economy of most of the developed and developing countries. As mentioned earlier, it not only acts as a source of foreign exchange but also helps in creating employment opportunities thereby generating economic growth of the country. Hence, most of the countries are attracted towards this industry.

Sinclair (1998) has done a detail analysis of the contribution of tourism on the balance of payments. In many developing countries, the international tourism has been and will remain one of the most important sources of foreign exchange both in terms of absolute value as well as growth. The tourism has gained a prime status in earning foreign currency in Kenya, Gambia and Egypt. The foreign currency received from tourism is a valuable input for different stages of industrial development. For example, in Spain, as the country decided to enter from agriculture based economy to industry, they gave rise to tourism and construction sector and the income from these sectors was invested on the expansion of industrial sector. Similarly, the emerging Asian economies also found

tourism to be an important source of finance for capital goods imports during the process of industrialization (Sinclair, 1998).

According to Zulfikar (1998) international tourism is an invisible export in the sense it creates a flow of foreign currency in the economy of a destination country thereby contributing directly to the current account of the balance of payments. He adds “like other export industries, this inflow of revenue creates a business turnover, household income, employment and government revenue.”

Similar to above authors, the view of Witt (1991) also supports the fact that tourism provides a major source of foreign exchange (particularly important for countries with non-convertible currencies) thereby contributing a country's balance of payments. Its status as (invisible) export is suited to an era in which trade is seen to be increasingly important, and certain developing countries- notably those in East Asia –have become industrialized and modernized mainly through this export led growth (Witt, 1991).

The most obvious potential benefit that tourism can bring to destined communities is the economic growth. The major benefit for the developers, who are successful in attracting tourists and providing facilities, is the profit itself. For the government and citizens, the benefit includes an increased tax base, access to markets for locally produced goods, infusion of foreign exchange, investment and expertise, ability to finance infrastructure, improvements and pollution control measures which otherwise might not be able to afford. These all benefits ultimately will result in the improvement of the living standard (Bosselmen, Peterson, and McCarthy, 1999).

Davidson (1) has expressed that generally, a country can earn foreign exchange through two kinds of exports - visible and invisible. Visible exports are physical goods which can be seen touched and weighed as they pass through the ports of one country to another. Whereas, invisible exports are not physical goods, but services provided by one country to another. Tourism is also regarded as an invisible export because it has a potential to bring in foreign exchange to a country by providing services to overseas visitors. These services are provided in the hotels and restaurants and other enterprises (Davidson,).

The benefit of tourism in the economy of a country is measured mainly in terms of foreign exchange receipts from tourists and its multiplier effects on different activities

such as employment generation and effects on employment and income generation in rural areas. These all will have an effect on the regional balance of a country (Shrestha, 2000).

Berger (2005) says tourism has been playing a significant role in Nepalese economy since its establishment during 1950s. The topographical situation restricts industrial settlements, natural resources cannot be extracted because of low finances, and the limited agricultural cultivation areas cannot satisfy the growing demands of food. Regarding the situation, the only economic source with a future characteristic has become tourism. And today it plays a role of the biggest foreign-exchange earner as well as the economic sector with the biggest depended factor.

Tourism is one of the productive business activities directed for the production of goods and services. It is as an activity which produces various direct, indirect and induced impacts on the economy. The resultant income from tourism flows and being circulated in other sectors boosting the other economic activities which ultimately includes many rounds of income. Therefore, the role of tourism becomes distinct and significant in the economic growth and development of the country (Gautam, 2006).

Upadhyay (2006) has expressed that tourism not only nurtures the economic relationship but also binds the government and people and help to develop a sustainable understanding. It is a vital force for maintaining international peace and understanding. The significance of tourism should not be assessed only through the material benefit but also from non material gain. Tourism as a passport to development has been further extended as a passport to Peace signifying it as a means of international friendship, understanding, and peace (Upadhyay, 2006).

4.3 Opinion of Tourists

In this section, an attempt has been made to present analytically the interviews conducted with tourists visiting Nepal during 2013. The component of interviews includes the situation of Nepalese tourism services, tourism products, and facilities available and problems.

Altogether 80 tourists of different nationalities who came to Nepal for different purposes were interviewed using questionnaire Annexure 4. The perceptions and views of the

tourists were analyzed on a cross sectional basis as well as in the scaled questionnaire, the mean value was computed and analyzed on the basis of mean results. Besides, simple percentages were computed to present and analyze the view and the response of the tourists.

4.3.1 Profile of Respondents (Tourists)

Table 4.1 presents the region wise distribution of tourist. The profile of the tourists who were interviewed in the course of this study is presented here under. Altogether 80 tourists were interviewed from different places of Kathmandu. The proportionate share of the tourists on the basis of regions reported 26.25% (SAARC countries), 20.00% (other Asian countries), 31.25% (Western European), 10.00% (North America), 2.50% (Eastern Europe and Asia Pacific), while 7.50% were from others countries.

Region wise Distribution of Respondents

Among 80 tourists interviewed the proportionate shares on the basis of the regions are shown in table 4.1.

Table 4.1 region wise Distribution of Respondents

Regions	Number	Percentage (%)
Asian (SAARC)	21	26.25%
Asia	16	20.00%
Western European	25	31.25%
North American	8	10.00%
Eastern Europe	2	2.50%
Asia Pacific	2	2.50%
Others	6	7.50%
Total	80	100.00%

Source: primary survey, 2013

Age and Gender wise Distribution of Respondents

Table 4.2 presents the age- wise distribution of tourists. Of the total respondents arrival in Nepal, a majority of them (39%) occupied by the mature age groups between 46 and over years, followed by the age group of 31-45 years (34%), and the age group of 16-30 years (23%), and 0- 15 years reported to (5%).

Table 4. 1 Age and Gender wise Distribution of Respondents

Age Groups of Respondents	Male	Female	Number	Percentage (%)
0-15	2	2	4	5%
16-30	12	6	18	23%
31-45	18	9	27	34%
46 and over	12	19	31	39%
Total	44	36	80	100%

Source: primary survey, 2013

4.3.2 Purpose of Visit

The Table 4.3 presents the purpose of visits of respondents. Of the total respondents arrival, about 31.25 per cent arrived to Nepal for holiday and pleasure, followed by trekking and mountaineering (16.25%), pilgrimage (15.00%) and business (6.25%), while (7.50%) came to Nepal for visiting friends and relatives, followed by officials (7.50%), conference (6.25%), honeymoon (5.00%), sports (3.75%) and any other (3.75%). This shows that holiday and pleasure represented the highest percentage. So, it is suggested that Nepal should be declared as a holiday and pleasure destination for tourists linked with trekking and mountaineering, pilgrimage and others.

Table 4. 2 Purpose of Visit

Purpose of Visit	Number	Percentage %
Holiday/pleasure	25	31.25%
Trekking & Mountaineering	13	16.25%
Pilgrimage	12	15.00%
Business	5	6.25%
Visiting Friends and Relatives	6	7.50%
Officials	4	5.00%
Conference	5	6.25%
Honeymoon	4	5.00%
Sports	3	3.75%
Others- Study, Health, Research	3	3.75%
Total	80	100.00%

Source: Primary Survey, 2013

4.3.3 Respondent's Decision about Tour

Table 4.4 presents the decision regarding tour. The decision making process for traveling is one of the crucial factors of tourism. Of the total respondents arrival in Nepal, about 37.50% had taken an organized tour with their group of friends, 35.00% had made an organized tour alone, while 27.50% had chosen semi- organized tour with their family. This reveals that friends have a greater power to influence on the decision making process of tourists for their trip.

Table 4. 3 Decision Regarding Tour

Mode of Tour	Number	Percentage (%)
Organized Tour (Alone)	28	35.00%
Semi- Organized Tour with Family	22	27.50%
Organized Tour with Group of Friends	30	37.50%
Total	80	100.00%

Source: Primary Survey, 2013

4.3.4 Duration of Stay

Table 4.5 presents the distribution of tourists according to the duration of stay. Of the total respondents, about (27.50%) stayed for four to six nights, followed by one to three nights (22.50%), seven to nine nights (13.75%) and ten to twelve nights (11.25%), while about (7.50%) represented more than two weeks, (6.25%) represented sixteen to eighteen nights, and nineteen to twenty one nights, and (5.00%) represented twenty two to twenty four nights. The average duration of stay among respondents visiting Nepal was 9 nights.

This indicates that a large number of respondents who came to Nepal for holiday and pleasure, they generally stayed for a shorter period. Those who stayed for longer periods spent their time for trekking and mountaineering. This clearly suggests that to increase the length of stay of holiday and pleasure group, we have to increase more recreational facilities and develop a package tour.

Table 4. 4 Distributions of Tourists According to Duration of Stay

Duration of Night	Number	Percentage (%)
One-Three Nights	18	22.50%
Four - Six Nights	22	27.50%
Seven - Nine Nights	11	13.75%
Ten - Twelve Nights	9	11.25%
Thirteen- Fifteen Nights	6	7.50%
Sixteen- Eighteen Nights	5	6.25%
Nineteen- Twenty one Nights	5	6.25%
Twenty two-Twenty Four Nights	4	5.00%
Twenty Five- Twenty Seven Nights	0	0.00%
Twenty Eight- Thirty Nights	0	0.00%
Total	80	100.00%

Source: Primary Survey, 2013

4.3.5 Selection of Destination for Respondent

Table 4.6 presents the place of stay of respondents. Kathmandu being the entry point for most of the international tourists, about 45 per cent preferred traveling to Kathmandu revealing it as the most popular destination for them followed by Pokhara (26.25%), and an equal percentage of preference has been given to Shivapuri (23.75%), and Patan (23.75%), while (20.00%) had chosen Chitwan and the same percentage (20.00%) to Bhaktapur as their destination, whereas, (18.75%) visited Nagarkot followed by Lumbini (8.75%), and Sagarmatha (8.75%). Similarly, (8.00%) visited Annapurna, (6.25%) preferred Langtang, and other places like Ilam, Dolpa, Palpa, Janakpur (26.25%). This shows that the most popular destination for the international visitors are Kathmandu, Pokhara, Chitwan, Lumbini, Nagarkot and some other trekking trails.

Table 4. 5 Place of Stay of Respondents

Place	Number	Percentage (%)
Kathmandu	36	45.00%
Pokhara	21	26.25%
Chitwan	16	20.00%
Lumbini	7	8.75%
Annapurna	6	8%
Sagarmatha	7	8.75%
Langtang	5	6.25%
Shivapuri	19	23.75%
Nagarkot	15	18.75%
Patan	19	23.75%
Bhaktapur	16	20.00%
Others (Ilam, Dolpa, Palpa, Janakpur)	21	26.25%

Source: Primary Survey, 2013

Note: - The percentage has been calculated on the basis of the frequency of response of each item to the total sample.

4.3.6 Status of Tourist's per Day Average Expenditure

Table 4.7 shows the tourist per day average expenditure. Of the total respondents visiting Nepal, about 21.03 per cent had per day average expenditure of about \$6 to \$15 per day, followed by \$16 to \$25 (41.25%), \$26 to \$55 represented 38.75 per cent, followed by \$56 to \$85 (13.75%), \$86 and over represented 6.25 per cent. The data represents that the average per day expenditure of tourists accounted to US \$35.

However, in general it shows that the number of tourists having per day average expenditure more than US \$6 to \$25 represented the highest in number. It means that a substantial number of tourists were found to be from low spending group. On the other hand, the middle class tourists were found to be moderately high in number in comparison to the high spending tourists. Thus, the study reveals that the majority of tourists coming to Nepal are low spenders, therefore efforts should be made to improve the quality of tourism products and services as well as facilities for recreation,

amusement and package tours should be developed to meet the standard of high and medium spending category of tourists.

Table 4. 6 Tourists’ Average per Day Expenditure

Expenditure per day US Dollar	Number	Percentage (%)
\$6 to \$25	33	41.25%
\$26 to \$55	31	38.75%
\$56 to \$85	11	13.75%
\$86 and over	5	6.25%
Total	80	100.00%
Average Expenditure per Day US \$35		

Source: Primary Source, 2013

4.3.7 Main Sources of Information

Table 4.8 indicates the sources of the information of respondents. Regarding the main source of information, about 27.50 per cent respondents agreed that their friends and relatives were the main sources of information for their traveling, followed by travel agents (16.25%), newspaper and magazines (5.00%), and television and radios (1.25%). Whereas, 15.00 per cent were informed by guide books, 2.50 per cent were acquainted by tourists office, 8.75 per cent have known from their prior visit experience, 5.00 per cent have heard from their business linkage, while about 5.00 per cent learnt from trade shows and fair, 2.50 per cent were assisted by airlines, while 7.50 per cent were informed by other sources of information which includes e-mail and internet and 3.75 per cent did not response. However in particular, this shows that friends and relatives were the main source of information, followed by travel agents, guide books and prior visits.

The study shows that the overall word of mouth and personal recommendations from their friends and relatives were the main sources of information for tourists coming to Nepal. Guide books are also important for package tour visitors. Travel agents are highly important, more so than any other sources.

Table 4. 7 Sources of Information of Respondents

Source of Information	Number	Percentage (%)
Friends and Relatives	22	27.50%
Travel Agents	13	16.25%
Newspaper and Magazines	4	5.00%
Television and Radios	1	1.25%
Guide Books	12	15.00%
Tourist Office	2	2.50%
Prior Visit	7	8.75%
Business Linkage	4	5.00%
Trade Show and Fairs	4	5.00%
Airlines	2	2.50%
Others(email, Internet, Fax)	6	7.50%
No-response	3	3.75%
Total	80	100.00%

Source: Primary Survey, 2013

4.3.8 Publicity Materials Noticed

Table 4.9 portrays the notice of publicity materials. When tourists were inquired whether they had seen any publicity materials related to the tourism published by the Government of Nepal and other different organizations, the majority of respondents (72.50%) reported that they have seen some publicity materials related to the tourism, while 27.50 per cent claimed that they have not seen the publicity materials.

Table 4. 8 Publicity Material Notice

Response on Publicity Materials	Number	Percentage (%)
Yes	58	72.50%
No	22	27.50%
Total	80	100.00%

Source: Primary Survey, 2013

4.3.9 Product Development Needs

Referring table 4.10 when respondents were inquired to give their view about the need of product development in Nepal, about 58.75 per cent suggested developing new products, followed by need to preserve and present as it is now (35.00%). Similarly, 30.00 per cent suggested modifying the products to suit target markets, and 30.00 per cent recommended combining or developing product features. While, 11.25 per cent advised to think about any other. This shows that improvements in products are needed for the attraction of tourists and equal attention should be given for their preservation and maintenance for the development of tourism.

Table 4. 9 Need of Product Development

Needs of Product Development	Number	Percentage (%)
Develop New Product	47	58.75%
Preserve and Present as it is	28	35.00%
Modify Products	24	30.00%
Combine or Develop Product Feature	24	30.00%
Any Others	9	11.25%
Total	80	100.00%

Source: Primary Survey, 2013

Note: The percentage have been calculated on the basis of the frequency of response of each item to the total sample.

4.3.10 Nepal's Tourism Products positioning in the International Markets

Table 4.11 shows that about 33.18 per cent respondents suggested that Nepal should concentrate in pleasure tourism followed by adventure (18.69%), cultural (13.55%), pilgrimage (12.62%), nature (10.75%), and sport tourism (8.41%), while 2.80 per cent suggested others i.e. agro tourism, voluntary, and ayurvedic tourism etc. As Nepal is one of the most attractive countries in the world, the grandeur of the natural scenery from the high mountains to the tropical low land is coupled with a population of diverse, friendly, ethnic and caste groups. Thus the study suggests positioning the market of Nepal into pleasure, adventure, and pilgrimage tourism linked with nature and sports tourism in the future

Table 4. 10 Products Positioning in the International Market

Area of Tourism	Number	Percentage (%)
Pleasure Tourism	27	33.75%
Adventure Tourism	15	18.75%
Cultural Tourism	10	12.50%
Pilgrimage Tourism	10	12.50%
Nature Tourism	9	11.25%
Sports	7	8.75%
Others	2	2.50%
Total	80	100.00%

Source: Primary Survey, 2013

4.3.11 Strengths of Present Tourism Products of Nepal

Nepal is also known as the land of Gorkhas. It is a land locked mountainous country, which lies on the Southern flank of the Himalaya with a glare of the highest peaks of the world and is famous as the country of Mount Everest on this globe (Maharjan, 2004).

Referring to table 4.12 so far as strengths of the tourism products of Nepal are concerned, a remarkable number of respondents, (23.75%) expressed their views that the uniqueness of rich wildlife, flora and fauna and unique religious traditions were the major strengths of Nepal's present tourism products. Likewise, 18.75 per cent indicated that Nepal's tourism products have a repeat value. During the time of interaction of the researcher with the respondents they told that they have been to Nepal for the fifth and sixth time and again they have decided to come to Nepal in the following year due to the attractive natural beauty of Nepal.

Nepal has a favorable or pleasant year round climate. As the climate of Nepal is always suitable, she can be visited the whole year. Nepal enjoys a long tourism season and there is no time of the year when visitors cease to come (Tourism Marketing Strategy for Nepal-2005-2020). As a result, about 17.50 per cent of respondents appreciated the favorable climate of Nepal, while 17.50 per cent expressed that they were attracted with

the flora and fauna, wildlife, scenic beauties, including snowcapped mountains, and the milky waterways which created the emotional values for them. Similarly, 16.25 per cent described the diverse ethnic culture with world heritage sites. Likewise, about 10.00 per cent expressed that Nepal is a cheap destination, 5.00 per cent preferred the location and competitive value, and 2.50 per cent expressed other reasons.

Table 4. 11 Strengths of Present Tourism Products

Strengths	Number	Percentage (%)
Uniqueness	19	23.75%
Repeat Value	15	18.75%
Favorable climate	14	17.50%
Emotional Value	14	17.50%
Diverse Ethnic Culture	13	16.25%
Value for Money	8	10.00%
Location	4	5.00%
Competitive Value	4	5.00%
Any Other	2	2.50%

Source: Primary Survey, 2013

Note: The percentages have been calculated on the basis of frequencies of response of each item to the total sampled.

4.3.12 Weaknesses of Present Tourism Products

Table 4.13 shows the weaknesses of tourism products of Nepal. Regarding the weaknesses of present tourism products of Nepal, about 28.75 per cent claimed unreliable national carrier, 26.25 per cent observed the lack of preservation of products, 21.25 per cent indicated pollution of air, water and solid waste and 18.75 per cent stated unexplored areas, while 16.25 per cent indicated a weak infrastructure. Similarly, about 15.00 per cent claimed congestion of road as well as area of TIA whereas, 10.00 per cent expressed limited products followed by lack of competitiveness (10.00%), landlocked country (7.50%) and lack of quality of products and services (5.00%).

This shows that there is a lack of preservation of world heritage sites, temples, and architecture which was considered as the major weakness for the development of

tourism and they are also deteriorated by men and animals day by day. Another great difficulty they have perceived in traveling are the lack of reliability of the national carrier e.g. frequent cancellation and delay of flights services, and the lack of availability of seats.

Table 4. 12 Weaknesses of Tourism Products of Nepal

Weakness of Tourism Products	Number	Percentage (%)
Lack of preservation	21	26.25%
Congestion	12	15.00%
Lack of quality of products and services	4	5.00%
Limited products	8	10.00%
Unreliable national carrier	23	28.75%
Unexplored areas	15	18.75%
Weak infrastructure	13	16.25%
Pollution of air, water and solid waste	17	21.25%
Land locked countries	6	7.50%
Lack of competitiveness	8	10.00%

Source: Primary Survey, 2013

Note: The percentage has been calculated on the basis of frequency of response of each item to the total sampled.

4.3.13 Attractive Factors for Visiting Nepal

Referring to table 4.14 an attractive factor for visiting Nepal, about 81.25 per cent of respondents opined that their main attraction for making decision for traveling to Nepal was the natural beauty. They added that flora and fauna, mountains, lakes, springs, and rivers of Nepal have attracted them in making a choice for traveling to Nepal.

Similarly, 67.50 per cent expressed their view that they were motivated due to its favorable climate, because winter (October-December) provides a pleasant temperature with clear skies. During the spring season (January – March) temperatures rise to some extent and during summer (April to June) the days become hot and humid and finally the monsoon (July – September) brings cooling rains. It can be said that people of different countries can enjoy in Nepal both in hot and cold seasons. The country is

blessed by a pleasant climate all the year round, offering stunning mountain views for most of the year (Pradhan, 2007:26).

Nepal is also a famous destination for trekkers and mountaineers. The number of trekkers and mountaineers has increased slowly. Even in the difficult situation of Nepal, people from different countries have traveled to Nepal for trekking. Of the total respondents, about 42.50 per cent were attracted to Nepal for trekking and mountaineering.

Nepal is equally famous as the land of the Gurkhas. The Gurkhas of Nepal have earned name, fame, and prestige for Nepal as brave soldiers in the world with a reputation for valor, grit and loyalty. Their motto is “it is better to die than to be a coward”. The name of Gurkhas was formed by the former Great King Prithivi Narayan Shah. About, 11.25 per cent visitors were attracted to Nepal due to the land of Gurkhas.

Nepal can be said as a peaceful country in the world. A few years ago it was a peaceful country and there was no discrimination in the name of religion, culture, caste and ethnic group. There were no protests and agitation from any political party. It was not over crowded in the city and there was no pollution of air. But now this image of Nepal has vanished to some extent. However, 16.25 per cent visitors have made decision for traveling to Nepal on the basis of its past image.

Another important factors attracting tourists are the historical and architecture of Nepal. Art is the mirror of the past society. Nepal is famous and unique in the world in the field of art, crafts and architecture.

Tourist destination such as the Kathmandu valley, comprising Patan and Bhadgaon with their rich cultural heritage, their splendid painting and architectural of a country always attracted many tourists. As a result, 37.50 per cent respondents expressed that they have decided to visit Nepal due to its historical and architecture attraction.

It is said that Nepal is a cheap destination compared to other countries. One can travel to Nepal even by spending a small amount of money. The fares of transportation, lodging and flooding are also cheaper in Nepal compared to other countries. Thinking in terms of the value of money, 30.00 per cent of respondents expressed their views that they have opted to visit Nepal.

Regarding the religion, altogether 33.75 per cent expressed their views that they were attracted to visit Nepal as their tourism destination. Religious practices are an important part of the lives of the Nepalese people. In Nepal especially, Hinduism and Buddhism the two main religions are famous and one can see the cluster of temples in its unique pagoda style with perfect religious harmony in a country where Hindus preach Buddhism and visit Buddhists monasteries and Stupas, which are so much a part of its people in the capital city of the country.

Nepal is known for the friendliness, politeness and hospitable nature of her people. The people of Nepal are hospitable, simple, honest, innocent and helpful to other. About 18.75 per cent were attracted to visit Nepal due to the honest and hospitable nature of the people. Some of the tourists recalled that while trekking, the Sherpas who were with them had saved their lives and some of them had helped them to find their lost property and taken care of them.

Besides the above mentioned, there are other kinds of tourism, such as nature, health and sports tourism which are also popular in Nepal.

Table 4. 13 Main Attraction for visiting Nepal

Attraction	Number	Percentage %
Climate	54	67.50%
Natural Beauty	65	81.25%
Trekking & Mountaineering	34	42.50%
Land of Gurkhas	9	11.25%
Peace and Quite	13	16.25%
Birth place of Lord Buddha	36	45.00%
Historical and Architecture	30	37.50%
Friendly People	15	18.75%
Value for Money	24	30.00%
Religion	27	33.75%
Others	12	15.00%

Source: Primary Survey, 2013

Note: The percentage have been calculated on the frequency of response of each item to the total sample.

4.3.14 Quality of Services

For the successful tourism, accommodations must be available in sufficient quantity and quality to match the demand of the travelers, who arrive at the destination. Hotels vary tremendously in their physical facilities, level of maintenance and cleanliness and services. Unless all of these factors are at the satisfactory level, tourism cannot succeed (Pandey, 2008)

Tangibles

The tangible aspects refers to the provision of physical facilities, like building, lounge, car parking space, signboard, and decoration, lamps, furniture, modern equipments, restaurant and bar, swimming pool, appearance of staff working at the hotel, their dress, neatness, and way of handling visitors, etc. From the table **4.15** it can be said that of the total, about 53.75 per cent of respondents shared their experience that physical facilities of service provider were satisfactory. So they were satisfied followed by highly satisfied (33.75%), while 7.50 per cent opined that they did not remark about it, 5.00 per cent expressed that physical facilities provided by them did not seem enough. So they were less satisfied.

Likewise, the same question posed to the visitors about the modern equipment facilities provided were about 50.00 per cent felt that they were highly satisfied followed by satisfied (23.75%) and fair (16.25%) and only a small proportion (10.00%) perceived that the star hotels have below the sufficient level of equipments. So they were less satisfied.

In response to the staff appearance of hotels, about 35.00 per cent rated as highly satisfactory followed by satisfied (25.00%), while 35.00 per cent rated as fair, 5.00 per cent were less satisfied and they expressed that the staff were below the standard, and commented that they were not active, and smart. However, in general, the majority of respondents were satisfied with the tangible facilities provided by the star hotels. But, it should be kept in mind that to achieve full customer satisfaction, the management should pay more attention to improve its present level of service facilities.

Regarding the quality of service as tangibility, the component of physical facility have been rated with an average mean score of (4.2), followed by modern equipment (4.1), and staff appearance (3.9). This shows that component of physical facility found much better than the other.

Table 4. 14 Physical Facilities, Modern Equipment, and Staff Appearance

Rating of services	Tourist's Response						
	Highly Satisfied 5	Satisfied 4	Fair 3	Less satisfied 2	Poor 1	Totals	Ave Mean
Physical Facilities	27 33.75%	43 53.75%	6 7.50%	4 5.00%	-----	80 100.00%	4.2
Modern Equipments	40 50.00%	19 23.75%	13 16.25%	8 10.00%	-----	80 100.00%	4.1
Staff Appearances	28 35.00%	20 25.00%	28 35.00%	4 5.00%	-----	80 100.00%	3.9

Source: Primary Survey, 2013

Reliability

Reliability is defined as the ability to perform the promised service accordingly, providing accurate record and the service at the agreed time. Though, it is regarded as the most important dimension of service quality. Table 4.16 presents the reliability of service quality. Of the total, about 51.25 per cent of respondents were satisfied followed by highly satisfied (41.25%). They perceived that the services were rightly served while 1.25 per cent of respondents rated as fair and only 6.25 per cent were less satisfied with the agreed services provided by the staff. They found that the quality of food and its taste, staff's attentiveness towards them were below their expectation.

In response to the error of keeping records, about 41.25 per cent were highly satisfied with the record system, followed by satisfied (35.00%), while 20.00 per cent rated as fair and 3.75 per cent rated less satisfied. They found some error in filling the bill and booking of the room and taking the order of food.

In the case of providing the promised service at the right time, 42.50 per cent respondents perceived that they were quite satisfied, while 30.00 per cent were highly satisfied. On the other hand, 26.25 per cent rated fair followed by less satisfied (1.25%). Thus, regarding the evaluation of quality of service as reliability, the component of service at the agreed time rated the highest average score (4.2) compared to no error of

record (4.1) and promised service always kept (4.0). This shows that the component of no error of record and promised service always kept needs some improvement.

Table 4.15 Service at Agreed Time, No Error of Record Keeping, and Promised Service

Rating of services	Tourist' Response						
	Highly Satisfied	Satisfied	Fair	Less Satisfied	Poor	Totals	Ave Mean
Reliability	5	4	3	2	1		
Service at Agreed Time	33 41.25%	41 51.25%	1 1.25%	5 6.25%	-	80 100.00%	4.2
No Error of Record	33 41.25%	28 35.00%	16 20.00%	3 3.75%	-	80 100.00%	4.1
Promised Service Kept	24 30.00%	34 42.50%	21 26.25%	1 1.25%	-	80 100.00%	4

Source: Primary Survey

Responsiveness

Responsiveness refers to the willingness and ability of service personnel to help and provide prompt services. Regarding the question to the respondents about willingness and ability, Table 4.17 refers that about, 58.75 per cent were satisfied with it followed by highly satisfied (31.25%). They expressed that most of the star hotels especially, four and five star hotels had shown them a good response about their questions, and the hotel staffs were ready to solve their problems, while 8.75 per cent rated as fair and a small percentage (1.25 %) were less satisfied.

When the same type of questions were raised to the respondents about the timeliness or prompt fulfillment of their demand and solving their problems, about 38.75 per cent opined that they were satisfied, followed by highly satisfied (36.25%), whereas 21.25 per cent of respondents rated as fair and only a small number (3.75%) of respondents were less satisfied. The respondents stated that the staff had an indifferent level of activity to provide them prompt service.

The response regarding the evaluation of service quality as responsiveness, the component of willingness to help showed much higher average mean score (4.2) compared to component of provide prompt services (4.1). It shows that component of provide prompt service needs some improvement.

Table 4. 16 Willingness and Ability to help and Prompt Service

Rating of services	Tourist's Response						
	Highly Satisfied 5	Satisfied 4	Fair 3	Less Satisfied 2	Poor 1	Total	Ave Mean
Willingness to Help	25 31.25%	47 58.75%	7 8.75%	1 1.25%	-	80 100.00%	4.2
Provide Prompt Service	29 36.25%	31 38.75%	17 21.25%	3 3.75%	-	80 100.00%	4.1

Source: Primary Survey, 2013

Empathy

Empathy refers to the care and concern and personal attention which the service providers deliver to their customers. Referring to the table **4.18**, about 46.25 per cent opined that they were satisfied with the care and concern of service providers specially regarding their name, address, food habits, health conscious, and knowledge of newly place followed by highly satisfied (20.00%), while about 22.50 per cent rated as fair and, 11.25 per cent were less satisfied.

The same type of questions raised to the respondents about the personal attention given to them, the major (40.00%) proportion of respondents have perceived a satisfied result followed by highly satisfied (30.00%), while 27.50 per cent rated as fair because they were re-visitors and they were aware about the place, food and rule and regulations of the hotel service. However, a small number (2.50%) rated less satisfied.

Regarding the evaluation of quality of services as empathy, the component of personal attention shown by the hotel staff have been rated with an average mean score of 4.0, followed by care and concern (3.8). This shows that quality of service regarding the care and concern needs some improvement.

Table 4.17 Care, Concern and Individual Attention

Rating of services	Tourist' Response						
	Highly Satisfied 5	Satisfied 4	Fair 3	Less Satisfied 2	Poor 1	Totals	Ave Mean
Care and Concern	16 20.00%	37 46.25%	18 22.50%	9 11.25%	-	80 100.00%	3.8
Personal Attention	24 30.00%	32 40.00%	22 27.50%	2 2.50%	-	80 100.00%	4

Source: Primary Survey, 2013

Assurance

Assurance is defined as an employee's knowledge, courtesy and ability of the firm and its employees to inspire trust and confidence, security and freedom from risk, doubt and danger. Referring to the table **4.19** the majority (53.75%) of respondents expressed that they were satisfied with the trustworthiness shown by the staff of star hotel followed by highly satisfied (35.00%), whereas 7.50 per cent expressed that they have not perceived much difference and rated fair. On the other hand, a small number (3.75%) of respondents perceived the trustworthiness shown by the hotels staff below their expectations and they rated as less satisfied. Likewise, the same questions rose to the respondents about the honesty. Of the total, 37.50 per cent replied that they were satisfied with the assurance given by the staff about the honesty followed by highly satisfied (32.50%), while 26.25 per cent rated as fair. They further added that they had already heard about the name and fame of the hotels from their friends and relatives whereas, 3.75 per cent rated less satisfied. Generally, the quality of services does not have much difference. Regarding the evaluation of quality of service as assurance, the component of trustworthiness have been rated with an average mean score of (4.2) followed by honesty (4.0). This indicates that quality of honesty needs further improvement.

Table 4. 18 Ability to Convey Trust and Confidence and Honesty

Rating of services	Tourist' Response						
	Highly Satisfied	Satisfied	Fair	Less Satisfied	Poor	Totals	Ave Mean
Assurance	5	4	3	2	1		
Trustworthines	28 35.00%	43 53.75%	6 7.50%	3 3.75%	-	80 100.00%	4.2
Honesty	26 32.50%	30 37.50%	21 26.25%	3 3.75%	-	80 100.00%	4

Source: Primary Survey, 2013

4.3.15 Tourists' Personal Responses

Regarding the researcher's interaction with some tourists of different nationalities (i.e. UK, Germany and Belgium), the tourists from Germany commented that they did not remember much about TIA on their previous visit, but now they have found TIA more congested and remarked that the current security checks were lengthy, time consuming and annoying. They added that TIA needed some reformation in terms of services. They expressed that the security personnel of TIA were doing their jobs just for the sake of fulfilling their duties and trolleys were found in poor condition, and toilets were filthy and smelly. They suggested for the correction of the attitude of its officers, addition of more information desks with the staff having good communication skills at the airports. They also advised to provide restaurants at the airport according to the international standard. But they expressed that they loved Nepal very much due to its unique topography, culture, and people.

Visitors from Belgium had also expressed their feelings that TIA as an international standard airport was fine but its infrastructure was limited. They had also observed that there were no good restaurants in the airport for the foreigners. They further added that their first impression about Nepal was not good in the beginning because they had

found the city areas really crowded and polluted and immediately they skipped to Pokhara and managed to do trekking in Langtang region where, they came to know the real Nepal. It was beautiful and they would certainly come back for another adventure in the future.

One of the citizens of Britain said that facilities for tourists were fine but the infrastructures need to be added.

4.3.16 Suggestion to Promote Tourism in Nepal

The tourism associations had provided various suggestions to promote Nepalese tourism in the international arena. The major suggestions provided by them are as follows.

The highest proportion of respondents emphasized the need to improve promotional and marketing efforts to project Nepal at the international level. In this field, the respondents suggested to promote Nepal as a multifaceted and unique destination like, leisure, culture, adventure and natural beauties through massive advertisements in international travel trade magazines, internet and participation in travel fairs and exhibition in abroad. Some

of them have suggested increasing the security of tourists and trying to keep peace in the country. They have also suggested that there should be enough infrastructure development like arrangement of an alternative international airport and standard accommodation facilities in different parts of the country. Similarly, some of them have suggested focusing in uniqueness of natural beauty and exploring the adventurous area which would prove to be a new destination for the tourists. Regarding the suggestion to promote international tourism in Nepal, a few of them have advised to improve the conditions of roads and linking to the remote area and they also emphasized to maintain peace, law and order in the country.

4.4 Tourism Associations

There are many private associations (Trade association, Hotel association, Tour guide association, Trekking association, Travel agents association, Media association etc as well as International association), they have been playing a significant role for the development tourism by generating coordination, quality standardization and representation in concerned agencies

To assess and evaluate Nepalese Associations promotion efforts, an intensive interview using Annexure 4 questionnaire with the five major tourism associations was conducted. An attempt has been made to identify and present the existing promotion situation, policies, efforts and problems as perceived by them.

4.4.1 Status of Associations

Nepal Mountaineering Association (NMA)

The Nepal Mountaineering Association (NMA) is the national mountaineering association of Nepal. This association was founded in the year 1973 with its main objectives aiming to promote the mountaineering activities in the Himalayan region, to safeguard the interest and to upgrade the professional and mountaineering skill of Nepalese mountaineers, to popularize mountaineering activities among Nepalese students and youths, to create awareness both in national and international level to preserve the beauty of Himalayan region for future generations.

The NMA is the founder member of Union of Asian Alpine Association (UAAA) and also an active member of the Union of International Alpine Association (UIAA) to help carry out its objectives, the Government of Nepal has authorized the Nepal Mountaineering Association to issue permit for 33 peaks in the Khumbu, Langtang, Annapurna and Manang area. Donation in cash and kind, membership fees from general member and professional members also form the NMA fund.

Hotel Association of Nepal (HAN)

Hotel Association of Nepal (HAN) was established in the year 1966, when it had just eight hotels and all of them were situated in Katmandu itself. In the first ten years of its existence, due to the early stage of the industrial age as well as the membership being extremely homogenous, the Hotel Association of Nepal was able to make its mark on the governmental regulatory and social upgrading aspects of tourism.

Furthermore, HAN was able to project itself as a leader in the decision making process pertaining to tourism. No aspects of tourism policies and their implementation could avoid the forceful imprint of HAN. The hotel industry at that time was perhaps one of the most successful industries in the scenario for hardly any other industry existed.

The 1980's ushered in the idea of a borderless world and as such trade and commerce began to flow from one part of the world to the next. The tourism industry, the very heart of the concept of borderless economy, obviously began to get its full share of benefit. On the other hand, the concept of international standards made the need for international network of marketing.

Nepal Association of Rafting Agents (NARA)

Nepal Association of Rafting Agents was registered (Government Recognized) on 26th December 1989. NARA is an association of all the rafting outfitters of Nepal and is the only one Association where we get all kinds of information about rafting trip in Nepal such as: Rafting information of Nepal, Rafting equipment and the rafting agencies of Nepal. Nepal is the home to one of the strongest and largest river tourism communities in the global industry. Comprising of approximately 61 companies, Nepal's river tourism industry employs thousands of native Nepalese and is entirely Nepali owned, operated and supplied, a fact which makes it unique among other forms of tourism development in the Himalayan area (in fact in the world) However, whitewater rafting in Nepal, well known among several specialist river running communities across the world, has had relatively little publicity and as such is an extremely valuable yet little appreciated and publicized form of sustainable development for the country of Nepal.

The Event: With this in mind, the Nepal Association of Rafting Agents in cooperation with Peak UK, one of England's largest whitewater kayaking equipment companies, has developed a proposal for the introduction of a river running event that has the potential to stimulate interest in Nepal as a tourist destination in general and Nepal's rivers in particular as one of the world's premier river running tourism destinations. The Peak UK Himalayan Whitewater Challenge in Nepal is a multi discipline one boat Event that combines extreme slalom / river running skills with downriver speed and freestyle action to find an overall whitewater champion. This event, which will combine state of the art forms of extreme whitewater slalom, head to head down river racing and amazing displays of freestyle rodeo maneuvers into one world class competitive event. Additionally, this event will also allow for a competitive display of Nepal's rafting history as there will be a down river raft race in which Nepal's original Nepali raft guides, the current company owners, will guide rafts filled with their companies' best guides in a head to head race down the Bhotekoshi river to claim the honor of 'Top OG'

(Original Guide). As such, this event promises to be not only a world class competitive affair, but also an opportunity for Nepal to demonstrate its long standing tradition of whitewater rafting expertise among its citizens.

Event Size and Expected Economic Benefits to Nepal's Tourism Industry. The event's organizer expected to attract to approximately 100-150 foreign competitors and approximately 100 Nepali participants, in addition to nearly 200-250 spectators, all of whom will help spread the word of Nepal's awesome whitewater tourism potential to those that they know abroad. Additionally, the foreign participants will all fly into Katmandu's Tribhuban International Airport, many of Nepalese air carriers Nepal Airline and then stay in Katmandu's hotels and guesthouse. Where they will shop for goods and eat at local restaurants, helping to bolster the country's critical tourism industry that has taken such hard blows in 2001 due to both national and international crises. Additionally, past experience has shown that these participants will travel throughout Nepal after the events, to paddle many of Nepal's world class rivers and as such will help to benefit other areas throughout the country economically. Further, as a by-product of the event is, publicity about Nepal as a safe and secure tourism destination will be disseminated helping to stimulate other non whitewater based sectors of Nepal's tourism industry as well.

Nepal Association of Tour and Travel Agents (NATTA)

Association of Tour and Travel Agents (NATTA) established in 1966 is putting an additional effort to promote Nepal in the Chinese market through its Discover Nepal-China mission. The main concern of the mission would be about the interaction between the Chinese and Nepali tour operators that have been authorized for tour operation, he informed. Nepali entrepreneurs are waiting for a long time to see a good number of Chinese tourists since the signing of historic agreement between the Government of Nepal and China last November, which made Nepal Approved Destination Status (ADS) for Chinese tourists. The current major problems are the limited air services.

Currently around 300 travel agencies, out of some 600 registered are in active operation in the country and the NATTA is demanding the government to authorize all these agencies to operate Chinese tourists. The mission that comprises 36 tourism

entrepreneurs including three hoteliers had visited the city to Shanghai from 23 to 31 July, 2002.

Trekking Agents Association of Nepal (TAAN)

Trekking Agents Association of Nepal (TAAN) was formed and registered in the Kathmandu CDO Office in 1979 by a handful of trekking agents who realized that it was time to assemble and create an umbrella organization; under which they could work together to meet their common goals and also assist the government by providing suggestions to make trekking business revenue generating industry and also provide employment opportunity to the locals. Such a body was necessary for many reasons. The need for such a body was felt very much, which could undertake the major responsibilities to develop and promote adventure tourism in the country. It was also essential to play a significant, conducive role to mitigate mountain environmental stress.

Since its establishment, the number of trekking agencies has been increasing as well as the number of members of the association. TAAN limited its membership only to Nepalese trekking agents at its initial phase. Nevertheless, it opened its associate membership to foreign organizations to broaden the scope of the Association.

TAAN members (nearly 300 general members and 12 associate members) meet annually to endorse policy guidelines, which govern the Executive Body. It frequently communicates with the concerned bodies of the government to simplify the procedures and solve the problems related with trekking. TAAN has Nine Sub-Committees, which assist to meet its objectives. It also organizes workshops to make trekking agents aware of the rising pollution in trekking routes and other problems encountered by the trekkers and trekking agents. The executive body, which is elected every two years, has 6 office bearers, 8 Executive Members, 1 immediate Past President, 1 Chapter Representative and 3 Nominate Executive Member/s.

4.4.2 Product Developments Need

When the respondents were asked to give their views about the need of product development, in this respect, each of association put first priority was to develop new products, HAN and NARA have second priority to combine product while NMA and

NATTA puts second priority for the preserve and present product as it is and TAN puts on modify the product, similarly, HAN and TAAN has put on third priority for preserve and present product as it is NMA, NARA and NATTA has third priority for modify the product. HAN puts it's forth priority in modify while NMA, NATTA and TAN in combining products while NARA has on preserve and present as it is. All association has prioritized any other as fifth option. They suggested developing new tourism products like Natural therapy, sport tourism, nature and cultural tourism separately. They also added to increase more recreational facilities for the pleasure and holiday makers.

Table 4.19 Needs of Product Development

Strategy (priority)	HAN	NMA	NARA	NATTA	TAAN
Preserve and present our product as it is	3	2	4	2	3
Modify products to suit target markets	4	3	3	3	2
Combine product feature	2	4	2	4	4
Develop new products	1	1	1	1	1
Any other(facility for children and women and old)	5	5	5	5	5

Source: Primary Survey, 2013

4.4.3 Nepal's Tourism Product positioning in the International Market Arena

Regarding the Nepal's tourism product positioning in the international market, Table 4.21 show that HAN and TAAN expressed pleasure tourism destination should be positioned in the international market which is second choice for NARA and NATTA and third choice for NMA. NARA and NATTA has choice suggested adventure tourism destinations as first priority which is second choice for NMA and TAAN and forth alternative for HAN, Culture based is prioritise second by HAN, NARA has preferred to be third choice while NMA, NATTA and has put it as forth option. NMA, NATTA and TAAN has said that nature based tourism should be positioned as first option while NARA said it as second and HAN on third priority. All have same thinking for pilgrimage tourism, any other and mixed view as fifth, sixth and seventh positioning strategy.

Table 4. 20 Product Positioning in the International Market

Product Positioning	HAN	NMA	NARA	NATTA	TAAN
Pleasure tourism Destination	1	3	2	2	1
Adventure Tourism Destination	4	2	1	1	2
Culture based Tourism	2	4	3	4	4
Nature based Tourism	3	1	2	3	1
Pilgrimage	5	5	5	5	5
Mix of above	6	6	6	6	6
Any Other	7	7	7	7	7

Source: Primary Survey

4.4.4 Product Development Strategy

Regarding the query about the product development strategies, Table 4.22 show that improving quality of product and service is the first priority of all associations, addition of new area is second choice for NMA, NARA and TAAN, HAN has fifth priority and NATTA has third priority. Improving product feature is second priority for HAN, fourth for NMA and TAAN, third for NARA and fifth for TAAN. Preservation and maintenance of tourist area is third strategy for HAN and sixth for NMA, similarly it is fifth for NARA, second for NATTA and sixth for TAAN. Professional Manpower Development is the fourth strategy for HAN, NARA and NATTA and it is third strategy for NMA and TAAN. All association has highlighted seventh strategy for continuous research. HAN, NARA and NATTA sixth priority was for Joint effort of government and private sector that is fifth strategy for NMA and TAAN.

Table 4. 21 Product Development Strategy

Product Development Strategy	HAN	NMA	NARA	NATTA	TAAN
Improving the quality of product and services	1	1	1	1	1
Addition of new area	5	2	2	3	2
Improve product feature	2	4	3	5	4
Preservation and maintenance of tourist area	3	6	5	2	6
Professional manpower development	4	3	4	4	3
Continuous research	7	7	7	7	7
Joint effort of government and private sector	6	5	6	6	5

Source: Primary Survey, 2013

4.4.5 Concentration of Marketing Effort

Table 4.23 shows that the all Association views Nepal's marketing efforts should be concentrated on international level while, then at the National level, followed by potential new market , specific target market and any other.

This shows that the majority of the respondents suggested Nepal's tourism market should be focused on the international level. However, they also emphasized to develop the national level market as well.

Table 4. 22 Concentration of Marketing Effort of Nepal

Concentration of Marketing Efforts of Nepal	HAN	NMA	NARA	NATTA	TAAN
National Level Step	1	1	1	1	1
International Level Step	2	2	2	2	2
Regional level	3	3	3	3	3
Potential New Market	4	4	4	4	4
Any Other	5	5	5	5	5

Source: Primary Survey, 2013

4.4.6 Area of Attention for the Promotion of Tourism

Regarding the query about the area of attention for the promotion, Table 4.24 shows HAN and TAN focused on Accommodation while Accommodation is second priority for NMA and third for NARA and NATA. As immigration the next area HAN, NMA and NARA has fifth priority and NATTA and TAAN has seventh priority. Similarly

Airlines is another area for focus where HAN, NARA, NATTA gave second priority and NMA and TAAN gave a third priority. Similarly Agency services have forth priority from HAN, NMA and NARA NATTA gave a rank of sixth and TAAN in fifth. HAN, NMA and TAAN have given attention at sixth for sanitation while NARA has seventh and NATTA has given fifth priority. Environment is major focus for NMA, NARA and NATTA while it is third for HAN and second for TAAN. Visa rate is ninth for HAN, NATTA and TAAN; it is sixth for NARA and eighth for NMA. Road development is forth priority for NATTA, eight for NARA and TAAN and seventh for HAN and NMA. Customs is forth priority of TAAN while it is eighth for NATTA and HAN and ninth for NMA and NARA.

Table 4. 23 Area of the attention for the promotion of tourism

Area of Attention	HAN	NMA	NARA	NATTA	TAAN
Accommodation	1	2	3	3	1
Immigration	5	5	5	7	7
Airlines	2	3	2	2	3
Agency Services	4	4	4	6	5
Sanitation	6	6	7	5	6
Environment	3	1	1	1	2
Visa Rate	9	8	6	9	9
Road development	7	7	8	4	8
Customs	8	9	9	8	4

Source: Primary Survey, 2013

4.4.7 Reliability of Media

Regarding the reliability of media, table 4.25 demonstrates that NMA and TAAN expressed their view that most of the tourists rely on “Word of mouth,” while it was second priority for HAN, NARA and NATTA. Similarly Friends and relative was desired by HAN, NARA and NATTA. TAAN and NMA have it on second choice. Travel and Travel journal is third priority for NMA, NATTA AND TAAN, while it is fourth choice for HAN and NARA. In choosing radio HAN, NARA and NATA has it for sixth choice while its fifth for NMA and Seventh for TAAN. HAN, NARA, NATTA has placed other magazine as seventh choice which is sixth for NMA and

TAAN. Television is fifth choice for HAN, NARA, NATTA and TAAN and it is forth of NMA. Email and internet is third for HAN, Sixth for NAMA and NARA and fourth for NATTA and TAAN.

Table 4. 24 Reliability of Media

Media	HAN	NMA	NARA	NATTA	TAAN
Trade and Travel Journal	4	3	4	3	3
Radio	6	5	6	6	7
Other magazines	7	6	7	7	6
Word of Mouth	2	1	2	2	1
Television	5	4	5	5	5
E-mail and internet	3	6	6	4	4
Friends and Relatives	1	2	1	1	2
Any other	8	8	8	8	8

Source: Primary Survey, 2013

4.4.8 Efforts to be initiated by the Government

On the basis of the experience of respondents working in different field of tourism business organizations they expressed their views that a number of measures be initiated by the government for the promotion of tourism in the country. According to table 4.26 associations argued that government should pay more attention towards the promotion of tourism destination of Nepal. NARA and NATTA stated that government should focus on creation of infrastructure in second choice while HAN and TAAN think it should be third. TAAN and NATTA focused that government should be involved product development as second choice while NARA thinks it should be third HAN and NATA thinks it should fourth choice. While, HAN and NMA stated that government should put facilitating tourism as second priority while forth by NARA, NATTA and TAAN. Participation in fairs/exhibition should be sixth by HAN and NMA while it should be seventh by NARA, NATTA and TAAN. Using embassies should be eighth by all associations. They have similar view in case of Budget. They all have put it on fifth priority. Similarly Managing environment should be ninth priority. NARA, NATTA and TAAN suggested that government should have clear plan and policies in sixth priority while it is seventh for HAN and NMA.

Table 4. 25 Efforts Initiated by Government

Efforts of the Government	HAN	NMA	NARA	NATTA	TAAN
Destination Promotion	1	1	1	1	1
Creation of Infrastructure	3	3	2	2	3
Product Development	4	4	3	2	2
Facilitating Tourism Industry	2	2	4	4	4
Participation in fairs/ exhibition	6	6	7	7	7
Use Embassies more effective	8	8	8	8	8
Increase in Budget	5	5	5	5	5
Manage Environment	9	9	9	9	9
Clear plan and policies	7	7	6	6	6

Source: Primary Survey, 2013

4.4.9 Tourism Marketing During Off Seasons

It is said that tourism is a seasonal business in nature, and the majority of tourists are concentrated over particular months. Table 4.27 refers the strategy that can make tourism business better even in those seasons. NARA suggested that new market should be targeted while HAN and NMA puts it on second priority while NATTA and TAAN believes it to be third option. In the view of Targeting Cheap market it is forth priority for HAN and NATTA, while it is third for NMA and NARA and first priority for TAAN. HAN and NATTA thinks providing concessions can also increase business as it is first option. It is second priority for NARA and forth for NMA and TAAN. Promoting conference, seminar and business tour is firth priority of NMA, third for HAN and second for NATTA and TAAN. Any other option is last priority of all associations.

Table 4. 26 Marketing of Tourism Products/ Services during Off Seasons

Marketing During the off season	HAN	NMA	NARA	NATTA	TAAN
Targeting new market	2	2	1	3	3
Targeting cheap market	4	3	3	4	1
Providing Price Concession	1	4	2	1	4
Promoting Conference, seminar and business tour	3	1	4	2	2
Any other	5	5	5	5	5

Source: Primary Survey, 2013

4.4.10 Main Weaknesses of Tourism Marketing

Referring to table 4.28 the weaknesses of tourism marketing of Nepal, HAN explained that major weakness are the lack of professionals followed by lack of strategic planning, lack of co-ordination between government and private sectors, limited investment of fund, lack of government budget, lack of research work, inability to identify market, lack of publicity in right time, and lack of human resource development.

NMA explained that major weakness are the lack of strategic planning followed by lack of professionals, lack of co-ordination between government and private sectors, limited investment of fund, lack of publicity in right time, lack of research work, lack of government budget, inability to identify market, and lack of human resource development.

NARA explained that major weakness are the lack of professionals followed by lack of strategic planning, limited investment of fund, lack of research work, lack of publicity in right time, inability to identify market, lack of government budget, lack of human resource development and lack of co-ordination between government and private sectors.

NATTA explained that major weakness are the lack of professionals followed by lack of strategic planning, limited investment of fund, lack of research work, inability to identify market, lack of government budget, lack of co-ordination between government and private sectors, lack of human resource development and lack of publicity in right time.

Similarly, TAAN explained that major weakness are the lack of professionals followed by lack of strategic planning, lack of research work, limited investment of fund, inability to identify market, lack of government budget, lack of co-ordination between government and private sectors, lack of human resource development and lack of publicity in right time.

Table 4. 27 Weaknesses of Tourism Marketing in Nepal

Area	HAN	NMA	NARA	NATTA	TAAN
Limited investment of Fund	4	4	3	3	4
Lack of Strategic Planning	2	1	2	2	1
Lack of Professionals	1	2	1	1	2
Lack of budget of the Government	5	7	7	6	6
Lack of Research work	6	6	4	4	3
Inability to identify market	7	8	6	5	5
Lack of coordination between private and Government	3	3	9	7	7
Lack of Publicity in right Time	8	5	5	9	9
Lack of Human Resource Development	9	9	8	8	8

Source: Primary Survey, 2013

The weaknesses can be corrected through the strategic marketing planning, research work, promotional activities and coordination between the private sector and government. These are the important pre-requisites for the development of tourism.

4.4.11 Suggestions to Promote Nepal as a Sustained Destination

They argued that government should give more priority to the tourism industry and declare it as a National Industry. They also suggested that there should be active involvement of both the private sector and the government with due cooperation. The Planning Commission of Nepal makes plans and policies regarding the tourism only with close cooperation of ministries, which flows from a top to down and the grass roots level and private sectors have a rare chance to raise their voice in such planning. The planning is based on the information presented by the concerned offices and there is less chance to interact and make comments on such a planning exercise. The experts viewed that the planning should be based on down to top level, and should hear the voices of the floor, grass roots level as well as private entrepreneurs.

4.5 Nepal's Competitiveness in Tourism

Total competitive index is calculated with sub-indexes of T&T regulatory framework, T&T human, culture and natural resources. It is prepared every year by World Tourism Organization every year. This index further, it shows the safest economies of all assessed with regard to safety and security, and that receives strong assessments for other types of infrastructure.

As the table **4.29** shows, Singapore is the top-ranked economy in the region at 10th positions overall in total competitive index. Singapore is followed by Australia, New Zealand, Japan and so on.

Talking about nearest country India, it lies in 11th position (overall 65), Srilanka in 14th position (overall 74) While Nepal lies in 22nd position which is 112 in overall ranking. While, Pakistan and Bangladesh were following Nepal by standing in 24th and 25th position with 122 and 123 standings in overall. This shows in the south Asian region Nepal is ranked 3rd.

Table 4. 28 The Travel & Tourism Competitiveness Index 2013: Asia Pacific

COUNTRY/ECONOMY	REGION RANK	OVERALL RANK
Singapore	1	10
Australia	2	11
New Zealand	3	12
Japan	4	14
Hong Kong SAR	5	15
Korea, Rep.	6	25
Taiwan, China	7	33
Malaysia	8	34
Thailand	9	43
China	10	45
India	11	65
Indonesia	12	70
Brunei Darussalam	13	72
Sri Lanka	14	74
Azerbaijan	15	78
Vietnam	16	80
Philippines	17	82
Kazakhstan	18	88
Mongolia	19	99
Cambodia	20	106
Kyrgyz Republic	21	111
Nepal	22	112
Tajikistan	23	114
Pakistan	24	122
Bangladesh	25	123

Source: The Travel & Tourism Competitiveness Report 2013, World Tourism Organization

4.6 Foreign Exchange Earnings from Tourism in Nepal

At present, there are four main sources of earning of foreign exchange in Nepal. These are, foreign exchange received in the form of remittances from ex-servicemen and the younger citizen of Nepal who is employed abroad, money received in the form of foreign aid, trade and tourism. Among these, the former two are not dependable, as a result, the country has to depend more on trade and tourism industry. One should consider both to be permanent and essential sources of increasing the national income and earning of foreign exchange needed for the economic development of the country.

Tourism has been established as one of the crucial and stable source of foreign exchange earning in Nepal. The growth of foreign exchange earning has been a medium of salvation over the year for correcting trade deficit at some remarkable degree. (Sharma, 2001)

According to Holloway, tourism is a labor intensive industry as the greatest proportion is likely to be derived from wages and salaries paid to those working in jobs either directly serving the needs of tourists or benefiting indirectly from the tourist's expenditure. He further adds that income will be greater in the areas which receive large numbers of tourists, where visitors tend to stay for longer periods where the destination attracts an up market or more free spending clientele and where there are many opportunities to spend.

Table 4.29 Gross average per capita in US., in convertible currencies along with number of tourists, average length of stay and average per day income (2000-2012).

Year	Average Income Per capita in us	Annual Change Average Income Per Capita	% in Per	Total No of Tourists	Annual Change of Tourist Arrival	% of	Average Length of Stay	Average per day income
2000	453.7	-		463,646	-		11.88	38.2
2001	472.4	4.12		361,237	(22.09)		11.93	39.6
2002	512	8.38		275,468	(23.74)		7.92	64.8
2003	765.9	49.59		338,132	2.75		9.6	79.1
2004	609.8	(20.38)		385,297	13.95		13.51	45.1
2005	532	(12.76)		375,398	(2.57)		9.09	58.5
2006	561	5.45		383,926	2.27		10.2	55
2007	535	(4.63)		526,705	37.19		11.96	45
2008	860.3	60.80		500,277	(5.02)		11.78	73
2009	739.6	(14.03)		509,956	1.93		11.32	65.3
2010	547.4	(25.99)		602,867	18.22		12.67	43.2
2011	500.9	(8.49)		736,215	22.12		13.12	38.2
2012	432.7	(13.62)		803,092	9.08		12.16	35.6

Source: Nepal Tourism Statistics, 2012, MoCTCA Economic Survey - 2012/13, Ministry of Finance, Government of Nepal.

Table 4.30 represents the relationship between average incomes per capita, total number of tourist arrival, average income per visitor per day and average length of stay in Nepal and Table 4.31 represents the relationship between foreign exchange earnings, total number of tourist arrival, average income per visitor per day and average length of stay in Nepal.

Table 4.30 relationship between foreign exchange earnings, total number of tourist arrival, average income per visitor per day and average length of stay in Nepal

Year	Foreign exchange earning in us	Annual % Change in foreign exchange	Total No of Tourists	Annual % Change of Tourist Arrival	Average Length of Stay	Average per day income
2000	166,847	-	463,646	-	11.88	38.2
2001	140,276	(15.93)	361,237	(22.09)	11.93	39.6
2002	106,822	(23.85)	275,468	(23.74)	7.92	64.8
2003	192,832	80.52	338,132	22.75	9.6	79.1
2004	179,941	(6.69)	385,297	13.95	13.51	45.1
2005	148,441	(17.51)	375,398	(2.57)	9.09	58.5
2006	162,790	9.67	383,926	2.27	10.2	55
2007	230,617	41.67	526,705	37.19	11.96	45
2008	351,968	52.62	500,277	(5.02)	11.78	73
2009	377,172	7.16	509,956	1.93	11.32	65.3
2010	329,982	(12.51)	602,867	18.22	12.67	43.2
2011	368,773	11.76	736,215	22.12	13.12	38.2
2012	356,725	(3.27)	803,092	9.08	12.16	35.6

Source: Nepal Tourism Statistics, 2012, MoCTCA Economic Survey - 2012/13, Ministry of Finance, Government of Nepal.

In the year 2001 though, the number of tourist declined by 22.09 per cent, the average income per capita increased by 4.12 per cent. This may be owing to the increase in the average expenditure per visitor per day by 3.7 per cent and average length of stay to 11.93 days compared to previous year there was significant decrease of foreign exchange by 15.93 percent

While in 2003, with the increase in the number of tourist arrival by 22.75 per cent, the average income per capita was also increased by 49.59 percent, similarly 80.52 percent increase in foreign currency earnings.

On the contrary in 2004 though, the tourist arrival increased by 13.95 per cent, average income per capita was found to have decreased by 20.38 per cent, while average length

of stay increased to 13.51 days. But average income per visitor per day was decreased by 42.9 per cent. Similarly, foreign exchange earnings also decreased by 6.69 percent.

Similarly in 2007 and 2011(Nepal Tourism Year), though the number of tourist increased by 37.0 per cent and 22.12 percent respectively, the average income per capita decreased to 4.6 per cent and 8.49 per cent, while the average length of stay increased to 11.9 days and 13.12. There was significant increase of foreign exchange earnings by 41.67 percent in 2007 and 11.76 percent in 2011.

Similarly, in 2012, Lumbini Visit Year, though the number of tourist increased by 9.08, the average income per capita decreased by 13.42 percent, average length of stay was also decreased to 12.16 days. Similarly, 3.27% decrease in foreign exchange earnings.

Thus it can be inferred that average income per capita is not affected by only one factor like number of tourist arrival, but there are other factors like average income per visitor per day and average length of stay are also equally responsible for the determination of average income per capita.

4.7 Test of Hypothesis:

The role of tourism has been playing a significant role in the economic development of the country. Tourism is the fastest growing industry in the world. The number of tourist arrival would certainly help to increase the foreign exchange earning of the country. So, an attempt has been made to find out the effects of average length of stay and number of tourist arrival on per capita earnings. The calculations are carried out by performing simple linear regression model.

The study was done by establishing the relationship between the dependent variable and independent variable¹. Hypothesis was tested using appropriate statistical tools as specified in the methodology.

1. It was expected that Average Length of Stay (ALS) would affect the foreign exchange earnings from tourism (FXE).

Ho – There is no significant effect of Average Length of Stay (ALS) on Foreign Exchange Earning (FXE).

H₁ – There is a significant effect of Average of Stay (ALS) on Foreign Exchange Earning.

Simple linear model impact of average length of stay on foreign exchange earnings from tourism (2001-2012)

The estimated simple linear regression model of foreign exchange earnings (FXE) on average length of stay (ALS) of tourists is,

$$FXE = -138097.535 + 33359.073ALS \text{ (refer Table 4.32 B)}$$

Table 4. 31 Regression Analysis between ALS on FXE

A) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.543 ^a	.295	.231	88755.8149	.295	4.608	1	11	.055

a. Predictors: (Constant), Average Length of Stay

B) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-138097.535	177613.289		-.778	.453
	Average Length of Stay	33359.073	15540.906	.543	2.147	.055

a. Dependent Variable: Foreign exchange earning in us

The value of R² indicates that 29.5 percent of variation in FXE is explained by the ALS of tourist. A positive adjusted R² indicates that the average length of stay (ALS) does adequately describe the FXE. The calculated F= 4.608 indicates that the linear regression model is significant at 10 percent level of significance because significance p value .055<0.10.

However, from the linear regression it depicts that the marginal effect of ALS on FXE is 33359.073. This means that an increase of ALS is expected to decrease FXE, on average, by 33359.073 units.

Further, with the correlation coefficient value of 0.543, it can be said that there is positive relationship between Average length of stay and foreign exchange earnings.

Therefore, hypothesis (H_1) is accepted at, 0.10 level of significance or (H_0) is rejected at 0.10 level of significance.

From the above linear model analysis; we conclude that average length of stay of tourists does influence the foreign exchange earnings.

This indicates that the H_1 (alternative hypothesis) is accepted not in favor of H_0 (null hypothesis) that there is significant impact of average length of Stay on Foreign Exchange Earning (FXE).

2. It was expected that Total Number of Tourist Arrival (TNOT) would affect the foreign exchange earnings from tourism (FXE).

H_0 – There is no significant effect of Total Number of Tourist (TNOT) on Foreign Exchange Earning from tourism (FXE).

H_1 – There is a significant effect of Total Number of Tourist (TNOT) on Foreign Exchange Earning from tourism (FXE).

Simple linear model impact of total number of tourist on foreign exchange earnings from tourism (2001-2012)

The estimated simple linear regression model of foreign exchange earnings (FXE) on Total Number of Tourist (TNOT) is,

$$FXE = -18319.090 + .535TNOT \text{ (refer Table 4.33 B)}$$

Table 4. 32 Regression Analysis between TNOT on FXE

A) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.828 ^a	.685	.656	59338.5837	.685	23.918	1	11	.000

a. Predictors: (Constant), Total No of Tourists

B) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-18319.090	55221.191		-.332	.746
	Total No of Tourists	.535	.109	.828	4.891	.000

The value of R^2 indicates that 68.5 percent of variation in FXE is explained by the TNOT of tourist. A positive adjusted R^2 indicates that the total number of tourist (TNOT) does adequately describe the foreign exchange earnings (FXE). The calculated $F= 0.00$ indicates that the linear regression model is significant at 10 percent level of significance because significance p value $0.00 < 0.10$.

However, from the linear regression it depicts that the marginal effect of TNOT on FXE is .535. This means that an increase of TNOT is expected to increase FXE, on average, by .535 units.

Further, with the correlation coefficient value of 0.828, it can be said that there is positive relationship between Total No of Tourists and foreign exchange earnings. From the above linear model analysis; we conclude that average length of stay of tourists significantly influence the foreign exchange earnings.

This indicates that the H_1 (alternative hypothesis) is accepted not in favor of H_0 (null hypothesis) that there is significant impact of average length of Stay on Foreign Exchange Earning (FXE).

3. It was expected that Average length of Stay (ALS) would affect the Per Capita Earnings (PCE) from tourism.

H_0 – There is no significant effect of Average length of stay (ALS) on Per capita Earning from tourism (PCE).

H_1 – There is a significant effect of Average length of stay (ALS) on Per capita Earning (PCE) from tourism (PCE).

Simple linear model impact of total number of tourist on Per capita in U.S from tourism (2001-2012)

The estimated simple linear regression model of per capita in u.s. (PCE) on Average Length of Stay (ALS) is,

$$PCE = 662.418 - 7.399ALS \text{ (refer Table 4.34 B)}$$

Table 4. 33 Analysis between ALS on PCE

A) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.093 ^a	.009	-.081	136.0276	.009	.097	1	11	.762

a. Predictors: (Constant), Average Length of Stay

B) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	662.418	272.211		2.433	.033
	Average Length of Stay	-7.399	23.818	-.093	-.311	.762

a. Dependent Variable: Average Income Per capita in us

The value of R^2 indicates that .9 percent of variation in PCE is explained by the ALS of tourist. A negative adjusted R^2 indicates that the average length of stay (ALS) does not adequately describe the foreign exchange earnings. The calculated $F= 0.762$ indicates that the linear regression model is not significant at 10 percent level of significance because significance p value $0.762 > 0.10$.

However, from the linear regression it depicts that the marginal effect of ALS on PCEE is -7.399. This means that an increase of ALS is expected to decrease PCE, on average, by 7.399 units.

Further, with the correlation coefficient value of 0.093, it can be said that there is positive relationship between Average length of stay and per capita earnings. From the above linear model analysis; we conclude that average length of stay of tourists does not significantly influence the foreign exchange earnings.

This indicates that the H_0 (null hypothesis) is accepted not in favor of H_1 (alternative hypothesis) that there is significant impact of average length of Stay on Per capita Earning (PCE).

4. It was expected that Total Number of Tourist Arrival (TNOT) would affect the Per Capita Earnings (PCE) from tourism (FXE).

Ho – There is no significant effect of Total Number of Tourist (TNOT) on Per Capita Earning (PCE) from tourism (FXE).

H₁ – There is a significant effect of Total Number of Tourist (TNOT) on Per Capita Earning (PCE) from tourism (FXE).

Simple linear model impact of total number of tourist on foreign exchange earnings from tourism (2001-2012)

The estimated simple linear regression model of per capita earnings (PCE) on Total Number of Tourist (TNOT) is,

$$PCE = 672.155 + .000 \text{ TNOT (Refer Table 4.35B)}$$

Table 4. 34 Regression Analysis between TNOT on PCE

A) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.232 ^a	.054	-.032	132.8872	.054	.627	1	11	.445

a. Predictors: (Constant), Total No of Tourists

B) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	672.155	123.666		5.435	.000
	Total No of Tourists	.000	.000	-.232	-.792	.445

a. Dependent Variable: Average Income Per capita in us

The value of R² indicates that .54 percent of variation in FXE is explained by the TNOT of tourist. A negative adjusted R² indicates that the total number of tourist (TNOT) does not adequately describe the foreign exchange earnings (FXE). The calculated F= 0.445 indicates that the linear regression model is not significant at 10 percent level of significance because significance p value 0.445 > 0.10.

However, from the linear regression it depicts that the marginal effect of TNOT on FXE is .000. This means that an increase of TNOT is expected to increase FXE, on average, by .000 units.

Further, with the correlation coefficient value of 0.232, it can be said that there is positive relationship between Total number of tourists and Per capita earnings. From the above linear model analysis; we conclude that average length of stay of tourists significantly influence the foreign exchange earnings.

This indicates that the H_0 (null hypothesis) is accepted not in favor of H_1 (alternative hypothesis) that there is significant impact of average length of Stay on Foreign Exchange Earning (FXE).

4.8 Discussion

In this chapter an attempt has been made to assess the tourism development and marketing effort on the basis of views and perceptions collected through the questionnaires and by conducting in-depth interviews with the tourists, tourism business organizations and tourism experts.

Under the profile of tourists, various questions were raised concerning their nationality, age, purpose of visit, decision about the tour, expenditure pattern, and duration of stay, choice of accommodation, transportation, destinations and quality of service of hotels. Similarly, they have also been asked about the need of product development, major weaknesses and strengths of tourism product of Nepal.

It was also noticed that holiday/pleasure and business groups have length of stay was reported to short periods, It was also noticed that students, researchers, mountaineers and trekkers generally stayed for longer periods.

Regarding the query about the major weaknesses of tourism products, the majority of tourists were not satisfied with the service facilities provided by NAC relating to the domestic as well as international flights. Besides this, pollution of the environment, lack of maintenance and preservation of natural, cultural and religious heritage sites, frequent Chhaka jam and strikes have brought further disappointment in their minds. However, the major strengths i.e. natural beauties, cultural and religious diversity, and

favorable climate, birth place of Buddha, land of Pashupatinath, and Mount Everest have attracted them and made their trips to Nepal more enjoyable. Regarding the query about their valuable suggestion for the development of tourism, they suggested to develop the new tourism products, diversification of tourist destinations and development of infrastructures in the potential tourist area of Nepal. As people are quality conscious, they also suggested improving the quality of tourism products and services.

Similarly, the second kinds of respondents were tourism associations. They were requested to provide their priorities/strategies about the need of product development, product positioning, Product development, Concentration of marketing, areas of attention, reliability of media, government initiation, off season marketing, weaknesses and suggestion to sustainable development.

Regarding the need of product development, all Associations identify the need of new product development, in positioning HAN and TAAN stated that tourism product should be placed as pleasure destination while NARA and NATTA focused on adventure, NMA in nature, pilgrimage and so on. In product development strategy all association said improving the current service. Besides this, in concentration international level was their priority. In case of concentration HAN and TAAN expressed view on Accommodation while NMA, NARA and NATTA on environment. In case of Reliability HAN, NARA and NATTA believed friends and family are reliable source while NMA and TAAN believe to be word of mouth. So they are targeting to these sources. In defining role of government the government should be actively involved in promoting destination. In case of marketing during off seasons providing concessions is priority of HAN and NATTA while conferences, seminar was of NMA. While TAAN focused on cheap market and NARA on developing new market. The major weaknesses that association believed in themselves were lack of professional and strategic planning.

Similarly, they recommended for the extension of road network as well as different categories of accommodations in different potential areas of the country. Likewise, they emphasized that the government should give more priority to the tourism industry and declare it as a national industry, and planning should be based on bottom-to -top level,

and should acknowledge the voices of the ground floor/grass roots level as well as private sectors.

In this same chapter an attempt had been made to analyze the current tourism status of Nepal in South Asia as well as test a relation of foreign exchange earnings on average length of stay as well as on total number of tourist arrival.

The growth of foreign exchange earnings is dependent on the number of tourist arrival as well as the average length of stay and per capita income with no significant relationship.

4.9 Major findings of the study

As already discussed, tourism is one of the biggest and the fastest growing industries in the world and is playing a pivotal role in the economy of the developed and developing countries of the world. Referring to the international tourism scenario, it is observed that the receipts have made more than three folds in less than two decades from 1990 to 2007. It is also deduced that as compared to the increase in the international tourist arrivals, the growth of the tourism receipt is proportionately very high.

Nepal is not only a popular destination for holiday and pleasure, and trekking and mountaineering, but also is an equally preferable destination for pilgrimage, business and official groups. Most of the trips are organized through tour operators and the trips are accompanied with their friends.

Since the tourism products are not diversified in the overall country, Kathmandu has been reflected as the most popular tourism destination followed by Pokhara, Chitwan, Lumbini, and some trekking trails. The survey shows that Nepal is a cheap destination compared to other SAARC countries and hence, a very small number of visitors are found to spend US\$86 and over in a day. Travel agents have more control over the international tourists' expenditure as their major expenses are on accommodation and include other amenities in terms of package.

The survey also shows that the main sources of information for tourists are their friends and relatives, followed by travel agents, guide books, and their own experience through their prior visits, which are the strong motivating factors for their visits and revisits.

Relating to the availability of present infrastructure for the development of tourism, more than half of the experts have opined that the present infrastructures for the development of tourism are inadequate. Further they elaborated that there are no sufficient facilities such as road access, airports, electricity and provision for safe drinking water.

With Reference to Table **4.36** regarding the need of product development, all Associations identify the need of new product development, in positioning HAN and TAAN stated that tourism product should be placed as pleasure destination while NARA and NATTA focused on adventure, NMA in nature, pilgrimage and so on. In product development strategy all association said improving the current service. Besides this, in concentration international level was their priority. In case of concentration HAN and TAAN expressed view on Accommodations while NMA, NARA and NATTA on environment. In case of Reliability HAN, NARA and NATTA believed friends and family are reliable source while NMA and TAAN believe to be word of mouth. So they are targeting to these sources. In defining role of government the government should be actively involved in promoting destination. In case of marketing during off seasons providing concessions is priority of HAN and NATTA while conferences, seminar was of NMA. While TAAN focused on cheap market and NARA on developing new market. The major weaknesses that association believed in themselves were lack of professional and strategic planning.

Table 4.36: Summary of Associations Strategy

Strategy	HAN	NMA	NARA	NATTA	TAAN
Need Product	Develop New Products				
Product Positioning	Pleasure Tourism	Nature Based Tourism	Adventure Tourism	Adventure Tourism	Pleasure Tourism
Product Development	Improving The Quality Of Product And Services				
Marketing Efforts Concentration	International Level Step				
Area Of Attention	Accommodation	Environment			Accommodation
Reliability Of Media	Friends And Relatives	Word Of Mouth	Friends And Relatives		Word Of Mouth
Government Effort	Destination Promotion				
Off Season Promotion	Providing Price Concession	Promoting Conference, Seminar And Business Tour	Targeting New Market	Targeting Cheap Market	Providing Price Concession
Weaknesses	Lack Of Professionals	Lack Of Strategic Planning	Lack Of Professionals		Lack Of Strategic Planning

With Reference to Table 4.37 the test of hypotheses showed that foreign exchange earnings from tourism service were significantly influenced by total number of tourist arrival as well as from average length of stay. Further, per capita exchange has significant relationship with average length of stay but not with tourist arrival. As well

as, in the model, there was positive correlation. This indicated other factors influenced the foreign exchange earnings. Looking with the perspective of foreign currency earning, employment generation, promotion of art and culture, conservation of heritage, promotion of cottage and small industry, and boosting up of export trade, the importance of tourism is overwhelming. Moreover, tourism helps to promote regional development of the country as well. Hence, the contribution of tourism in the socio-economic development of Nepal is very significant.

Table 4.37: Summary of Hypothesis Test

Hypothesis	r	r²	adjusted r²	signi	result	Linear equation
H01	.543 ^a	0.295	0.231	0.055	Rejected	<i>FXE= -138097.535+33359.073ALS</i>
H02	.828 ^a	0.685	0.656	0.000	Rejected	<i>FXE= -18319.090+.535TNOT</i>
H03	.093 ^a	0.009	-0.081	0.762	Accepted	<i>PCE= 662.418-7.399ALS</i>
H04	.232 ^a	0.054	-0.032	0.445	Accepted	<i>PCE= 672.155+.000 TNOT</i>

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Nepal is known as an important tourist destination in the world due to the presence of natural wealth; cultural, religious and archeological heritages. Due to the fact, since long, tourism has been considered as one of the important and major sources of foreign exchange earnings for Nepal. Apart from this, tourism has been creating significant employment opportunities and many other direct and indirect benefits to the country. Thus, tourism has played a significant role in the Nepalese economy. Despite the tremendous tourism potential, it has not been explored properly due to many constraints like limited air access, poor infrastructure, marketing strategy and proper planning.

Therefore, the basic objectives of this study were to review the current status of tourism service promotion in Nepal, to assess the nature, strengths and weaknesses, opportunities and threats of tourism products; to assess the impact of tourism on the national economy; and to evaluate the customer satisfaction and quality of tourism products and services.

As this study was related to the perception of tourist about the current tourism products and services of Nepal and promotional strategy of tourism associations, basically survey and analytical research approaches were used to carry out the research. Both primary and secondary data and information were collected through the design and formation of proper questionnaires. Opinions were collected from 80 international tourists, who visited Nepal in 2013, and 5 tourism associations engaged in different business sectors like hotel association Nepal, Nepal tourism associations, travel, trekking and rafting. Similarly, secondary data were collected from various government and non-government offices, different business organizations pertaining to the tourism, travel trade journals, reports and newspapers etc. Analysis was carried out using descriptive and statistical approaches. Statistical tools like percentage, average, index and simple regression analysis were used using SPSS 18 to test the hypothesis.

During the study various important theoretical foundations of tourism and relevant literature on Nepalese perspective were appraised. Similarly, from various publications carried out by different planners, researchers, experts, academicians and professional and foreign experts, published in national and international publications theories were deduced. However, study in the promotional strategy of tourism service by associations has not been conducted. Primarily, tourism has been inferred as a service oriented industry and it is deduced that the quality of service of different sectors have a great role for the marketing and promotion of the tourism. Hence, considering the importance of service promotion in the field of tourism as the basic assumption, the study was entirely formulated.

5.2 Conclusion

Promotion is one of the important activities of tourism marketing. The effectiveness of promotional activities can be measured in terms of cost benefit analysis. However, as it is a very difficult task the promotional activities should be conducted on the basis of a planned way, and it also needs to fulfill certain processes like analyzing the market ,setting the objectives, developing a promotional budget, choosing a promotional mix, and control.

In Nepal, there still remains a lot of product, areas and activities which are unexplored, unrecognized and undeveloped. So in order to bring light to the unrecognized potential products and activities, it is recommended to focus events and festivals through the research based books, profiles, CD's and documentaries.

The majority of tourists have expressed that word of mouth and personal recommendations from their friends and relatives are the main sources of information for them followed by travel agents, guide books and prior visit. This sharply indicates a need for Nepal to concentrate its marketing activities in two areas viz., public relations and travel trade marketing.

Thus the associations as well as parties related to tourism should come forward to join hands and focus on public relationship. The study showed that tourism associations have identified this fact and are also focused in developing public relationship by

helping creating words of mouth and effective use of friends and relatives. They are also concerned with travel trade marketing.

Further, it is recommended to open tourist information Centre with partnership with Government and private sectors in most of the countries that will co-ordinate with international tour operators and the concerned government agencies to expose Nepal as a suitable site for cultural, adventure, natural and pleasure tourism destination.

Tourism products are those products which are offered to the tourists to see, experience and to taste. We have immense saleable tourism products in different forms i.e. nature tourism, health tourism, sport tourism, adventure tourism, pleasure tourism, pilgrim tourism, wildlife, camping and bird watching and many more; and Nepal can be a famous destination for these tourism perspectives. It is recommended to position the tourism market of Nepal into pleasure, adventure, cultural, nature, sport, and Ayurveda tourism in the future.

5.3 Recommendations

It is recommended that in addition to concentration of old and existing products, Nepal should develop new products of different form. Similarly, other tourist services are also needed to be added. It is also highly recommended to introduce both urban and rural based tourism products and be concentrated at International Tourists.

We have foreseen the positive future of tourism and catered to increased number of tourists, for which, we need better infrastructure. Adequate infrastructure is essential for the successful development of tourism. It can be particularly a critical factor for less developed countries. It is obvious that the development of tourism is not possible without the development of infrastructure and service facilities.

Further, nature is treated as a final product of tourism. Hence, it should be sold as it is and it should not be touched, destroyed or tamed, and it should be protected to ensure the continuity of the tourism industry. Environment is the most powerful magnet to attract the tourists. With the growth of trekking and mountaineering and other adventure activities in the mountain region, various kinds of environmental pollution have appeared, and one of the main problems faced by Nepalese tourism is the deteriorating conditions of the environment. We need to evaluate the environmental impact of

tourism. This is evident from the deforestation, littering, solid waste, pollution and overcrowding in tourist routes and sites. It is most urgent to mitigate such pollution and initiate appropriate steps. So, it is recommended that the concerned bodies divert trekkers and mountaineers from most popular trekking regions to other places. Tourist must be diverted from Annapurna, Khumbu, and Langtang region to other less pressurized regions like the far western and eastern regions.

Associations should disseminate positive information about Nepal at the international level through mobilizing its resources. They have to develop open attitudes, and draw the attention of foreign investors to Nepalese tourism.

Associations should cooperate and coordinate with government and private sectors and encourage them to play a creative role for the promotion and expansion of tourism. Tourism development process should be decentralized and local communities' participation for conservation and development should be encouraged. Associations should continuously work on the need of development of new product, work on increasing the professionals and be the think tank for bringing qualitative tourists who spends more than \$86 per day for increasing the revenue. i.e do not go after the number go for money value strategy.

5.4 Recommendations for future research

It is recommended that future research should examine the determinants of satisfaction using other in-depth, projective qualitative techniques such as interview and focus group discussion to provide more in depth understanding of the promotional strategy of Tourism in Nepal. The following areas are recommended for future research based on the present study:

-) Promotional strategy of tourism in Nepal.
-) Quality Product Development Urgency in Tourism Service.
-) Factors influencing expenditure of Tourists.
-) Tourism and Economic Development.

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