

**PROMOTIONAL SYSTEM OF NEPALESE  
BISCUITS INDUSTRIES**

**(A Case Study of Nebico Biscuit Pvt. Ltd.)**

**By**

**SITA LAMA**

**People's Campus,**

**Campus Roll No.: 18/062**

**T.U. Regd. No.: 13139-90**

**A Term Paper Submitted to:**

**Office of the Dean**

**Faculty of Management**

**Tribhuvan University**

***In partial fulfillment of the requirement for the degree of  
Master of Business Studies (MBS)***

**Kathmandu, Nepal**

**March 2012**

## **RECOMMENDATION**

This is to certify that the Term Paper

Submitted by:

**SITA LAMA**

Entitled:

### **PROMOTIONAL SYSTEM OF NEPALESE BISCUITS INDUSTRIES**

*has been prepared as approved by this Department in the prescribed format of the Faculty of Management. This term paper is forwarded for examination.*

.....  
Asso. Prof. Laxman M.D. Joshi  
(Supervisor)

.....  
Asso. Prof. Bijaya Prakash Shrestha  
(Head, Research Department)

.....  
Nirmal Mani Panthi  
(Campus Chief)

## ABBREVIATIONS

AAAN	=	Advertising Agency Association Nepal
Ad.	=	Advertisement
B.S.	=	Bikram Sambat
CEO	=	Chief Executive Officer
GON	=	Government of Nepal
Ltd.	=	Limited
No.	=	Number
NPL	=	Nepal Private Limited
NTV	=	Nepal Television
Pvt.	=	Private
T.U.	=	Tribhuvan University
TV	=	Television

## **REVIEW OF LITERATURE**

### **Introduction**

This study is mainly based on the field of marketing management. Promotion being one of the essential components of marketing mix is no doubt of great importance for a manufacturing company to sell the product well in market. Realizing the importance of promotion including advertising, this Project work has been started. So to demonstrate how the overall marketing is affected by promotion, all the possible means has been used.

This is the project work based on effect of advertising and promotional efforts on market share of products. So, related publication regarding advertising articles, different books, encyclopedia, as well as previous studies relating to the same subject has been consulted to make it more reliable. Besides books related to marketing and current market situation too has analyzed. Thought advertising is not that common field, still people are writing on the subject since from last two decades. So earlier reports too have been reviewed and new horizon of Advertising/promotion has been made clearer.

While reviewing different books and literature, some of the basic things and knowledge about advertising/promotion seemed to be mentionable in the Project work context.

Similarly, all related previous studies (found so far) has been collected and analyzed so as to find out how advertising is making its field broader and how is it working more. So, related previous studies too have been highlighted here for everyone's convenience.

## **1.1 Conceptual Review**

### **1.1.1 Introduction to Marketing Concept**

The marketing concept is a business philosophy which guides or directs their working. The concept holds that the key to achieving organizational goals consists in determining that needs and wants of target market and delivering the desired satisfactions more effectively and efficiently than competitors. The concept implies:-

- ) It is based on well-defined target market.
- ) It is customer oriented philosophy that aims at producing what can be sold.
- ) It integrates all of the activities that affect customers through coordinated marketing.
- ) The organizational goals are achieved through customer satisfaction.
- ) The marketing concept has been expressed in many ways i.e. “Find wants and fill them.” “Love the customer not the product”, “we are not satisfied until you are.” And “You are the boss.”

Thus, Marketing is the process of discovering and translating consumer wants into products and services. The emphasis is on selling satisfaction rather than selling a more product. In essence, the marketing concept with the organization’s target costumers and their needs and wants (Ritson and Elliot; 1999: 10)

### **1.1.2 The Marketing Mix**

Marketing mix is the policy adopted by the producers to get success in the field of marketing. It is marketing manager’s instrument for the attainment of marketing goals. According to Stanton, “Marketing mix is the term used to describe the combination of the four inputs-the product, the price structure, the promotional activities, and the distribution systems, which constitute the core of the company’s marketing system.”



*(Elements of Marketing Mix)*

These 4Ps are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decision that centers the four P's on the customers in the target marketing order to create perceived value and generate a positive response.

### **1. Product Mix**

A Product is anything that can be offered to satisfy customer needs. The product mix includes the following decisions:-

- ) Product planning and development.
- ) Product range
- ) Standardization and grading
- ) Packaging
- ) Branding
- ) Warranties

### **2. Price Mix**

Price stands for the amount of many costumers have to pay to obtain the product. The price mix includes the following decisions:-

- ) Pricing strategy (skim, penetration etc.)
- ) Suggested retail price
- ) Volume discounts and wholesale pricing
- ) Cash and early payment discounts
- ) Seasonal pricing
- ) Bundling
- ) Price flexibility
- ) Price discrimination

### **3. Place or Distribution Mix**

Distribution is about getting the products to the costumers. Place Mix includes the following decisions:-

- ) Inventory management
- ) Warehousing
- ) Specific channels members
- ) Distribution centers
- ) Order processing
- ) Transportation

### **4. Promotion Mix**

Promotion Mix includes all the activities under taken to communicate and promote products to the target market:-

- ) Promotional strategy (push, pull, etc.)
- ) Advertising
- ) Personal selling and sales force
- ) Sales promotion
- ) Public relation and publicity
- ) Marketing Communication budget

### **1.1.3 Evolution/History of Advertising**

In general, advertising these days is defined as means to inform the mass about some special news which could either be the introduction of new product or to sell any product which has appear on newspaper or television or radio. But this is a modern definition of advertising. And thought advertising seems as a modern process actually dates back many centuries. The need for advertising was there in ancient civilization too. The only difference was in the way of advertising since there was no mass media at that time.

So the history of advertising too can be divided into two parts accordingly. Before the invention of mass media: that could be called as the ancient history of advertising.

In ancient civilization community was very small. Good were not produced in large quantity and people used to depend on hand tools to produce goods.

These types of media were selected at that time too.

- ) Sound medium
- ) Picture medium
- ) Typography medium

### **1.1.4 Advertising History in Nepal 150<sup>th</sup> Years of Advertisement**

It cannot be said that from when advertisement was started in Nepal. However, a media was used to convey king's addressed to the country from the very beginning. It is assumed that to convey after sometime this trend become the media of advertising. Above mentioned trend was the advertising for the non-business purpose. But in reality it was just an announcement. Actually, the trend of business advertising began with the business.

## **Printing Advertising**

In the real sense printing advertisement is the real advertisement. In 1908 B.S. then Prime Minister Jung Bahadur Rana had brought a press in his visit to England, which was called "Gidde Press". But this press was used to print envelopes, tickets, and government bulletins only. So, this press could not run the business in the field of advertisement. "Nepal Manoranjan Press" of Thahiti was the beginner press in the field of advertisement in Nepal. In 1919 B.S. advertisement of book named "Mochasiddhi" was printed in this press. This is the first advertisement in the history of Nepal. After that no advertisement is printed. In 1945 B.S. a book named "Gorkha Hashya Manajari" is published in "Bharat Jeevan Press" of Banaras. In this book an advertisement of monthly Nepali Magazine named "Gorkha Hashya Manajari" was printed. In the history of Nepalese advertisement another advertisement was printed in 1956 B.S. in the last page of book named "Nalopakhyan" published by "Pundit Kapil Dev Sharma" an advertisement of monthly magazine "sudhasangar" was printed.

All above mentioned advertisements were the advertisement before establishment of "Gorkhapatra" was started on weekly basis from Baishak 24<sup>th</sup> 1958 B.S. In the first edition of "Gorkhapatra" in the editorship of Pundit Nardev Moti Krishna Sharma published by "Pashupati Printing Press" an advertisement was printed.

From 1958 B.S. to 2014 B.S. under the chairmanship of Judge Krishna Prasad Chapagain the first press commission was formed. This commission submitted the press report to the Government in 2015 B.S. in which 20 categorized advices were mentioned. The main advice of this report was:

All the advertisement of the govertisement of the government secretariats, divisions and the offices should be given to the newspaper and magazines.

In this way the absence of industries too made the advertisement authorized to publish in the newspaper and magazines by accepting the advices. Nowadays due to different change in time and situation, another reason of modification in printing advertisement was the industrialization of country also.

### **Radio advertisement**

In order to search the history of radio transmission in Nepal we have to go back to 2002 B.S. At the first trial transmission in of radio was made through Electricity office (Now old powerhouse of Nepal Electricity Corporation). However, radio set was not allowed to keep by general people except Ranas. This radio transmission was given under the control of Kashi Raj Pandey by then Prime Minister Padma Samsher. But due to the criticism by other Ranas then transmission was closed in two months. At that period of transmission whether the advertisement was transmitted or not has no record. From 2004 B.S. the general people were allowed to keep radio set to listen "All India Radio" transmission only. But in 17<sup>th</sup> Magh 2007 B.S. at the time of public revolution Nepalese general people heard the Nepali language in the radio for the first time through "Prajatantra Nepal Radio". This "Prajatantra Nepal Radio" transmission was established by revolutionary force in "Raghupati Jute Mill" of Biratnagar. It can be assumed that this radio transmitted the advertisement in form of noncommercial notices and announcements.

In 20<sup>th</sup> Chaitra 2007 B.S. Nepal Radio now name changed to Nepal started its transmission. After that the time of commercial advertisement was started. But at the beginning, Nepal Radio had not started advertisement services. At that time advertisement services was provided by "Ranta Recording Corporation". This corporation used to deposit to Nepal Radio the accumulated sum of money from advertisement. Nowadays Radio Nepal has its own advertisement services. Through this services different advertisement are going on transmitted by Radio Nepal. In 2051 B.S. "F.M. Kathmandu" was established under Radio Nepal. After the establishment of "F.M. Kathmandu" transmission radio advertisement was more flourished. But this increasing trend of radio advertisement has affected the trend of advertisement in F.M. transmission. But after allowing to establish the "Kantipur F.M. private limited 96.1" in 2055 B.S. in private sector for the first time

the monopoly of Radio Nepal in advertisement services was not only broken but the search for other possibilities of advertising transmission was also started.

### **Television Advertisement**

From Shrawan 29<sup>th</sup> 2042 B.S. Nepal Television has started its trial transmission. It may be assumed that on that day television advertisement was started in Nepal. The time period of trial transmission of Nepal television was up to 14<sup>th</sup> Poush 2042 B.S. From this day "Nepal Television Corporation" was formed and started its transmission regularly. Now "Nepal Television Corporation" is 15 years old and out of its total transmission time 9.5% of time is taken by advertisement. In this television 58% national and 325 of foreign advertisement are transmitted.

Although some private companies transmitted several programs after buying the time from Nepal television, it is still full, government ownership. Still there is the monopoly of Nepal Television. Due to this monopoly there are several obstructions in television advertisement. But in this 15 years' time Advertisement in Nepal Television has obtained great deal of success.

### **Cinema Hall Advertisement**

In Nepal exhibition of cinema was started from 2006 B.S. In Nepal the cinema exhibition commercially started from the "Janasewa Hall" by exhibiting the Hindi cinema, which was known as city hall at that time. However, at present there is no such named cinema hall, but there are average 500 cinema halls, which are exhibiting cinemas in Nepal. In these halls different types of production's advertisement slides are exhibited.

### **Other Means of Advertisement**

At the beginning of 21<sup>st</sup> century the question has been arisen that what would not be the exact media of advertisement rather than what would it be. Hoarding board, display board wall advertisement, posters and pamphlets, milking are the

normal media of advertisement. In other hand different types of presents are also taken as one of the media of advertisement. This development in advertisement thought and search has created a situation of confusion that which was advertisement and which news, which was bulleting and which was information.

However, in this 150 years period Nepali Advertisement has made great deal of success.

#### **1.1.5 Advertising Research Streams in Nepal of other Related Studies**

The advertising research has very short history in Nepal, as the level of Nepalese socioeconomic development has still not entered the modern business era. Nepalese socio-economic life has various infra structural problem and the economy not entered the fully competitive travel (Innis & La Londe; 1994: 55-57).

As a result, professionalism and highly advanced marketing and advertising practices have not institutionalized so far. Thus marketing and advertising practices have to be institutionalized to cope with the pace of modernization of Nepalese economy. In this way the history of advertising research in Nepal is very short. However, along with the gradual transformation of Nepalese economic life from traditional and national socio-economic environment, Nepalese business environment is also influenced and the entrepreneurs have recognized the need of advertising. As a result, a few advertising Research Studies have been conducted.

The first study on advertising field was conducted in 1980 by P.R. Pandey. The study named as "Advertising in Nepal" is focused on the objectives of identifying the existing position of advertising practices in Nepal. The other objectives of his study were to find out the existing pattern and blends of advertising and the constraints prevailing in advertising practices in Nepal. His study was confined the descriptive analysis of advertising business. It was natural to undertake such research on advertising field at that time as the advertising was on infant stage of development. Thus, his study did not touch the creative aspect of advertising.

Upadhyay, S.K. (1981) on "Radio Advertising and its impact on purchase acts in consumer goods" conducted a study. As radio was only the reliable medium of advertising in Nepal, he conducted the research on the radio advertising and it's

lively impact on consumer purchasing decision. The objectives of his study were to study the availability and comparative cost of different forms of advertising in Nepal to find out the impact of radio advertising on consumer buying behaviors and to the influence of radio advertising on sales of the advertised product. Thus his study is strictly confined to the impact of advertising on sales and consumer buying behavior.

Another study conducted by Laxmi Prasad Baral is found in advertising. He conducted study on the Communication effect of advertising and brand preferences of instant noodles. His study has been contributed to the evaluation of communicative function of advertising and its impact on brand selection in the case of consumer non-durable good. The objective of the study was to explore the effect and communication of product brand attributes and it's likely impact on consumer brand selection regarding the instant noodles case as the basis product. Thus his study specifically dealt with communicative aspect of advertising.

Another study work has been done by Yogesh Pant in the title "The study on brand loyalty". This study is conducted and mainly focused to find out whether or not brand loyalty exists in the Nepalese consumer market while purchasing low involvement consumer products. Despite of this the objectives of the study are to analyze and overlook what is brand? What are correlates of brand loyalty in Nepalese market? What is the strategy to be taken for making consumer brand loyal?

For this research work some consumer products are such as detergent soap, instant noodles, shaving blade, toothpaste and soft drinks. Through this study it is found that consumer give high importance to brand names at movement of purchasing. They do emphasize in given advertisement though brand awareness to Nepalese consumer is found to be high and majority of the Nepalese consumers are found Brand loyal about mentioned product.

From the analysis of the collected data it is found that the brand awareness of consumer is high and most of them are brand loyal. Similarly, it also found that the factor such as sex, age, marital status, income, family size, store loyalty, specific deal, favorite brand of other members of the family influence brand loyalty but the degree and direction of relationship varies across product. Major recommendation

of the study are branding is necessary for product benefits, qualities such as action or color, easy to pronounce, recognize and remember as well as distinctive. Brand loyalty is absolutely a great asset of company into product, price, place and promotion should be well defined and fitted into. This study is fully based on primary data.

Another study was conducted in 1996 in the field of advertising. The study named as “A study on the Movie Star Endorsement in Advertising” 38 conducted by G.R. Sharma. His study has been contributed to producing on the advertising using movie stars, thus fall under the category of creative core in advertising.

### **1.1.6 Modern History of Advertising**

Modern history of advertising has been started after the invention of printing process, papers, paper mills and printing process. Chinese invented papers and Europe built its first paper mill and by the year 1275 Johannes Gutenberg invented movable type. This has made it possible for new advertising media and first form of mass advertising including printing posters, hand bills and newspaper advertisement. The first printed as in English appeared in London in about 1473 by the writer William Cocks Ton, which was tacked on church doors announcing a prayer book for sale. Similarly, the first newspaper ad appeared on the back of London newspaper in 1650 offering rewards for the return of 12 stolen horses. Later illustrated advertisement appeared for coffee in 1652, chocolate in 1675, tea in 1658, real estate and medicine as well as personal advertising. Here the ad was directed to limited number of people who were customer of coffee houses where the newspaper were read.

Industrial revolution in London during the beginning of 17<sup>th</sup> century had made the people realized the importance of keeping in mind the fact that “need is the basic thing for the invention”. During the mid of 17<sup>th</sup> century, publication of weekly papers rises in London, which in turn helped the infant professional advertising to grow.

Another technological breakthrough was the invention of photography in the late 1880's. Before this, product in printed ad could be illustrated one by drawings

visualized by an artist, which couldn't be realistic as photograph at the time. So photography added credibility to advertising as it showed products as they are rather than as visualize by an artist.

By the year 1920 advertising in America and England had been developed well and professionalized somehow. By that time yearly advertising expenditure was about 10 Lakh Dollar in America and 4.5 Lakh Pound in England has been found. But the growth of advertising till then had been limited only to print media.

Another significant milestone in the field of advertising was noticed when advertising was introduced in broadcasting media. Thought Marcony invented radio in 1895, broadcasting of advertng in radio had to wait another 25 years, so the first radio advertisement had been broadcasted from 1920. Radio is working as the intense medium for advertisements even today. More than 11 thousands radio stations are broadcasting commercial advertisement around the world.

Television was invented in the mid of 19<sup>th</sup> century as the most powerful communication tools. Since TV is the audio-visual medium, it could be worked as the intense medium for advertisements too. In 1949, first TV commercial was telecasted in England. TV was working as the most powerful medium for advertisement until few years back when the computer technology had not been reached to this stage. But today, in the developed country, internet advertisement has become even more popular and it can after some years probably could take the place of TV medium. But again, TV is still more effective medium for advertisement than press and radio due to its audio-visual facility.

In this way, modern advertising history, which has started after the invention of printing technology, has already passed 529 years. Advertising history till now has been centralized to press, radio and TV and currently computer-internet too is started being the Centre of attraction for medium of advertisement. Advertisement has become the part of any business today, without which survival of the business has become impossible due to competition observed in the market.

### **1.1.7 Promotion**

## **Introduction**

Successful marketing begets successful business. For successful marketing, proper planning, clear policies and effective strategies of marketing success for are desirable. Good product, price and distribution decision cannot ensure marketing success for firm unless it does something to make the people aware of its product. And that can be done only by promotion. The firm must let the consumer know about its products so that he or she may feel the need for them. It is therefore, the firm should have effective communication flow between them.

Promotion is perhaps one of the most importance tasks of marketing through which a communication link between the firm and the consumer is established. It is therefor, the process of communicating product information to prospective consumer is usually referred, to as promotion. Promotion is the function of informing, persuading and influencing the consumer's purchase decision. It consists of messages to the market to inform about the product, persuade to buy it, develop positive attitudes towards the product and the company: and includes changes in people's behaviors. Promotion tries to transfer the potential buyers into actual buyers, aims to develop orders from channel members at a good profit and endeavors to build goodwill of the products and enterprise general public.

In today's marketing, the importance of promotion has been growing fast. Many marketers have accepted that the importance of promotional activities have increased due to physical distance between the producer and the consumer, growing number of potential buyer and emergence of new markets; active participation of intermediaries in transactions; and excessive competition among different firms. Further, promotion is considered to be necessary even to maintain standard of living and high level of employment, because it has assumed economic importance if for no other reasons than the employment of several million people.

Similarly, promotion is also important for society, in that performs as informative and educative task that makes it extremely important in the functioning of any modern society.

Determining the precise objectives of promotion has always been a perplexing problem for management. However, objectives of promotion, in general, are considered as to provide information, to stimulate demand, to differentiate the products, to accentuate its value and to stabilize sales. Once promotional

objectives and targets are defined, management can begin to plan its promotional strategy. It may use any one or a combination of major tools of promotion depending upon the nature of the product, market, channel availability, competition and consumer's attitude. Thus, promotion provides a sure media to reach the consumer satisfy them and serve its own corporate objectives.

### **1.1.8 Existing Promotion Mix and Media Availability**

Promotion is a communicative activity which represents the various to inform and persuade people that a firm directs towards its market target, channel organization and the public at large. Achieving marketing objectives depend upon effective and efficient promotion. Kotler considers a list of promo-tools having specific potentialities and complexities that could justify managerial specialization. Dommermuth describes that promotional mix includes personal selling and non-personal selling. Non-personal selling again covers advertising sales promotion and public relation. However, there are various promotional tools and approaches, which are widely used by the business institution profit earning or nonprofit, like advertising, personal selling, sales promotion and publicity. If there components of promotion are combined and implements or tools from the promotion mix. The designing and mixing of promotional components to suit the particular market and consumer needs according to promotional goals are the firm's promotional policy and strategy. The most critical promotional problem facing by the marketing manager is the proper mix of their components and availability of media facilitating there components adequately. Various components and their availability in Nepal are briefly discussed below.

### **Advertising**

Advertising is a non-personal presentation of message through various media, such as newspaper, magazines, motion pictures, outdoor posters and sings, direct mail, radio, television, catalogues and directories. Advertising may be defined as a non-personal sales presentation usually directed to large number of potential consumers. It denoted the means employed to draw attention to any objects or purpose. The health of much business depends on the generation of effective advertising. Basically it is communicative and persuasive and as such has long leaned on the insights of psychology and the study of consumer behavior. Borden

and Marshall distinguish envisage advertising from that of publicity and other form of propaganda that advertising messages are identified with the advertiser wither by signature or oral statement and it is a commercial transaction involving publishers, broadcasters or other whose media are employed. Advertising, thus, is a message carried through mass media.

There are mainly two types of advertising product advertising and institutional advertising. Product advertising seeks to promotion a particular goods or services, whereas, institution advertising is concerned with promoting a concept, an idea, a philosophy or the goodwill of an industry, company or organization. The product advertising may be informative intended to develop initial demand; persuasive aimed to develop demand; reminder oriented to enforce previous promotional activities.

Selecting the appropriate media is a very crucial function in advertising. A mistake at this point can cost a firm must and advertising itself may remain ineffective as well. Media strategy may achieve the communication goal. However, there are numerous types of advertising media and a firm can advertise through broadcasting, viz., radio and television, prints, viz., magazines, newspapers, poster and pamphlets and others, viz., hoardings etc.

The existing available media in Nepal for advertising does not seem to be adequate to give satisfaction. The printed media – newspapers and magazines have a number of limitations. Newspapers in Nepal usually suffer from limited circulation, fewer readership and lack of advanced and sophisticated technology to present better advertisement. So are the magazines. Certainly, the only reliable media with a very large audience is the radio. So commercial service of Radio Nepal is proved highly potential and effective for the advertising, for all industries have shown great preference to this media. Another media, i.e. television, is also being popular. Since 1985, Nepal Television (NTV) has emerged as a strong and popular media. However, it hinders to achieve the communication's goals to the manufacturer of mass consumption product having big potential market. Thus, the available media in Nepal for in for advertisers barring a few does not present a very appealing and stimulating posture.

## **Publicity**

Publicity is non-personal communication of a product, service, or organization by planting commercially significant news about it in a published medium or obtaining favorable presentation of it upon radio, television or other media that is not paid for by the sponsor. It cultivates goodwill towards products organization's image. It is also called marketing public relation because it comes to the receiver as the truth rather than as a commercial. Today, every firm tries to create a good public relation so to give good publicity.

It can be defined as the activity of securing editorial space, as divorced from paid space, in all media read, viewed or heard by customers or prospects, for the specific purpose of assisting in the meeting of sales goals. It is done to promote a company's image or viewpoint or to promote information about the products through editorial, expression of experience in story form in the papers or magazine or even audio-visual media. Besides, recommendation from the person not related to the firm or product definitely will carry more weight and create favorable psychological impacts than any other means of promotion. Publicity has to be considered an integral part of promotional strategy and enterprises should give proper attention towards it and formulate such strategies that will generate healthy publicity.

In Nepal, where promotional activities are not done much in practice, the scope of publicity exists sufficiently. Most of public enterprises seem to be more successful in generating publicity through printed and broadcasting media. The publicity relating to some public enterprises seems unfavorable due to the lack of proper message and image planning of the product and the firm. However, publicity has an important role in the Nepalese enterprises which have tried to use it even by manipulation if possible to get favorable publicity.

The value of publicity cannot be ignored, as the market is brought together with each coming day. If the company adopts different public relation events, which can later take the form of publicity effectively, it will be very much beneficial for the company. Publicity when treated as part of promotional strategy and coordinated with the other promotional tools well, can be considered beneficial for a company for many reasons:

- ) Lower cost than advertising and personal selling.
- ) Greater credibility than advertising.
- ) Increased readership.
- ) More information.
- ) Timeliness

### **Sales Promotion**

Sales promotion is also non-personal promotion approach which covers those marketing activities other than advertising, publicity and personal selling, but supplementing the functions of above mentioned components. American Marketing Association defines it as those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as displays, shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine. Luick and Ziegler also advocate the same and define that sales promotion is a direct inducement which offers an extra value or incentive for the product to be sales force, distributors or the ultimate consumers. Hence, sales promotion, as defined above, attempts to move products through channels of distribution by stimulation of company salesmen and providing additional incentives to middlemen and consumers.

Sales promotion is widely used even when advertising is doing well. It is because of the fact that the additional investment yields better results if it is used in sales promotion rather than employing more and more amount of money only to advertising. Many business enterprises, therefore, divide the budget into advertising and sales promotion.

Sales promotion comprises various techniques such as point of purchase advertising, specialty advertising; trade shows; samples; coupons and premiums; contests; trading stamps and discounts. Practically, enterprises use more than one of their options in a selective basis suitable to their marketing objectives. Probably, no promotional strategy followed by even big concerns, has ever used all of the options in a single program. The efficiency of sales promotion measures in itself, barring a few, is limited on its own but may prove highly effective if combined with other measures of promotion. For example, discounts, premiums and gifts in many cases prove highly rewarding and successful.

Sales promotion measures are popular in Nepal. The point of purchase and specialty advertisements is commonly adopted by the enterprises. Discount sales are conducted mainly in certain national day, allowing reduces process offer. Recently, the Nepalese enterprises, mostly private, have adopted 'in pack' coupon system, offering valuable articles as well as cash rewards for the consumers. Similarly, special cash discount or bonus and gift schemes are also adopted by many enterprises to persuade the marketing middleman to raise the order or actively sell the products.

Several factors in the marketing environment contribute to the surging popularity of sales promotion.

- ) Short run orientation
- ) Competitive pressure: If competitors are offering buyer's price reduction, contest, or other intensive, a firm may feel force to retaliate with it's own sales promotions.
- ) State of the economy: Rising price have made consumers more price conscious. Thus sales promotion becomes more attractive to them.
- ) Objective of sales promotion
- ) Stimulating end user demand
- ) Improving the marketing performance of middleman and sales people.
- ) Supplementing and coordinating advertising and personal selling.

### **Personal Selling**

Personal selling is an important element of promotion mix of an enterprise. It is a seller's promotional presentation conducted on a person-to-person basis with the buyer. It is the conventional process in which sales force is employed to communicate with prospective customers, motivating them to positively respond to it and finally clinching the deal. It has been defined as an oral presentation in conversation with one or more prospective customers for the purpose of making sales. This method of marketing communication is of course, a highly distinctive and remains the only form of promotion involving direct relationship or interpersonal interaction between a sales person and prospective customers.

The process of personal selling, as most authorities agree, involves prospecting – searching for and identifying potential buying; pre-approach – knowing and collecting information about prospect’s personal and business need; approach – the initial contact of the sales person with prospective customer wherein the sales person tries to influence the customer; presentation – describing the product feature as well as company story to the prospective customer; demonstration – actual physical presentation and display to impart knowledge of product’s use and its mechanism in such a manner that it awakens customer’s interest; handling objection – overcoming buying resistance by effective responses; closing the sale – negotiating with the customer to overcome resistance by effective responses; follow-up – negotiating with the customer for a sizeable order and follow-up – conducting post sales activities to know the level of satisfaction and to make the customer a regular one.

In most cases, personal selling may be used for the actual sales but it also includes many other services which are not strictly selling job but relating to it. i.e., collecting information, reflecting customer’s attitudes and relaying complaints to the management.

The efficiency of personal selling highly depends upon the quality of sales force and their capability to handle prospective customer. Unlike advertising aimed at mass audience, it aims at specific persons giving impression of personal care and help as one could get from the friends. Obviously, the effectiveness is generally much high, though the reach due to the personal contact is very limited. Cash and Crissy regards that advertising is more effective during pre-transactional phase. Further, efforts are also less wasted. The practical aspect is its flexibility and adaptability in varying situations, person to person, item to item and time to time. It is only the technique having the biggest advantages of applying efforts to handle the objection, questions and doubts. Thus, sales force helps the organization by establishing a lasting and mutually profitable relation with the customers. However, the effectiveness of the approach depends upon the quality of the sales force available, again, this approach alone may not be adequate due to its mass communicative techniques, it can be highly rewarding.

### 1.1.9 Why Promotion

The very simple and Laymen's answer to this question is that either there is something to sell or something to buy. We advertise or make known, our offer or need. We bring together people who would not otherwise. Most people uses advertise at sometimes or other, wither privacy or business and most people respond to advertisements and so enjoy the choices available to them in every sphere life. "So promotion here is the means by which we are made known what we have to sell or what we want to buy." So here we are trying to communicate with our potential customers or suppliers by means of promotion.

However promotion is not just for this. There are many special and specific reasons why we may use promotion in one of its many forms. The basic problem with promotion is that it is not understood adequately. The value of promotion cannot be determined unless its role and functions are understood. The apparent unaccountability of promotion, in most cases, arises from a lack of appreciation of what promotion can or cannot do.

Promotion should be viewed as a part of total marketing effort of company. The glib answer to the question: "Why do companies promotion?" is: "To sell product." But in recent times, an increasing number of promotion channels have been frankly admitting that promotion cannot actually sell products. Supporting this view, the Association of National Advertisers, USA, defined advertising as "a mass, paid communication, the ultimate purpose of which to impart information, develop attitudes and induce action beneficial to advertisers." (Which may lead to the sale of product or service advertising), the Association emphasized only one in the series of tools in the "marketing-communication mix", the tools of promotion are person to person selling, retailer recommendation, publicity, advertising etc. Ostensibly, the job of promotion is to perform certain communication jobs with greater speed, volume and economy that can be done by any other means. This pragmatic approach to advertising is fundamental, and must be accepted before any plans for measurement can be formulate.

Here are some specific reasons for promotion or what promotion can actually do or why we indeed promotion. Which offer a broader idea of the veracity and value of promotion?

- ) To announce a new product or services
- ) To expand the market to new buyers
- ) To announce a modification
- ) To announce a price change
- ) To announce a new pack
- ) To make a special offer
- ) To invite enquiries
- ) To sell direct
- ) To announce the location of stockiest
- ) To obtain stockiest
- ) To educate customers
- ) To maintain sales
- ) To challenge competitors
- ) To remind
- ) To retrieve lost sales
- ) To please stockiest
- ) To please the sales force
- ) To recruit staff
- ) To attract investors
- ) To export
- ) To announce trading results

#### **1.1.10 Reasons for Promotion**

The market today is getting complex day by day. Too many products are introducing in the market and this result a high competition for the product. To survive in this stiff market competition, manufacturer has to think of different ways of promotion. When the market was not that large and brands were limited in number, advertising alone has made it possible to capture good market share for product. But today, situation has changed a lot. Consumers have to be made attracted towards the company's products by every possible means. Sales promotion has become one of the best methods to attract the consumers towards company's product through for short run.

Besides, to get the good market share for the product, manufacturer needs to project their good image to the public first. Unless the company has prestigious and good image in the consumers mind, their products cannot survive well in the market. For this, public relations and publicity events, which are also methods of promotion, work a lot.

Similarly, when the product is in its introductory stage, it has to adopt personal selling methods (Direct marketing in general) along with sells promotion to get a good response from the public.

In this way, all four promotion mix-advertising, personal selling, sells promotion, public relation and publicity events have to be coordinated and implemented according to the need so as to make the products identify well in market. Promotion cannot be ignored in today's market. It has become the necessity for survival of the product.

In general, companies practice sells promotion and personal selling methods achieve following objectives.

- ) To offset the impact of a new competitive products.
- ) To gain increased display area and sell in the store.
- ) To create demand for a new product.
- ) To pursue other brands users.
- ) To attract new customers.
- ) To induce present customers to buy more.
- ) To create an aura of excitement.
- ) To get rid of competition.
- ) To establish purchase habit to the initial users.
- ) To get self for display.
- ) To increase immediate sells.
- ) To recover loss in sells.
- ) To increase sells in off seasons.
- ) To meet the competition.
- ) To simplify and encourage the work of sales men to sell.

Thus, companies adopt different methods of sales promotion for many reasons. Basically, sales promotion can be considered as the marketing devices, which can stimulate and re-stimulate demand for a product.

Again other methods of promotion like public relation, advertisement and publicity events are used for the following reasons.

- ) To project a prestigious and good image of the manufacturer of the product to the public.
- ) To make a good relation with the public, which includes customer, employees, suppliers, shareholders, government, labor union and the public at large, so as to adopt itself to its environment and interpreter itself to society.
- ) For the long-term effect on building brand image of product.

Hence, there are many specific reasons to use advertising and promotion. For any manufacturing firm, it plays a vital role to increase sells directly by encouraging potential purchasers to visit dealers or distributors, announcing special sells or other promotions, inducing professional persons to recommend on product, distributing coupons to be redeemed on purchases. Similarly, manufacturing firm has to use promotion and advertising for creating awareness and interest in company's products by informing the potential buyers about the benefits from a product's use viability of new products, demonstrating products, showing how products may be obtained, and announcing changes in prices/packages/labels, publicizing a new brand name or symbol and even informing potential buyers about the company's technical skills, production facilities, technical services etc.

So advertising, promotion has been must to cope with this changing marketing environment. It is not just to sell the product to have profit that firm uses promotion and advertising. They use it for the sake of the reputation of their company too. Through the use of different promotional means, company can project its good image to the public, which in turn help them for long-term benefit.

## **1.2 Studies in Nepal Related**

### **1.2.1 Review of Related Study**

The advertising research has very short history in Nepal, as the level of Nepalese socioeconomic development has still not entered the modern business era. Nepalese socio-economic life has various infra structural problem and the economy not entered the fully competitive travel.

As a result, professionalism and highly advanced marketing and advertising practices have not institutionalized so far. Thus marketing and advertising practices have to be institutionalized to cope with the pace of modernization of Nepalese economy. In this way the history of advertising research in Nepal is very short. However, along with the gradual transformation of Nepalese economic life from traditional and national socio-economic environment, Nepalese business environment is also influenced and the entrepreneurs have recognized the need of advertising. As a result, a few advertising Research Studies have been conducted.

Panday P.R. (1980) study named as “Advertising in Nepal” is focused on the objectives of identifying the existing position of advertising practices in Nepal. The other objectives of his study were to find out the existing pattern and blends of advertising and the constraints prevailing in advertising practices in Nepal. His study was confined the descriptive analysis of the situation of advertising business. It was natural to undertake such research on advertising field at that time as the advertising was on infant stage of development. Thus, his study did not touch the creative aspect of advertising.

Upadhyay, S. K. (1981), on “Radio Advertising and its impact on purchase acts in consumer goods” conducted a study. As radio was only the reliable medium of advertising in Nepal, he conducted the research on the radio advertising and its lively impact on purchasing finding the radio advertising and its lively impact on purchasing finding the radio advertising and its impact on consumer purchasing decision. The objectives of his study were to study the availability and comparative cost of different forms of advertising in Nepal to find out the impact of radio advertising on consumer buying behaviors and to the influence of radio advertising on sells of the advertised product. Thus his study is strictly confined to the impact of advertising on sells and consumer buying behavior.

Giri, Rajendara (1998) he conducted the study in the “*Communication effects of advertising and brand preference of instant noodles RARA and WAIWAI*”. His study has been contributed to the evaluation of communicative function of advertising

and its impact on brand selection in the case of consumer non-durable good. The objective of the study was to explore the effect and communication of product brand attributes and its likely impact on consumer brand selection regarding the instant noodles case as the basis product. Thus his study specifically dealt with communicative aspect of advertising.

Another study was conducted in 1996 in the field of advertising. The study named as *“A Study one the Movie Start Endorsement in Advertising”*. It was conducted by G. R. Sharma. His study has been contributed to producing on the advertising using the movie stars, thus fall under category of creative core in advertising.

The study conducted by Karki, Pramila (2007) was named as *“Marketing Promotion Strategies of Oral Hydration salt in Nepal”*. The main objective of this study was to explore the marketing promotion policies, strategies and interventions.

The study conducted by Malla, Ichha (2007) was named as *“Sales Promotion of pharmaceutical product in Nepal”*. The main objective of this study was to assess’ market share, price spread and Nepal producers share and also to analyze sells promotion tools and techniques.

In the field of advertising, the study conducted by Thapa, Shubu (2008) was named as *“Advertising and Sales Promotion of Car in Nepal.”* The main objective of study was to evaluate the effectiveness of advertising and sells promotion and also to examine brand awareness.

### **1.2.2 Review of Journal/Article**

An article entitled *“Advertising Business looking for silver lining”* published in *“Business age, information and analysis”* has reflected the current scenario of current Nepalese advertising business as follows:-

- ) The closure recently of two magazines belonging to Asiaweek and Family lift – is testimony to the advertising recession happening on a global level. It is therefore not surprising that the advertising business in Nepal is witnessing downslide.

- ) In fact, business has gone down by some 60%, relates Nirmal Poudel, Chief Executive Officer (CEO) of Welcome Advertising Agency and Market Pvt. Ltd. He claims that, it actually all began with pro Maoist movement against use of liquor and subsequent measures promised by the government to restrict liquor use.
- ) In a statement given by stales Mabin lal Joshi, Media Director of Thompson Nepal Pvt. Ltd., “Prohibition of consumer fairs, musical program, etc. had had defines negative impact on our business.”
- ) Sources of Kantipur Publication Pvt. Ltd. However relate that advertising have been reluctant to advertise more out of fear from the tax department – than due to tariff hike. Date from the publication reveals that although the space bought by advertisers in the first fiscal year has gone down as opposed to other same period last year, there is little to choose between the two corresponding period in tern of financial transaction.

Advertising agencies ranked by the Kantipur Publication Pvt. Ltd. On the basis of financial transaction (FY 2063/64)

1. CTC the Media People Pvt. Ltd.
2. Thompson Nepal Pvt. Ltd.
3. World Vision Advertising Pvt. Ltd.
4. Media Team Pvt. Ltd.
5. Professional Advertising Pvt. Ltd.
6. Prisma Advertising Pvt. Ltd.
7. Trikon Advertising Pvt. Ltd.
8. Echo Advertising Pvt. Ltd.
9. Tufan Advertising Agency Pvt. Ltd.
10. AAAN’s Relations Pvt. Ltd.

### **1.3 Conclusion**

Promotional activities have had a crucial role in communicating about the products and services to the consumers, informing, persuading, motivating and reminding the consumer about the products and services. Promotional strategies and activities are directly associated with the raising awareness and brand preferences of the products and services among the consumers, which ultimately increases the

sales of the products or services. The motive behind the promotion includes information, persuasion, entertainment, education or reminding the consumers about the product. The promotional objective influences the nature of promotional strategies, activities and message. The component of promotional mix includes advertisement, personal selling public relation and word on mouth. Based on the types of products and levels of marketing promotion, different strategies and activities for marketing promotion should be made.

Marketing promotional activities is a communication process, which consists of five major elements namely sources, message, channel/media and receiver/audience and audience response/feedback. In the whole process of communication noise or distraction may affects the effectiveness of the communication. Qualities of the promotional strategies and activities have had equal importance for the promotional strategies and activities. Marketing promotional activities should not be misleading and exaggerated complete and correct information about the product, the products or services should be provided to the consumer.

#### **1.4 Research Gap**

The review of the available literature both conceptual review and review of the published and unpublished thesis and articles found that any research and studies have not been conducted on marketing promotional system of Nepalese Biscuit Industry (Nebico Biscuit Factory) related products in Nepal. Moreover, no studies have been carried out in promotional strategies of NBF in Nepal so far. Although, there were a few number of studies focuses on an individual marketing promotion strategy for instance advertisement, sells promotion, personal selling etc. rather than in promotional mix very few studies focuses on marketing promotional mix.

## BIBLIOGRAPHY

### Books

Agrawal, Govinda Ram (2061). *Marketing Management in Nepal*. Kathmandu: M.K. Publisher.

Donald, T. & Hawkins, L (1998). *Research Designs the Specification of Procedures for Collecting and Analyzing the Data*. New York: Prentice Hall.

Innis, D.E. & La Londe, B.J. (1994). Customer service: The Key to Customer Satisfaction, Customer Loyalty, and Market Share. *Journal of Business Logistics*. Vol. 15 (1): 32-61

Joshi P.R. (2003). *Research Methodology*. Kathmandu: Buddha Academic Publisher.

Koirala K.D. (2005). *Marketing Management*. Kathmandu: M.K. Publisher.

Kotler, Philip (2005). *Marketing Management*. New Delhi: Practice-Hall of India.

Mishra, M.N.(1993). *International Marketing Management*. Bombay: Oxford Press.

Murphy,John M.(2005). *Marketing Management*. New Delhi: Prentice-Hall of India.

Ritson, M. & Elliot, R. (1999). The Social Uses of Advertising: An Ethnographic Study of Adolescent Advertising Audiences. *Journal of Consumer Research*. Vol. 26 (4) : 1-27

Shrestha, S.K. (2005). *International Marketing Decision*. Kathmandu: Buddha Academic Publisher.

Wolf. H.W. and Pant P.R. (2005). *Social Research and Thesis Writing*. Kathmandu: Buddha Academic Publisher.

### Magazines, Journals and Newspapers

Britannica Encyclopedia and Sandage, Fryburger and Rotzell, *Advertising – Practice and Theory*, P. 15-26

Dahal K.P. *Bigyapan Ko 136 Barsha*

Joshi, Surendra M. (2055 B.S.). “*Bigyapan ka 525 Barsha*”, **AAAN Smarika**, AAAN 8<sup>th</sup> General Meeting.

Joshi, Surendra M. (2055 B.S.). *Modern History of Advertising* – With reference from the article, **AAAN Smarika**, AAAN 8<sup>th</sup> General Meeting.

*New Business Age*, May 2008

*The Boss*, Sep. 2008

## **Thesis**

Baral P. Laxmi (1995). *Communication Effect of Advertising and Brand Preference of Instant Noodles*. An Unpublished Master Degree Thesis, T.U.

Bhatta Shree Chanfra (1998). *Sales Promotion and its Effect on sales: a case Study of Beer Market in Nepal*. An Unpublished Master Degree Thesis, T.U.

Giri Rajendra (1998). *Communication Effect of Advertising and Brand Preferences of Instant Noodle RARA and WAI WAI*. An Unpublished Master Degree Thesis, T.U.

Karki, Pramila (2007). *Marketing Promotion Strategies of Oral Re-Hydration Salt in Nepal*. An Unpublished Master Degree Thesis, Shanker Dev Campus.

Malla Ichha (2007). *Sales Promotion of Pharmaceutical Product in Nepal*. An Unpublished Master Degree Thesis, Shanker Dev Campus.

Panday, P.R. (1980). *Advertising in Nepal*. An Unpublished Master Degree Thesis, T.U.

Pant, Yogesh (1990). *The Study on Brand Loyalty*. An Unpublished Master Degree Thesis, T.U.

Sharma, G.R. (1996). *A Study on Movie Star Endorsement in Advertising*. An Unpublished Master Degree Thesis, T.U.

Shrestha, R.K. (2004). *The Role of Advertising in Brand Choice and Product Positioning*. An Unpublished Master Degree Thesis, T.U.

Thapa Subu (2008). *Advertising and Sales Promotion of Car in Nepa*. An Unpublished Master Degree Thesis, Shanker Dev Campus.

Upadhyay, S.K. (1981). *Radio Advertising and its Impact on Purchase Acts in Consumer Goods*. An Unpublished Master Degree Thesis, T.U.