

**ROLE OF PROMOTION
IN CONSUMPTION OF KAILASH TEA**
(A Case Study in Dhangadhi Municipality, Kailali, Nepal)

**A Thesis
Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University**

Submitted by:
Kalidas Chaudhary
T.U. Regd. No.: 7-1-327-678-98
Campus Roll No.: 61/062
Kailali Multiple Campus
Dhangadhi, Kailali

In partial fulfillment of the requirements for the Degree of
Master of Business Studies (M.B.S.)

Dhangadhi, Kailali
June, 2009



KAILALI MULTIPLE CAMPUS

Dhangadhi, Kailali

Est. 2037

(Affiliated: Tribhuvan University)

Date.....

D. No.....

Ref. No.....

RECOMMENDATION

This is to certify that the Thesis:

Submitted by

Kalidas Chaudhary

Entitled

"Role of Promotion in Consumption of Kailash Tea"

has been prepared as approved by this department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

.....
.....

Padamkant Joshi
Chand
(Thesis Supervisor)
Chief)

.....

Padamkant Joshi
(Head of Research Dept.)

Surendra
(Campus



KAILALI MULTIPLE CAMPUS

Dhangadhi, Kailali

Est. 2037

(Affiliated: Tribhuvan University)

Date.....

D. No.....

Ref. No.....

VIVA-VOCE SHEET

We have conducted the Viva-Voce examination of thesis prepared by

Kalidas Chaudhary

Entitled

"Role of Promotion in Consumption of Kailash Tea"

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

Viva Voce Committee

Head of Research Department:

Member (Thesis Supervisor):

Member (External Expert)

Date:

ACKNOWLEDGEMENT

This thesis entitled "ROLE OF PROMOTION IN CONSUMPTION OF KAILASH TEA" has been presented in partial fulfillment of the requirement for the Master's Degree in Business Studies (MBS) under the Faculty of Management, Tribhuvan University.

First of all, I regard as it my dispensation and providence to get an opportunity to work under the admirable supervision of Mr. Padamkant Joshi, Assist Campus Chief of Kailali Multiple Campus. He always motivated me and I had his inclusive consideration and guidance all the time. I moreover thank and to express my deep admiration to Dr. Hem Raj Pant, Professor and Campus Chief of Kailali Multiple Campus, whose valuable suggestions helped me to complete this research work. I also like to express gratefulness to all of my respected teachers.

I convey my gratitude to the staff of various corporate bodies as well for providing necessary help while preparing this thesis. I should furnish my trustworthiness to my friends Mr. Hari Ram Chaudhary and Mr. Raghu Nath Joshi for supporting me during report writing.

I would like to express my genuine appreciation to the staffs of Kailali Multiple Campus Library and staff of Western Terai Landscape Complex Project (WTLCP) Dhangadhi, Kailali for providing crucial resources and encouragement.

Last but not the least, my paramount dedication is to my parents and other members who have been uninterrupted source of sustain for me during the tribulation of this work.

Kalidas Chaudhary

CONTENTS

<i>Recommendation</i>	<i>i</i>
<i>Viva – Voce Sheet</i>	<i>ii</i>
<i>Acknowledgement</i>	<i>iii</i>
<i>Contents</i>	<i>iv</i>
<i>List of Tables</i>	<i>viii</i>
<i>List of Figures</i>	<i>x</i>

Page No.

CHAPTER – I

INTRODUCTION

1.1 General Background	1
1.1.1 Introduction of Dhangadhi Municipality	3
1.1.2 Introduction of tea policy towards its promotion	3
1.1.3 Promotion	4
1.2 Statement of Problem	6
1.3 Objective of the Study	8
1.4 Significance of the Study	8
1.5 Limitation of the Study	9
1.6 Organization of the Study	10

CHAPTER – II

REVIEW OF LITERATURE

2.1 Conceptual Review	12
2.1.1 Concept of Promotion	14
2.1.2 Definition of Promoting	15

2.1.3 Promotion Decision	16
2.1.4 Promotional Roles	17
2.1.5 Types of Promotion Objectives	19
2.1.6 Promotion Strategies	21
2.1.6.1 Message and Media Strategy	22
2.1.6.2 Pull and push Strategy	22
2.1.6.3 Communication Model – AIDA	23
2.1.6.4 Promotion through product life cycle	24
2.1.6.5 Internet Promotion	25
2.1.7 Promotional Mix	25
2.1.8 Sales Promotion	29
2.1.9 Sales Promotion Strategy	30
2.1.10 Methods of Sales Promotion	32
2.1.11 Special Promotional Activities	33
2.2 Tea Introduction	35
2.2.1 Historical perspective of Tea in Nepal	36
2.2.2 Economic Viewpoint of Tea	37
2.2.3 Tea Development in Nepal	40
2.2.4 Introduction of NTCDB	41
2.2.5 Tea Policy	42
2.2.6 Tea Policy towards its Promotion	47
2.2.7 Review of Previous Studies in Nepal	49
2.2.8 Review from Thesis	51

CHAPTER – III

RESEARCH METHODOLOGY

3.1 Introduction	55
------------------	----

3.2 Research Design	55
3.3 Source /Nature of Data	56
3.4 Data Collection Procedure	57
3.5 Data Processing and Tabulation Procedure	58

CHAPTER – IV

DATA PRESENTATION AND ANALYSIS

4.1 Tea Production in Nepal	59
4.2 Tea Exports and Imports	61
4.3 Status of Tea Industrialists up to Fiscal Year 2004/2005	62
4.4 Kailash Tea Selling and Distribution in Dhangadhi	62
4.5.1 Customers' Tea Purchasing Tendency	64
4.5.2 Publicity of Kailash tea	65
4.5.3 Cause of attraction towards Kailash tea	66
4.5.4 Views towards Purchasing Trend of Kailash tea without its Promotion	67
4.5.5 Status of Tea preparation in Hotel	69
4.5.6 Customers' wish towards Kailash tea from the view point of hotel entrepreneur	70
4.5.7 Suggestion of hotel entrepreneurs to customers for drinking Kailash tea	71
4.5.8 Motivation for selling Kailash tea	72
4.5.9 Tea selling status in different shops	74
4.5.10 Wish for Kailash tea	75
4.5.11 Suggestion for purchasing Kailash tea	76
4.5.12 Attraction to selling Kailash tea	78
4.5.13 Understanding on promotion of Kailash tea	79
4.5.14 Accessibility of Kailash tea Promotion Program	80

4.5.15 Function of promotion	82
4.5.16 Suitability of promotion method in Dhangadhi	83
4.5.17 Considerable elements while promoting Kailash tea	85
4.5.18 Cause of increasing Kailash tea consumption	86
4.5.19 Attitude towards promotion of Kailash tea	88
4.5.20 Attractiveness of Kailash tea promotion	89
4.5.21 Suitability of advertisement method for promotion	90
4.5.22 Role of promotion	91
4.5.23 Suggestion for making effective Kailash tea promotion	92

CHAPTER – V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary	93
5.2 Major Findings	95
5.3 Conclusion	97
5.4 Recommendations	98

BIBLIOGRAPHY

List of Tables

Table No.	Titles	Page
No.		
3.1	Group of respondents and size of sample from each group	57
4.1	Tea Plantation and Production	60
4.2	Orthodox and C.T.C. Tea Plantation area and production	61
4.3	Tea Export and Import Status	61
4.4	Sales Status of Kailash Tea form Dhangadhi Market in different year	63
4.5	Customers' tea purchasing tendency	64
4.6	Publicity of Kailash tea	65
4.7	Cause of attraction towards Kailash tea	66
4.8	Purchasing Trend of Kailash tea with out its Promotion	68
4.9	Status of tea preparation in Hotel	69
4.10	Customers wish towards Kailash tea	70
4.11	Suggestion for drinking Kailash tea	72
4.12	Motivation factor for selling Kailash tea	73
4.13	Tea selling status in Dhangadhi market	74
4.14	Wish for Kailash tea	75
4.15	Suggestion for purchasing Kailash tea	77
4.16	Attraction to selling Kailash tea	78
4.17	Understanding on Promotion of Kailash tea	79
4.18	Accessibility of Kailash tea promotion	81
4.19	Function of Promotion	82
4.20	Suitability of promotion method in Dhangadhi	84
4.21	Considerable elements while promoting Kailash tea	85

4.22	Cause of consuming Kailash tea	87
4.23	Attitude towards promotion of Kailash tea	88
4.24	Attractiveness of Kailash tea promotion	89
4.25	Suitability of advertisement	90

List of Figures

Figure No.	Title	Page No.
2.1	Pull & Push Strategy	22
2.2	Communication Model – AIDA	23
2.3	Promotion through the Product life cycle	25
2.4	Role of Promotion on Marketing Mix	29

CHAPTER – I

INTRODUCTION

1.1 General Background

Tea refers to the agricultural products of the leaves, leaf buds, and internodes of *Camellia sinensis*, prepared and cured by various methods. "Tea" also refers to the aromatic beverage prepared. From such cured leaves by combination with hot or boiling water and is the colloquial name for the *Camellia sinensis* plant itself. Tea is the most widely-consumed beverage after water. It has a cooling, slightly bitter, astringent flavor. The four types of tea most commonly found on the market are black tea, oolong tea, green tea and white tea, all of which can be made from the same bushes, processed differently, and in the case of fine white tea, grown differently. Tea is the world's most consumed beverage next to water and the tea produced in Nepal is popular among the tea connoisseurs. At the same time, it is emerging as a potential export item of Nepal. Tea cultivation in Nepal has been extending in a commercial way under active participation of the private sectors.

The area under tea cultivation is estimated about 16 thousand hectares of land comprising more than 85 tea estates with more than 7,500 small farmers attachment scattering over different places of the country and mostly concentrated in eastern Nepal. At present, tea cultivation has been extended in different districts from Jhapa in terai region to Ilam, Paanchthar, Dhankuta, Terhathum, Sankhuwasabha, Bhojpur, Dolkha, Ramechhap, Solukhumbu, Sindhupalchowk, Nuwakot, and Kaski in the western Nepal.

As per government statistics, the area under tea cultivation in 2004/05 is 15,901 hectares of land and the production in the same year is 12606 metric tons. The government has been instantly observing "Baisak 15" as a Tea Day since 1998 in order to back up the tea farmers, traders, industrialists and the stakeholders to extend and to develop tea sub-sector in Nepal. The government has also introduced national tea policy in 2000 with a goal of creating employment opportunities and export promotion through private sector involvement in order to increase production and to develop tea-processing units in Nepal.

Orthodox tea and CTC (cut, tear, curl) tea are the major tea produced in Nepal. In 2003/04, 1.55 million kg of orthodox tea and 10.06 million kg of CTC tea have been produced. Currently, the incremental ratio of tea production in Nepal is 20 percent per annum. The demand for Nepalese tea in international market is increasing. As per official statistics, Nepal in 2003/04 had exported 3,275.8 metric tons of tea in different countries.

The involvement of private sector is encouraging, the role of tea marketing actors is excellent, and the tea policy is also farmer friendly. Despite all that favorable condition, one cannot guarantee the fulfillment of set target of tea production. The export promotion of international markets is a big challenge as Nepal is not the only one country that produces and exports the tea.

Competitive market, quality products and agreement made on WTO (World Trade Organization) are major challenges to the Nepalese tea stakeholders. Provided that these challenges have been well addressed and be formulated the policy as per international scenario, the future of tea industry in Nepal is very bright. Development of this sector helps not only the farmers and the stakeholders; but also helps strengthening the whole national economy.

1.1.1 Short Introduction of Dhangadhi Municipality

Dhangadhi is a city in western Nepal on the border to India. It is the capital of Kailali District in the province of Seti. It is the largest city in the Far-West region of Nepal. The city is very good connected with other major cities of Nepal and Indian cities of Uttar Pradesh. Dhangadhi is a Terai city of Kailali district so people from hilly districts are migrated and the population is increasing every year. In Dhangadhi there is enough possibility of increasing market size because of establishing offices, firms, education institutions and shops etc. There are many hotels, tea shops, cafés, canteens are established in Dhangadhi and so the future of market of tea is bright.

1.1.2 Introduction of Tea policy towards its promotion

Government of Nepal has approved and implemented National Tea Policy 2057 (2000 AD) as per the intention of National Tea and Coffee Development Board Act,2049(1992) for the development of tea as a sustainable source of income for the enhancement of employment opportunities and earning of foreign currencies with increased participation of private sector in the production, processing and commercial transaction of Tea through the sustainable and systematic utilization of available resources and opportunities in the Country. Market and trade promotion points mentioned in tea policy are as follows.

-) The auction system shall be developed with the participation of private sector for the introduction of tea in international market system. Necessary infrastructure shall be developed in this regard.

-) Tea export promotion activity shall be mobilized in coordination with Agricultural Business promotion and Statistics Division of Ministry of Agriculture, and cooperatives Agricultural Enterprise Centre (Federation of Nepalese Chamber of Commerce and Industry), Nepalese Embassies and Consulates. The information pertaining to production, quality, quantity and production areas shall be published under the Ministry of Tourism.
-) The Customer duty on packaging materials to be imported for export of tea shall be levied at the same rate of agricultural equipment.
-) Exporting more than one containers of Tea needs to open the letter of credit to that effect.
-) The facility to be received in export to other countries shall be provided in the export to India as well.
-) Encouragement shall be made towards timely reform of the packaging industry in order to develop and establish domestic tea brand.
-) For sale and export the value added packed tea shall be encouraged than raw and loose tea.
-) The participation of the small and cooperative tea entrepreneurs in trade fair, trade exhibition, workshop, seminars shall be supported by Tea Development Fund.

1.1.3 Promotion

Promotion involves disseminating information about a product, product line, brand, or companies. It is one of the four key aspects of the marketing mix. (The other three elements are product marketing, pricing, and

distribution). Promotion plays a vital role for any product, organization, firm and service etc to its consumption and increase popularity.

Promotion is generally sub-divided into two parts:

-) Above the line promotion: Promotion in the media (e.g. Television, Radio, newspapers, Internet and Mobile Phones) in which the advertiser pays an advertising agency to place the ad.
-) Below the line promotion: All other promotion. Much of this is intended to be subtle enough for the consumer to be unaware that promotion is taking place. E.g. sponsorship, product placement, endorsements, sales promotion, merchandising, direct mail, personal selling, public relations, trade shows.

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

The term "promotion" is usually an "in" expression used internally by the marketing company, but not normally to the public or the market - phrases like "special offer" are more common. The role of promotion marketing is to deliver marketing innovation for the brands by creating ideas & strategies that motivate consumers to use the products, elevate brand relevance, and generate volume growth for the company.

Promotion marketing not only creates short term impact for the brand, but also positions the brand for the future by creating motivating tactics that

actively involve the consumer. Motivation can be anything from online games to reward programs to free toys in the box. No matter what the tactic, promotion marketing works with the brands objectives to find the right promotion to help build the brand and connect with consumers.

Promotion is the element in the marketing mix that serves to inform, persuade and remind the market of a product and/or organization selling it, in the hopes of influencing the recipients' feelings, beliefs, or behavior (William J. Stanton quoted by Prof. Dr. Kundan Datta Koirala, 1997).

Promotion is one of the major "tools" used in Marketing. Marketers usually use promotion to communicate and inform the public of their product. Promotion is also however used to influence the marketers target market usually via means of interpellation, promoting their product as better than any other similar products, or by changing the views, awareness, beliefs and feelings of perspective customers. When the marketer uses interpellation, he will be promotion his product with the help of someone famous for example, when the prospective buyers see this famous person using the product, he or she will hopefully want this product as well, due to the famous person using it.

It would be safe to say that most companies engage in some form of promotional activity every day of the year. Promotion is one of the four Ps of marketing price, product, place, and promotion. Promotion is generally thought of as a sequence of activities designed to inform and convince individuals to purchase a product, subscribe to a belief, or support a cause. All of the various tools available to marketing managers for promotional activities constitute what is known as the promotional mix.

1.2 Statement of the Problem

Agriculture is the backbone of Nepalese economy. Out of total population 80 percent are involved in agriculture. But the government of Nepal is not able to lunch appropriate program towards development of agriculture sector as required. There is no modern technology implemented in Nepalese agriculture. As well as other agro product, tea also agro based product. Nepal's eastern region is suitable and famous for tea production, most of the tea companies are established there. Its demand is all over the Nepal.

As well as other tea Kailash tea is also facing different types of problem in present situation due to lack of appropriate promotion. Its promotion program is lunched in Dhangadhi but absence of assessment of promotion program there is no fact information about promotion of Kailash tea. Except this the Kailash tea is facing different types of problem in present situation political influence, worker union strike, Band, Chakka Jam, lack of raw materials, load shading problem are the main problem. Due to such types of problem directly affect in transportation, distribution of Kailash tea in Dhangadhi.

The study is focused on status of Kailash tea and role of promotion on its marketing in Dhangadhi. With out any promotion no goods or services are can be sold in mass quantity. Promotion plays critical role to introduce and innovation for the new products. In modern era there is no any way of sales of any product without its promotion. Lack of promotion, produced goods has remains as stock in its store, it cannot be sold and no any consumer asked about it, because he/she hasn't any information about the product. Promotion creates demand of any product to some extent. So, here are mentioned some problems related with promotion of Kailash tea in Dhangadhi.

1. What is the role of promotion in consumption of Kailash tea?
2. Which is the best promotion method for Kailash tea in Dhangadhi?

3. Does the promotion of Kailash tea can persuade to potential tea consumers?
4. What is the consumers' perception in terms of Promotion program of Kailash tea?
5. Scope of Kailash tea promotion program.

1.3 Objectives of the Study

The general objectives of the study is to assess the marketing status of Kailash tea in Dhangadhi and the specific objectives of the study are as following

- ❖ To determine how promotion affect on consumption of Kailash tea.
- ❖ To investigate the scope of promotion of Kailash tea in Dhangadhi.
- ❖ To observe the attitude of consumers towards the promotion program of Kailash tea.
- ❖ To investigate best promotion approach for Kailash tea in Dhangadhi.
- ❖ To point out suggestions to improve the tea promotion approach.

1.4 Significance of the Study

Promotion plays significant role in the overall newly introduced and existing product in urban area as well as rural area. It inhabits a very important function in overall life cycle of product. The role of promotion is gradually increasing among the different products because there are various kinds of same products; brands are available in the market. Consumers are being conscious day by day because of education, awareness program and communication. That's why the role of promotion is increasing every time. With out promotion of any products no one knows about it then the product remains at its same condition. The world is changing each time; the promoter should adopt appropriate promotion strategy as per its products as well as its

user groups. Promotion is not only focused on product, it covers product, brand name, packing, goodwill etc.

The importance of promotion cannot be minimized in the growing stage of any product. In both developed and developing nations, the promotion is the most important side for any product.

In short we can say promotion is an essential side of any product to increase its consumption and makes loyalty customer towards its brand and products.

1.5 Limitation of the Study:

The study has been concerned role of promotion in Kailash tea in Dhangadhi. Therefore, generalization of conclusion may not be equally applicable to other areas of Nepal. It has been conducted under time and geographical area. The simple statistical tools have been used to analyze the data obtained.

The study has been based on sample survey. Random sampling methods have been done for interviewing tea shopkeeper, wholesaler and its consumers. Use of descriptive design has been another limitation of the study. Data have been collected for the study with the limited tools such as questionnaire, interview, focus group discussion and observation.

Every job, study work, research work have some limitations which cannot be avoid completely but it can be minimized to some extent. That's why the present study is not free from some limitations. The limitations of this study are as follows:

- I. The primary data through opinion towards role of promotion of Kailash tea will be collect as a field survey and it will be limited with in

Dhangadhi municipality due to time, human resource, economic and other constraints.

- II. The study will cover only role of promotion i.e. before and after promotion, the changes in consumption of Kailash tea.
- III. Absence of required data concerned with promotion of various types of tea and districts limits to detailed studies.
- IV. The scope of the study will be limited to 5 years data from 2002/03 to 2006/07.
- V. The title of this study is related with promotion role so respondents may give their view intense with promotion.

1.6 Organization of the study:

This study has been divided in to five chapters via:

Chapter I

Introduction

The first chapter is introduction chapter, which includes general background, statement of problem, objectives, scope and limitations of the study.

Chapter II

Review of Literature:

This chapter is about the conceptual framework, legal provision and review of literature regarding promotion role in Kailash tea. This chapter contents concept, definition and essentiality of promotion. It includes marketing and promoting system of Kailash tea in Dhangadhi. This chapter also includes the review of literature through different relevant Books,

Reference Materials, Journals, Conference Papers, Dissertations, Internet, Indexes/Abstracts Printed, Electronic Databases, Governments publications, Thesis are sources for review of literature related with marketing and promotion.

Chapter III

Research Methodology:

The third chapter is research methodology that includes types of research, research design, population and samples nature and source of data. It also includes selection of study area, data collection procedures, data processing and analyzing procedures etc.

Chapter IV

Data Presentation and Analysis:

The fourth chapter is the main body of research that is data presentation, analysis and empirical investigation. The collected primary and secondary data and information will be coded, refined, analyzed and presented by using Microsoft Excel. The content of this chapter are research gap in Nepal, promotion role gap ratio and Nepal Government policy towards promotion of tea. Effectiveness of promotion through different channel, role of promotion in consumption of Kailash tea, consumption pattern of Kailash tea before and after its promotion, composition of promotion channel, access of promotion systems among tea seller and consumer. Promotion channel availability in Dhangadhi. It deals on the analytical approach towards the responses of the questionnaire.

Chapter V

Finding, conclusion and recommendation:

Summary, conclusion and recommendations will be presented in this fifth or last chapter. On the basis of the study, certain measures will be find out and suggested for the further improvement of promotion of Kailash tea in Dhangadhi Municipality.

CHAPTER –II REVIEW OF LITERATURE

2.1 Conceptual Review

Promotion research is most important part of marketing. So, it can be define along with marketing research "Marketing research is the systematic gathering, recording and analysis of data about marketing problems towards the end of providing information useful in marketing decision making." Like this promotion research is also the systematic gathering, recording and analysis of data about promotion problems. It is done to solve promotional problems and decision making towards any product and services. Through promotion research it helps to find out the promotion related problems, to assess its role in marketing and helping promotional manager in making wise decision in the field of promotion. Promotion is the essential part of marketing mix.

A Marketing mix is the division of groups to make a particular product, by pricing, product, branding, place, and quality. Although some marketers have added other P's, such as personnel, packaging and physical evidence, the fundamentals of marketing typically identifies the four P's of the marketing mix as referring to:

Product – A tangible object or an intangible service that is mass produced or manufactured on a large scale with a specific volume of units. Intangible products are often service based like the tourism industry & the hotel industry. Typical examples of a mass produced tangible objects are chauchau, shop, biscuits and tea. A less obvious but everywhere mass produced service is a computer operating system.

Price – The price is the amount a customer pays for the product. It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product.

Place – Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.

Promotion – Promotion represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements - advertising, public relations, word of mouth and point of sale. A certain amount of crossover occurs when promotion uses the four principal elements together, which is common in film promotion. Advertising covers any communication that is paid for from television and cinema commercials and radio. One of the most notable means of promotion today is the promotional product, as in useful items distributed to targeted audiences with no obligation attached. This category has grown each year for the past decade while most other forms have suffered. It is the only form of advertising that targets all five senses and has the recipient thanking the giver. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events.

Word of mouth is any apparently informal communication about the product by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations.

Broadly defined, optimizing the marketing mix is the primary responsibility of marketing. By offering the product with the right combination of the four Ps marketers can improve their results and marketing effectiveness. Making small changes in the marketing mix is typically considered to be a tactical change. Making large changes in any of the four Ps can be considered strategic. For example, a large change in the price, say from Rs. 19.00 to Rs. 39.00 would be considered a strategic change in the position of the product. However a change of Rs. 131 to Rs. 130.99 would be considered a tactical change, potentially related to a promotional offer.

The term "Marketing Mix" however, does not imply that the 4P elements represent options. They are not trade-offs but are fundamental marketing issues that always need to be addressed. They are the fundamental actions that marketing requires whether determined explicitly or by default.

2.1.1 Concept of Promotion

Promotion is a form of corporate communication that uses various methods to reach a targeted audience with a certain message in order to achieve specific organizational objectives. Nearly all organizations, whether for-profit or not-for-profit, in all types of industries, must engage in some form of promotion. Such efforts may range from multinational firms spending large sums on securing high-profile celebrities to serve as corporate spokespersons to the owner of a one-person enterprise passing out business cards at a local businessperson's meeting.

Like most marketing decisions, an effective promotional strategy requires the marketer understand how promotion fits with other pieces of the marketing puzzle (e.g., product, distribution, pricing, target markets). Consequently, promotion decisions should be made with an appreciation for how it affects other areas of the company. For instance, running a major advertising campaign for a new product without first assuring there will be enough inventory to meet potential demand generated by the advertising would certainly not go over well with the company's production department (not to mention other key company executives). Thus, marketers should not work in a vacuum when making promotion decisions. Rather, the overall success of a promotional strategy requires input from others in impacted functional areas.

In addition to coordinating general promotion decisions with other business areas, individual promotions must also work together. Under the concept of Integrated Marketing Communication marketers attempt to develop a unified promotional strategy involving the coordination of many different types of promotional techniques. The key idea for the marketer who employs several promotional options to reach objectives for the product is to employ a consistent message across all options. For instance, salespeople will discuss the same benefits of a product as mentioned in television advertisements. In this way no matter how customers are exposed to a marketer's promotional efforts they all receive the same information.

2.1.2 Definition of Promotion

Generally, promotion is communicating with the public in an attempt to influence them toward buying products and/or services. Promotion is the broader, all inclusive term. Advertising is just one specific action you could

take to promote your product or service. Promotion, as a general term, includes all the ways available to make a product and/or service known to and purchased by customers and clients. The word promotion is also used specifically to refer to a particular activity that is intended to promote the business, product or service. A store might advertise that it's having a big promotion on certain items, for instance, or a business person may refer to an advertisement as a promotion.

"Promotion includes all the activities the company undertakes to communicate and promote its products to the target market." (Philip Kotler, quoted by Dr. Govind Ram Agrawal – 2001)

"Promotion is the element in an organization's marketing mix that serves to inform, persuade and remind the market of a product and/or the organization selling it in hope of influencing the recipient's feelings, beliefs or behaviour." (Prof. Willaim J. Stanton, quoded by Giridhari Kafle, Sherjung Khadka 2nd edition, 2008)

2.1.3 Promotion Decision

Those unfamiliar with marketing often assume it is the same thing as advertising. Certainly our coverage so far in the Principles of Marketing Tutorial has suggested this is not the case. Marketing encompasses many tasks and decisions, of which advertising may only be a small portion. Additionally, when non-marketers hear someone talk about “promotion” they frequently believe the person is talking about advertising. While advertising is the most visible and best understood method of promotion, it is only one of several approaches a marketer can choose to promote their products and services.

In this tutorial we begin our discussion of the third major area of the marketing mix – promotion. Many view promotional activities as the most glamorous part of marketing. This may have to do with the fact that promotion is often associated with creative activity undertaken to help distinguish a company's products from competitors' offerings. While creativity is an important element in promotion decisions, marketers must also have a deep understanding of how the marketing communication process works and how promotion helps the organization achieve its objectives.

2.1.4 Promotional Roles

There are a number of promotional roles, some of the most common being information dissemination, product demand, product differentiation, product highlights, and sales stabilization. Regardless of the promotional role selected, the company's goal is to inform and convince consumers to buy the product.

Information Dissemination

One of the most basic desires of a company is to provide information about a product to potential consumers. Tools available to an organization for informing potential consumers about a product include Internet Web sites, magazines, newspapers, Radio spots, and Television commercials. Normally a variety of these promotional tools are used to communicate a single, coordinated message to potential consumers. These different promotional tools can provide potential consumers with an array of information about a product, such as features, quality, and/or price. The informational focus depends on the makeup of the target audience that the company is trying to reach with its message.

Product Demand

Another organizational goal of promotional activities is to create product demand. A company has several promotional options for fostering product demand. For example, a company may focus on using a primary demand strategy that concentrates on trying to increase demand for a general product or service line. Large companies or cooperatives that have well-known and large product lines normally use the primary demand strategy. Advertisements for these companies carry over to all product categories and, as a result, may improve sales in several product areas. Companies also use another marketing strategy, known as selective demand, which concentrates on promoting a specific brand within a company's product line. Selective demand is often used to help promote a new product so that consumers are aware of the new addition to a large company's product line. A company may also utilize a selective demand strategy when it wants to sell a product that has a high profit margin.

Product Differentiation

A common challenge faced by companies is increased competition, which often results in the market being flooded with similar products. Consumers may conclude that no substantial difference exists between the products (homogeneous demand) and, therefore, look for the lowest-priced product to purchase. An industry that has experienced the problem of homogeneous demand is the soft-drink industry. With few exceptions, most consumers do not make a distinction among the numerous beverages that are offered. A company that excels at product differentiation can normally demand a higher price for a product because of its perceived higher quality.

Product Highlights

Companies have another tool to employ in order to justify a higher-priced product: A firm can emphasize the product's exceptional quality in detail to convince consumers that the extra cost is worthwhile. Highlighting a product's quality might sound easy, but a company must first develop superior advertisements to promote the product. Moreover, the firm must develop a reputation for making a superior product that is well known to the average consumer.

Sales Stabilization

A challenge that companies face is inconsistent demand for their products throughout the year. Reasons for this fluctuation can range from seasonal demand to changing economic conditions. Most companies would rather have a consistent demand for their products throughout the year, since this would allow them to have steady production and distribution facility operations. Ice cream manufacturers often face this problem because in the summer months demand for ice cream normally reaches its highest levels while sales decrease substantially in the winter. In order to combat these shifts in product demand, ice cream companies might offer coupons to encourage the purchase of their products during slow sales seasons.

2.1.5 Types of Promotion Objectives

The possible objectives for marketing promotions may include the following:

Build Awareness – New products and new companies are often unknown to a market, which means initial promotional efforts must focus on

establishing an identity. In this situation the marketer must focus promotion to: 1) effectively reach customers, and 2) tell the market who they are and what they have to offer.

Create Interest – Moving a customer from awareness of a product to making a purchase can present a significant challenge. As we saw with our discussion of consumer and business buying behavior, customers must first recognize they have a need before they actively start to consider a purchase. The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics such as emotions, fears, sex, and humor.

Provide Information – Some promotion is designed to assist customers in the search stage of the purchasing process. In some cases, such as when a product is so novel it creates a new category of product and has few competitors, the information is simply intended to explain what the product is and may not mention any competitors. In other situations, where the product competes in an existing market, informational promotion may be used to help with a product positioning strategy. As we discuss in the Targeting Markets Tutorial, marketers may use promotional means, including direct comparisons with competitor's products, in an effort to get customers to mentally distinguish the marketer's product from those of competitors.

Stimulate Demand – The right promotion can drive customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchased in a long time, the promotional efforts may be directed at getting the customer to try the product. This is often seen on the Internet where software companies allow for free demonstrations or even free downloadable trials of their products. For products with an established

customer-base, promotion can encourage customers to increase their purchasing by providing a reason to purchase products sooner or purchase in greater quantities than they normally do. For example, a pre-holiday newspaper advertisement may remind customers to stock up for the holiday by purchasing more than they typically purchase during non-holiday periods.

Reinforce the Brand – Once a purchase is made, a marketer can use promotion to help build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, many retail stores now ask for a customer's email address so that follow-up emails containing additional product information or even an incentive to purchase other products from the retailer can be sent in order to strengthen the customer-marketer relationship.

2.1.6 Promotion Strategies

A successful product or service means nothing unless the benefit of such a service can be communicated clearly to the target market. An organizations promotional strategy can consist of:

Advertising: Is any non personal paid form of communication using any form of mass media.

Public relations: Involves developing positive relationships with the organization media public. The art of good public relations is not only to obtain favorable publicity within the media, but it is also involves being able to handle successfully negative attention.

Sales promotion: Commonly used to obtain an increase in sales short term. Could involve using money off coupons or special offers.

Personal selling: Selling a product service one to one.

Direct Mail: Is the sending of publicity material to a named person within an organization. Direct mail allows an organization to use their

resources more effectively by allowing them to send publicity material to a named person within their target segment. By personalizing advertising, response rates increase thus increasing the chance of improving sales.

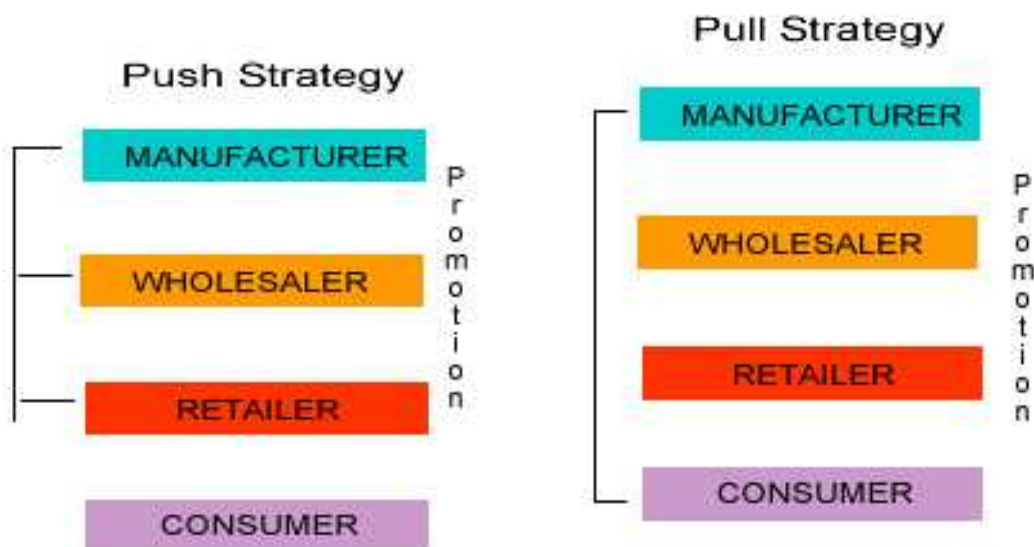
2.1.6.1 Message & Media Strategy

An effective communication campaign should comprise of a well thought out message strategy. The message should reinforce the benefit of the product and should also help the company in developing the positioning strategy of the product. Companies with effective message strategies include:

Media strategy refers to how the organization is going to deliver their message. What aspects of the promotional mix will the company use to deliver their message strategy. Where will they promote? Clearly the company must take into account the readership and general behaviour of their target audience before they select their media strategy. What newspapers does their target market read? What TV programs do they watch? Effective targeting of their media campaign could save the company on valuable financial resources.

2.1.6.2 Pull & Push Strategy

Figure No. 2.1



Above a pull strategy (left) push strategy (right).

Communication by the manufacturer is not only directed towards consumers to create demand. A push strategy is where the manufacturer concentrates some of their marketing effort on promoting their product to retailers to convince them to stock the product. A combination of promotional mix strategies are used at this stage aimed at the retailer including personal selling, and direct mail. The product is pushed onto the retailer, hence the name. A pull strategy is based around the manufacturer promoting their product amongst the target market to create demand. Consumers pull the product through the distribution channel forcing the wholesaler and retailer to stock it, hence the name pull strategy. Organizations tend to use both push and pull strategies to create demand from retailers and consumers.

2.1.6.3 Communication Model – AIDA

Figure No. 2.2



Source: www.learnmarketing.net

AIDA is a communication model which can be used by firms to aid them in selling their product or services. AIDA is an Acronym for Attention, Interest, Desire and Action. When a product is launched the first goal is to grab attention. Think, how can an organization use its skills to do this? Use well-known personalities to sell products? Once you grab attention how can

you hold interest, through promoting features, clearly stating the benefit the product has to offer? The third stage is desire, how can you make the product desirable to the consumer? By demonstrating it? The final stage is the purchase action; if the company has been successful with its strategy then the target customer should purchase the product.

2.1.6.4 Promotion through Product life cycle:

As products move through the four stages of the product life cycle different promotional strategies should be employed at these stages to ensure the healthy success and life of the product.

Introduction

When a product is new the organizations objective will be to inform the target audience of its entry. Television, Radio, magazine, coupons etc may be used to push the product through the introduction stage of the lifecycle. Push and Pull Strategies will be used at this crucial stage.

Growth

As the product becomes accepted by the target market the organization at this stage of the lifecycle the organization works on the strategy of further increasing brand awareness to encourage loyalty.

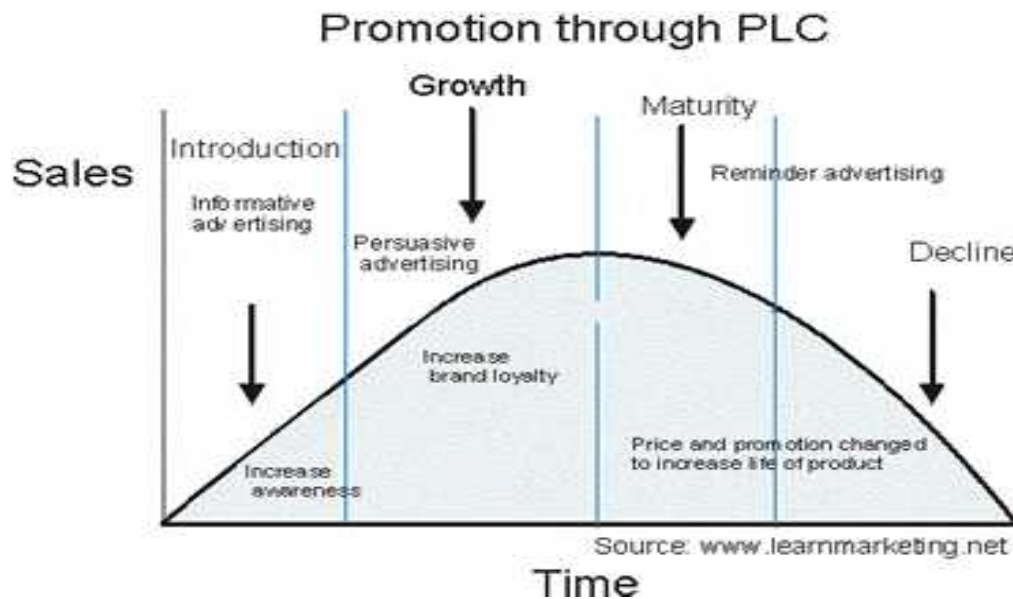
Maturity

At this stage with increased competition the organization take persuasive tactics to encourage the consumers to purchase their product over their competitors. Any differential advantage will be clearly communicated to the target audience to inform of their benefit over their competitors.

Decline

As the product reaches the decline stage the organization will use the strategy of reminding people of the product to slow the inevitable

Figure No. 2.3



2.1.6.5 Internet Promotion

The development of the World Wide Web has changed the business environment forever. Dot com fever has taken the industry and stock markets by storm. The e-commerce revolution promises to deliver a more efficient way of conducting business. Shoppers can now purchase from the comfort of their home 24 hours a day 7 days a week. Owning a website is now a crucial ingredient to the marketing mix strategy of an organization. Consumers can now obtain instant information on products or services to aid them in their crucial purchase decision.

2.1.7 Promotional Mix

Marketing managers use different components of the promotional mix as tools for achieving company objectives—advertising, personal selling, public relations, and sales promotion. Each of these elements can be further divided into additional subcomponents or strategies. The majority of a company's promotional resources are usually spent on these four elements for a simple reason: Companies perceive these methods as the most effective means to promote their products. Other specialized promotional techniques, however, are also used to enhance promotional objectives.

Advertising

Advertising is often thought of as the paid, nonpersonal communication used in the promotion of a cause, idea, product, or service by an identified sponsor. The various advertising delivery methods include banners at sporting events, logos on clothing, magazines, newspapers, Radio spots, and Television commercials. Among the common forms of advertising are advocacy, comparative, cooperative, informational, institutional, persuasive, product, reminder, point-of-purchase, and specialty.

Personal Selling

Personal selling is considered one of the most effective promotional techniques because it facilitates interaction between consumer and seller. With personal selling, a salesperson can listen to and determine a consumer's needs by asking questions and receiving feedback from the consumer. Furthermore, personal selling activities can generate long-lasting friendships between consumers and sellers that typically generate many repeat purchases. Personal selling can also occur by means of interactive computers, telephone

conferences, and interactive video conferencing. A drawback of personal selling, however, is its high cost. Examples of products promoted through personal selling include automobiles, life insurance, real estate, and many industrial products.

1 Public Relations

Public relations has been described as building goodwill with a company's various publics, including consumers, employees, government officials, stockholders, and suppliers. The overall goal of any public relations effort is to project a positive company image when dealing with such issues as community and government relations, employment practices, and environmental issues.

1.1 Consumers

Public relations efforts are extremely important for maintaining a company's consumer base. Consumers must believe that they are buying from a caring, honest, and trustworthy company. Negative media stories about, for example, exploiting workers or producing substandard products can do enormous damage to a company in the eyes of consumers. Erosion of a company's client base is likely to result in both lost sales and lost market share.

1.2 Employees

The most valuable asset a company has is its employees. Therefore, it is essential that employees believe in their company. Public relations communications are extremely important in ensuring that employees receive information about the company before outside media receive and report the

information. A good example of providing superior public relations would be to inform company employees that a small reduction in the work force is required but that a full severance package will be provided for laid-off employees. Although this news is not positive, the employees are hearing about it first from the company and are also aware that they will be receiving assistance from the company. If employees read or see negative reports about the employer without credible public relations explanations, they may find other work or reduce their productivity because of low morale.

1.3 Government official

Maintaining a positive public image is also important because government agencies and offices monitor the media and have regulatory oversight over company activities. Positive stories in the media obviously help promote a positive image to government regulators, which reduces the chance of being investigated and possibly fined. The opposite is also true: Stories about client complaints or other dishonest practices or potentially illegal actions will draw the government's attention and probably some sort of investigation—something that no company wants. An investigation can drag on for months, even years, providing even more negative publicity. Even if the government regulators find no wrong doing, the public is still likely to be doubtful because the company was investigated. Therefore, every company must make its best effort to answer any questions that regulators have regarding negative media stories or consumer complaints. A strong, well-organized public relations department will ward off potential trouble by being honest, friendly, positive, and helpful to government regulators and members of the news media.

1.4 Stockholders

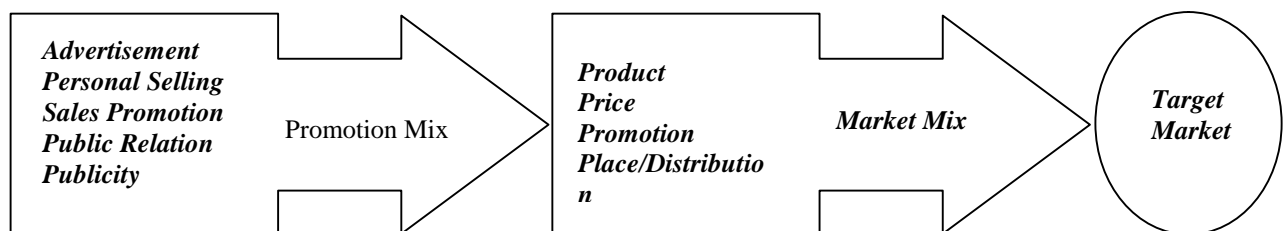
Another key interest group for any company that offers publicly traded securities is the stockholders. If company stockholders generally receive positive news about a company, they are more likely to maintain investment, which helps keep the stock price up. Negative news that is not countered with positive public relations can create uncertainty about how the company is running and encourage stockholders to sell and to invest in other companies. This action can cause the stock value to decrease, making it difficult to attract new investors.

1.5 Suppliers

Positive public relations are essential for a company's relation with its suppliers. Suppliers are most concerned about being paid for the product they are selling to a company. Since most suppliers are generally not paid until ten to twenty days after delivery of their product, they must have faith in the ability of a company to pay its bills. Any negative news regarding a company's financial position in the absence of a full and complete explanation from the public relations department may result in a damaged reputation with suppliers. Suppliers could stop shipping their products or demand that payment is made at the time of delivery. Neither option is appealing to a company, nor could both cause critical delays in getting its products to market.

Figure No. 2.4

Role of Promotion on Marketing Mix



Source: W.J. Stanton and C. Futrell. "Fundamental of Marketing"

2.1.8 Sales Promotion

Sales promotions are marketing practices designed to facilitate the purchase of a product that do not include advertising, personal selling or public relations. Companies use sales promotion for a variety of reasons; (1) to attract new product users who will hopefully turn into loyal consumers who keep buying the product; (2) to reward existing consumers with a price reduction, thereby maintaining their loyalty; and (3) to encourage repeat sales from occasional consumers.

Sales promotion is one of the four aspects of promotional mix. (The other three parts of the promotional mix are advertising, personal selling, and publicity/public relations.) Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

Sales promotions can be directed at the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotions. Some sale promotions, particularly ones with unusual methods, are considered device by many.

2.1.9 Sales Promotion Strategy

Sales are the lifeblood of a business, without sales there would be no business in the first place; therefore it is very important that if a business wants to succeed, it should have a sales promotion strategy in mind. The primary objective of a sales promotion is to improve a company's sales by

predicting and modifying your target customer's purchasing behavior and patterns. Sales promotion is very important as it not only helps to boost sales but it also helps a business to draw new customers while at the same time retaining older ones. There are a variety of sales promotional strategies that a business can use to increase their sales, however it is important that we first understand what a sales promotion strategy actually is and why it is so important.

A sales promotion strategy is an activity that is designed to help boost the sales of a product or service. This can be done through an advertising campaign, public relation activities, a free sampling campaign, a free gift campaign, a trading stamps campaign, through demonstrations and exhibitions, through prize giving competitions, through temporary price cuts, and through door-to-door sales, telemarketing, personal sales letters, and emails. The importance of a sales promotion strategy cannot be underestimated. This is because a sales promotion strategy is important to a business boosting its sales. When developing a sales promotion strategy for your business, it is important that you keep the following points in mind.

-) Consumer attitudes and buying patterns
-) Your brand strategy
-) Your competitive strategy
-) Your advertising strategy
-) And other external factors that can influence your products availability and pricing.

There are three types of sales promotion strategies:

-) A push strategy
-) A pull strategy or

) A combination of the two

A 'push' sales promotion strategy involves 'pushing' distributors and retailers to sell your products and services to the consumer by offering various kinds of promotions and personal selling efforts. What happens here is that a company promotes their product/services to a reseller who in turn promotes it to another reseller or to the consumer. The basic objective of this strategy is to persuade retailers, wholesalers and distributors to carry your brand, give it shelf space, promote it by advertising, and ultimately 'push' it forward to the consumer. Typical push sales promotion strategies include; buy-back guarantees, free trials, contests, discounts, and specialty advertising items.

A 'pull' sales promotion strategy focuses more on the consumer instead of the reseller or distributor. This strategy involves getting the consumer to 'pull' or purchase the product/services directly from the company itself. This strategy targets its marketing efforts directly on the consumers with the hope that it will stimulate interest and demand for the product. This pull strategy is often used when distributors are reluctant to carry or distribute a product. Typical pull sales promotion strategies include; samples, coupons, cash refunds or rebates, loyalty programs and rewards, contests, sweepstakes, games, and point-of-purchase displays. A 'combination' sales promotion strategy is just that; it is a combination of a push and a pull strategy. It focuses both on the distributor as well as the consumers, targeting both parties directly. It offers consumer incentives side by side with dealer discounts.

2.1.10 Methods of sales promotion

Some of the most common methods used in sales promotion strategies include:

) Coupons

-) Price discounting
-) Gift with purchase offers
-) Sampling
-) Mail in offers and rebates
-) Refund and premium offers
-) Group promotions
-) Frequent user/loyalty incentives
-) Point-of-sale displays

2.1.11 Special Promotional Activities

Companies use a variety of sales promotion tactics to increase sales, including advertising specialties, cash refund offers/rebates, contests and sweepstakes, coupons, patronage rewards, point-of-purchase displays, premiums, price packs/cents-off deals, samples, and trade shows.

Advertising specialties

Companies frequently create and give away everyday items with their names and logos printed on the items such as bottle/can openers, caps, coffee mugs, key rings, and pencils. Companies prefer to use inexpensive handouts that will yield constant free advertising when used by the recipient.

Cash refund offers/rebates

A cash refund or rebate is similar to a coupon except that the price reduction comes after the product is already purchased. In order to receive the cash refund/rebate, the consumer must send in a "proof of purchase" with the company offer in order to obtain the refund. Rebates are often an excellent

form of sales promotion for a company to use because a high percentage of consumers will not send in the forms for the refund.

Contests and sweepstakes

Many companies use contests and sweepstakes to increase the sales of a product. As a reward for participating, consumers might win cash, free products, or vacations. With a contest, participants are required to demonstrate a skill; for example, entrants might be asked to suggest a name for a new product, design a company logo, or even suggest a company name change. Contest entries are then reviewed by a panel of judges; the originator of the winning entry receives a prize, usually in the form of cash or a vacation. In contrast to the skill required with contests, a sweepstakes winner is determined by chance.

Coupons

Coupons are certificates that give consumers a price savings when they purchase a specified product. Coupons are frequently mailed, placed in newspapers, or dispensed at the point of purchase. In addition, some companies have coupons generated when an item is scanned at the register. Companies can promote both new and mature products through the use of coupons.

Premiums

A premium is a good offered free or at a low cost to encourage consumers to buy a particular product. Companies can also offer premiums in the form of reusable containers bearing names and logos in order to help promote other products. In addition, a company may also decide to use a self-

liquidating premium. The costs associated with self-liquidating premiums are passed along to consumers through the cost of product.

Samples

Some companies offer free samples of their products. The rationale for offering a free product sample is to achieve immediate consumer introduction to the product. Companies have several ways to introduce potential consumers to product samples. Commonly used delivery methods include mailing the product, passing the product out in stores, or door-to-door delivery of the product. The largest drawback of free samples is their high cost. However, it is expected that the associated sales will offset the initial cost of the free samples.

Trade shows

Most industries hold conventions and trade shows each year to show off new technology, assess consumer trends, and review other issues important to the industry. Trade shows provide firms that sell to a particular industry an excellent opportunity to promote new products, make new contacts, renew existing business relationships, maintain or build a reputation, and distribute promotional materials.

2.2 Tea Introduction

Tea refers to the agricultural products of the leaves, leaf buds, and internodes of *Camellia sinensis*, prepared and cured by various methods. "Tea" also refers to the aromatic beverage prepared from such cured leaves by combination with hot or boiling water and is the colloquial name for the *Camellia sinensis* plant itself.

Tea is the most widely-consumed beverage after water. It has a cooling, slightly bitter, astringent flavor. The four types of tea most commonly found on the market are (in descending order of oxidation) black tea, oolong tea, green tea and white tea, all of which can be made from the same bushes, processed differently, and in the case of fine white tea, grown differently.

2.2.1 Historical perspective of Tea in Nepal

Beginning of tea cultivation in Nepal dates back to more than one and half century ago when Mr. Gajaraj Thapa (1862 A.D.), the Chief District Administrator of Ilam District and close relative of Jung Bahadur Rana, established the first tea garden. He used tea seedlings that were sent as gift from China (AEC, 2005). Thus, Ilam was the first place to have tea plantation carried out by the Government. However, tea industry did not grow continuously and remained stagnant for more than a century. It started growing only after the establishment of Nepal Tea Development Corporation (NTDC) in 1966, NTDC with the co-operation of Overseas Development Administration (ODA) started the out growers (small farmers) tea plantation scheme employing a large of small farmers in 1978. The, Private sector started tea cultivation in early sixties. The pioneer was the Budhakaran Tea Estate in Jhapa (1960). Tea plantation by private sector in the hills was started in the mid eighties only. Tea industry in Nepal was largely under the government domain until early nineties. After the liberalization of the economy the private sector began to invest in the tea industry sector. Within 1985 - 1999, major development in this sector has been the establishment of three new plantations and seven factories coming into operation. In 1985 His Majesty's Government of Nepal (HMG/N) declared five districts viz. Jhapa, Ilam, Panchthar,

Dhankuta and Terathum as tea zone. Further, in 1997 HMG/N decided to privatize the public sector NTDC of its tea plantations and factories. Now tea is grown around 15,000 hectares of land to produce both Orthodox and CTC types of tea in the Terai (Jhapa) and nine hill districts of Eastern and Central Nepal namely, Ilam, Panchthar, Dhankuta, Sankhuwasabha, Terathum, Dolkha, Ramechhap, Nuwakot and Sindhupalchook. Nepal has more than 85 tea estates, about 7000 small tea farmers. There are 13 orthodox and 23 CTC tea processing factories producing more than 11.6 million kg of tea (NTCDB, 2005). Land area used for tea cultivation is increasing by approximately 11% per year. At present, the 7,000 small farmers supporting their 35,000 family members for their livelihoods produce 85% of tea. We have tremendous potentiality for the expansion of tea industry in Eastern Tarai and in the Hills. At the same time, there is an huge scope of organic tea farming in Nepal. Thousands of hectares of virgin soils unspoiled by any chemical fertilizers are available and they are suitable for tea cultivation. Tea is a popular drink globally and Darjeeling Tea has earned a special name. The agro-climatic conditions of the Nepalese Eastern Himalayas are similar to the Indian tea producing areas such as Darjeeling and we could produce equally good quality tea with a distinctive flavor.

2.2.2 Economic Viewpoint of Tea

Basically, we produce two types of tea - the CTC and the Orthodox. CTC and Orthodox are tea-manufacturing processes. The generic name of the plant is Camellia, whether it is CTC or Orthodox. Tea grown in lower altitudes is manufactured to produce CTC type and has strong colour. The strong colour of CTC tea is the main quality attribute for most of the domestic consumers and as a result, this tea accounts for more than 95% of total

domestic consumption. Cultivation for producing CTC tea is confined to Jhapa District of the Terai region. As per the Government statistics, currently, Nepal is producing 10.06 million kg of CTC tea out of which 11 small farmers produce 28.6%. Land used for producing CTC type of tea is about 8,323 hectares. Currently, 50 tea states, 668 small farmers and 23 tea-processing factories are engaged in CTC tea production in Nepal (NTCDB, 2005).

Tea grown in high altitudes is processed to produce Orthodox type. It has lighter colour better flavor and good smell. In Nepal, Orthodox tea is exclusively made from processing leaves of hill grown tea bushes and therefore, it is known as hill tea. Nepalese Orthodox tea, which is produced at altitudes between 3,000 – 7,000 ft are famous for its aroma, bright liquor and subtle, slight fruity flavor, which are mostly sought attributes by the consumers of overseas countries. The total land area under orthodox tea plantation is around 6,689 hectares; this industry consists of more than 35 tea states, around 7,000 small farmers and about 13 tea-processing factories. Currently Nepal is producing more than 1.55 million kg of Orthodox tea of which small farmers' contribution amounts to 67.8% (NTCDB, 2005). More than 90% of orthodox tea is exported to India and overseas countries and the rest is partially used for consumption and partially for blending purpose in black tea to impart good flavor. The major hill districts for orthodox tea production are Ilam, Panchthar, Dhankuta, and Terathum. Tea is a high value, flavor intensive permanent crop with a potential for generating foreign exchange, reducing rural poverty, promoting economic growth and improving ecology and environment. It is also labor-intensive industry and provides moderately higher farm wage rate for the workers. The tea industry in Nepal provides employment to over 25,000 workers with high participation of women. The industry involves 35% capital-intensive and 65% labor-intensive

technology with a big scope to provide employment to rural masses (Dahal, 2005). In recent years, prices of tea has considerably scaled up, which is attributed to higher demand for tea in the world market. HMG/N has accorded top priority to commercialization of agriculture and development of high value crops as envisaged in the Agricultural Perspective Plan (APP). Tea has been considered one of the premier high value crops. The budget of fiscal year 2004/05 states that subsidy on the interest will be given to tea farming, which will be expanded to twelve districts. Tea industry has tremendous impact in rural economic development by empowering women and providing employment to huge mass of unemployed people.

Nepal's total annual demand is 7.8 million kg of made tea, which implies that average consumption per head per annum, comes to 350 gram. But the increasing per capita consumption shows big demand of CTC tea. India is, at present, our main market. Approximately 1.5 million kg of CTC and 1.1 million kg of orthodox tea was exported to India in 2003-4. Though India herself produces large quantities of tea (about 850 million kg tea out of which 8 million kg is high grown orthodox tea), our neighboring country Pakistan is also a very big market for our tea. Last year, about 1 million kg (both orthodox and CTC) tea was exported to this country. Pakistan's 150 million populations consume approximately 140 million kg tea per year. Similarly, Bangladesh, which is now exporting tea will be an importing country very soon due to increased population and increased per capita consumption. In the year 2003 Nepal has exported 44 tons of orthodox tea to Germany, which is only 0.1% of its total import. India, China, Sri Lanka and Kenya are the major suppliers for Germany (Raush, 2004). There is a big market for orthodox tea in Germany, Japan and other EU countries. Pakistan and Gulf countries are potential market for CTC tea. Present statistics show

that the world's annual production of high grown orthodox tea is about 10 million kg; while, the demand is approximately 50 million kg and growing considerably. This shows the ever-increasing demand of organic orthodox tea in world markets.

2.2.3 Tea Development in Nepal

Tea is the world's most consumed beverage next to water and the tea produced in Nepal is popular among the tea connoisseurs. At the same time, it is emerging as a potential export item of Nepal. Tea cultivation in Nepal has been extending in a commercial way under active participation of the private sectors.

The area under tea cultivation is estimated about 16 thousand hectares of land comprising more than 85 tea estates with more than 7,500 small farmers attachment scattering over different places of the country and mostly concentrated in eastern Nepal. At present, tea cultivation has been extended in different districts from Jhapa in terai region to Ilam, Paanchthar, Dhankuta, Terhathum, Sankhuwasabha, Bhojpur, Dolkha, Ramechhap, Solukhumbu, Sindhupalchowk, Nuwakot, and Kaski in the western Nepal.

As per government statistics, the area under tea cultivation in 2004/05 is 15,901 hectares of land and the production in the same year is 12,606 metric tons. The government has been instantly observing "Baisak 15" as a Tea Day since 1998 in order to back up the tea farmers, traders, industrialists and the stakeholders to extend and to develop tea sub-sector in Nepal. The government has also introduced national tea policy in 2000 with a goal of creating employment opportunities and export promotion through private

sector involvement in order to increase production and to develop tea-processing units in Nepal.

Orthodox tea and CTC tea are the major tea produced in Nepal. In 2003/04, 1.55 million kg of orthodox tea and 10.06 million kg of CTC tea have been produced. Currently, the incremental ratio of tea production in Nepal is 20 percent per annum. The demand for Nepalese tea in international market is increasing. As per official statistics, Nepal in 2003/04 had exported 3,275.8 metric tons of tea in different countries.

The involvement of private sector is encouraging, the role of tea marketing actors is excellent, and the tea policy is also farmer friendly. Despite all that favorable condition, one cannot guarantee the fulfillment of set target of tea production. The export promotion of international markets is a big challenge as Nepal is not the only one country that produces and exports the tea.

Competitive market, quality products and agreement made on WTO are major challenges to the Nepalese tea stakeholders. Provided that these challenges have been well addressed and be formulated the policy as per international scenario, the future of tea industry in Nepal is very bright. Development of this sector helps not only the farmers and the stakeholders; but also helps strengthening the whole national economy.

2.2.4 Introduction of NTCDB

The National Tea and Coffee Development Board is commodity board established on 1993/06/02 under Tea and Coffee Development Board Act 1992 in Nepal. The broad objective of this board is to promote and strengths Tea and Coffee sector through policy formulation, technical and managerial support. Under the chairmanship of the Minister/Minister of State for

Agriculture and Co-operatives, an executive committee (EC) is formed with 17 members representing from various ministries, private sector, organization and farmers. The Executive Director is nominated by Government of Nepal and acts as member secretary.

Objectives of NTCDB

1. To Formulate & implement the Tea and Coffee Development policy.
2. To identify problems and ways to solve them for the development of Tea & Coffee Sector
3. To manage import of Tools & Equipment for the Tea & Coffee production process.
4. To establish Tea & Coffee Training and Research center and provide Technical knowledge and skills to people and organization involved in Coffee and Tea sector.
5. To conduct studies for the development of Tea & Coffee sector.
6. To co-ordinate with Organizations related to Tea & Coffee sector.
7. To support Tea & Coffee Industries.

2.2.5 Tea Policy

Government of Nepal has approved and implemented National Tea Policy 2057 (2000 AD) as per the intention of National Tea and Coffee Development Board Act, 2049 (1992 AD) for the development of Tea as a sustainable source of income for the enhancement of employment opportunities and earning of foreign currencies with increased participation of private sector in the production, processing and commercial transaction of Tea through the sustainable and systematic utilization of available resources and opportunities in the country. Policies and Working Policies are enlisted in the following paragraphs.

Production and Processing

1. The Banks shall provide loans as priority credit on the minimum interest rates for tea plantation and Processing.
2. After the registration of industry for tea plantation, the Banks shall provide loans up to 80 percent of the total project cost.
3. A grace period of up to 7 years for orthodox and green tea in the hilly region and 5 years for CTC tea in the Terai shall be given on the loan provided for tea plantation.
4. The interest on loan shall not be capitalized in grace period.
5. Income tax shall not be levied within the grace period.
6. The principal and interest amount of the loan invested on the tea plantation have to be fully paid up within 10 years from the end of grace period.
7. There shall be an exemption of 75 percent land registration fee while purchasing land for tea plantation.
8. The Board shall recommend for exemption of land revenue on the tea plantation land.
9. A team comprising of members from Ministry of Forest and Soil Conservation, Ministry of Agriculture and Cooperative and National Tea and Coffee Development Board shall recommend such Land to Government of Nepal through Board. And such lands may be given on lease, for up to a period of 50 years for tea plantation.
10. The amount received through lease shall be deposited in the following funds:
 - a) 50 percent in the revenue of Government of Nepal
 - b) 50 percent in Tea Development Fund.

11. A capital grant shall be provided for irrigating the tea plantation and a custom duty shall be levied at the same rate as that of agricultural equipments while importing pipe and other equipments required for irrigation.
12. Custom duty on the importation of equipments required for tea processing industry shall be levied at the same rate of agricultural equipment.
13. Government of Nepal shall give priority for infrastructure development like road, irrigation, electricity, communication, education and health in the commercial tea plantation areas.
14. An arrangement shall be made to avail the fuel wood required for the operation of tea industry directly from the concerned Forest supply Committee fixing the periodic quantity to entrepreneurs in a way not adversely affecting the local supply, and the trees planted within the tea estate may be used by the tea estate itself.
15. The fertilizers, pesticides, weedicide and agricultural equipment etc. required for the tea business shall be allowed to import from other Countries.
16. A Tea Development Fund shall be established from the revenue received from tea entrepreneurs, grant from Government of Nepal, support received from International Non-Governmental Organization and foreign grants or assistance. And such funds shall be utilized in the development and extension of tea with the participation of private sector.
17. Following activities shall be given priority to encourage Land consolidation.

- a) Arrangement of low interest loan shall be made to purchase land for tea cultivation.
 - b) The extension of land consolidation through tea cultivation shall be encouraged lawfully
18. On the basis of feasibility study, area with more than 3,000 Ropanis declared for Tea plantation will receive priority for infrastructure development like electricity agriculture road etc.

Institutional Arrangement

1. The Board shall perform following functions for the effective implementation of this policy.
2. Conduct necessary study and research in relation to Tea cultivation and render technical advice and assistance to import the improved tea sapling from abroad for multiplication and distribution, sale and distribution of it.
3. Provide support to small farmers in order to transport the tea cutting.
4. Render free technical service to small and cooperative tea farming.
5. Recommend to concerned agencies in relation to subsidized registration fees, Land ceiling, land revenue etc, custom facilities in the import of machinery, irrigation equipment, packaging materials, steel structure, letter of credit facilities.
6. Recommend for necessary loan for pesticides, Chemical fertilizers, agricultural equipment and fuel necessary for tea business.
7. Maintain records about tea entrepreneurs of the country.
8. Perform monitoring and evaluation and take necessary action, in case of misuse of the policy.

9. Manage for awarding prizes and letter of appreciation annually for best producers, processors, tea packaging industry and exporters in order to encourage the tea business.
10. Provide updated facts and figures on area of plantation, production, Export, Import and new findings of the research activities to the Government authority and other related organizations in periodic basis.
11. With the permission of Government of Nepal maintain relation with tea related international agencies, enter into agreement and develop working partnership.
12. Develop Board as an autonomous entity along with the participation of private sector for the sustainable development of tea business. The Board shall provide different recommendation and advice including awarding of land on lease for tea production and processing, and the Board shall realise fees for providing such services with the approval of Government of Nepal.
13. Collect national as well as international information covering study and research, market development of tea and provide information to tea entrepreneurs.
14. Manage to receive statistics and other related information on regular basis from all tea related agencies and use such information in decision making, research and market promotion activities.
15. In affiliation with universities/trade schools conduct human resource development and research activities. Perform related activities in coordination with Export Promotion Committee.
16. Maintain majority of high investors in the operation of Tea Development Fund.

17. Suggest Government of Nepal for the effective implementation of the provision mentioned in this Policy.

Manpower Development

1. A tea Research and Training Centre shall be established with the participation of Nepal Agriculture Research Council, international cooperation and private sector.
2. Manage for National and International level training under Tea Development Fund for small Tea farmers and the manpower working in tea cooperatives. And for other entrepreneurs, arrangement shall be made to bear such costs by themselves.
3. No income tax shall be levied on investments made by entrepreneurs on training in order to encourage manpower development.
4. An arrangement of training shall be made on time to time basis to technicians extending their services.

Development and Promotion of Auxiliary Industries

1. A minimum custom duty shall be levied on the import of machineries for packaging industry as it is beneficial to country to sell the tea on local market or to export after getting value added in it.
2. The duty levied on the packaging materials to export Nepalese tea shall be refunded under Duty Draw Back facility.
3. Manage to exempt income tax up to five years to those industries established for packaging and exporting of tea.

2.2.6 Tea Policy towards its Promotion

Government of Nepal has approved and implemented National Tea Policy 2057 (2000 AD) as per the intention of National Tea and Coffee Development Board Act, 2049 (1992) for the development of Tea as a sustainable source of income for the enhancement of employment opportunities and earning of foreign currencies with increased participation of private sector in the production, processing and commercial transaction of Tea through the sustainable and systematic utilization of available resources and opportunities in the Country. Market and trade promotion points in tea policy are as follows.

1. The auction system shall be developed with the participation of private sector for the introduction of tea in international market system. Necessary infrastructure shall be developed in this regard.
2. Tea export promotion activity shall be mobilized in coordination with Agricultural Business promotion and Statistics Division of Ministry of Agriculture, and cooperatives Agricultural Enterprise Centre (Federation of Nepalese Chamber of Commerce and Industry), Royal Nepalese Embassies and Consulates. The information pertaining to production, quality, quantity and production areas shall be published under the Ministry of Tourism.
3. The Customer duty on packaging materials to be imported for export of tea shall be levied at the same rate of agricultural equipment.
4. Exporting more than one containers of Tea needs to open the letter of credit to that effect. .
5. The facility to be received in export to other countries shall be provided in the export to India as well.

6. Encouragement shall be made towards timely reform of the packaging industry in order to develop and establish domestic tea brand.
7. For sale and export the value added packed tea shall be encouraged than raw and loose tea.
8. The participation of the small and cooperative tea entrepreneurs in trade fair, trade exhibition, workshop, seminars shall be supported by Tea Development Fund.

2.2.7 Review of Previous Studies in Nepal

Various books are written, articles are published and different individuals and institutions are conducted research work in concerning marketing and role of promotion in marketing.

Review from articles

A article entitled " Concept Paper on Study of Nepalese Tea Industry - Vision 2020- " carried by Mr. Ajit N.S. Thapa March 2005 in the following objectives.

-) To identify the suitable geographical areas for expanded tea cultivation and set production targets,
-) To study on cultivation practices (planting, pruning, irrigation, use of pesticides, fertilizer, plucking, processing etc) for the production of quality organic tea,
-) To develop human resource for the industry (managerial/technical/manual) and explore employment opportunities for rural women and unemployed poor,

- J To make a comprehensive study about financial requirements to meet the production targets for 2020 and about financing methods and credit facilities,
- J To study about the institutional and physical infrastructure development including R&D, certification facilities, and extension services required for the industry,
- J To study and develop policies and effective measures for the marketing and export of tea in national and international markets and set marketing targets.
- J To study existing tea enterprises (both plantation and processing) with a view to increase their productivity, improve quality and profitability.

The Major Findings of the Study are:

- J Total area under tea will be 62,800 hectares within the next 15 years. Infrastructures will be developed for an expansion of about 150 thousand hectares of plantation Total Orthodox tea plantation cost would be Rs. 15,678 million.
- J CTC plantation cost would be Rs. 1,360 million.
- J 240 factories will be required by 2020. Additional cost for factories will be 5,050 Million @ Rs. 25 million per factory for 202 new factories.
- J Total plantation and factory installation cost will be Rs. 27,138 million for the next 15 years.
- J The new plantation gets into maturity by 2027 and the production of made tea will be 6,908 million kg. per annum.
- J This production is estimated on the basis of 1,000 kg made orthodox tea and 1,500 kg CTC tea per hectares of tea cultivation.

- J Estimated sales revenue and other indicators by 2020
- J CTC average sales price: Rs. 125 per kg.
- J Total sales of CTC tea will be Rs. 2,812 Million per annum.
- J Orthodox tea average price: Rs. 350 per kg
- J Total sales will be Rs. 11,270 million per annum.
- J Direct employment in plantation will be 157,000 people indirect employment in and outside the farm area also is equally important for inputs supply and distribution. The employment in these areas will be more than those in the directly employed fields.

2.2.8 Review from Thesis

A thesis entitled "A Study of Rice Marketing in Kailali District" carried by Mr. Bhupendra Bahadur Balayar on 2006 A.D. in the following objectives.

- J To study the present situation of rice marketing in Kailali district.
- J To study the historical background of rice marketing in Kailali district.
- J To analyze the promotional activities and distribution channels of rice in Kailali district.
- J To study the price situation of rice in marketing of Kailali district.
- J To investigate the market possibilities of rice.
- J To suggest and recommended for the rice market in Kailali district.

The Major Findings of the Study are:

1. In Kailali District, due to the lack of technical knowledge the farmers are attracted to earn money form paddy cultivation but due to less knowledge of cultivation paddy through new and modern technology. Beside this the rice mills are not so moderated due to the low paddy

growth by which the rice production may be low and the demand may not be fulfilled. But if rice production is sufficient it may be cheap because of less technological knowledge and less use of modern machinery. Not only the rice millers but the farmers also cannot produce more paddies due to the less knowledge of insecticides, appropriate quality of compost manure and chemical fertilizers. Besides this the government also has not taken attention to improve the technical aspect in the paddy farming.

2. There is lack of irrigation facilities. The paddy needs enough irrigation but irrigation facilities like canal, boring (pump set) are not sufficient to the farm. That's why paddy crops are not fully developed. The less developed paddy decreases productivity of rice mill and increases price of rice in market.
3. Financial supporting service program is also not sufficient so we find that the financial institution or the government has not taken more attention in supporting the farmers. Agricultural Bank is responsible to provide the loan for the paddy production. For paddy production the bank provides the loan Rs.20,000 per Bigaha and takes 11 percentage interest. Thus it is not enough amount for the farmers.
4. The rice production mills are also not satisfied by the financial supporting by the financial institution.
5. Co-ordinates between the paddy farmers and rice millers of this district are very less.
6. The storage facilities or warehouse facilities are lacking for the rice production. The farmers use ordinary storage facility. Thus the storage problem brings increasing depreciation on the rice product due to the poor (unwell) storage of paddy.

7. In total 360 rice mills are registered in Kailali. The research shows that out of total only 15 rice mills are operating smoothly and rests are closed due to the political crisis and lack of raw materials.
8. The rice production in 2060 B.S. is more than the previous nine years from 2051 B.S. As well as the trend is actually in up and down position but after 2055 B.S. we see that the production is 153,300 metric ton in the year 2057 B.S.
9. The channel of rice distribution is very simple. The channel for local or nearby market of the rice is directly from suppliers to the consumers. Some times intermediaries also involved in the distribution channel process. Unit transaction at this time is lower than the ordinary time in such cases. Producers directly sell to the consumers 30 percent of total rice production, 50 percent to the retailers and 10 percent to the wholesaler.
10. We find that Aruwa Moto, Aruwa Madham, Aruwa Mansuli varieties of rice produced in Kailali.
11. The packing of rice is different weight, but the 50 Kg pack is most popular in this district. Near about 80 percent of the respondents are found to consume 50 Kg pack and 30 Kg pack.
12. About 75 percent of the consumers purchase rice for home use, 20 percent of the consumers purchase for hotel, where as five percentage of the consumer purchase rice for other purpose. This indicates that the rice is mainly used for food.
13. The main reason of purchasing rice is for food.
14. About 65 percent of the consumers are found to prefer Aruwa Moto, 25 percent of the consumers prefer Aruwa Madham and 10 percent of the consumers prefer the Aruwa Mansuli in Kailali.

15. Consumers in this study area become aware of the rice brands through different media, but advertisement is more effective in the Mansuli rice and Basmati rice.
16. Consumers think that while choosing the rice, price is not so important factor but very little difference in each brand of rice affect the consumer.
17. About the price of these rice brands the lowest price brand is Aruwa Moto, medium price brand is Aruwa Madham and the highest price brand of rice is Aruwa Mansuli.
18. The price of rice in different market is differing. We can see that the rate is Rs. 18 of Aruwa Moto, Rs. 20 of Aruwa Madham and Rs. 28 of Aruwa Mansuli rice in Himalayan areas. The price of rice in hilly areas of Aruwa Moto is Rs. 12.50 Aruwa Madham is Rs. 13.50 and the price of Aruwa Mansuli is Rs. 20.50. Then in the Terai region we find the price of Aruwa Moto Rs. 12 price of Aruwa Madham is Rs. 13 and the price of Aruwa Mansuli is Rs. 20.
19. As we find that the Aruwa Moto rice is produced in the highest quantity than Aruwa Madhan and Aruwa Mansuli. Aruwa Mansuli is few quantity produced than other two types of rice.

CHAPTER – III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter has described the methodology used in the study. Research methodology is a way, which systematically solves the research problems. It describes the methods and process applied in the entire aspect of the study. This chapter has also described research design, population and sample, sampling procedure, data presentation procedure, analysis tools and weight of choice.

3.2 Research Design

A research design is the pattern of method and procedure for obtaining the information needed to formation or to solve problem. The present study is exploratory in nature, the main aspire of the study is to find out the perception of customers towards the Kailash tea, impact of promotion and drinking aspects of Kailash tea. An opinion survey research design has been adopted for this study. The opinion of various 100 respondents associated with distinct i.e. tea sellers, hotel entrepreneurs and tea consumers have collected through structured questionnaire with reference to role of promotion in consumption of Kailash tea in Dhangadhi. Character of promotion in Kailash tea consumption, types of promotion, necessity of promotion, impact of promotion in consumption, consumers' perception towards promotion of Kailash tea, appropriated method of promotion has included in questionnaire. The data and

information collected from the survey were tabulated and analyzed according to need of the study for achieving its objectives.

3.3 Source /Nature of Data

The primary as well as secondary sources of data have been collected in order to achieve real world factual result. The main sources of data taken in to consideration for the preparation of this thesis are listed below.

Primary Sources of Data

The primary data and relevant information have been collected through personal interview questionnaire with in Dhangadhi city from those respondents who are representing from various sectors i.e. tea seller, tea shopkeeper and tea consumer. Tea sellers have been selected from grocery shop and Kailash tea dealer of Dhangadhi market. Tea shopkeepers have been selected from various hotels, canteens and tea shops. Tea consumer have been selected from different group i.e. worker, student, business man, staff member etc.

Population of Sample

Tea seller, hotel entrepreneur and tea consumers are considered as the total population. Out of them 25 tea sellers (including grocery shopkeeper and Kailash tea dealer), 25 hotel entrepreneurs (including hotel, canteen, tea shop and café) and 50 tea consumers from different groups are considered as the target population for the study. 100 sample sizes from Dhangadhi market is selected. The respondents have been divided into three groups. The following table shows the group of respondents and the size of sample.

Table No. 3.1

Group of respondents and size of sample from each group

S.N.	Group of Respondents	Sample Size
1.	Tea seller	25
2.	Hotel entrepreneur	25
3.	Tea consumer	50
Total		100

Sampling Procedure

Random sampling techniques have been used to select the target and sample selection. The view of tea seller, hotel entrepreneur and tea consumer have been collected on the basis of stratified selection by distributing questionnaire individually.

Secondary Sources of Data

The secondary sources of data are the information received from tea related books and reports, journals, newspapers, website, thesis etc.

3.4 Data Collection Procedure

Data and information used in this study were collected from primary and secondary sources. In the course of material collection, the researcher prepared bibliography cards. The questionnaire converted different aspects of promotion, complication applicable to different aspects of promotion practices. Three different sets of questionnaire were prepared. In the first set of questionnaire 15 questions were prepared the set was distributed among the customers. In the second set of questionnaire 15 questions were prepared and which was distributed among different hotel entrepreneur. Lastly in the third

set of the questionnaire 15 questions were prepared and it also distributed among tea seller. For distributing the questionnaire and taking interview with the respondent the researcher personally visited. Consumers were selected from different socio-economic background for filling up the questionnaire and relevant discussion was carried out.

In the process of data collection the researcher also visited with key persons of Kailash tea dealer and hotel managers. The formal questionnaire is attached to the appendix section.

3.5 Data Processing and Tabulation Procedure

Preparation of preliminary bibliography cards in order to process available list of accurate information and data needed for the present research study. On the basis of the bibliography card, the review of the related literature has been carried out and related data has been collected. All the collected data and information have been tabulated according to the requirement of the study. The tabulated data have been analyzed and interpreted by using descriptive and statistical tool such as simple average, percentage, charts, diagrams graphs etc.

CHAPTER – IV

DATA PRESENTATION AND ANALYSIS

The presentation of data is the basic organization and classified of data for analysis. After data collection is completed, it is in the raw form. It is needed to arrange the data to make some sense. So, in order to know the role of promotion in consumption of Kailash tea, it is needed to analyze the relationship between promotion and Kailash tea. Firstly we analyzed the existing situation of Kailash tea promotion in the study area. The discussion on the later section of the chapter is thus, directed towards this.

4.1 Tea Production in Nepal

The total area under tea plantation estimated as at 2007 is 16,400 hectares with the production volume of 152 million Kg. It is providing direct employment to 40 thousand employees. The climatic conditions are suitable for Orthodox tea in hilly range and CTC (Crush-Tear-Curl) at Terai. Nepal has initiated producing export quality Green Tea.

Tea in the private sector comprises of small farmers, small processing factories and big Tea Estates with tea processing factories. There are 140 Registered Tea Estate which contribute 85% of the National production volume. Nepal has 40 Tea processing factories in private sector. They produce both orthodox and CTC Tea. These factories do not have their own Tea Plantation but depend on the small farmers for the green leaves to run their factories. Further a rapid increase in Tea area at small holders level is anticipated due to the market of their production.

Basically there are two kinds of tea packaging industries operating in Nepal. The first one being the private Estate owning tea packaging unit of itself and second are the ones who operate their Industry buying bulk from private tea estates and the tea imported from outside.

Table No. 4.1

Tea Plantation and Production

Fiscal Year	Plantation (Hecars)	Production (Kilograms)
2002/03	12,643.00	8,198,000.00
2003/04	15,012.00	11,651,204.00
2004/05	15,900.00	12,606,081.00
2005/06	16,000.00	13,688,237.00
2006/07	16,420.00	15,167,743.00

Source: National Tea and Coffee Development Board, Nepal

Note: Plantation Area and Production Tea Estate cover private sector and small Tea Holder's Area.

Tea plantation area and production quantity has been increasing every coming year. In 2002/03 fiscal year tea was planted in 12,643 hecars and it was produced 8,198,000 kg. Similarly in 2003/04 it was planted 15,012 hecars and produced 11,651,204 kg. In 2004/05 planted 15,900 hecars and produced 12,606,081 kg. In 2005/06 planted 16,000 hecars and produced 13,688,237 kg. Likewise in 2006/07 it was planted in 16,420 hecars and produced 15,167,743 kg.

Table No. 4.2
Orthodox and C.T.C. Tea Plantation area and production
2063/064 (2006/2007)

SN	Particulars	Orthodox		C.T.C.		Total	
		Area	Production	Area	Production	Area	Production
1	Garden	2904	656600	6107	8684154	9011	9340754
2	Farmers	4520	1320149	2869	4506840	7409	5826989
	Total	7424	1976749	8976	13190994	16420	15167743

Source: National Tea and Coffee Development Board, Nepal

In the above table we can see the detailed tea plantation and production by garden and farmers in fiscal year 2006/2007. In this year tea produced by garden 9,340,754 kg and by farmers 5,826,989 kg. In total orthodox tea was produced 1,976,749 kg and C.T.C tea produced 13,190,994 kg.

4.2 Tea Exports and Imports

Nepal exports orthodox tea to Germany, Hong Kong, Netherlands and Japan and imports C.T.C to meet domestic Consumption

Table No. 4.3
Tea Export and Import Status

Year	Export (MT)	Export (Rs. '000')	Import (Rs. '000')
2002/03	193.00	53,908	468
2003/04	984.22	104,822	992
2004/05	4316.00	438,771	419
2005/06	4623.00	98,644	5,005
2006/07	3493.00	123,642	19,000

Source: National Tea and Coffee Development Board, Nepal

Nepal has been exporting tea in foreign countries every year and importing also. As per above table in fiscal year 2002/03 it was exported 193 metric ton. In 2003/04 exported 984.22 metric ton. In 2004/05 exported 4,316 metric ton. Similarly in 2005/06 exported 4,623 metric ton. It shows exporting quantity is increasing on coming year but in 2006/07 it was decreased and exported only 3,493 metric ton.

4.3 Status of Tea Industrialists up to Fiscal Year 2004/2005

15 tea processing factories has established in fiscal year 2004/2005. 134 industrialists have tea gardens only and 25 industrialists having both tea garden and factories.

Major tea producing districts:

Jhapa, Ilam, Panchthar, Dhankuta and Terhathum

New tea producing districts:

Kaski, Dolakha, Sindhupalchowk, Solukhumbu, Nuwakot etc.

4.4 Kailash Tea Selling and Distribution in Dhangadhi

There are various hotels, canteens, tea shops are established in Dhangadhi. More than 90 percent out of Dhangadhi population are drink tea. From Dhangadhi market tea is supplied to different hilly districts of the far western of Nepal. Zonal dealer of Kailash tea has established in Dhangadi as Padam Shopping Center. The dealer has been supplying Kailash tea all districts of Seti zone. Here we can see sales distribution of Kailash tea of Seti zone.

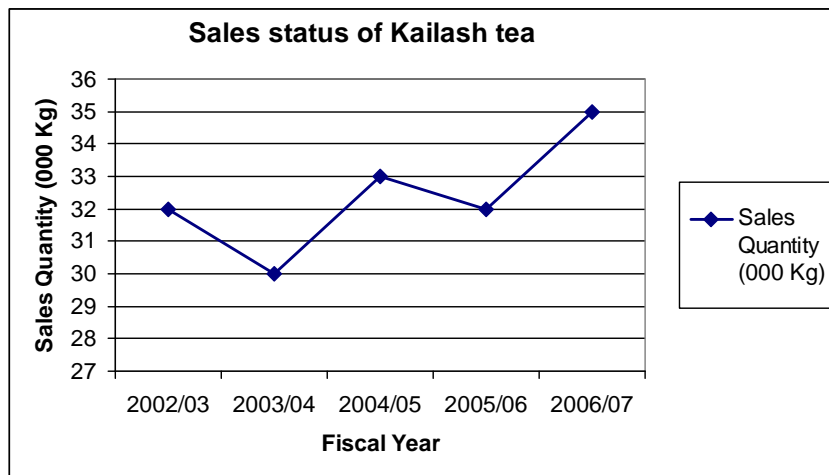
Table No. 4.4

Sales Status of Kailash Tea form Dhangadhi Market in different year

Sr. No.	Fiscal Year	Sales Quantity (Kg)	Price Rs. (per Kg)
1	2002/03	32,000	150
2	2003/04	30,000	165
3	2004/05	33,000	180
4	2005/06	32,000	190
5	2006/07	35,000	210

Source: Field survey (Padam Shopping Center Dhangadhi)

Diagram No. 4.1



In the FY 2002/03 the researcher found sales was 32,000 Kg. but in 2003/04 it was decreased by 2,000 Kg. which falls to 30,000 Kg. In 2004/05 the sales quantity was 33,000 Kg it was increased by 3,000 Kg. This year the consumption was better than last year. In 2005/06 its sales also decreased it stands 32,000 Kg and in 2006/07 the sales was increased by 35,000 Kg. The fluctuation of sales quantity of Kailash tea can be seen in chart also. In business it is normal situation of variation; no any commodity's market is same every year. The researcher was found that due to the political condition

of nation, entry of new brand of tea in market and lack of contemporary promotion may be the cause of variation of sales quantity.

4.5.1 Customers' Tea Purchasing Tendency

To know the respondents' view regarding preference of tea which brand they use generally, a question was asked "Which brand of tea do you purchase usually?" (Q.No. 1, Appendix I). The following data was obtained. The data is tabulated and presented as below in graph for analyzing and getting necessary information.

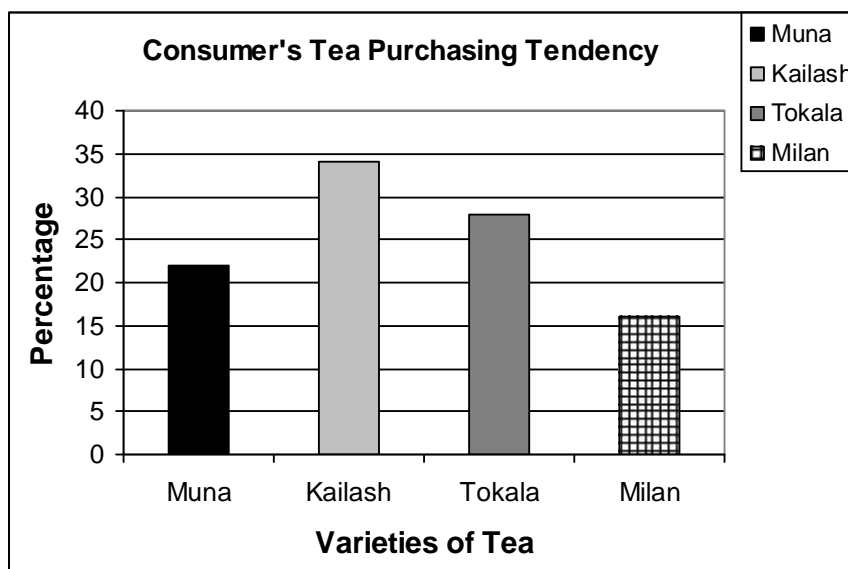
Table No. 4.5

Customers' tea purchasing tendency

Sr. No.	Varieties of Tea	No. of Respondents
1.	Muna	11
2.	Kailash	17
3.	Tokala	14
4.	Milan	8
Total		50

Source: Opinion survey, 2009

Diagram No. 4.2



In the above table we can see the respondents' tea purchasing tendency. In a sampling survey among tea consumers, out of 50 respondents, we found various types of consumers such as 11 respondents for Muna tea i.e. 22 percent, 17 for Kailash i.e. 34 percent, 14 for Tokla i.e. 28 percent and 8 for Milan i.e. 16 percent of total sample.

4.5.2 Publicity of Kailash tea

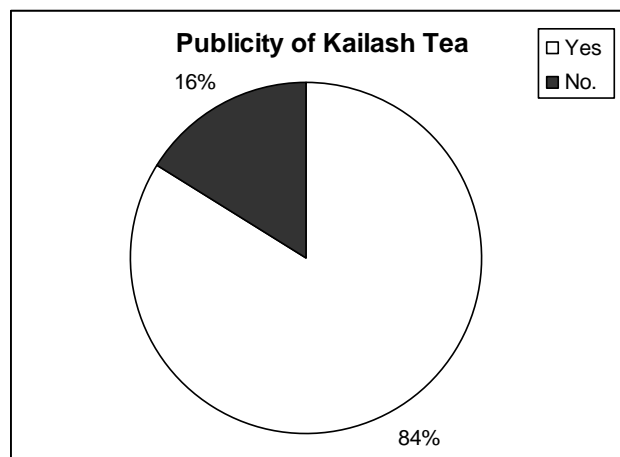
Respondents are familiar with Kailash tea or not, it is necessary to know before asking Kailash tea related questions. A question was asked to respondents "Have you even heard about Kailash tea?" (Q.No. 2, Appendix I). After asking the question the following status was found.

Table No. 4.6
Publicity of Kailash tea

Sr. No.	Options	No. of Respondents
1.	Yes	42
2.	No.	8
Total		50

Source: Opinion survey, 2009

Diagram No. 4.3



In the above table we can see 42 respondents have listened about Kailash tea and 8 respondents have not listened about it. Following on diagram the above data 86 percent of the respondents said that they have listened about Kailash tea, whereas 14 percent of respondents said that they have not listened about the tea. By this we can conclude that the advertisement of Kailash tea disseminates information. They, who do not listen about Kailash tea, are from rural area of Dhangadhi Municipality and may be not conscious about any advertisement program. They purchased the tea which tea was given to them.

4.5.3 Cause of attraction towards Kailash tea

To know the respondents view regarding cause of attraction towards Kailash tea, a question was asked, "Why are you consuming Kailash tea?" (Q.No. 3, Appendix I). The respondents' response are tabulated and presented in graph as follows.

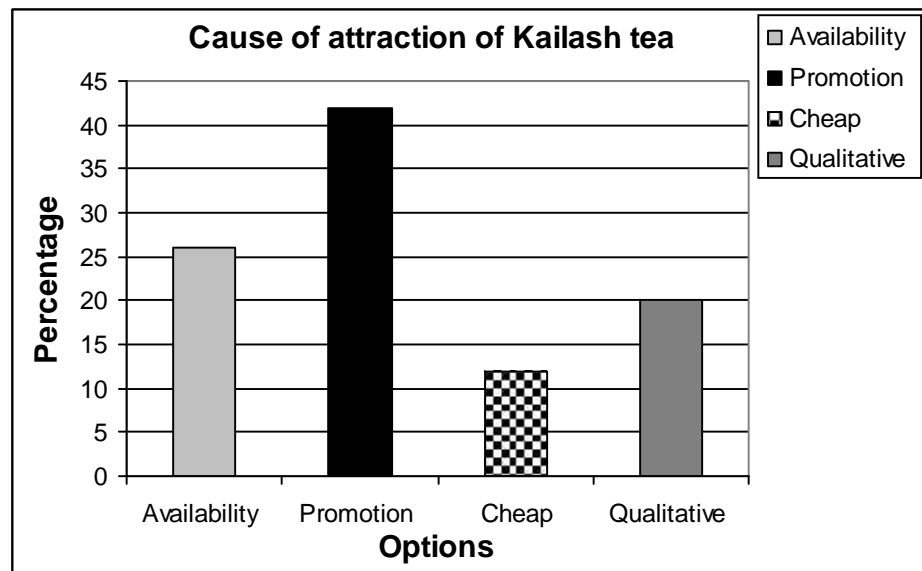
Table No. 4.7

Cause of attraction towards Kailash tea

Sr. No.	Options	No. of Respondents
1.	Availability	13
2.	Promotion	21
3.	Cheap	6
4.	Qualitative	10
Total		50

Source: Opinion survey, 2009

Diagram No. 4.4



In the above table we can see that promotion attracts customer more than other factor i.e. 42 percent have attracted by promotion towards Kailash tea. Similarly 26 percent respondents have attracted by availability, 12 percent by cheapness and 20 percent by quality. By the analysis of above data and attitude of respondents, promotion program makes brand loyalty and set an image on mind about the product. Promotion program includes advertisement, publicity, demonstration improve quality and packaging etc. Except this advertisement is one of the promotion program which broadcast very wide area. Then consumer also increased in wide area. Like this promotion plays very critical role in consumption. It is also showed that easily availability of Kailash tea also helps to increase consumption.

4.5.4 Views towards Purchasing Trend of Kailash tea without its Promotion

Tea purchasing mood of respondents' have already makeup or they make their mood after its promotion program, to know the answer following

question was asked "Would you have been using Kailash tea without its promotion?" (Q.No. 4, Appendix I). The following data was received and it is presented on table and chart.

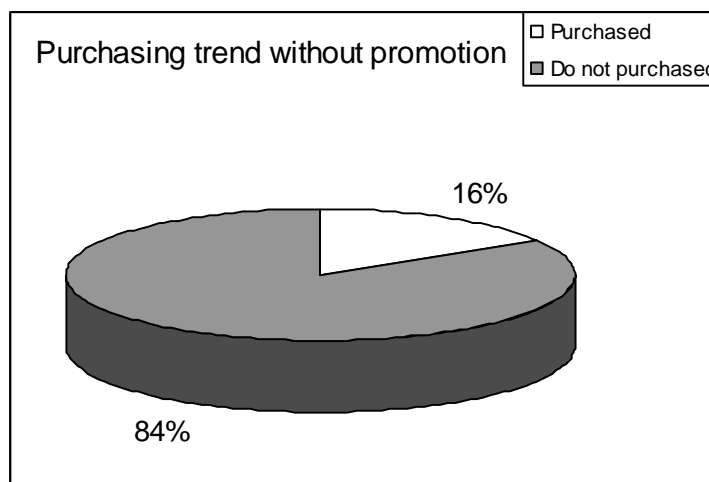
Table No. 4.8

Purchasing Trend of Kailash tea with out its Promotion

Sr. No.	Options	No of Respondents
1.	Purchased	8
2.	Do not purchased	42
Total		50

Source: Opinion survey, 2009

Diagram No. 4.5



In the above table we can see that out of 50 respondents, 8 consumers purchased Kailash tea without its promotion which represents 16 percent only. Instead of this 42 customers do not purchase Kailash tea if its promotion is not implemented which covers 84 percent of total sample. On research time, the researcher found 8 respondents are willing to purchasing Kailash tea without its promotion, they are regular customer of recognized shop and which tea was given to them, they have purchased. As per above data we can conclude that if promotion is implementing for any products, its demand also increased.

Promotion disseminates information. It also attracts customer and makes them more loyal towards concerned product.

4.5.5 Status of Tea preparation in Hotel

To know the status of tea preparation in hotel, a question was asked to hotel entrepreneurs "What brand of tea do you serve to your customer?" (Q.No. 1, Appendix II). The data given below in table was obtained.

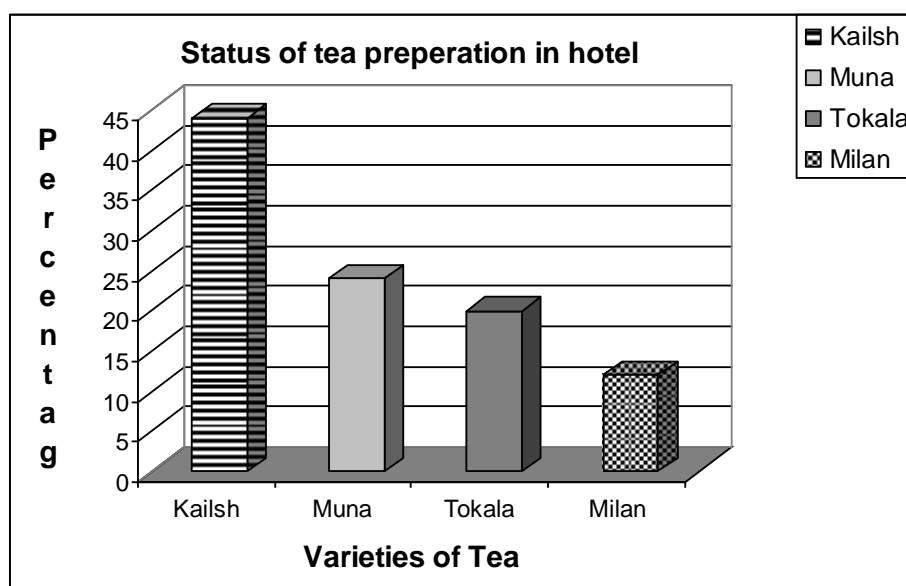
Table No. 4.9

Status of tea preparation in Hotel

Sr. No.	Varieties of Tea	No. of Respondents
1.	Kailash	11
2.	Muna	6
3.	Tokala	5
4.	Milan	3
Total		25

Source: Opinion survey, 2009

Diagram No. 4.6



In the above table and chart we can see the status of tea preparing in hotel. As per above table 44 percent hotel entrepreneurs are using Kailash tea, 24 percent Muna, 20 percent Tokala and 12 percent Milan tea. Comparison among four tea brand Kailash tea is higher than other tea. The cause of higher using are regular supply, good promotion and cheap also. With the analysis of above data and views of respondents' good promotion plays significant role in consuming of Kailash tea.

4.5.6 Customers' wish towards Kailash tea from the view point of hotel entrepreneur

In hotel there are different types of customers arrive. Every customer's tea drinking habit may differ to each other. Some customers recommend one type of tea brand and another may recommend next. But sometimes hotel entrepreneurs prepare any brand of tea in self decision for customers. Here, to know the customers wish for Kailash tea, a question was asked to respondents "Do customers themselves ask for Kailash tea?" (Q.No. 2 Appendix II). The researcher was found following data which is tabulated below.

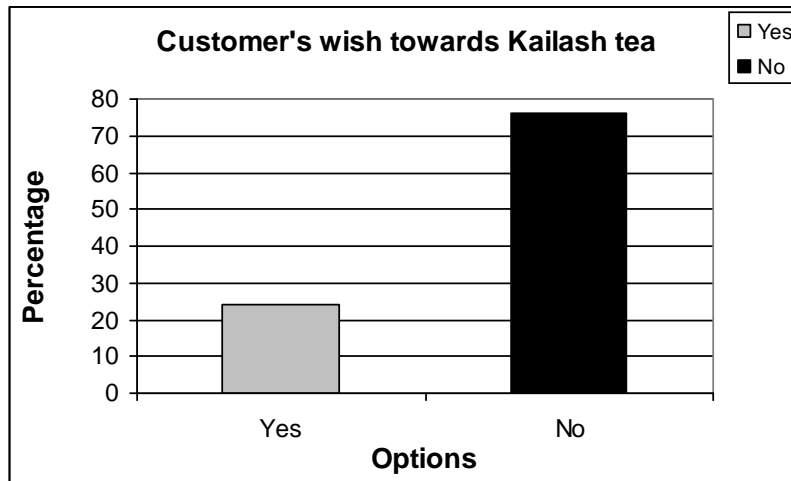
Table No. 4.10

Customers wish towards Kailash tea

Sr. No.	Options	No of Respondents
1.	Yes	6
2.	No	19
Total		25

Source: Opinion survey, 2009

Diagram No. 4.7



While customers asked for tea in hotel generally they only request tea they do not recommend any special brand of tea. But some customers asked special brand of tea, because their practice are same usually. In total 6 respondents said that, customers asked for Kailash tea which covers 24 percent of total but 18 respondents answer was customers do not ask for Kailash tea, whichever tea they prepared customer drink. It represents 76 percent. By analyzing the data, we found that in hotel or tea shop it showed selection of tea brand depends on hotel entrepreneur than the customer.

4.5.7 Suggestion of hotel entrepreneurs to customers for drinking Kailash tea

To know the view of hotel entrepreneurs do they suggest to their customer for drink Kailash tea or not a question was asked "Do you suggest Kailash tea even if customers prefer other brand?" (Q.No. 3 Appendix II) after completing survey the following data was received.

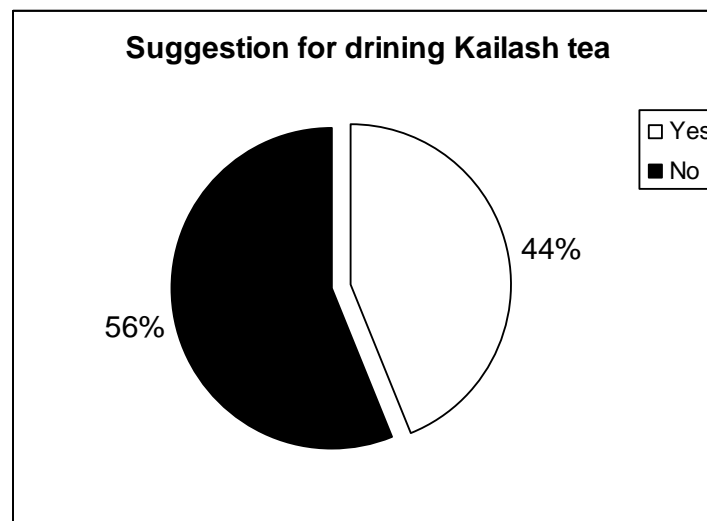
Table No. 4.11

Suggestion for drinking Kailash tea

Sr. No.	Options	No of Respondents
1.	Yes	11
2.	No	14
Total		25

Source: Opinion survey, 2009

Diagram No. 4.8



With the help of above table and diagram 44 percent respondents are suggested to their customers for drinking Kailash tea. 56 respondents have not suggested to their customers, they prepared the tea which brand they have. By analyzing above data 44 percent respondents have suggested to their customers for Kailash tea it means its market is big. Its promotion is the main component to introduce itself, similarly appropriate price, quality and customers' satisfaction also the cause of increasing demand.

4.5.8 Motivation for selling Kailash tea

There are many factors of Kailash tea to motivate hotel entrepreneurs. Those factors are promotion, customer's desire and others. Different

respondents have motivated by different factor. To know the view of respondents, what is the motivation factor and how do they enthusiast to prepare Kailash tea, a question was asked "How do you motivate to sell Kailash tea?" (Q.No. 4 Appendix II). Views of respondents are exposed below in table.

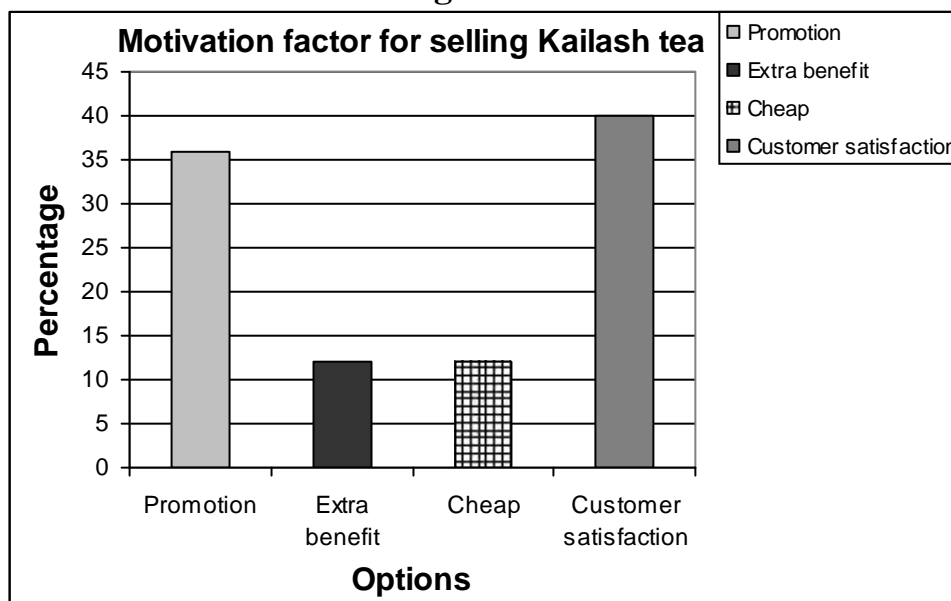
Table No. 4.12

Motivation factor for selling Kailash tea

Sr. No.	Options	No. of Respondents
1.	Promotion	9
2.	Extra benefit	3
3.	Cheap	3
4.	Customer's satisfaction	10
Total		25

Source: Opinion Survey, 2009

Diagram No. 4.9



As per mentioned above table and chart the researcher was found 40 percent respondents sold Kailash tea because of customer satisfaction, 12 percent

respondents sold Kailash tea due to its cheapness, 12 percent respondents sold for achieving extra benefit and 36 percent respondents sold Kailash tea because of promotion. We finalized that promotion is the second motivation factor. Promotion includes advertisement, dissemination and exhibition.

4.5.9 Tea selling status in different shops

To find out the tea selling status in Dhangadhi market a question was asked to respondents "What brand of tea is has the highest sell in your shop?" (Q.No. 1 Appendix III). The researcher has found out the views as follows.

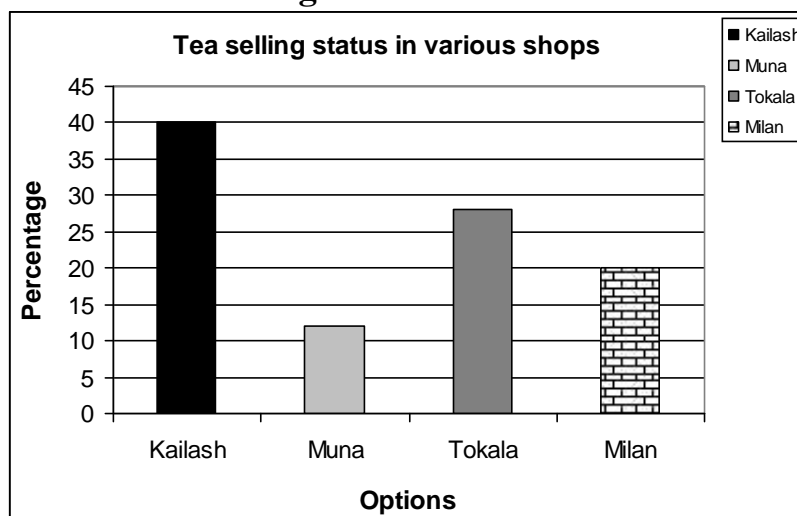
Table No. 4.13

Tea selling status in Dhangadhi market

Sr. No.	Varieties of Tea	No. of Respondents
1.	Kailash	10
2.	Muna	3
3.	Tokala	7
4.	Milan	5
Total		25

Source: Opinion Survey, 2009

Diagram No. 4.10



In above table we can see Kailash tea is selling more than other brand in Dhangadhi market which is 40 percent of total sampling and secondly Tokala tea which covers 28 percent. Muna tea covers only 12 percent and Milan tea covers 20 percent of total sample. By this we can conclude that market of Kailash tea is high among four teas. Tea seller attracts by its regular supply.

4.5.10 Wish for Kailash tea

While purchasing tea, customers asked only tea or they said for Kailash tea this is the most important theme of this study. How much Kailash tea is well-known among customer and what is the factor to make Kailash tea familiar. Shopkeeper can sell those goods what customer wants. Customers are asked Kailash tea spontaneously or what they have given they purchased. To know the opinion of respondents a question was asked "Do customers themselves ask for Kailash tea?" (Q.No. 2 Appendix III). The view of respondents is presented below on table and graph.

Table No. 4.14
Wish for Kailash tea

Sr. No.	Options	No. of Respondents
1.	Yes	8
2.	No	17
Total		25

Source: Opinion Survey, 2009

Diagram No. 4.11



The researcher found that 32 percent customers asked for Kailash tea and 68 percent customers do not asked for Kailash tea. Those respondents who do not have asked Kailash tea are purchased whichever they have given. They have not curiosity about tea brand. It shows that in consumption of Kailash tea seller's role also important. After analyzing the above data tea sellers are selling that tea in which they get more profit margin than other and they want along with regular supply also. If there is break down in regular supply tea seller keep another tea.

4.5.11 Suggestion to Purchasing Kailash tea

Most of the shopkeepers suggest their customers while purchasing any goods. They suggest for those goods in which they get more benefit. A question was asked to respondents "Do you suggest Kailash tea even if consumes prefer other brands?" (Q.No. 3 Appendix III). The following data was received.

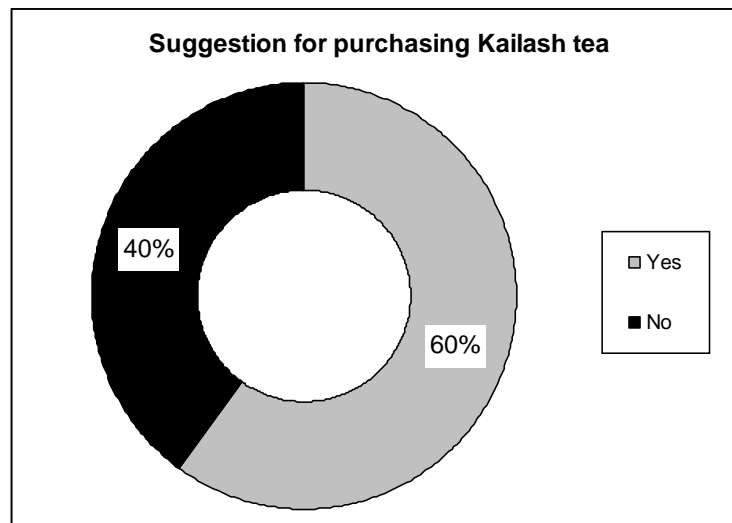
Table No. 4.15

Suggestion to Purchasing Kailash tea

Sr. No.	Options	No. of Respondents
1.	Yes	15
2.	No	10
Total		25

Source: Opinion Survey, 2009

Diagram No. 4.12



Many shopkeepers suggest their customer to purchase Kailash tea because its market coverage area is wide. In Dhangadhi, a zonal dealer is established. It supplies regularly and provides more facility i.e. credit facility, more profit margin, door to door selling and extra benefit (T-shirt, Bag). In above table we can see 60 percent respondents are suggesting to purchasing Kailash tea. 40 percent respondents do not suggest purchasing Kailash tea, they give whatever customer wants.

4.5.12 Attraction to selling Kailash tea

To know the cause of attraction to selling Kailash tea a question was asked "What do you attract selling Kailash tea?" (Q.No. 4 Appendix III) in this question 4 options are given i.e. extra benefit from the company, more profit margin, regular supply and promotion. We found mixed response since all given options related for attraction. The opinions are presented in the following table and graph.

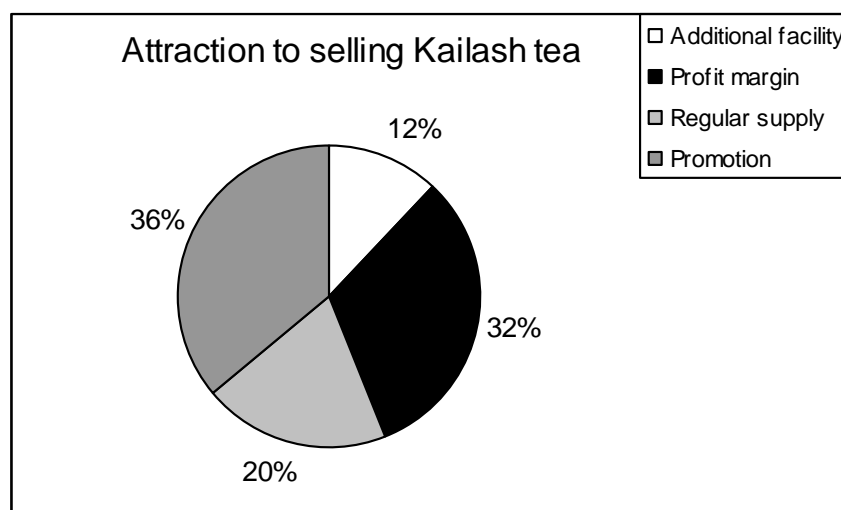
Table No. 4.16

Attraction to selling Kailash tea

Sr. No.	Options	No. or respondents
1	Additional facility	3
2	Profit margin	8
3	Regular supply	5
4	Promotion	9
Total		25

Source: Opinion Survey, 2009

Diagram No. 4.13



In the given four options, respondents have attracted more than other due to promotion program of Kailash tea. The researcher found 36 percent

respondents were attracted with promotion, 32 percent were attracted towards profit margin, 20 percent attracted by profit margin and 12 percent respondents attracted by additional facility. By analyzing above data more promotion makes more users by creating image of the products on consumers' mind.

4.5.13 Understanding on promotion of Kailash tea

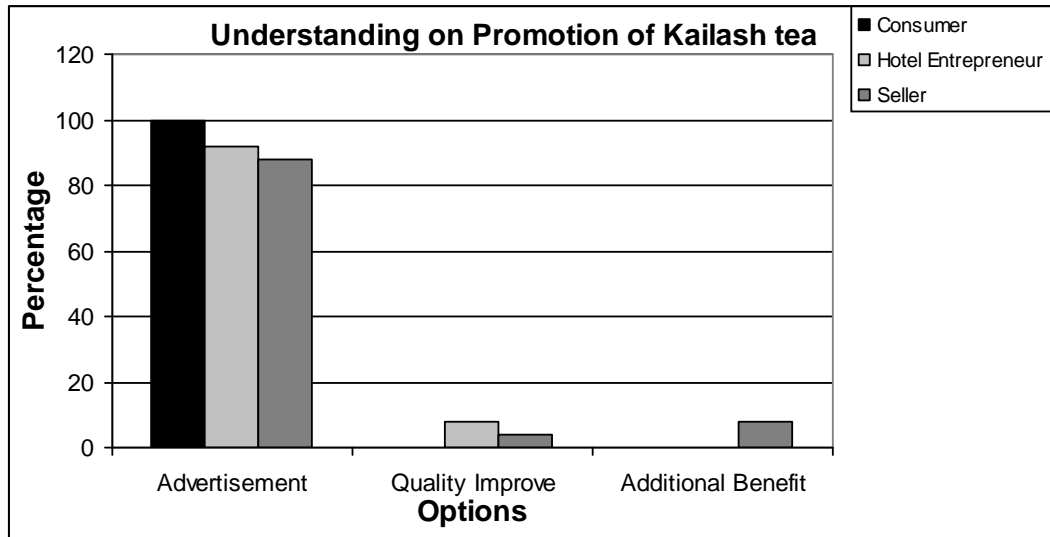
To know the respondents' response with regards promotion program of Kailash tea, a question was asked "What do you mean by promotion of Kailash tea?" (Q.No. 5 Appendix I, II, and III). The following data was received.

Table No. 4.17
Understanding on Promotion of Kailash tea

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Advertisement	50	23	22
2.	Quality improve	0	2	1
3.	Additional benefit	0	0	2
	Total	50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.14



As per above data we found that many of the respondents said that promotion means advertisement. From consumer group, 100 percent respondents said that promotion means advertisement. From hotel entrepreneur group, 92 percent respondents said that promotion relates directly with advertisement and 8 percent quality improvement. From seller group 88 percent respondents said that promotion means advertisement, 4 percent qualities improvement and 8 percent additional benefit. By analyzing above data we conclude that respondents take promotion as advertisement.

4.5.14 Accessibility of Kailash tea Promotion Program

In what extent Kailash tea promotion gets in touch with respondents, to find out the responses a question was asked to different background respondents "Have you ever seen/heard promotion program of Kailash tea?" (Q.No. 6 Appendix I, II, and III) the listed below is respondents' view.

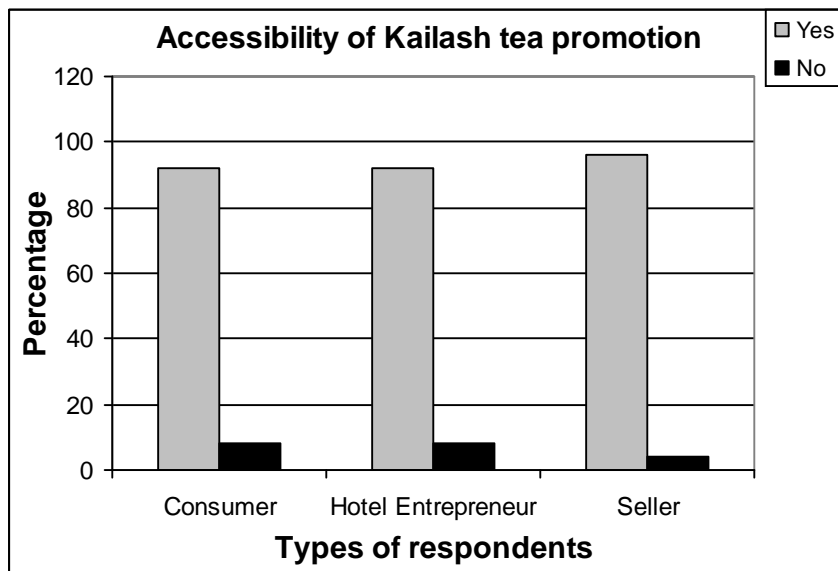
Table No. 4.18

Accessibility of Kailash tea promotion

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Yes	46	23	24
2.	No	4	2	1
	Total	50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.15



In above table and as per diagram 92 percent respondents from consumer group found they have seen promotion program of Kailash tea but only 8 percent respondents have not seen. Similarly, in hotel entrepreneur group 92 percent said yes and 8 percent respondent said no. Also, in seller group 96 percent have seen and only 4 percent have not seen the promotion of Kailash tea. Advertisement is a type of promotion so the respondents have seen it, as a result we found 96 percent respondents have seen.

4.5.15 Function of promotion

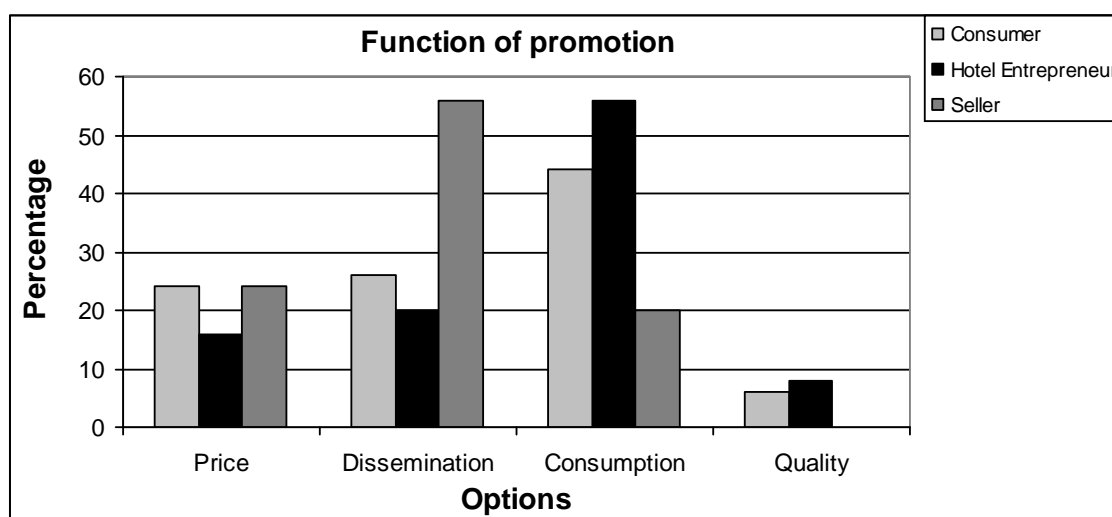
Generally, promotion highlights concerned product and it covers different sides i.e. price, dissemination, consumption, quality, growth etc. Here a question was asked to respondents to know their views "Which factor of Kailash tea may be increased by promotion?" (Q.No. 7 Appendix I, II, and III) the following responses were received.

Table No. 4.19
Function of Promotion

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Price	12	4	6
2.	Dissemination	13	5	14
3.	Consumption	22	14	5
4.	Quality	3	2	-
Total		50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.16



We find that many of the respondents from consumer and hotel entrepreneur have said promotion increases consumption but seller group said

that dissemination increases. As per above data from consumer group 24 percent said promotion increases price, 26 percent dissemination, 44 percent increase consumption and only 6 percent respondents said that promotion improves quality of Kailash tea. Similarly from Hotel entrepreneurs group 16 percent said that promotion increases price, 20 percent dissemination, 56 percent increases consumption and 8 percent respondents said it has improves quality. Comparison between two groups we found that many respondents said promotion increases of its consumption. Consumer and hotel entrepreneurs are ultimate user so it concludes that promotion is finally related with consumption. From seller group's data we found 24 percent promotion increases price, 56 percent disseminates, 20 percent respondents said that it increases consumption but no one said promotion improves quality. By analyzing seller group data, they focused dissemination than other factor.

As per above data we concluded that promotion increases consumption of Kailash tea because it includes dissemination, public relation, personal selling etc and finally it affects on consumption.

4.5.16 Suitability of promotion method in Dhangadhi

There are many methods of promotion available. Among those methods which method is appropriate in Dhangadhi? To know views, a question was asked to three different background respondents "Which method of promotion is appropriate for Dhangadhi?" (Q.No. 8 Appendix I, II, and III). The finding responses are listed below.

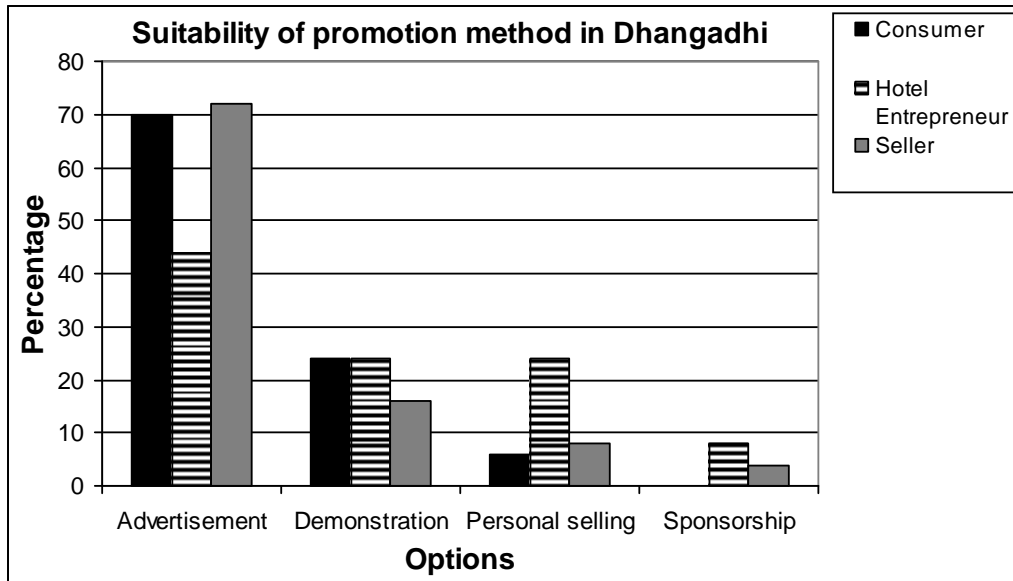
Table No. 4.20

Suitability of promotion method in Dhangadhi

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Advertisement	35	11	18
2.	Demonstration	12	6	4
3.	Personal selling	3	6	2
4.	Sponsorship	0	2	1
	Total	50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.17



After investigation of respondents' opinion, among different promotion methods we found that advertisement method is the most appropriate for Dhangadhi area. In favor of advertisement method 70 percent consumers, 44 percent hotel entrepreneur and 72 percent sellers were found. On behalf of demonstration method 24 percent consumer, 24 percent hotel entrepreneur and 16 percent seller were found. In support of personal selling 6 percent

consumer, 24 percent hotel entrepreneur and 8 percent seller were found. Towards sponsorship method 8 percent hotel entrepreneur, 4 percent seller and no any consumer were agreed. It seems that 62 percent respondents have said advertisement is the best way for promoting Kailash tea in Dhangadhi municipality and sponsorship is the least appropriate for the same.

4.5.17 Considerable elements while promoting Kailash tea

It is necessary to consider different factors while promoting any product as well as Kailash tea also. There may be various factors affecting on promotion program i.e. additional benefit, target group, competitor, regular supply, message dissemination etc. Promotion program producer should take in mind those factors. The researcher was asked a question to different respondents for obtaining their responses "In which factor should be more stress while promoting Kailash tea?" (Q.No. 9 Appendix I, II, and III) Acquired responses are presented below on the table and graph.

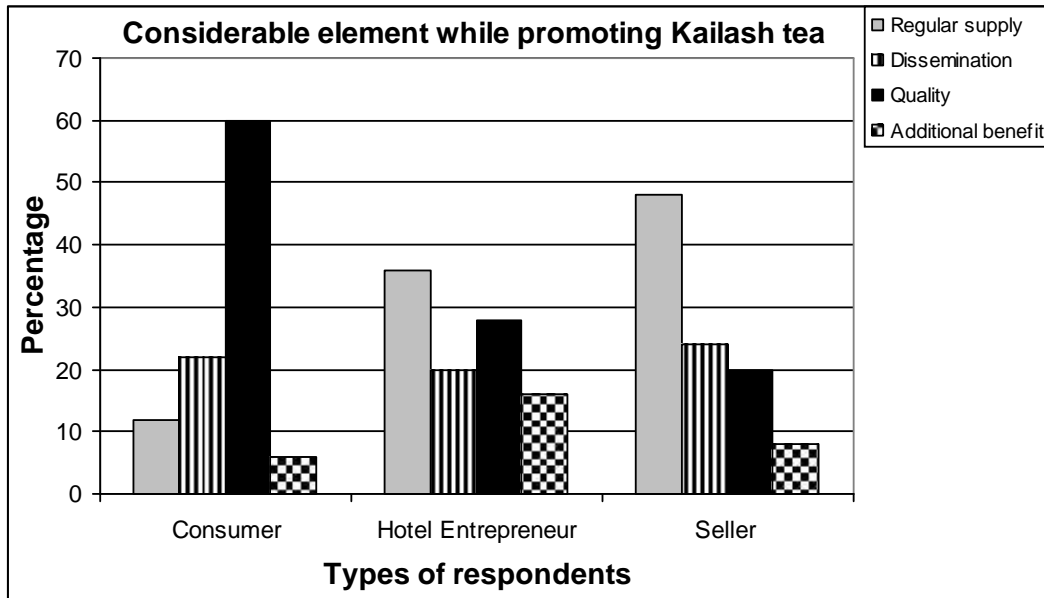
Table No. 4.21

Considerable elements while promoting Kailash tea

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Regular supply	6	9	12
2.	Dissemination	11	5	6
3.	Quality	30	7	5
4.	Additional benefit	3	4	2
Total		50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.18



Different respondents response have different, it may depend on respondents category and background. Here, we found different views in same factor. Some respondents have focused quality and some respondents have focused other options. From consumer group 12 percent stressed regular supply, 22 percent dissemination, 60 percent quality and only 6 percent respondents towards additional benefit. Like this from Hotel entrepreneur group 36 percent regular supply, 20 percent dissemination, 28 percent quality improve and 16 percent bent to additional benefit. Similarly from tea seller group 48 percent regular supply, 24 percent dissemination, 20 percent quality and 8 percent agreed with additional benefit. Here, consumers have more focused towards quality improves but hotel entrepreneur and tea seller concentrated more with regular supply.

4.5.18 Cause of increasing Kailash tea consumption

To find out the cause of consuming Kailash tea a question was asked to different respondents "What is the cause of increasing Kailash tea

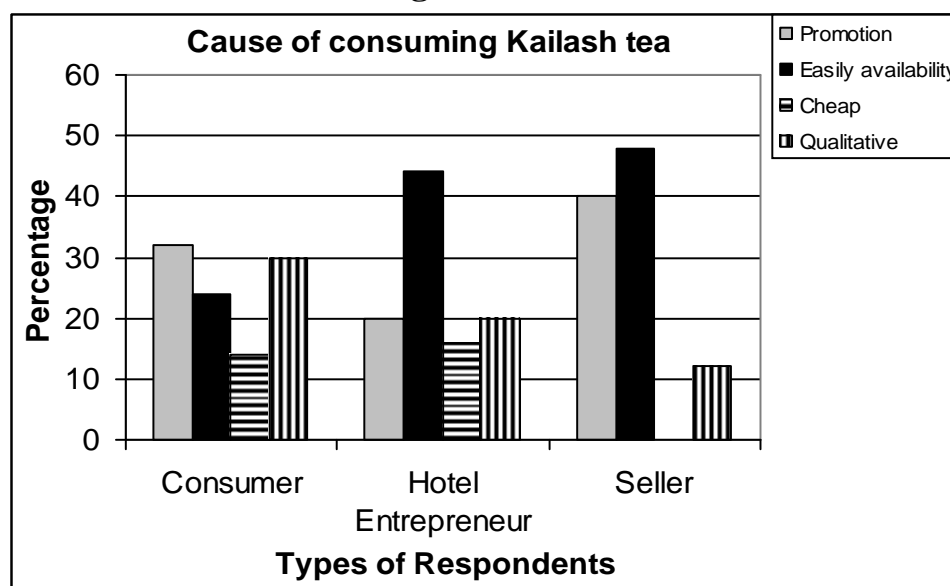
consumption?" (Q.No. 10 Appendix I, II, and III) Listed below are the views of respondents.

Table No. 4.22
Cause of consuming Kailash tea

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Promotion	16	5	10
2.	Easily availability	12	11	12
3.	Cheap	7	4	0
4.	Qualitative	15	5	3
Total		50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.19



As per above data, from consumer group more respondents said they have purchased due to its advertisement (Consumers have considered promotion as advertisement) it covers 32 percent and 30 percent respondents were said due to quality of Kailash tea they purchased. From hotel entrepreneur 44 percent and from seller group 48 percent have said easily availability is the necessary factor, they also agreed with good promotion.

Above data shows 46 percent seller and hotel entrepreneur have focused easily availability but consumers have focused on quality and promotion. Ultimately consumer is the final user of tea so; improving quality and good promotion should be stress more than other factor.

4.5.19 Attitude towards promotion of Kailash tea

Different people have different attitude for the same. Here, to find out the attitude towards promotion of Kailash. They are taking it positively or negatively. A question was asked to different types of respondents "What is your attitude towards promotion program of Kailash tea?" (Q.No. 11 Appendix I, II, and III). Responses are presented below.

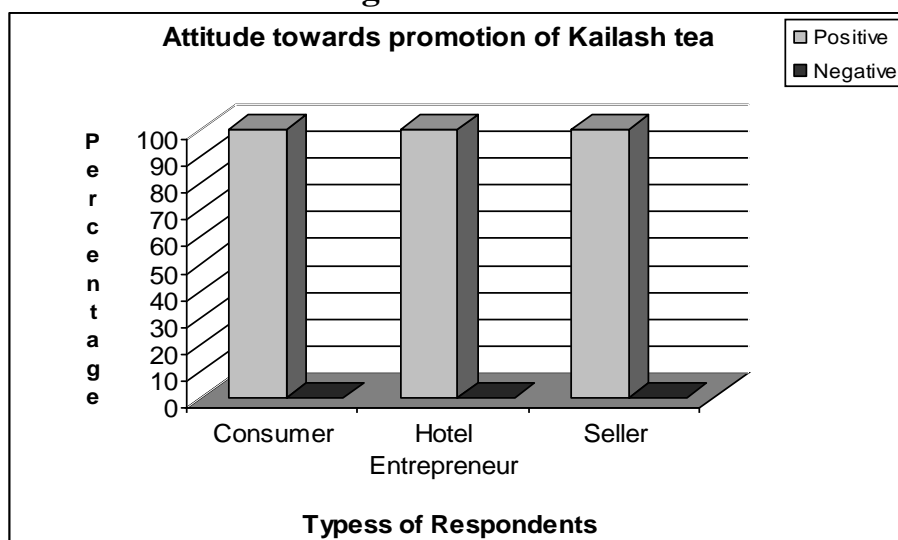
Table No. 4.23

Attitude towards promotion of Kailash tea

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Positive	50	25	25
2.	Negative	0	0	0
Total		50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.20



Two options were given to respondents i.e. positive and negative. As per above data 100 percent respondents were took promotion of Kailash tea positively. No one found against of it, this means promotion program has disseminated information to all and they have taken it positively.

4.5.20 Attractiveness of Kailash tea promotion

Promotion program of Kailash tea is attractive or not. To know the answer a question was asked "In your opinion, is promotion of Kailash tea attractive?" (Q.No. 12 Appendix I, II, and III) obtained data are presented below.

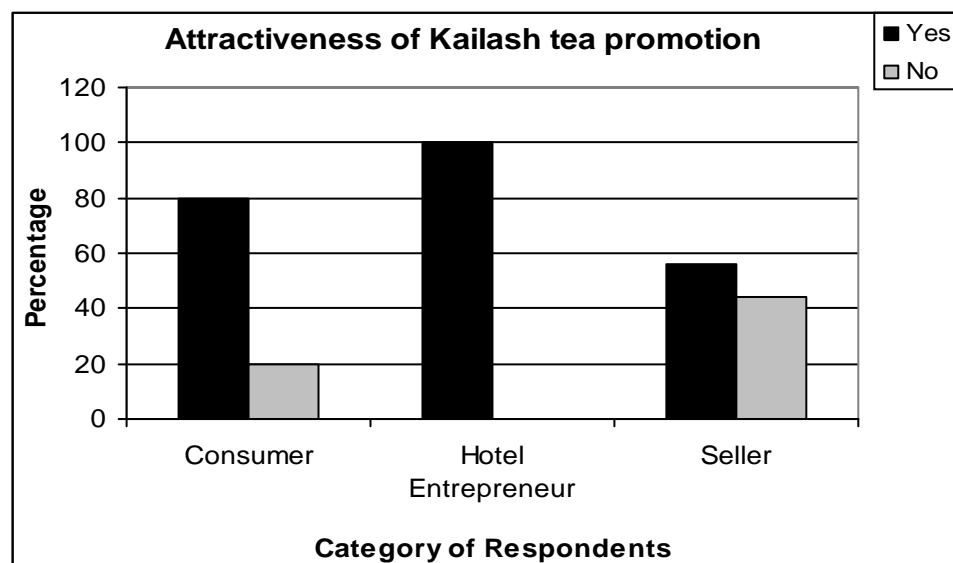
Table No. 4.24

Attractiveness of Kailash tea promotion

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Yes	40	25	14
2.	No	10	0	11
Total		50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.21



As per above obtained data from respondents, promotion program is comparatively smart. It is able to achieve its goal. Followed by above data we found 80 percent respondents from consumers group are persuaded by promotion of Kailash tea like wise 100 percent respondents from hotel entrepreneur group were convinced. It shows final consumer are voted towards its influence. But from seller group there are few respondents were found towards it relatively than other group, it was 56 percent only. They said that, they want regular supply, costumer satisfaction and more profit margins.

4.5.21 Suitability of advertisement method for promotion

There are many methods are available for promotion i.e. advertisement, personnel selling, sponsorship, discounting on price, adding extra scheme etc. Although among these method, many entrepreneurs select advertisement method. For Kailash tea advertisement method is best way or not. To find out the answer a question was asked "Does advertisement plays key role in promotion?" (Q.No. 13 Appendix I, II, and III) The obtained information is as follows.

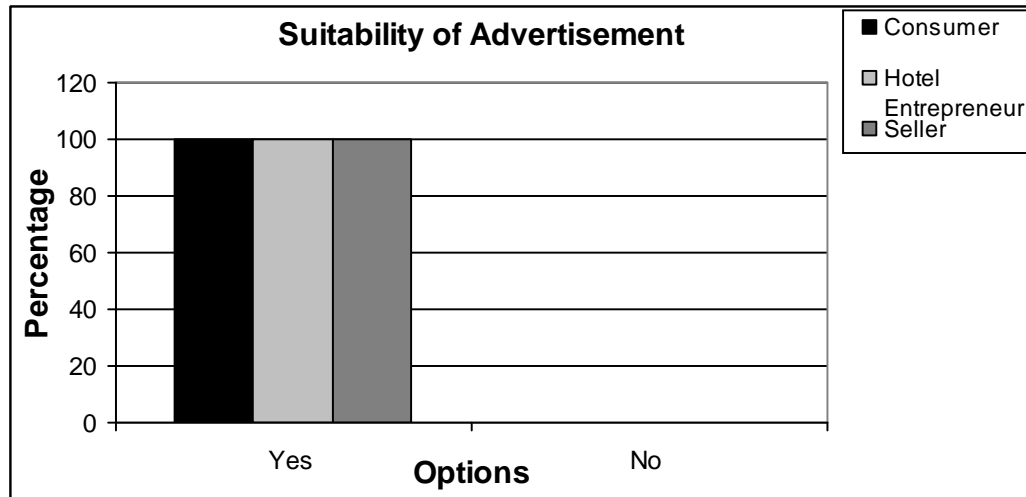
Table No. 4.25

Suitability of advertisement

Sr. No.	Options	Consumer	Hotel Entrepreneur	Seller
1.	Yes	50	25	25
2.	No	0	0	0
Total		50	25	25

Source: Opinion Survey, 2009

Diagram No. 4.22



We found that 100 percent respondents have said advertisement is most suitable for Kailash tea. We asked a question to different background respondents who were from consumer, hotel entrepreneur and seller group. All of them have positively agreed. It means promotion of Kailash tea through advertisement is the best way for Dhangadhi area.

4.5.22 Role of promotion

This type of question was mentioned above with giving 4 options but now the question was open ended here. Respondents gave their views as they like; the question was "What is the role of promotion in consumption of Kailash tea?" (Q.No. 14 Appendix I, II, and III). We found mixed responses, so the received information we can't tabulated and presented on graph. Many respondents have said promotion helps to improve quality and disseminate information. Most respondents took promotion as advertisement only so their views were concentrated with advertisement.

4.5.23 Suggestion for making effective Kailash tea promotion

To know the respondents suggestion for making effectiveness of Kailash tea promotion, a question was asked "Have you any suggestion for making promotion of Kailash tea effective?" (Q.No. 15 Appendix I, II, and III). We found varied responses. Although most of respondents have said that while preparing promotion program consumer, hotel entrepreneur and seller should take in mind, because they are main stakeholders for tea business.

CHAPTER – V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The research has been conducted to fulfill the partial requirement for the Master's Degree in Business Studies. The research has been concentrated on what is the role of promotion in consumption, either it is fruitful or it imposes additional load. Role of promotion may differ according to place, object and time. Under the said objectives researcher has selected Kailash tea because its market is higher than other tea. The research work has been carry out in Dhangadhi Municipality of Kailali District.

Promotion is dominant factor of marketing. Promotion research means investigation on promotion activity of any product or services. It can be define along with marketing. Promotion research is also the systematic gathering, recording and analysis of data about promotion problems. It was performed to solve promotional problems and decision making towards any product or services.

In Dhangadhi, Kailash tea is consuming more than other brand of tea. The research study was done on role of promotion in consumption of Kailash tea. "Whether promotion program of Kailash tea stimulate its consumer or not" is the main theme of this thesis.

The thesis employed an empirical approach designed in three stages; aggregate level analysis using official data. Seller, hotel entrepreneur and consumer level analysis using field survey and finally interview.

The comparative analysis was done using different data by achieving from different background respondents. In order to have a wider set of results for comparison, we decided to undertake marketing analysis. The findings obtained in the market were quite interesting. This showed that the existing promotion strategy and its impact on consumption of Kailash tea.

Most of the respondents have taken promotion as advertisement only. Although few respondents have said not only advertisement but also all activities which are used for upward any product or services.

In total 100 respondents have been selected for the study. Out of total 50 were from consumer group, 25 were from hotel entrepreneur and 25 were from seller group. Consumers have more focused on advertisement and quality of Kailash tea, hotel entrepreneur group have more conscious with price and similarly tea seller have concentrated on regular supply and credit facility. The whole study is a rounding three types of respondents' view. The main task of promotion is to buildup positive attitude towards Kailash tea in consumer because customers are the final consumers. We found that advertisement has done the same mission smoothly. As per research study and analysis of respondents' view in Dhangadhi advertisement from TV/Radio and news paper is the best way for promotion of Kailash tea. As per discussion with respondents, promotion is the main stimuli for consuming Kailash tea. About Kailash tea quality, price, additional benefit and difference from other brand of tea customers have known from advertisement and different promotion program. As per data mentioned in chapter IV, it showed that maximum of respondents have motivated by promotion program. Once any customer attracted to any brand of goods s/he wants same brand again and again until s/he does not found more beneficial products. Another thing for

more consuming Kailash tea is that it's better quality, low price than other brand of tea.

5.2 Major Findings

On basis of proceeding analysis it would be appropriate to point out some of the distinct findings of the study mentioned as below.

1. Tea is a major cash crop of Nepal and is also exported to different countries.
2. In Dhangadhi, a dealer of Kailash tea has established and from here Kailash tea is supplied to whole Seti zone area i.e. Kailali, Doti, Achham, Bajhang and Bajura districts.
3. It is cultivated at the commercial level in eastern districts of Nepal only, although it is supplied all over Nepal.
4. In Dhangadhi, there is large market of Kailash tea. According to respondents Kailash tea is reached tea shop, hotel and cafes of Dhangadhi market.
5. 94 percent of respondents understanding promotion as advertisement.
6. Respondents have agreed that promotion plays vital role in consumption of Kailash tea besides discussion with seller some customers purchase same brand of tea each time due to their habit and quality.
7. When customers purchase tea they consider price and brand and also compare with other brand tea. But this changes with taste when they drink tea at hotel or tea shops they are only conscious about taste of tea.
8. Respondents have received information about Kailash tea by promotion program i.e. quality, price, additional benefit etc.

9. In hotel, price of tea per cup is fixed. That's why; many hotel entrepreneurs and tea shops are more aware with price of tea.
10. Customers want to purchase qualitative tea. Shopkeepers want to sell such type of tea in which they get more profit margins and credit facility. But some customers are aware with quality and they are purchasing their preferred tea.
11. At the research time the price of Kailash tea was Rs. 240 per Kg and per 50 gm pack Rs. 14. Costumers are purchasing 50 gm pack more than other packet because of small unit and they want to use new production again.
12. In study area consumers are become aware of the tea brands through different media, so advertisement is more effective for promoting Kailash tea and improving quality along with.
13. Consumers think that while choosing tea, price is not so important for them but little difference in each brand of tea price affects the consumer.
14. Sellers want regular supply and comparatively more profit margin. In which they get more profit they said it is the best tea to their customer.
15. If there is lack of regular supply sellers are diverted to another brand of tea.
16. As we find that there was good relation with Kailash tea supplier and seller. The supplier has supplied to seller himself.
17. Out of the total 62 percent respondents have said advertisement is better than other method of promotion.

5.3 Conclusion

Dhangadhi is head quarter of Kailali district and also a main business area for far western of Nepal. From here goods are supplied to all western hilly districts. The market of Dhangadhi is growing day by day due to migrants from hilly region and from village area also. That's why the demand of every goods is increasing and Kailash tea is also one. In Dhangadhi there is highest quantity of Kailash tea consumed then other tea. After finalizing the research work the cause of consuming high quantity of Kailash tea than other are its proper promotion, good quality and regular supply.

Under promotion program, advertisement is the main way for disseminating information and through it customers are attracted. By adopting door to door and regular supply seller are attracted, similarly hotel entrepreneur are fascinated by cheap price.

There are various packs of Kailash tea available in market although customers purchased 50 gm pack more than other.

Sales quantity of Kailash tea in FY 2002/03 was 32,000 Kg but in 2003/04 it was decreased by 2,000 Kg and which felled to 30,000 Kg. Similarly 33,000 Kg in 2004/05 was sold 32,000 Kg in 2005/06 and 35,000 Kg in 2006/07 was sold from Dhangadhi dealer.

Many of the respondents have known about Kailash tea so the promotion program of it becomes fruitful. Currently, promotion program has lunched through different methods i.e. advertisement, exhibition and personal selling. All of them the share of advertisement is highest. The success of Kailash tea entirely depends on customers' satisfaction. We found that the promotion program of Kailash tea is able to fulfill its target.

Finally, we concluded that like other factor promotion plays dominant role on introducing Kailash tea and it helps to selling more quantity.

5.4 Recommendations

On the basis of findings of the research study the following recommendations are presented.

1. Consumers may feel monotonous in listening/watching same promotion program again and again so the promotion program should be modified as consumers' awareness and desire.
2. Promotion research should be undertaken regularly to measure brand image, consumers' need and satisfaction.
3. The distributor should give more priority for delivery of tea regularly and in time.
4. The manufactures and distributors should find out how consumers feel towards advertisement by conducting different research work.
5. Consumers, hotel entrepreneurs and tea sellers' view should be considered while formulating and launching promotion program.
6. It is necessary to build brand image by conducting different program i.e. exhibition, program sponsorship, investing on public interest.
7. The provision of reward, prizes and incentives should be established to those sellers who are able to sell mass quantity of Kailash tea.
8. It will be better to identify the consumers' view in which factor they give more attention, priority and should go ahead accordingly.
9. There should be combination and similarity between advertisement and its definite circumstance.
10. It should be necessary to demonstration and decoration along with dissemination of Kailash tea.
11. It is better to provide concession on price or additional facility.

12. In Dhangadhi, advertisement through F.M. Radio will be better because it covers very wide area and public have listened local F.M. Radio more than others.
13. It is necessary to adjustment of price, quality and promotion program in different time interval.

BIBLIOGRAPHY

Agrawal, Govind Ram; *"Marketing Management in Nepal"* M.K. Publishers & Distributors 2001 Bhotahiti, Kathmandu, Nepal

Balayar, Bhupendra Bahadur; *"A study of Rice Marketing in Kailali District"* 2006 Kailali Campus, Dhangadhi, M.B.S. Thesis

Boyd, W. Harper; Westfall, Ralph; Stasch, F. Stanley; *"Marketing Research"* A.I.T.B.S. Publishers & Distributors (Regd) J-5/6, Krishan Nagar Delhi 110051

Kafle, Giridhari; Khadka, Sherjung; *"Fundamental of Marketing"* 2nd Edition 2008 Pradhan Book House, Kathmandu, Nepal

KC, Phatta Bahadur *"Marketing Mangement Strategies and Decisions"* 2061, Vidyarthi Pustak Bhandar Bhotahiti, Kathmandu

Koirala, K.D.; *"Elements of Marketing"* 1st Edition 2000 Buddha Academic Enterprises Pvt. Ltd. Kathmandu, Nepal

Koirala Kundan Dutta *"Fundamentals of Marketing"* 2059, M.K. Publishers and Distributors Bhotahiti, Kathmandu, Nepal

Koirala, Kundan Dutta; *"Marketing Decision"* 4th Edition 1995 M.K. Publishers and Distributors, Kathmandu, Nepal

Kotler, Philip; Armstrong Gray *"Principles of Marketing"* 10th Edition 2004,
Prentice Hall of India Pvt. Ltd., New Delhi – 110001

Kotler, Philip; Armstrong Gray *"Principles of Marketing"* 9th Edition 1998,
Prentice Hall of India Pvt. Ltd., New Delhi – 110001

Kvisit, Sakon; Show, John J. *"International Marketing Analysis and Strategy"*
3rd Edition 2000 Prentice Hall of India Pvt. Ltd. New Delhi – 110001

Ramaswamy, VS; Kumari, S Nama *"Marketing Management"* 3rd Edition –
2002 Macmillan India Ltd. 2/10 Ansari Road, Daryaganj, New Delhi 110002

Rustom; Davar, S. *"Modern Marketing Management"* 7th Edition 1997
Universal Book Stall 5 Ansari Road, New Delhi 110002

Sharma, Gauri Raj *"Marketing Management"* 1st Edition March 2001, College
of Applied Business and Bhundipuram Prakashan, Kathmandu, Nepal

Thapa, Ajit N.S.; *"Concept Paper on Study of Nepalese Tea Industry Vision
2020"* 2005 Nepal Tree Crop Global Development Alliance (NTCGDA)
Winrock International Baneshwor, Kathmandu

Wells, William; Burnett, John; Moriarty, Sandra; *"Advertising Principles and
Practice"* 5th Edition 2002 Prentice – Hall of India Pvt. Ltd. 2002 New Delhi
– 110001

www.allnepltea.com

www.doe.gov.np

www.impursuitoftea.com

www.learnmarketing.net

www.nepaltea.com.np

www.ntdcltd.com

www.teacoffee.gov.np

www.tsc.gov.np

[www.wikipedia.org/wiki/promotion_\(marketing\)](http://www.wikipedia.org/wiki/promotion_(marketing))

www.2basno.com