

**A COMPARATIVE STUDY ON ADVERTISEMENT & SALES PRACTICES OF  
AUTOMOBILES IN NEPAL**

**(With Reference to Hyundai & KIA Cars)**

**Entitled By:**

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**T.U. Reg. No: 7-3-4-40-2007**



***A Thesis Submitted to:***

**Office of the Dean**

**Faculty of Management**

**Tribhuvan University**



***In partial fulfillment of the requirement of the degree of***

**Masters of Business Studies (MBS)**

**Biratnagar**

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***(With Reference to Hyundai & KIA Cars)***

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## DECLARATION

I, hereby, declare that the work reported in this thesis entitled "***A COMPARATIVE STUDY ON ADVERTISEMENT & SALES PRACTICES OF AUTOMOBILES IN NEPAL (With Reference to Hyundai & KIA Cars)***" submitted to office of the Dean, Faculty of Management, Tribhuvan University, is my original work done for the partial fulfillment of the requirement for the Masters of Business Studies (MBS) under the supervision of Devraj **Shrestha** of Post Graduation Campus Biratnagar.

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.....

Bishnu Banset

(Researcher)

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## ABBREVIATIONS

%	Percentage
&	And
A.D	Anno Domini
B. S.	Bikram Sambat
CV	Coefficient of Variation
Ed.	Edition
FY	Fiscal Year
GDP	Gross Domestic Product
i .e	That is
IT	Information Technology
Ltd	Limited
Misc.	Miscellaneous
No.	Number
P.E	Probable Error
Pvt.	Private
R & D	Research & Development
S.D	Standard Deviation
SWOT	Strengthens, Weakness, Opportunity & Threats
T. U.	Tribhuwan University
UN	United Nations
VAT	Value Added Tax
WTO	World Trade Organization

# CHAPTER - I

## INTRODUCTION

### 1.1 Background of the Study

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

Advertising is just a tool of promotion. The word advertising is derived from the two Latin words 'ad' means towards and 'vertigo' means I turn. So the meaning of advertising is to turn people's attention to the specific things. Earliest form of advertising is to draw the people's attention towards the specific things. In other words advertising is to draw people's attention to the certain goods.

Before knowing the definition of advertising we should address the difference between advertising and advertisement. It consists of activities involved in presenting to a group a non personal, oral or visual openly sponsored message called as advertisement. Is disseminated through one or more media is paid for by identified sponsor. (Stanton, 1977:537).

Today we can find every corner of this world as very cozy place due to the development & Advancement of more and more improved and latest technologies. Most of such inventions have undoubtedly made lives faster easier. Amongst these inventions for people's lives, automobile was also invented in 1886 AD which was really significant event. Such then, every possible effort is being employed for the better features and specification of automobile. Now with this constantly being modified and better featured person made object, person is really attaining better lives.

Every line of automobiles is regularly rendering services to the people according to their respective features and objective of their production and development whither it is truck, Tractor, Bus, Van, Jeep, Car. Automobile has

two active dimensions which are contributing to the development of the economy. One dimension is the business of automobile itself and another is the transportation and carriage of people and goods from one place another in a very safe, reliable and convenient way. Thus, it has become an important part of the society and the world.

In the very contest of automobile, car has become a necessary part of today's busy lives. With the rapid growth of life style, Nepalese people are also being very eager to have private family car. Exploring and watching all these demand of the Nepalese people, its neighboring countries and third countries are more eager to produce and export cars which are suitable to our country's road and family status. So, we can see the very fact is happening here in Nepal. Nepalese roads are getting busy with public and private cars.

So, We can see that the cars for today's business as well as social lives are getting a necessary. It has made the day lives easier, faster. In Nepali market, with price competitiveness on one side and competitive technical features on the other, Korean automobiles are also gradually claiming their stake in the Nepali automobile market. Laxmi International Pvt. Ltd. is the sole distributor of HYUNDAI motors from South incorporates advance safety engineering and is said to be powered by the new advanced Hyundai engine.

Hyundai Motor Company was founded in 1976 A.D. It is located in Seoul, South Korea. Chung Ju – Yung Along with a few friends purchased land to erect the company in April 1946 AD. Those were the years when Korea was passing through turbulent times. It required a lot of Courage, more than anything else, to the US army and then in Korea. The dedication of these visionary soon made him popular and within a year his repair workshop metamorphosed into a plant with almost 100 employees. Since then company has manufactured and exported almost 7.8 million cars over 190 Countries ([www.hyundaimotor.com](http://www.hyundaimotor.com)).

The word 'KIA' is derived from the Chinese character 'KI' meaning to arise or come up out of and a referring to Asia. So when put together, KIA means to arise or come up out of Asia. Today KIA has truly risen as a major global player and boasts an ever expanding product line up that is sold through 179 distributors and over 33000 overseas dealer in 155 countries around the world.

Over 32000KIA employees spanning the globe from an expansive human network that aspires for excellence on the behalf of valued customer.

Brand slogan- The power to surprise represents KIA's global commitment to surpassing customer expectation through continuous automotive innovation while embodying the exciting and enabling attributes of the Kia brand. KIA is the newest and most exciting force of change in the automotive world and KIA are ready to change the way you feel and think about driving. More than promise its KIA commitment to driving a pure pleasure.

Advertising is a form of communication intended to promote the sale of a product or service to influence a particular cause to gain political support to advance a particular cause or to elicit some other response desire by the advertiser. (New encyclopedia, Britanica Mactopedia, 1979:103). Advertising that induces a change in sale of perception of the product is a milestone for brand" (Kathmandu Post, 2004:1). So this study concludes that advertising should have such power as attention, communication, readability, memorable and selling.

Sale is the act of selling a product or service in return for money or other compensation. It is an act of completion of a commercial activity. The provider of the goods or services – completes a sale in response to an acquisition or to an appropriation or to a request. There follows the passing of title (property or ownership) in the item, and the application and due settlement of a price, the obligation for which arises due to the seller's requirement to pass ownership.

## **1.2 Research Variables**

A variable is a symbol to which numerals or values are assigned. So, the variables can take on values. This study intends to identify the advertisement and sales practices of automobiles in Nepal. Thus, sales is known as dependent variable which is affected by advertisement cost.

## **1.3 Statement of the Problems**

In Nepal vehicles importers are facing tough competition. Most of the importers are launching ambitious sales strategy in the market. In this ground, sales of KIA and Hyundai cars in Nepal is tough and ambitious. Generally KIA cars are

considered to be high class car and are expensive but on the other hand, Hyundai cars are categorized as middle class cars and has reasonable price.

Transportation is needed to deliver the final products in the place of consumption. Transportation is needed for delivery of the product and even used by people to reach the destination. For delivering the product large vehicles like truck, lorry, tanker, train, tractor, aero plane, ship etc are used whereas ship, airplane, car, jeep, van, minibus, train, helicopter, rocket, etc are used by people to reach the destination.

Nepal is mountainous country due to which it is difficult to deliver the product to the place of destination in the right time. So the importance of the transportation is very high. Generally in Nepal, truck, lorry, and tankers are used to carry the goods from one place to another.

Trucks are used to carry construction goods like iron rod, cement, brick, sand stone, timber, daily consumable product like rice racks, wheat, vegetable, etc. Lorry is used to carry huge machinery equipment like generator, welding machine, drill machine, car, motor bike etc. Tankers are used to carry petroleum products. Vehicles are imported from other country; vehicle is expensive to the Nepalese farmer. As Nepalese farmer cannot buy the vehicles as a result there is delay in the delivery of the product.

Vehicles are imported to carry people from one place to another. Private and public vehicles are used to carry people from one place to another: bus, car, van etc are used for prompt and safely arrival to the destination in the main objective of the cars and buses. It helps people to reach the destination safely and quickly. Under this ground, the study of the marketing of vehicles is relevant.

Purchasing capacity of the people is very low in the country. A few numbers of customers are buying vehicles from market. However, many companies are involved in importing different brands of cars. All the companies are using almost same advertisement strategies for selling the product. Due to the cut throat competitions in the market, it is necessary to try new strategies to capture and expand the market. In this ground, it is felt necessary to make research while advertisement & sales of the Hyundai & KIA cars.

Very few studies have been conducted in this area in the context of Nepal particularly in this sector. So, this study is related to the following major issues.

- What is the position of Kia and Hyundai motor in the context of Nepalese market?
- What is the total cost on advertisement of Kia and Hyundai car?
- What is the trend of sales and advertisement cost?
- What is the relationship between advertisement and sales pattern?

#### **1.4 Objectives of the Study**

Product marketing in Nepal has become very important in recent years. Without marketing, it has become almost impossible to sale product in the Nepalese market. The major objective of the study is to find out the sales of KIA and Hyundai cars in Nepal. The other specific objectives of the study are as Follows.

- To examine the market situation of KIA & Hyundai cars in Nepal and to assess effectiveness of marketing strategy.
- To find out the cost of advertisement and sales trend of KIA & Hyundai cars in Nepal.
- To see consumer's interest and views towards purchasing of Hyundai and KIA cars.
- To determine the relationship between sales and advertisement.

#### **1.5 Significance of the Study**

The study will focus on the effectiveness of advertisement and sales practices of the automobile car. Today's drastically changing market is covered, handled and managed with the grate help of today's sophisticated marketing management and stunning sales promotion. And this reality can not be denied. Every product or service is created for the consumer or customer to use and it is achieved through proud selling or offering of best product or service with best advertising and promotional tools.

The practices of sales and sales promotion are getting increasing importance and scope in the marketing management. At the same time it is getting vast with the competitive environment of the same subject, i.e. advertising and sales promotion. So, it is as important to understand, win and retain the market for the product or service. Implementation of such policy and strategy should be in optimum manner, Hence the study is to describe the sales practices of cars especially Hyundai and KIA. The study will also go through the transportation problem in Nepal. The study can be beneficial to all the concerned parties and people as well.

## **1.6 Limitation of the Study**

The main limitations of the study are as follows

- There are different kinds of cars are easily available in the market but the researcher have taken only two brands namely, KIA and HYUNDAI.
- This study is only concern with the advertising and sales practice of Hyundai and Kia motors in Nepal.
- The secondary data are collect from the showroom record and downloaded from the internet, office record, and newspaper.
- This study covers only five years data since 20634/065 to 2068/069.

## **1.7 Organization of the Study**

The study will be divided mainly in the five chapters.

The first chapter i.e. introduction chapter deals with the general background of the automobile, company profile, introduction of Hyundai motor company and KIA, focus of the study, statement of the problem objective of the study, significance of the study, limitation of the study and organization of the study.

Second chapter is review of literature. It includes conceptual frame work of the study matter. It studies the marketing practices of the Hyundai & KIA cars in Nepal. It will include brief review of previous research work.

The third chapter design, research methodology will be discussed in the chapter three and deal with research, population & sampling, sources of data collection, data analysis tools and data analysis method.

In the fourth chapter, collected data & information will be analyzed & presented in a pleasant manner. In mainly will consists the analysis of market of Hyundai & KIA cars in Nepal.

Finally, Fifth chapter is illustrate summary, conclusion and recommendations made on the findings of the study.

Similarly, at the front part of the study table of contents, recommendation sheet, viva voice sheet, acknowledgement, list of table and figure and abbreviation are presented and bibliography and appendices are presented at the end of the study.

## **CHAPTER - II**

### **REVIEW OF LITERATURE**

This chapter is concerned with review of literature relevant to the topic advertising and sales. The purpose of reviewing of literature is to develop some expertise in one's area, to see what new contribution has made and to receive some ideas for developing a research design. Thus, previous studies cannot be ignored as they provide the foundation of the present study. This chapter highlights the literature that is available in concerned subject as to the researcher knowledge, research work and relevant study on this topic, review of journals and articles and review of thesis work performed previously.

#### **2.1 Conceptual Framework**

##### **2.1.1 Meaning and Definition of Marketing**

Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. Marketing consist of crating, promotion and delivering product to satisfy human and social needs. It creates satisfying solution to customers needs. It is not only satisfies customers but also delights them. It creates value for the customers. Marketing is concerned not only that attracting customers, but also with retaining customers by winning their loyalty. It is carried on long after the customer has bought the product. It aims to develop long term mutually satisfying relationship with customer.

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

Marketing can be described as one of the functional areas of a business, distinct from finance and operations. Marketing can also be thought of as one of the activities that, along with product design, manufacture and transportation logistics, comprise a firm's value chain. Decision at every stage, from idea conception to support after the sale, should be addressed in terms of their ability to create value for customers. Historically, marketing was considered just another link in the chain. Today, however, many organizations are emphasizing the effective coordination of marketing with other functional areas. Competitive

pressures have prompted many firms to involve marketers in design, manufacturing, and other value related decisions from the start. This approach is known in some circles as “Boundary Less Marketing”. Rather than linking marketing sequentially with other activities, the goal is to eliminate the communication barriers between marketing and other functional areas. Properly implemented, boundary less marketing ensures that a marketing orientation permeates all value – creating activities in a company. This change in emphasis is reflecting in figure a and other companies that subscribes to the “Boundary Less” concept give employees at all levels and in all departments the opportunity to be involved in marketing.

### **2.1.2 Marketing Management**

There is no definition as comprehensive as the one that was approved by American Marketing Association in 1985. “Marketing Management is the process of planning and executing the conception. Pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives”. This definition again outline the core marketing concepts-planning, implementation, and control: ideas, goods, and services: exchange satisfaction etc. The definition also highlights the concept of 4 Ps. Marketing management has the task of influencing the level, timing and composition of demand in a way that will help organization achieve its objectives. Marketing managers cope with this task by carrying out marketing research. Within marketing, planning, marketers must make decision on the target markets, Market positioning, product development channel of distribution, physical distribution, communication and promotion.

Marketing management relies heavily on research. Such research which help in setting marketing policies, in planning marketing operations and in controlling marketing operation and functioning of the sales units, is generally termed as “Marketing Research”. Analyzing marketing opportunities is one of the major activities carried out under marketing management. In this context, Prof. Philip Kotler clearly points out that to analyze marketing opportunities.

- To Gather information and measure market demand
- To Scan marketing environment
- To Analyze consumer market and buyer behavior

- To Dealing with the competition
- To identifying market segments and selecting target market.

The marketing environment is changing at accelerating rate. So, the need for real time marketing information is grater than at any time in the past marketing information system (MIS) is important tool in the hand of management to gather information regarding market. And MIS consists of four components-internal record system, the marketing intelligence system, marketing decision system. Beside gathering information measuring market demand is another task to analyze "Marketing Opportunities". Those organizations succeed better than other which can measure and forecast demand more accurately than others.

Companies undertake marketing research to identify market opportunities. Companies measure and forecast the size, growth, profit potential of each market opportunity. There are different measures of market demand and each demand measure serves a specific purpose. Distinction should be made between market demands and company demands which are different things. Marketing research is the function. Which links the customer and public to the marketer through information used to identify and define marketing opportunities and problems: generate, refine and evaluate marketing actions” monitor marketing performance and improve understanding of marketing as a process.

Marketing research specifies the information required to address these issues: design, the method for collecting information managers and implements the data collection process analyze the result and communication the findings and their implications. Marketing managers need information on customers and markets. However they are separated from their final customers and so they need information. There for business and other organizations are increasingly turning to marketing research to obtain the information they need for decision making.

In the context of country U.S. surveys done by American Marketing Association in industrial and consumer products companies reported that almost every company used marketing research to measure market potentials characteristic of their markets and their share of markets. And approximately three fourths of the customer products companies and more than half of the industrial companies undertook some sort of marketing research to evaluate new product opportunities and acceptance and to test existing products relative to

competitor's products. Lastly more than 95 percent of the companies undertook marketing research to obtain information that could help them make short range and long range forecasts.

### **2.1.3 Meaning & Definition of Advertising**

Advertising is just a part of the whole marketing process. The word advertising is derived from the two Latin words 'ad' means towards and vertigo means I turn. So the meaning of advertising is to turn people's attention to the specific things. Earliest form of advertising is to draw the people's attention towards the specific things. In other words advertising is to draw people's attention to the certain goods. Advertising is simply a message, but advertising is a process. This process includes programming the series of activity which is necessary to plan and prepare the message and get it to intend market. Other points are that advertising is used to help sell products and services. The buyer makes five decisions in the affirmative in marketing a purchase in any one is missing; he does not buy which he said yes to all five purchasing result. These five decisions related to need, product, source, price and time. (Littlefield and Kirkpatrick 1971:165).

People normally argued that why do company spend so much money on advertising. This option occurs because some people regard expenses made in advertising is waste of money but other think it as a buying guide. Both consumer and seller, advertising are informative devices. Hence advertising consists of those activities by which visual or oral message are addressed to selected public for the purpose of informing and influencing them to buy the product.

Some definitions of advertising have been given below so as to make clear meaning of advertising. The American marketing association defines advertising as "any paid form of non personal presentation of goods, services or ideas for action openly paid for by identified sponsor"

Koirela has described the difference between advertising and sales promotion in his book "Sales Promotion in Nepal" as sales promotion and advertising differ in terms of objective as well as the frequency duration and purpose of users. Advertising informs, persuade, and remind the target market. Where as sales promotion goes to encourage purchase by brand loyal consumer and attracts new competitors brand users. For effective sales promotion are required creative

talent, time and money. It became expensive with frequent operation. While excess sales promotion with respect to a branded product may hurt that products brand image. Advertising creates awareness in the market place and may be repeated design to create and image of or to carry a sales message about producers or services to the consumer, while sale promotion is activity an used to generate and immediate sales of product or service”(Koirala,1991:28-29).

Advertising is a form of communication intended to promote the sale of a product or service to influence a particular cause to gain political support to advance a particular cause or to elicit some other response desire by the advertiser. (*New encyclopedia, Britanica Mactopedia, 1979:103*). Advertising that induces a change in sale of perception of the product is a milestone for brand” (*Kathmandu Post, 2004:1*). So this study concludes that advertising should have such power as attention, communication, readability, memorable and selling.

### **2.1.3.1 Objectives of Advertising**

There are so many objectives of advertising, which depends upon the policy of the company. Generally in the past, the purpose of advertising was to inform to the prospective consumer about goods and services produced by the company. Now a days advertising not only concerns with the information flow but also motivate, persuade to the target consumer in the specific market.

Every stage of product life cycle need advertising but volume of it may be low and high depending upon the nature and stages. Advertising creates demand for the goods and market is possible for the introduction of mass production, installation of up to date machinery and consequent reduction of cost of the articles. Advertising is beneficial not only to the producer and retailer but also to the consumers.

Mass production needs mass selling it makes possible by improvement and installation of latest plants as well as advertising through effective media but difficult to say that effective media vehicle. Purpose of advertising can be listed below as:

- It helps retailers in multiplying sales
- It assists to increase the demand of the product

- It conveys message to the prospective consumers
- It makes the public conscious

Advertising is important to retailer, for the retailer it quickens the turnover as well as reduces degree of remaining dead stock and result in proportionate reduction of overhead expenses. It informs the fluctuated price of the product so the retailer can avoid the losses by the price change. Similarly, it provides benefits to the buyer's. The manufactures are compelled to maintain the quality of the goods advertised. Money spend on advertising that is a kind of investment and manufacturer wants to return from the consumer so that he has to fix the quality of the product on the media then the consumer gets the qualitative goods and services.

Likewise, by the advertising, people know about the various goods and services previously unknown to them so it educates the public and enables them to select the most suitable goods and services by comparing goods and services lunched by the various manufacturers. It creates curiosity and interest of people. After interest is aroused advertising also make people acquire after and seek further information about goods and services advertised. So we can say that advertising is such things which makes networks among various parties as consumer, public, manufacturers, and retailer and so on.

On the other hand consumer behavior is a function of a complex process so it is difficult to say that advertising is only on variable that influence the behavior of the consumer. Advertising objectives can also

be classified as per their objectives in term of informing, persuading or reminding. Example of information type objectives includes making prospective consumer aware of a new product announcing a new price and explaining how a product works. Persuading objectives include attempting to build brand preference and loyalty and changing a consumer's attitude about particular brand characteristics. Objective having to do with reminding includes communication telling consumers where and when to buy the product. (Boyd, Westfall and Stasch, 2002:731).

#### **2.1.4 Meaning of Sales**

Sale is the act of selling a product or service in return for money or other compensation. It is an act of completion of a commercial activity. The provider

of the goods or services – completes a sale in response to an acquisition or to an appropriation or to a request. There follows the passing of title (property or ownership) in the item, and the application and due settlement of a price, the obligation for which arises due to the seller's requirement to pass ownership. Ideally, a seller agrees upon a price at which he willingly parts with ownership of or any claim upon the item. The purchaser, though a party to the sale does not execute the sale, only the seller does that. To be precise the sale completes prior to the payment and gives rise to the obligation of payment. If the seller completes the first two above stages (consent and passing ownership) of the sale prior to settlement of the price, the sale remains valid and gives rise to an obligation to pay. A sale can take place through direct sales, involving person-to-person contact, Pro forma sales, Agency-based sales, Electronic sales etc.

#### **2.1.4.1 Sales Agents**

Agents in the sales process can represent either of two parties in the sales process, for example.

- a. **Sales broker or Seller agency or seller agent:** This is a traditional role where the salesman represents a person or company on the selling end of a deal.
- b. **Buyer's broker or Buyer brokerage:** This is where the salesman represents the consumer making the purchase. This is most often applied in large transactions.
- c. **Disclosed dual agent:** This is where the salesman represents both parties in the sale and acts as a mediator for the transaction. The role of the salesman here is to oversee that both parties receive an honest and fair deal, and is responsible to both.
- d. **Transaction broker:** This is where the salesperson represents neither party but handles the transaction only. The seller owes no responsibility to either party getting a fair or honest deal, just that all of the papers are handled properly.

- e. **Sales outsourcing:** It involves direct branded representation where the sales representatives are recruited, hired, and managed by an external entity but hold quotas, represent themselves as the brand of the client, and report all activities (through their own sales management channels) back to the client. It is akin to a virtual extension of a sales force.
- f. **Sales managers:** qualified and talented sales managers aim to implement various sales strategies and management techniques in order to facilitate improved profits and increased sales volume. They are also responsible for coordinating the sales and marketing department as well as oversight concerning the fair and honest execution of the sales process by their agents.
- g. **Salesman:** The primary function of professional sales is to generate and close leads, educate prospects, fill needs and satisfy wants of consumers appropriately, and therefore turn prospective customers into actual ones. Questioning – to understand a customer's goal and requirements relevant to the product – and the creation of a valuable solution by communicating the necessary information that encourages a buyer to achieve their goal at an economic cost comprise the functions of the salesperson or of the sales engine (for example, the Internet, a vending machine, etc.). A good salesman should never miss-sell or over-evaluates the customer's requirements.

### **2.1.5 The Relationships between Sales and Marketing**

Marketing and sales differ greatly, but have the same goal. Marketing improves the selling environment and plays a very important role in sales. If the marketing department generates a list of potential customers, that can benefit sales. A marketing department in an organization has the goal increasing the number of interactions between potential customers and the organization. Achieving this goal may involve the sales team using promotional techniques such as advertising, sales promotion, publicity, and public relations, creating

new sales channels, or creating new products (new product development), among other things. It can also include bringing the potential customer to visit the organization's website (s) for more information, or to contact the organization for more information, or to interact with the organization via social media such as Twitter, Face book and blogs.

The relatively new field of sales process engineering views "sales" as the output of a larger system, not just as the output of one department. The larger system includes many functional areas within an organization. From this perspective, "sales" and "marketing" (among others, such as "customer service") label for a number of processes whose inputs and outputs supply one another to varying degrees. In this context, improving an "output" (such as sales) involves studying and improving the broader sales process, as in any system, since the component, functional areas interact and are interdependent.

Most large corporations structure their marketing departments in a similar fashion to sales departments and the managers of these teams must coordinate efforts in order to drive profits and business success. For example, an "inbound" focused campaign seeks to drive more customers "through the door", giving the sales department a better chance of selling their product to the consumer. A good marketing program would address any potential downsides as well.

The sales department would aim to improve the interaction between the customer and the sales facility or mechanism (example, web site) and/or salesperson. Sales management would break down the selling process and then increase the effectiveness of the discrete processes as well as the interaction between processes. For example, in many out-bound sales environments, the typical process includes out-bound calling, the sales pitch, handling objections, opportunity identification, and the close. Each step of the process has sales-related issues, skills, and training needs, as well as marketing solutions to improve each discrete step, as well as the whole process.

One further common complication of marketing involves the inability to measure results for a great deal of marketing initiatives. In essence, many marketing and advertising executives often lose sight of the objective of sales/revenue/profit, as they focus on establishing a creative/innovative program, without concern for the top or bottom lines - a fundamental pitfall of marketing for marketing's sake.

Many companies find it challenging to get marketing and sales on the same page the two departments, although different in nature, handle very similar concepts and have to work together for sales to be successful. Building a good relationship between the two that encourages communication can be the key to success - even in a down economy.

### **2.1.6 Sales and Marketing Alignment and Integration**

Another area of discussion involves the need for alignment and integration between corporate sales and marketing functions. According to a report from the Chief Marketing Officer (CMO) Council, only 40 percent of companies have formal programs, systems or processes in place to align and integrate the two critical functions.

Traditionally, these two functions, as referenced above, have operated separately, left in soloed areas of tactical responsibility. Glen Petersen's book *The Profit Maximization Paradox* sees the changes in the competitive landscape between the 1950s and the time of writing as so dramatic that the complexity of choice, price and opportunities for the customer forced this seemingly simple and integrated relationship between sales and marketing to change forever. Petersen goes on to highlight that salespeople spend approximately 40 percent of their time preparing customer-facing deliverables while leveraging less than 50 percent of the materials created by marketing, adding to perceptions that marketing is out of touch with the customer and that sales is resistant to messaging and strategy.

### **2.1.7 Market Segment**

A market consists of people with needs and wants to satisfy, ability to spend and willingness to buy products. It is a grouping of customers. A single product cannot satisfy the needs of all the customers in all markets. Customers vary in terms of needs characteristics and behavior. Buying motives and buying habits also vary, Purchasing power also varies.

Market segmentation is process of dividing the total market into large homogeneous group of customers who share similar needs. "Marketing segmentation is the process of dividing the total market in to large homogeneous is the act of identifying and profiling distinct group of buyer who

might prefer varying products and marketing mixes”. Market can be divided into;

- Consumer Markets
- Industrial Markets
- Institutional Markets

### **2.1.7.1 Consumer Markets**

The reasons for buying products are for own personal or household use. They consist of ultimate consumers.

### **2.1.7.2 Industrial Markets**

The reasons for buying products are for business use, resell, or to make other products. They consist of industries, business, retailers etc.

### **2.1.7.3 Institutional Markets**

The reason for buying products is to provide service to the clients. They have special buying needs and characteristics. They consist of schools, college, hospitals, nursing. Organizations can adopt the following levels of segments;

#### **a. Undifferentiated Marketing Strategy**

The total market is viewed as a homogeneous engaged in mass production, mass distribution and mass promotion of one product for all customers. One product for all customers. One single marketing mix is developed. This is not found in practice.

#### **b. Differentiated Marketing Strategy**

The total market is viewed as heterogeneous consisting of customer groups with various characteristics. Organization divided the market into major market segments. Select one or more of those segments as target and develop marketing mix tailored to each segment. We can divide it in three parts they are;

- Niche Marketing Strategy
- Local Marketing Strategy

- Individual Marketing Strategy.

### 2.1.8 Customer Value

Customer value is the difference between total customer cost and total customer value. Customer always wants to get various types of benefits from the product they expect to buy. Today the customer is utterly demanding, thanks to the proliferation of global players and their products. Hence it is needed for the business to attract and more importantly retain customer. Customer interaction has therefore assumed great signification as it forms the platform to know and understand the customer, his needs preference and the like.

According to Philip Kotler – “Customer delivered value is the difference between total customer value is the bundle of benefits customer expect from a given product or service. The total customer cost is the bundle of costs customer expects to incur in evaluating, obtaining, using and disposing of the product and service.”

$$CDC = TCV - TCC$$

Where,

CDC = Customer Delivered Value

TCV = Total Customer Value

TCC = Total Customer Cost

- **Total Customer Value:-** Total customer value is the bundle of benefits customers expect from the product, which include functional benefits.
- **Total Customer Cost:-** Total Customer cost is the sum of costs customer incur in knowing evaluating, obtaining, using and disposing a product which include monetary costs, time, and psychic.

### 2.1.9 Customer Satisfaction

Satisfaction is person’s feeling of pleasure or disappointment resulting from the comparing a product’s perceived performance in relation to his or her expectation. Thus, customer satisfaction is a post purchases outcome where the customer compares the expected benefits with the actual benefits received from

the product. If the performance is below the expectation the customer is dissatisfied. If the performance exceeds the expectations the customer is highly satisfaction or delights. Following are tools for tracking and measuring customer satisfaction.

### **a. Complain and Suggestion System**

A customer cent red organization makes it customers to deliver suggestions and complaints. Global major like P&G. Generally Electric and whirlpool established hotlines with toll free telephone number. Companies are also adding web page and e-mail to facilities two – way communication. These information flows provide companies with to act quickly to resolve problems.

### **b. Customer Satisfaction Survey**

Studies show that although customer are dissatisfaction with one cut of every four purchases less than 5 percent of dissatisfaction customers will complain. Most customers will buy less or switch suppliers. Complaints levels are thus not a good measure of customer satisfaction. Responsive companies measure customer satisfaction directly by conducting periodic surveys. They send questionnaires or make telephone calls to a random sample of recent customers. While collecting customer satisfaction data, it is also useful to ask additional question to measure repurchase intention, this will normally be high if the customer's satisfaction is high. It is also useful to measure the likelihood to recommend the company and brand to others. A high positive word of mouth score indicated that the company is producing high customer satisfaction.

### **c. Ghost Shopping**

Companies can hire persons to pose as potential buyer to report on strong weak points experienced in buying the company's and competitor's product. These mysteries shoppers can even test whether the company's sales personnel handle various situations well. Thus a mystery shopper can complain about a restaurants food to test how the restaurants handle these companies. Not only should companies hire mystery shopper but also managers themselves should leave their offices from time to time enter company and competitors sales situation where they are unknown and experience firsthand the treatment they received as "customer". A variant of this is for managers to phone their own complaints to see how the calls are handled.

#### **d. Lost Customer Analysis**

Companies should contact customer who have stopped buying or who switched to another supplier to learn why this happened. When IBM loses a customer, it mounts a through effort to learn where it failed. Not only is it important to conduct exist interviews when customers first stop buying. But it is also necessary to monitor the customer's loss rate. If it is increasing, this clearly indicated that company is failing to satisfy to customer.

#### **2.1.10 Marketing Concept in Nepal**

Economy of Nepal is characterized by excessive dependence on agriculture. The industrial sector is in a developing stage. The role of service has been growing in the recent years. Due to the topographical diversity of the country coupled with the transport and communication facilities, marketing has remained fragmented. The public sector remains dominant in the Nepalese economy. The private sector is developing and is dominated by the family owned and managed business. The advent of global companies, especially in tourism and finance sectors, has resulted in the transfer on new marketing skills along with capital technology.

Marketing has traditionally remained a neglected aspect in Nepal. Enterprises tend to concentrate on the production and selling rather than marketing. The selling concept has serving as the marketing physiology of Nepalese managers. The public sector has generally remained to the marketing concept. The marketing concept has not been embraced by most Nepalese organization. This is clear from the following points.

- Management philosophy in most organization of Nepal does not emphasize customer orientation.
- Target markets have not been clearly defined by most Nepalese organizations.
- Marketing information system has remained very weak in most organization.
- Marketing activities have remained fragmented in the organization co-ordinate.

- Marketing department has not become is a part of the top management team.
- Organizations tend to be more interested in the producing products and making profit through selling and promotion. They seem least concerned about satisfying the needs of the customer.

Nepal has experienced significant socio – economic changes over last twenty five years. The supply driven marketing where organization could sell everything they produced, is increasingly giving way to demand driven marketing. The realization is gradually coming that customers and their needs are important in marketing. The increasing intensity of competitions in the Nepalese market has also helped in this regards.

Most of the banks which were not involved in customer oriented business have started practicing consumer orientation in their marketing efforts. Due to which the number of marketing professionals are increasing and have given them place to practice in those organization Besides, gradual emerge of the global companies such as Surya Tobacco, Pepsi, Coca-Cola etc are implementing new concept of marketing strategies in the Nepalese market as result Nepalese entrepreneurs could get chance to learn and development their marketing skills.

### **2.1.11 International Product Life Cycle and Marketing Strategies**

Product life cycle is a concept that attempts to describe a product’s sales, profits, customer, competitors and marketing emphasis from its beginning until it is removed from the market. Actually, it is an attempt to recognize distinct stages in the sales and profit history of the company’s product. Once the product is launched successfully in the market may be failure in the same market. A marketer should not assume that a product once developed and launched in the market successfully may be able to capture market in future also because of the changes in the product life cycle of the product with the passes of time Product life cycle asserts basically the following four things;

- Products have a limited life after which the product may be dead if appropriate strategy is not adopted.

- Product sales pass through distinct stages, each posing different challenges to the seller.
- Products profits rise and fall at different stages of the product life cycle and
- Products require different marketing, financial, manufacturing, purchasing, and personnel strategies at different stages of their life cycle.

Greater the competition the shorter will be the shorter will be the life of the product. Similarly, fashion products will have a shorter life cycle. Since the international markets are highly competitive, the life of the entire product becomes comparatively shorter. There fore, the international marketers need to develop and launch the new products in international marketers very carefully to sustain in the markets. For the successful implementation of products in international markets, the international marketers need to test, time to time, the product suitability and product adaptation in the international markets.

## 2.2 Review of Journal and Articles

In the aancient days goods and services were transported to the place of consumption by carrying at the back of people. Hung number of goods was transported by these methods. After years, the goods were then transported by these methods. After years, the goods were then transported by carrying at the back of donkey, horse, ox, and elephant. In the early modern age, the traders and merchants used donkey to carry goods and transported to the place of consumption. In ancient day's Nepalese, Indian, Tibetan merchant used donkey, sheep, horse, elephant and even people to carry goods from one place to another place to consume.

**The Himalayan Times (2009)**, the speedy growth of Korean auto giants have also compelled other global manufactures including Indian vehicles manufactures to offer new choices to buyers which certainly is an advantages to customers.

Almost all brands of reconditioned cars, raining from Japanese to Korean, Indian to Chinese and others are available in the market. Due to traditional brand loyalties Japanese brands still enjoy brands still enjoy a leading position. Whereas Indian and Korean vehicles have also been able to capture a

substantial market share in recent years. Usually reconditioned houses do not sell vehicles as they come, but instead they give them a distinct look overhaul all major parts of a vehicle, including denting-printing and putting on new tires to the market them resemble new vehicles are undertaken.

However, for a buyer it still is essential to check various parts of a vehicle thoroughly before buying a reconditioned car. The condition of engine, body gear-box, model and outlook along with proper documents govern the price of a vehicle.

There is significant growth in automobile sales, both new and old, is closely associated with the changing life style and increased purchasing power of people. Buying a used car is still remains a nerve-wracking experience for most. The market for second hand cars lacks specific rules and regulation or market that is not yet organized properly. However, the number of enterprises involved in buying, selling and exchanging reconditioned vehicles has already crossed three dozen alone in the Kathmandu valley, which in itself is a proof that the market for reconditioned automobiles is getting into the curse mode. Most of the reconditioned automobiles is getting into the curse mode. Most of the enterprises are low retail distributors of all major brands of vehicles available in the market. So one can buy or exchange either new or reconditioned vehicles at such enterprises.

**Nepal Auto Show (2010)**, although Nepal's economy is progressing slowly, Nepali car market has been continuously widening scope in terms of brand expansion and launch of new model. The completion has been cut throat. Japanese, Korean and Indian cars have their own strong holders in different segments and categories for decades, through the market size is relatively small, cars makers from other countries are eyeing to push their product in Nepal.

Malaysian car made their debut a few years ago. Today, two major Malaysian car made their debut a few years ago. Today, two major Malaysian car manufactures have their product in Nepal. Malaysian car made their debut a few years ago. Today, Two major Malaysian car manufactures have their product in Nepal. Within a short span of rolling in, the Malaysian cars have won the hearts of its 515 plus customer.

**The Wheels (2011)**, the auto market in Nepal has witnessed a phenomenal growth over the last decade, despite many economical hindrances. Dominated by Japanese and Indian Models early 90's the competition escalated with the influx of Korean cars in the domestic market mid 90's. Competition became fierce and sale of vehicles sky-rocked when financial institutes started offering auto loans on easy installments and low interest rate @ 7-9 percent. The auto loans increased accessibility of the middle class to own automobiles. Today, if some one has steady income source of about 25000 per month a car is no longer dream. Today, more than 80 percent are vehicles are being sold under finance scheme. It is not that people do not have buying capacities but with easy availability of vehicles, people can invest the same money in some other business. Though financial scheme from commercial banks have helped expand sales in urban a lack of attention to rural areas has kept the sales of multi-utility vehicles low.

**Auto magazine (2011)**, Nepali buyer are more concerned with price, brand loyalty is driving force too. As people's taste change they migrate to new segments. Researchers are beginning to develop some base format an about market studies including market potential studies what follows are briefing description on same of the thesis on the market potential o same of the customer good.

### **2.3 Review of Related Studies**

**Malla S (2007)** Conducted a research study entitled "*A study on Market Potentials of Chevrolet AVEO in Kathmandu*" with the objectives of;

- To find out and analyze the market potential of cars in Kathmandu Valley with a special focus on mid-sized, affordable cars, commonly known as C-segment.
- To analyze market potentiality of Chevrolet AVEO.
- To find out customer's attitude towards toward Chevrolet AVEO.
- To suggest and recommend for the improvement to all concerned parties on the basis of finding and customer's base on this study.

Malla's Findings Were;

- In Kathmandu valley, total registration of car, van, jeep, is in increasing trend every year. But sales for the last few years are affected adversely by political insatiability and Maoist insurgency.
- By analyzing last two months sales of AVEO, researcher found that AVEO has been able to grab large part of market share which shows that market potential of vehicles is very positive.
- By doing survey on most preferred car by customers in Kathmandu valley in terms of its features, researcher found AVEO got highest rating which proves it to most like cars in C- segment.
- By analyzing rating of carious attributes of cars by respondents, researcher found that customers give most priority to availability of spare parts followed by safety and fuel efficiency.
- By doing analysis on most potential customers researchers found that business man are the most potential customers in Kathmandu valley Chevrolet AVEO.
- By going through price of all competing C-segment cars, researcher found that Chevrolet AVEO is priced average on C-segment category with highest being Toyota Yaris.
- By SWOT analysis of Chevrolet AVEO, researcher found that brand awareness and trust of the customers towards General Motors products are biggest strength of the vehicles whereas high price can be considered against weakness. Opportunity of AVEO is there are many.

**Basnet G. (2008)** conducted a project work entitled "*A Report on marketing strategy of Tata India*" The objective of the study was to analyze the small car market in Nepal and aimed to unfold the problems relating to marketing of cars in Nepal.

The researcher collected data from both primary and secondary sources. Primary data collection involved usual instruments of survey like interview, questionnaire, and observation. Survey results showed that 52% of the

respondents planned to buy a car within a year. 16% planned to do it in 2 years. Similarly 56% of the respondents planned to spend 8-10lakhs. Tata Indica (Diesel) at the time was priced at 7.25 lakhs. This showed a good prospects and potential for the Tata Indica. An approximately, two third of the response favored diesel engine car due to economy in operation.

The study on Tata Indica suggested that small car market in Nepal is expected to grow further, and market potential of Tata Indica is high being a small, cheap diesel car. The study results showed that small car market is characterized by intense competition amongst few players in market. The researcher has also come out with some recommendations. She points out that in order to provide better facilities to the customers, Sipradi Trading, the dealer has to develop its marketing strategies and implement it aggressively. She also recommends that company will have to position itself in the market targeting a particular segment of customers, it the fae of rumor that cheaper family cars will be flooded from neighboring country china in the Nepalese market, She also recommends a more strategic advertisement campaign.

**Rai R. (2009)** Conducted a research study entitled “*A study on advertising and sales promotion of Cars in (with a special reference to Hyundai Santro)*” the basic objective of the study was to evaluate effectiveness of advertising and sales promotion for attaining and retaining the marketing concentrating on automobile business in Nepal.

The study also aimed to analyze the importance of promotion in building a company’s reputation. This study revealed that the automobile business is one of those sectors of Nepalese business, which aggressively uses advertising and promotion to promote their business, and every automobile dealer is coming out with competitive promotional schemes, that include financing schemes at lowest interest rate.

Both primary and secondary data were collected for the purpose. Field survey was done to collect primary data from the market, using questionnaire and personal interview, promotional activities planned and implemented by AVCO international Pvt. Ltd was analyzed. Lastly, the researcher recommended bringing out advertising and promotional scheme regularly.

**Bhandari G. (2010)** conducted a research study entitled “*Brand Performance Study on Motorbike with Reference to Kathmandu City*” with the objectives of;

- To identify the profiles of consumer of specific brand.
- To examine product attributes sought in the motorbike brand
- To access to consumer's perception on the brand preference.

The researcher was mainly focused on brand loyalty in motorbike market in Kathmandu, but he has explained some finding requiring purchasing behavior of people which can be relevant to other goods purchases too.

His findings are;

- Consumer gives more preference to large brand of variety of product.
- The price factor has been found as the main factor brand.
- Consumer can be convinced by warranty and guarantee.
- The decision process is given attested by product attributes.
- Consumers are being more informative and analytical in Kathmandu city.
- People in Kathmandu can provide less brand loyalty with respect to price devotions.
- Consumers purchase product having uniform use in house than personal use.

## **2.4 Research Gap**

Research gap refers to the gap between previous research and this research. Many research studies have been conducted by the different students, experts and researcher about Advertisement and sales. There is gap between the present research and the previous researchers. The findings of the previous researches were mostly based on primary data but this study is based on primary as well as secondary data. The statistical tools used by most of the researchers were mean and standard deviation but this research includes different tools like standard deviation, correlation analysis, trend analysis and co-efficient of variation as specific tools. Thus, the research study made on "A comparative study on effectiveness of advertisement and sales practices of automobiles in Nepal" will be an effort to analyze on detail about advertisement and sales of the Hyundai and Kia cars in present situation with the help of various related tools and techniques.

## **CHAPTER - III**

### **RESEARCH METHODOLOGY**

It consists of a brief explanation of research design, nature and sources of data, method of data collection and methods of tools used for analyzing data.

#### **3.1 Research Design**

Research design of this study is based on descriptive and analytical method.

#### **3.2 Nature and Sources Data**

For the purpose of this study, data were collected from the primary as well as secondary source. Information and data would be collected through various ways. Questionnaire, interview, observation would be done for primary data and office records, published data, statements and balance sheet would be taken for secondary data. Customers of attitude towards different brands of cars would clearly be reflected in the questionnaire. Purchase behavior shown by potential buyer of car will also reflected in the questionnaire.

#### **3.3 Method of Data Collection**

It indicates the sources of data and how they collected. In this study primary data were collected through interview of companies staff and secondary data were collected through published sources. They were collected from the correspondent offices and their respective websites. The data regarding the profile of sample firm and other related documents were collected from internet websites. Unpublished master's thesis, books, research papers, articles, journals have been collected mainly from Centre Library of Tribhuvan university, library of Post Graduate College and Auto Magazines and newspapers were from concerned authorities.

#### **3.4 Population and Sample**

In Nepal, different brands of vehicles are imported and sold. There are almost 24 brands of vehicles that are sold in Nepalese market (Auto Nepal 2011: 3). The whole brands of vehicles sold in Nepalese market is the population of the study among them, Toyota is the most sold Japanese luxury vehicles, where as Maruti & Tata are most sold middle class vehicles. The entire importer has

provided competitive packages to the customers. They have their own showrooms and service centre in the Kathmandu and in the other cities of the Nepal as well. All the importers sell their vehicles all over the Nepal. Among them, my research will concentrate only on the two brands which is the sample of this study. The sample represents the 8.33% of the population. The samples of the study are as follows. Convenience sample is used

**Table: 3.1**

**Population of the Study**

<b>S. N</b>	<b>Brand</b>	<b>Importer</b>
<b>1.</b>	Hyundai	Laxmi Intercontinental Pvt. Ltd International Pvt. Ltd
<b>2.</b>	KIA	Continental trading Enterprises Pvt. Ltd

### **3.5 Methods of Analysis & Presentation of Data**

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

### **3.6 Tools for Data Analysis**

The main purpose of analyzing the data is to change if from and unprocessed from to an understandable presentation. The analysis of data consists of organizing, tabulation, performing statistical analysis and drawing inferences. The data presented in the following.

#### **3.6.1 Pictorial Presentation**

- Bar Charts
- Pie-Charts
- Graphs

### 3.6.2 Diagrammatic and Graphic Representation of Data

Graphs and diagrams would be used in the thesis which are used for the presentation of statically data in the form of geometrical figures like points, lines, bars, rectangle, circles etc.

### 3.6.3 Statistical Analysis

Statistical tools are used to analyzed the relationship between two or more variables and to find how these variables are related. In this study, following statistical tools are used.

#### a. Arithmetic Mean or Average

The mean or average value is a single value within the range of the data that is used to represent all the values in the series. Since an average is somewhere within the range of the data, it is also called a measure of central value. It is calculated by;

$$\text{Mean } (\bar{X}) = \frac{\sum X}{N}$$

Where,

$\bar{X}$  = Arithmetic Mean

$\sum X$  = Sum of values of all items, and,

N = Number of items

#### b. Standard Deviation

The standard deviation is the measure that is most often used to describe variability in data distributions. It can be thought of as a rough measure of the average amount by which observations deviate on either side of the mean. Denoted by Greek letter's (read as sigma), standard deviation is extremely useful for judging the representatives of the mean. Standard deviation is calculated as;

$$\text{Standard deviation}(\sigma) = \sqrt{\frac{\sum(X-\bar{x})^2}{N}}$$

Where,

$\sigma$	=	Standard deviation
$\sum(X - \bar{x})^2$	=	Sum of squares of the deviations measured from arithmetic average.
N	=	Number of items

### c. Coefficient of Variation(CV)

The coefficient of variation is the ratio of standard deviation to the mean for a given sample used to measure spread. It can also be thought of as the measure of relative risk. The larger the coefficient of variation, the greater the risk relative to the average. Mathematically,

$$Cv = \frac{\sigma}{\bar{X}}$$

Where,

Cv	=	Coefficient of Variation
$\sigma$	=	Standard Deviation
$\bar{X}$	=	Arithmetic Mean

### d. Coefficient of Correlation

Correlation is a statistical tool design to measure the degree of association between two or more variables. In other words if the changes in one variable affects the changes in other variable, then the variables are said to be co-related when it is used to measure the relationship between two variables, then it is called simple correlation. The coefficient of correlation measures the degree of relationship between two sets of figures. Among the various methods of finding out coefficient of correlation, Karl Pearson's method is applied in the study. The result of coefficient of correlation is always lie between +1 and -1. The formula for the calculation of coefficient of correlation between X and Y is given below.

$$r = \frac{\sum x_1 x_2}{\sqrt{\sum x_1^2 \sum x_2^2}}$$

Where,

$r$  = Correlation coefficient

$\sum x_1$  =  $X_1 - \bar{X}_1$

$\sum x_2$  =  $X_2 - \bar{X}_2$

The interpretation of calculated value of correlation coefficient by following way.

- If  $r = 0$ , then there is no correlation between variables.
- If  $r > 0$ , then there is positive correlation between variables.
- If  $r < 0$ , then there is negative relation between variables.
- If  $r = +1$ , then there is perfect positive correlation.
- If  $r = -1$ , then there is perfect negative correlation.

### e. Least Square Linear Trend Analysis

Trend analysis has been a very useful and commonly applied statistical tool to forecast the future events in quantitative terms. On the basis of tendencies in the dependent variables in the past periods, the future trend is predicted. This analysis takes the historical data as the basis of forecasting. This method of forecasting the future trend is based on the assumptions that the past tendencies of the variable are repeated in the future or the past events affect the future events significantly. The future trend is forecasted by using the following formula.

$$Y = a + bx$$

where,

$Y$  = the dependent variable

$a$  =  $Y$  intercept

$b$  = the slope or the rate of change of  $Y$  per unit change in  $t$

t = the independent variable

so, researcher is going to analyze the trend of annual sales unit with the help of this trend value analysis using least square method. Based on past five years and future value of next 5 year is being forecasted.

#### **f. Assessment of the Sample Correlation Coefficient**

For this study, t-test for significance of an observed and sample correlation coefficient is used.

#### **Set up Hypothesis**

Null hypothesis ( $H_0$ );  $\rho = 0$  i.e. There is no correlation between the considered variables.

Alternative Hypothesis ( $H_1$ );  $\rho \neq 0$  i.e. There is significant correlation between the considered variables.

#### **Test statistic under $H_0$ ;**

$$t = \frac{r}{\sqrt{1-r^2}} \times \sqrt{n-2}$$

Where,

r = Sample correlation between two variables

$r^2$  = Sample correlation Coefficient

n = No of Pair of observations

**Level of significance:** Level of significance  $\alpha = 5\%$

**Critical Value:** Tabulated or critical value of t at  $\alpha$  % level of significance for (n - 2) degree of freedom obtain from 't' tables.

**Decision:** If calculated 't' is less then or equal to tabulated value of 't' it falls in the accepted region and the null hypothesis is accepted and if calculated 't' is greater then tabulated 't' null hypothesis is rejected.

## **CHAPTER - IV**

### **PRESENTATION & ANALYSIS OF DATA**

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

#### **4.1 Market of Hyundai Cars**

Hyundai branded cars are manufactured by Hyundai motor company Korea and Hyundai Motor India Ltd. Small passenger cars manufactured by HMIL whereas passenger car, jeep, truck etc are manufactured by HMC. Hyundai vehicles are loaded with advanced engine with glamorous looks and availability of high-tech safety and comfort to the passengers. Hyundai Motor Company Korea and Hyundai Motor India Ltd manufacture different passenger cars and export in different parts of the world. Hyundai Motor India Ltd. Only manufactures "Santro" cars whereas Hyundai Motor Company Korea manufactured various modes. Hyundai brand is good itself in its product.

Laxmi Intercontinental Pvt. Ltd. the sole authorized dealer of Hyundai Motor Company Korea and Hyundai vehicles in Nepal and has its showroom at "Nagpokhari" Kathmandu. Till date more than 3000 Hyundai vehicles are running on the Nepalese road. In Nepal many other competitions are also importing different brands of vehicles. To complete with them and to be present in each and every city of the country Laxmi Intercontinental Pvt. Ltd. has appointed sub-dealers and agent in the different cities of Nepal they are as follows.

**Table: 4.1**  
**Sub-Dealers of Laxmi Intercontinental Pvt. Ltd**

<b>S.N</b>	<b>Name of Sub Dealer</b>	<b>City</b>
1	Royal Car Center	Kathmandu
2	Auto Wheels Pvt. Ltd.	Birjung
3	Drive in	Kathmandu
4	Paras Trading	Janakpur
5	Om International Pvt. Ltd.	Kathmandu
6	Carmart	Kathmandu
7	Naxal Auto	Kathmandu
8	Bijeswori International	Kathmandu
9	Shiva shakti Auto	Kathmandu
10	Mally Auto	Kathmandu
11	Jonchhen Traders	Pokhara
12	Pinnacle Trading Concern	Narayangarh
13	Multimedia Supplier	Nepalgunj
14	Binak Motors	Bhairahawa
15	Nau Durga Motors	Biratnagar
16	Jonchhen Traders	Pokhara
17	Binak Motors	Butwal
18	New Trishakti Interprises	Hetauda
19	Auto Plaza	Damak
20	Auto Plaza	Birtamod

*Source : Office Record of Laxmi Intercontinental Pvt. Ltd.( 2012)*

Thus, it can be sent that the market of Hyundai car is becoming strong. It successfully got the market and enjoying the considerable market in the Nepal especially in the Kathmandu city.

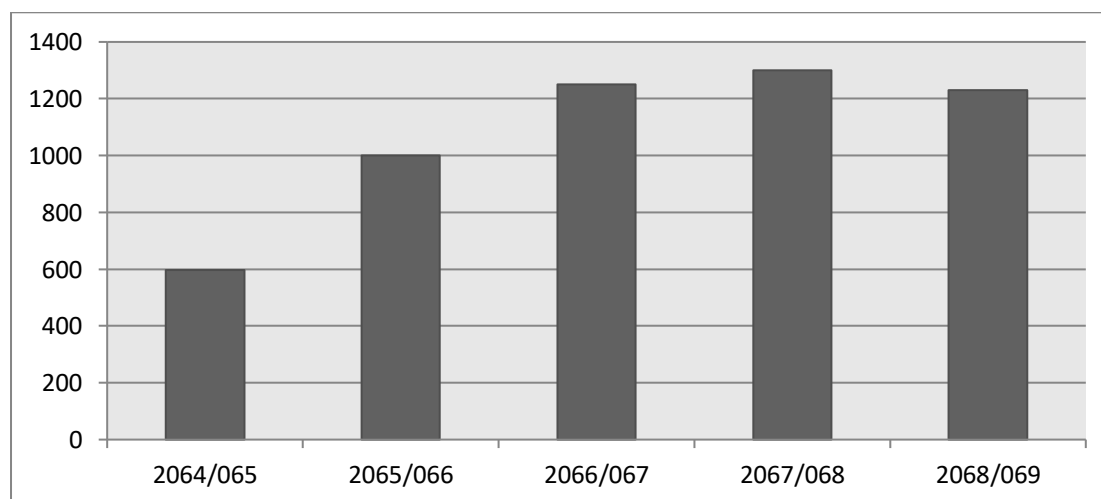
**Table: 4.2**  
**Yearly Sales of Hyundai Vehicles**

<b>Fiscal Year</b>	<b>Vehicles Sales in Rs.</b>	<b>Vehicles Sales in Unit</b>	<b>% Change in Sales</b>
2064/065	14038000	598	-
2065/066	36098000	1001	67.39
2066/067	40870600	1250	24.87
2067/068	60970800	1301	4.08
2068/069	50608090	1230	-5.46
<b>Total</b>	<b>202585490</b>	<b>5380</b>	
<b>Mean</b>		<b>1076</b>	
<b>S.D</b>		<b>291</b>	

*Source : Office Record of Laxmi Intercontinental Pvt. Ltd. (2012)*

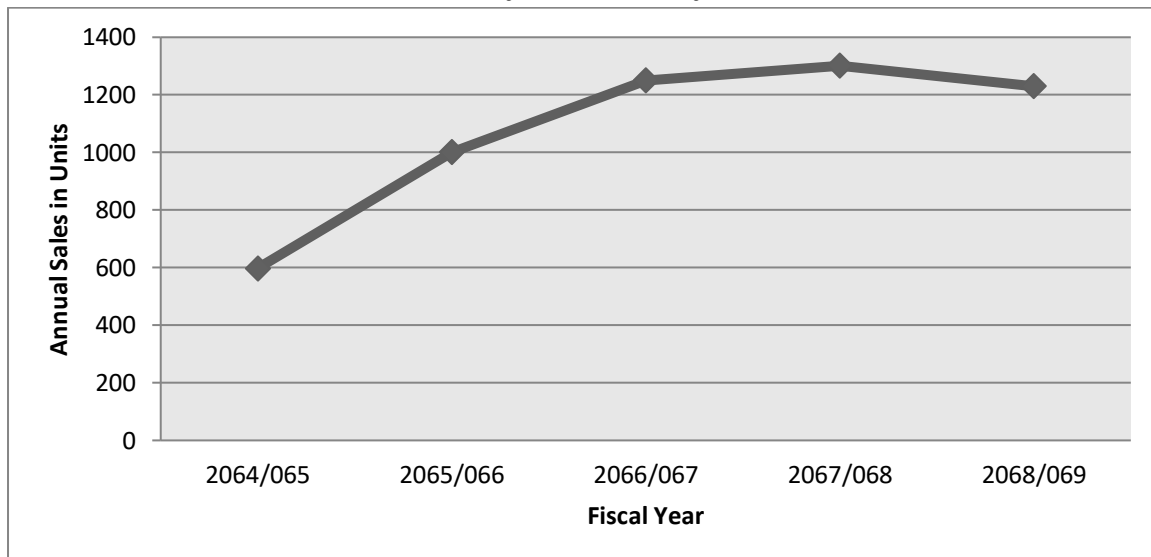
The above Table No. 4.2 show that in the year 2064/065, 786 units of Hyundai vehicles were sold which is very encouraging. The sales went up to 1301 units in the fiscal year 2067/068 but decrease in 1230 units in the fiscal year 2068/069. Hyundai vehicles were a successful brand in the Nepal. The sales trend is further discussed in the figures below.

**Figures: 4.1**  
**Yearly Sales of Hyundai Vehicles**



Above Table No. 4.2 and following figures 4.2 shows that the trend of sales unit of vehicles is in increasing over the study period except the fiscal year 2068/069. In the year 2068/069, the sales decrease by 5.46% than previous year. The average sale per year is 1076 and standard deviation is 291 units.

**Figures: 4.2**  
**Trend of Yearly Sales of Hyundai Vehicles**



## 4.2 Marketing Mix for Hyundai Vehicles

Here, the marketing mix of Hyundai vehicles is studied. The marketing mix or 4ps the Hyundai cars include.

- Product/Hyundai cars
- Price of Hyundai cars.
- Promotion of Hyundai cars.
- Place/distribution of Hyundai car.

### 4.2.1 Product/Hyundai cars

Hyundai is gaining the share of market. Its styles and benefits are tailored according to the Nepalese road. Hyundai is developed to meet the requirement of the Nepalese road. Its technical specification and features are developed to provide every possible comfort and satisfaction to its customers.

#### 4.2.2 Price of the Hyundai Cars

Price of the Hyundai vehicles is competitive in the market. It is thus being able to complete with other brand in the market. The price of Hyundai vehicles are highlighted as under

**Table: 4.3**  
**Price list of Hyundai Motors, Korea.**

S.N	Model	CC	Price(NRS)
1	Hyundai Getz	1400	Rs. 20,50,000
2	Hyundai Santro GSL	1086	Rs. 14,95,000
3	Hyundai Santro GL	1086	Rs. 14,30,000
4	Hyundai i10 Magna	1200	Rs. 17,35,000
5	Hyundai i10 Era	1200	Rs. 16,35,000
6	Hyundai i10 Asta	1200	Rs. 20,50,000
7	Hyundai i10 Dlite	1100	Rs. 15,05,000
8	Hyundai i20 Asta	1200	Rs. 23,95,000
9	Hyundai i20 Magna	1200	Rs. 21,50,000
10	Hyundai Accent	1400	Rs. 26,95,000
11	Hyundai Matrix	1500	Rs.23,50,000
12	Hyundai Tucson	2000	Rs. 34,95,000
13	Hyundai Terracan	3497	Rs. 45,00,000
14	Hyundai Santa Fe	2200	Rs. 50,00,000

Source: [www.pricenepal.com/kia](http://www.pricenepal.com/kia) car (Dec 11, 2012)

The above prices are includes the VAT along with road tax municipality tax, pollution tax and other registration expensive. Customers need not to worry about the ownership transfer and other government official duties. The running fiscal year's tax is paid by the company itself. The price of the cars differs according to the models and options. The fully loaded is more costly than non-option cars.

### **4.2.3 Promotion of the Hyundai Car**

Laxmi international Pvt. Ltd, the sole distributors of Hyundai cars, is pursuing the varieties of the varieties of the promotional programs to attain and retain its customer. Since launching of car, it has brought lots of promotion campaigns. The hard efforts of overall Laxmi international Pvt. Ltd and the promotional schemes applied by it have taken the car in a vary good track of the market. Promotional tools are used after through study of the market and its customers demand. The competitor's activities are equally being studies of fit the markets' need and wants. It is bringing the promotional programs according to the market situation and its trend. Sometimes, it allows normal promotional tools like advertising about the car to inform customers and to make them understand and remind about the product. At times it brings aggressive promotional campaign to achieve the sales and it is proved that target is met.

The Laxmi international Pvt. Ltd has been using the media inform and promote the Hyundai cars in Nepal. It has been making the press releases and giving advertisement in different magazines and the daily news papers of the valley. Here are the sales promotional activities and tool used by Laxmi Intercontinental Pvt. Ltd. To promote and sell the Hyundai vehicles in Nepal.

- Launching and re-launching.
- Attending trade fair/auto shows.
- Discount: cash discount/commission to sub-dealer.
- Exchange facilities/test ride to old car owner and new customers.
- Insurance : Free insurance/partial free insurance
- Service benefit: Extra free servicing / Free accessories.

- Extend warranty
- Extended loan period -10 year financing scheme.
- 0% interest rate for big vehicles
- Low equal monthly installment
- On the spot financing.
- Bumper schemes-financing, accessories, cash discount
- Free Himalayan Hyundai club membership
- Regular advertisement about Hyundai club membership
- Quarterly free service camps
- Title sponsor of golf game

**Table: 4.4**  
**Advertisement & Other Promotional Cost of Hyundai Car**

<b>Year</b>	<b>Advertisement &amp; Other Promotional Cost</b>	<b>% Change</b>
2064/065	6409800	-
2065/066	8209500	28.08
2066/067	8097860	-1.36
2067/068	9087680	12.22
2068/069	7567809	-16.72
Total		39372649
Mean		7874529.8
S.D		984038.35

*Source : Office Record of Laxmi Intercontinental Pvt. Ltd. (2012)*

**Figure: 4.3**  
**Trend of Advertisement & Other Promotional Cost of Hyundai Car**

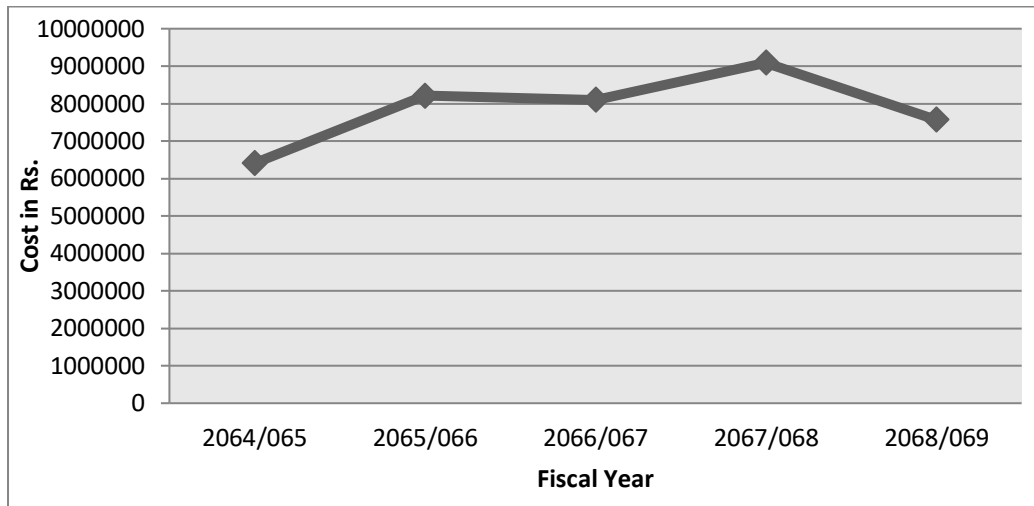


Table 4.4 and figure 4.3 shows that the trend of advertisement & other promotional cost of Hyundai car is in increasing over the study period except the fiscal year 2066/067 & 2068/069. In the year 2066/067 the cost decreases by 1.36% & in the fiscal year 2068/069 the cost decreases by 16.72% than previous year. The average cost is Rs. 7874529.8 and standard deviation is Rs.984038.35.

#### **4.2.4 Place/ Distribution Channels of Hyundai Car**

Laxmi International Pvt. Ltd. is extensively using these tools of marketing mix for the great sales and distribution of Hyundai cars. It has built large channel of distribution. It has development considerably effective networking by appointing dealers, sub-dealers and agent within and out of the Kathmandu valley. Now these types of distribution channels are, within or out of the valley. Thus, the Hyundai cars are running on the road of almost of all main cities of Nepal.

The company knows that the stock and availability of the product make the difference in the demand and the sales of the product. So as the Company launches new product, Hyundai cars Xing and i10, the dealer and the sub-dealer are supplied the car for displays. These sub-dealers and agents are provided certain amount of the commission for each sale of the vehicle. Any customer is offered the same price whether he or she purchases Hyundai car from Laxmi Intercontinental Pvt. Ltd showroom or from the dealers. Generally they buy these dealer buy the second hand car and sale the new Hyundai cars.

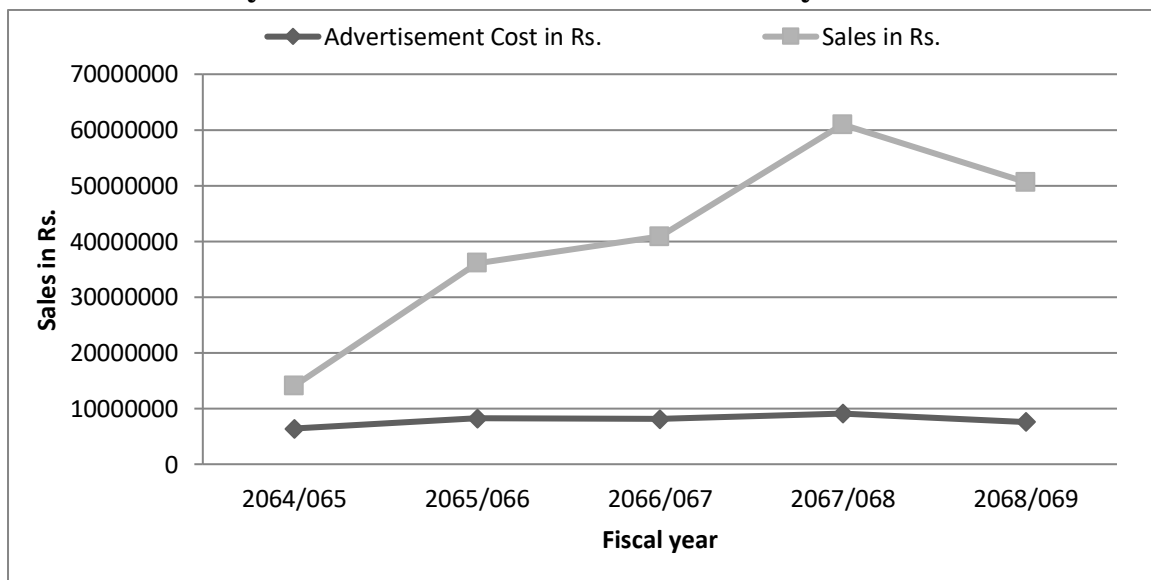
**Table: 4.5**  
**Yearly Advertisement Cost & Sales of Hyundai Vehicles**

<b>Fiscal Year</b>	<b>Advertisement Cost in Rs.</b>	<b>Sales in Rs.</b>
2064/065	6409800	14038000
2065/066	8209500	36098000
2066/067	8097860	40870600
2067/068	9087680	60970800
2068/069	7567809	50608090

*Source : Office Record of Laxmi Intercontinental Pvt. Ltd. 2012*

The above Table No. 4.5 shows that the yearly advertisement cost and sales unit of Hyundai Vehicles. The advertisement cost is increasing trend except the fiscal year 2068/069 and the sales are increasing with advertisement cost. It is shows in the following figure.

**Figure: 4.4**  
**Yearly Advertisement Cost & Sales of Hyundai Vehicles**



### 4.3 Market of KIA Car

Today KIA has truly risen as a major local player and boasts an ever expanding product lineup that are sold through 179 distributors and over 3300 overseas in 155 countries around the world. KIA car is one of the luxurious and economy cars in automobile world. It is equipped with a computerized engine, has elegant looks and is decorated with high interior and safety. KIA cars are generally for middle

class. In Nepal many middle class people are enjoying with KIA brand according to their income capacity and wish. Continental Trading Enterprises PVT. Ltd. Is the sole authorized distributor in Nepal for passenger vehicles manufactured by KIA motors of south Korea. Continental has a showroom in the heart of the city. Since the time of its establishment, the company has always striven for excellence and growth. Continental Trading Enterprises Pvt. Ltd. is gradually expanding its wings in the Nepalese market.

Hyundai brand is direct competitor of KIA brand because they are origin from the same county Korea. It has also appointed some of its sub-dealer. They are as follows.

**Table: 4.6**

**Sub - Dealers of Continental Trading Enterprise Pvt. Ltd.**

<b>S.N</b>	<b>Sub-Dealer</b>	<b>City</b>
1	Sapana Automobiles	Butwal
2	A & B Auto House	Pokhara
4	Ratna Laxmi International P. Ltd	Nepalgunj
5	Auto Market P. Ltd	Biratnagar
6	Bama Motors	Kathmandu
7	Mally Brothers	Kathmandu

*Source: Office Record of Continental Trading Enterprise Pvt. Ltd.(2012)*

KIA car is economy car so most people enjoying with KIA branded car according to their income and wish. Continental Trading is trying to do best in each and every city of Nepal.

**Table: 4.7**

**Yearly Sales of KIA Vehicles**

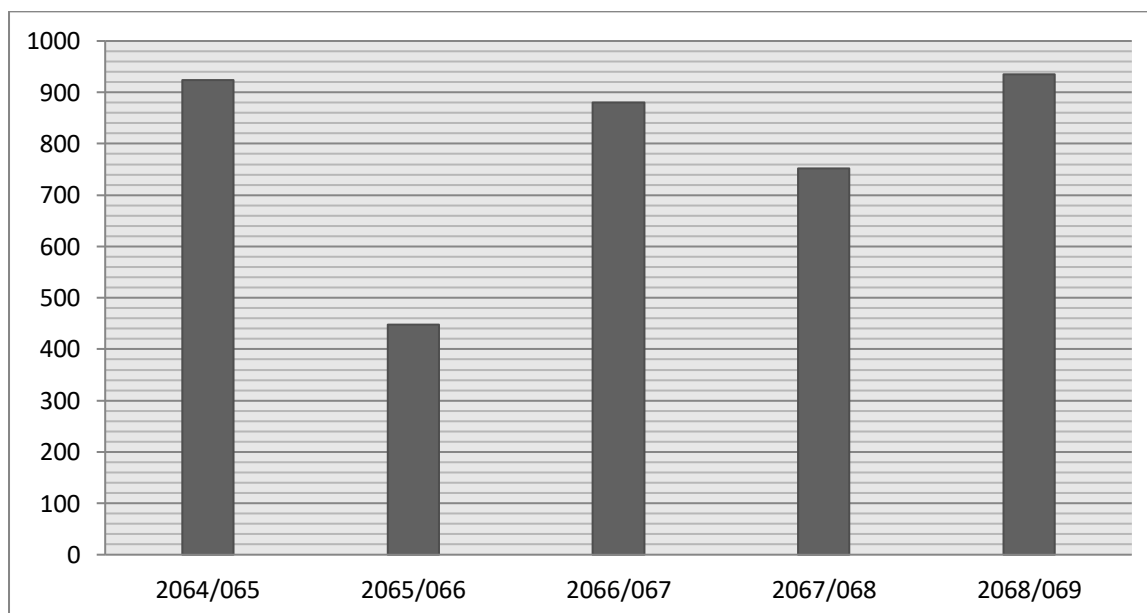
<b>Fiscal Year</b>	<b>Vehicles Sales Amount</b>	<b>Vehicles Sales Unit</b>	<b>% Change in Sales</b>
063/064	38950400	924	-

064/065	19876500	448	-51.51
065/066	39809000	880	96.43
066/067	29080000	752	-14.55
067/068	40020000	935	24.34
Total	158735900		3939
Mean			787.8
S.D			203.39

*Source: Office Record of Continental Trading Enterprise Pvt. Ltd. (2012)*

Table 4.7 shows that in the year 2064/065, 924 units of KIA vehicles were sold which is very encouraging. The sales went up to 935 units in the fiscal year 2067/68 but decrease in 448 units in the fiscal year 2065/066. Hyundai vehicles is a successful brand in the Nepal. The sales trend is further discussed in the figures below.

**Figure: 4.5**  
**Yearly Vehicles Sales Unit**



**Figure: 4.6**  
**Trend of Vehicles Sales Unit**

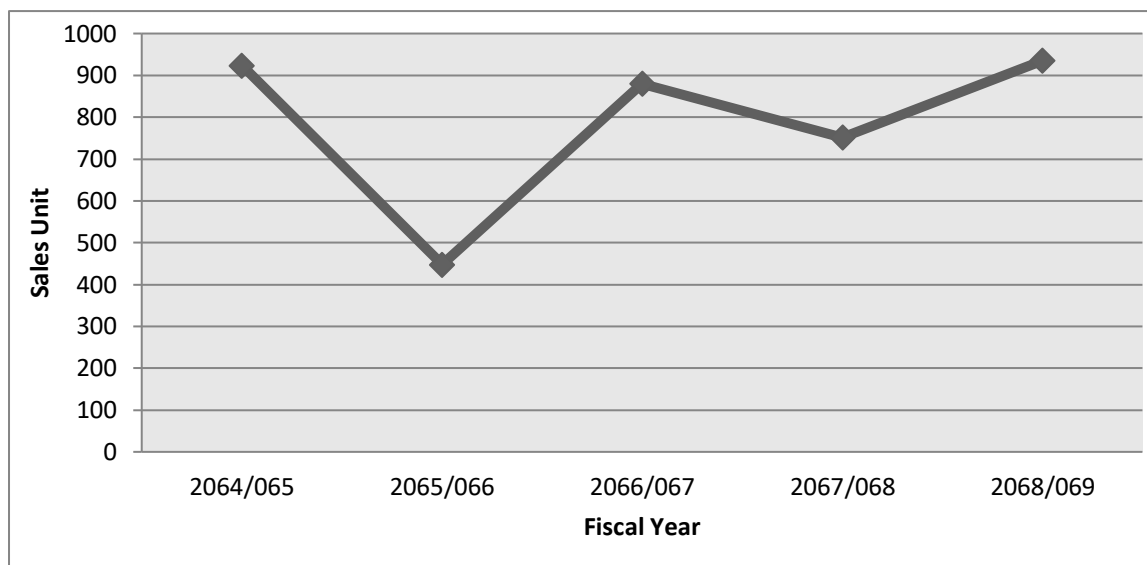


Table 4.7 and figures 4.5 & 4.6 shows that the trend of sales unit of vehicles is in fluctuating over the study period. In the year 2065/066 & 2067/068 the sales decrease by 51.51% & 14.55 than previous year. The average sale per year is 787.8 and standard deviation is 203.39 units.

#### **4.4 Marketing Mix for KIA Vehicles**

Here, the marketing mix of KIA vehicles is studied. The marketing mix or 4ps of the KIA cars includes;

- Product of KIA car
- Price of KIA car
- Promotion of KIA car
- Place / distribution of KIA car

##### **4.4.1 Product/ KIA Cars**

KIA has truly risen as a major global player and boasts an ever expanding product lineup that is sold through 179 distributors and overseas in 155 countries around the world. KIA car is one of the luxurious and economy car in automobile world. It equipped by computerized engine, has elegant looks and decorated by high interior and safeties. KIA cars are generally for middle class.

In Nepal many middle class people are enjoying with KIA brand according to their income capacity and wish.

#### 4.4.2 Price of the KIA Car

Price of the KIA vehicle is comparative in the market. KIA brand and falls in the middle class family. The price of KIA vehicles are highlighted as under.

**Table: 4.8**  
**Price List of KIA Cars**

S.N	Models	CC	Price (NRS)
1	Kia Soul	1600	Rs. 3,899,000
2	Kia Sorento	2200	Rs. 6,999,000
3	Kia Sorento 2.2L Diesel (Automatic Transmission)	2200	Rs. 7,399,000
4	Kia Sportage LX (Manual Transmission), petrol engine	2000	Rs. 4,649,000
5	Kia Sportage EX (Manual Transmission), Diesel Engine	2000	Rs. 5,649,000
6	Kia Sportage EX (Automatic Transmission), Petrol Engine	2000	Rs. 5,499,000
7	Kia Sportage Dsl (Automatic Transmission), Diesel Engine	2000	Rs. 6,149,000
8	Kia All New Picanto 1.2L Semi Option		Rs. 2,049,000
9	Kia All New Picanto 1.2L EX Full Option		Rs. 2,199,000
10	Kia All New Picanto 1.2L EX with ABS and Airbags		Rs. 2,499,000
11	Kia Soul	1600	Rs. 3,899,000
12	Kia Sorento (Diesel) Manual Transmission	2200	Rs. 6,999,000
13	Kia Sorento 2.2L (Automatic Transmission), Diesel	2200	Rs. 7,399,000
13	Kia Sportage LX (Manual Transmission), petrol engine	2000	Rs. 4,649,000
14	Kia Sportage EX (Manual Transmission), Diesel Engine	2000	Rs. 5,649,000
15	Kia Sportage EX (Automatic Transmission), Petrol Engine	2000	Rs.5,499,000

16	Kia Sportage Dsl (Automatic Transmission), Diesel Engine	2000	Rs. 6,149,000
17	Kia All New Picanto 1.2L Semi Option		Rs. 2,049,000
18	Kia All New Picanto 1.2L EX Full Option		Rs. 2,199,000
19	Kia All New Picanto 1.2L EX with ABS and Airbags		Rs. 2,499,000

Source: [www.pricenepal.com/kia-car](http://www.pricenepal.com/kia-car) (Dec 11, 2012)

#### 4.4.3 Promotion of KIA Cars

Continental Trading Pvt. Ltd. the sole authorized agent of KIA cars in Nepal is issuing various promotional in the market to attract the customers. It is providing finance schemes, free insurance schemes, free servicing schemes, test ride, mobile service etc. Continental Trading Enterprises Pvt. Ltd. Attends show and also exhibits its car in different fairs and festivals. Here are the sales promotional activities and tool used Continental Trading Enterprises Pvt. Ltd. to promote and sell the KIA cars in Nepal.

- Attending trade fair/ auto show.
- Advertise in Radio and TV.
- Mobile Kia service
- Discount: cash, commission agents
- Exchange facilities
- Test ride
- Insurance: free insurance, partial free insurance
- Service benefit
- Installment loan period up to 10 years.

**Table: 4.9**  
**Advertisement & Other Promotional Cost of KIA Car**

Year	Advertisement & Other Promotional Cost	% Change
2064/065	Rs. 5465400	-
2065/066	Rs. 7856780	43.75

2066/067	Rs. 9809870	24.86
2067/068	Rs.7898906	-1.95
2068/069	Rs.9238075	16.95
Total	Rs. 40269031	
Mean	Rs. 8053806.2	
S.D	Rs. 1676969.94	

Source: Office Record of Continental Trading Enterprise Pvt. Ltd. (2012)

**Figure: 4.7**  
**Trend of Advertisement & Other Promotional Cost of KIA Car**

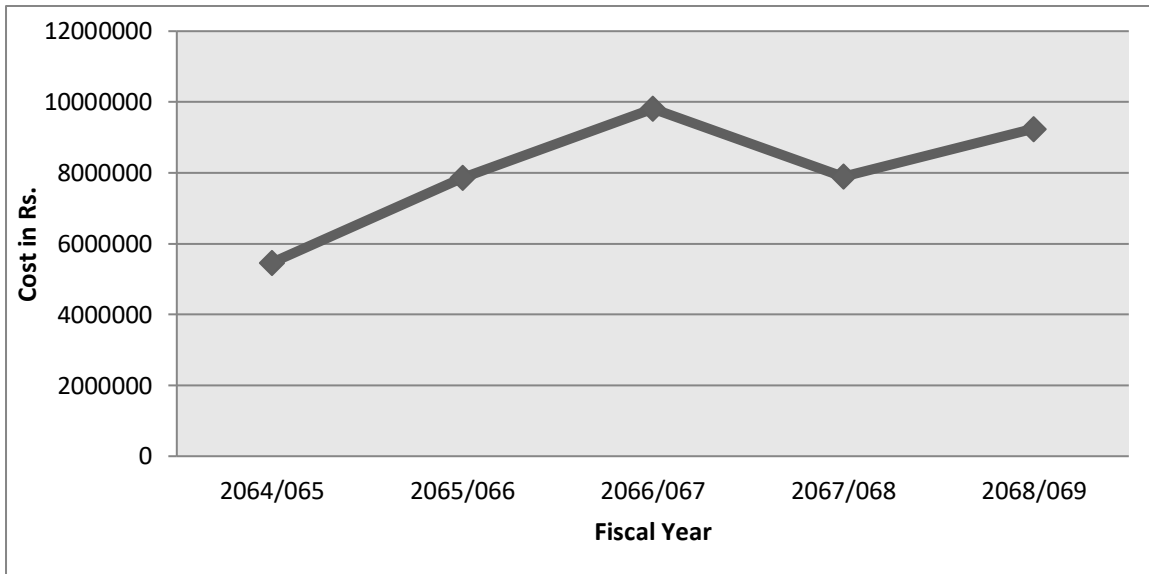


Table 4.9 and figure 4.7 shows that the trend of advertisement & other promotional cost of KIA car is in increasing `g over the study period except the fiscal year 2067/068. In the year 2067/068, the cost decreases by 1.95% than previous year. The average cost is Rs. 8053806.2 and standard deviation is Rs. 1676969.94.

#### 4.4.4 Place/Distribution Channel of KIA Cars

Continental Trading Enterprise Pvt. Ltd. Has built a strong distribution network through the country for the sale of KIA cars. It has appointed more sub-dealers and agents throughout the country for the effect distribution of cars,

besides, for the quality customer service well equipped service centre is available in Kathmandu valley and each dealer and sub-dealer authorized for the servicing of KIA cars.

#### **4.5 Brand Image/Brand Loyalty**

The customer are brand conscious. They know what they are consuming and using. With the branded product they feel great satisfaction. Customers are paying money for the brand, and then product and service. To attain and retain the customer for any product and service, their favorable brand image must be developed and established. Initially, it may be hard to gain the brand image, but once it gained it will upgrade the market for itself.

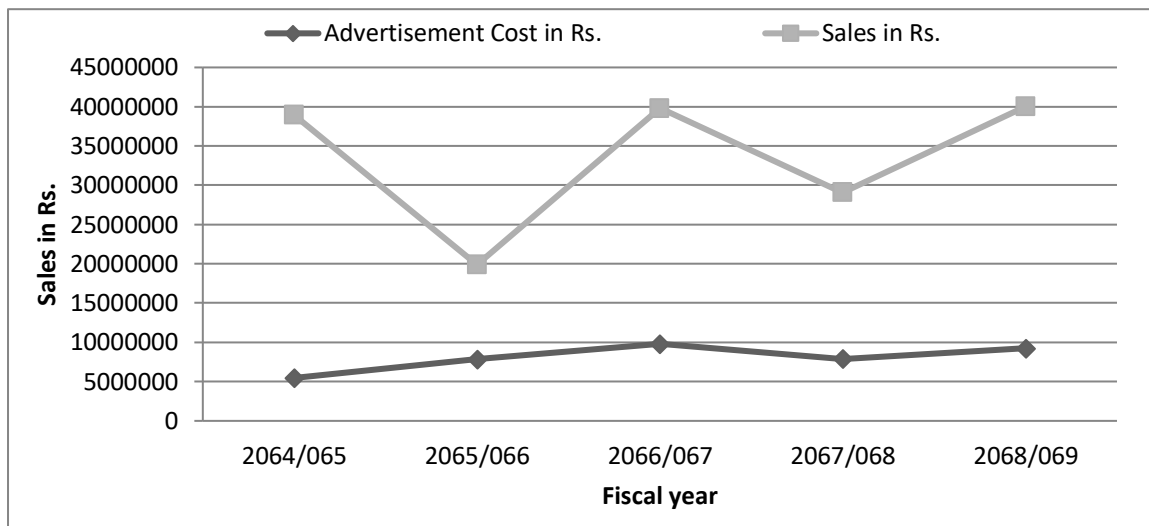
Customers of the automobile are also highly conscious about the product brand. They want to enjoy the brand name of the product along the products benefits and features. Hyundai and KIA are well known and established brand names in the automobile market. They are highly honored in the automobiles business world. These brands are generally known for the comfort, safety and durability.

**Table: 4.10**  
**Yearly Advertisement Cost & Sales of Kia Vehicles**

<b>Fiscal Year</b>	<b>Advertisement Cost in Rs.</b>	<b>Sales in Rs.</b>
2064/065	5465400	38950400
2065/066	7856780	19876500
2066/067	9809870	39809000
2067/068	7898906	29080000
2068/069	9238075	40020000

*Source : Office Record of Laxmi Intercontinental Pvt. Ltd.( 2012)*

**Figure: 4.8**  
**Yearly Advertisement Cost & Sales of Hyundai Vehicles**



The above Table No. 4.10 & figure 4.8 shows that the yearly advertisement cost and sales amount of Kia Vehicles. The advertisement cost is increasing trend except the fiscal year 2067/068 and the sales are fluctuating each year. In the fiscal year 2063/064, the sales amount is Rs. 38950400 & it is decreasing in the fiscal year 2046/065 of Rs. 19876500 after that it is increasing in the fiscal year 2066/067 up to Rs. 39809000.

#### **4.6 Comparative Study of Hyundai & KIA Car**

The Hyundai and KIA are two different brand names in the automobiles world. They have different brand image in the world market. Both brands are from the same country Korea so they are the direct competitor. Hyundai and KIA are in the fifth position in the worldwide sales in 2011 AD. On 2011 AD, 4.23 millions vehicles are sold by Hyundai and KIA Company. So they ranked as 5 position. Hyundai cars are best known for its style, comfort and high-tech engine. Hundai cars have affordable price and could be afford by the person with income. On the other hand KIA also one of the renowned brand in Nepalese market for style and economic price.

#### 4.6.1 Comparative Analysis of Sales

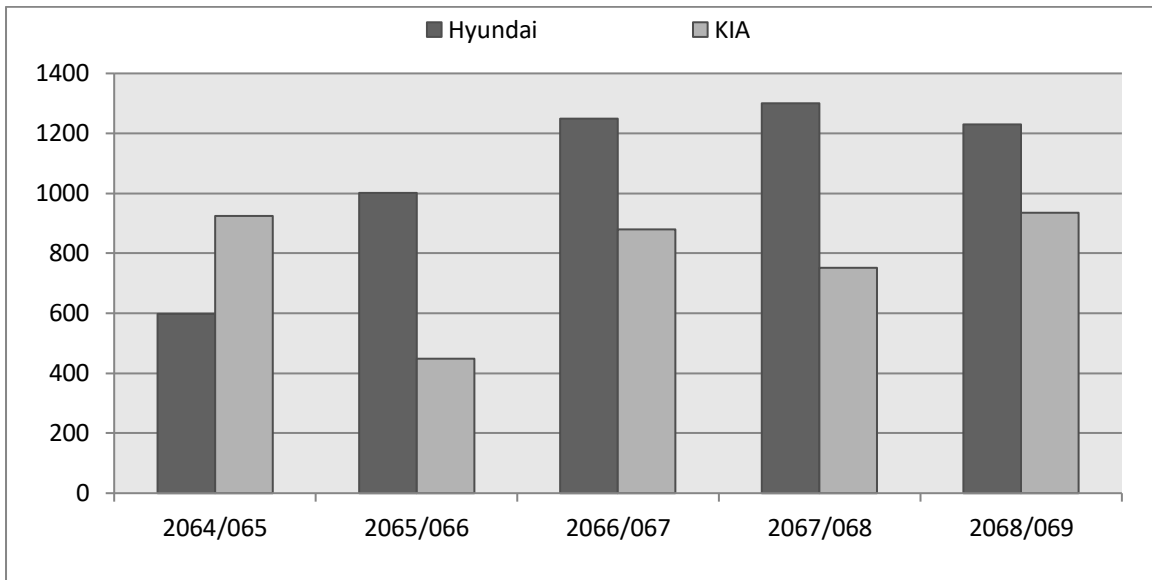
**Table: 4.11**  
**Yearly Sales unit of Hyundai & KIA Car**

<b>Year</b>	<b>Hyundai</b>	<b>KIA</b>
2064/065	598	924
2065/066	1001	448
2066/067	1250	880
2067/068	1301	752
2068/069	1230	935
<b>Average</b>	<b>1076</b>	<b>787.8</b>
<b>S.D</b>	<b>291</b>	<b>203.39</b>
<b>C.V</b>	<b>27.04%</b>	<b>25.82%</b>

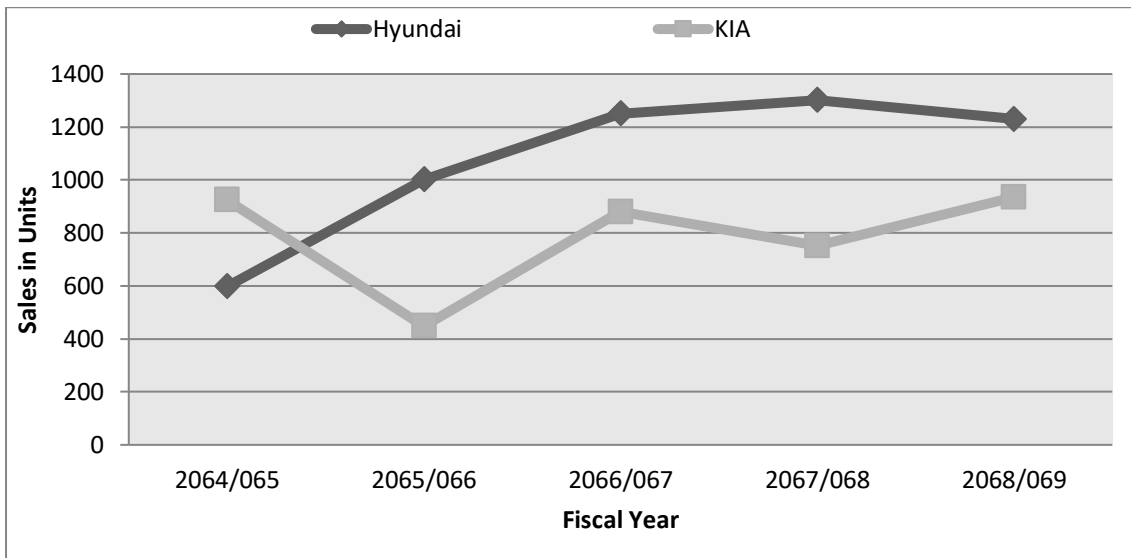
*Source: Office Record of Laxmi Intercontinental and Continental Trading Enterprise Pvt. Ltd. 2012 (Appendix II & III)*

Comparing to KIA with the average sales of 787.8 units the Hyundai is better with the average unit of 1076 units. The Standard Deviations of KIA and Hyundai are 203.39 and 291 units respectively, it means KIA has more variability in yearly sales compare to Hyundai. The CV of yearly sales of Hyundai and KIA is 27.04% and 25.82% respectively which indicate that KIA is less variable than Hyundai. KIA is more consistent or less variable than Hyundai. It is shows in the following figures.

**Figure: 4.9**  
**Yearly Sales unit of Hyundai & KIA Car**



**Figure: 4.10**  
**Trend of Yearly Sales unit of Hyundai & KIA Car**



#### 4.6.2 Comparative Analysis Advertisement and Other Promotional Cost

**Table: 4.12**

##### Yearly Advertisement and Other Promotional Cost of Hyundai & KIA Car

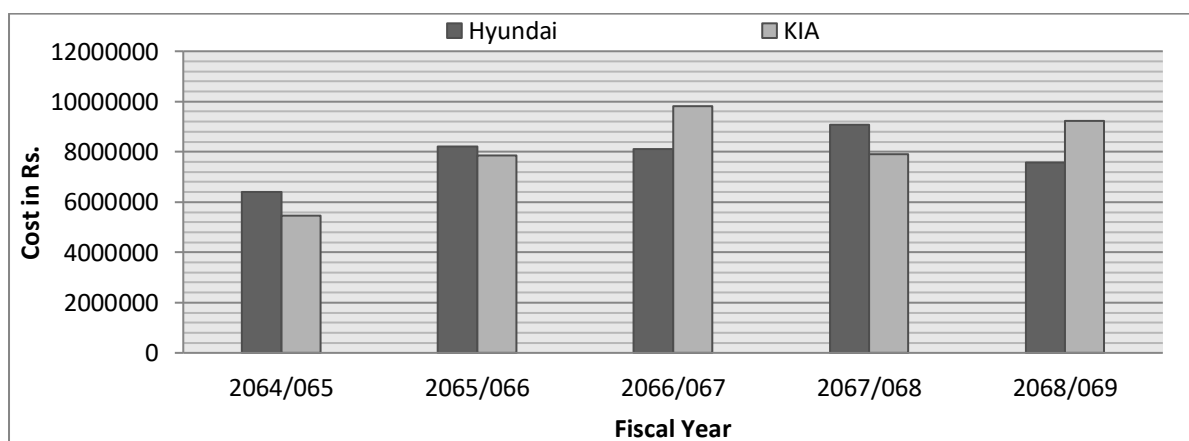
Year	Hyundai	KIA
2064/065	Rs. 6409800	Rs. 5465400
2065/066	Rs. 8209500	Rs. 7856780
2066/067	Rs. 8097860	Rs. 9809870
2067/068	Rs. 9087680	Rs.7898906
2068/069	Rs. 7567809	Rs.9238075
Average	Rs. 7874529.8	Rs. 8053806.2
S.D	Rs. 984038.35	Rs. 1676969.94
C.V	12.50	20.82

*Source: Office Record of Laxmi Intercontinental and Continental Trading Enterprise Pvt. Ltd. 2012 and Appendix II & III*

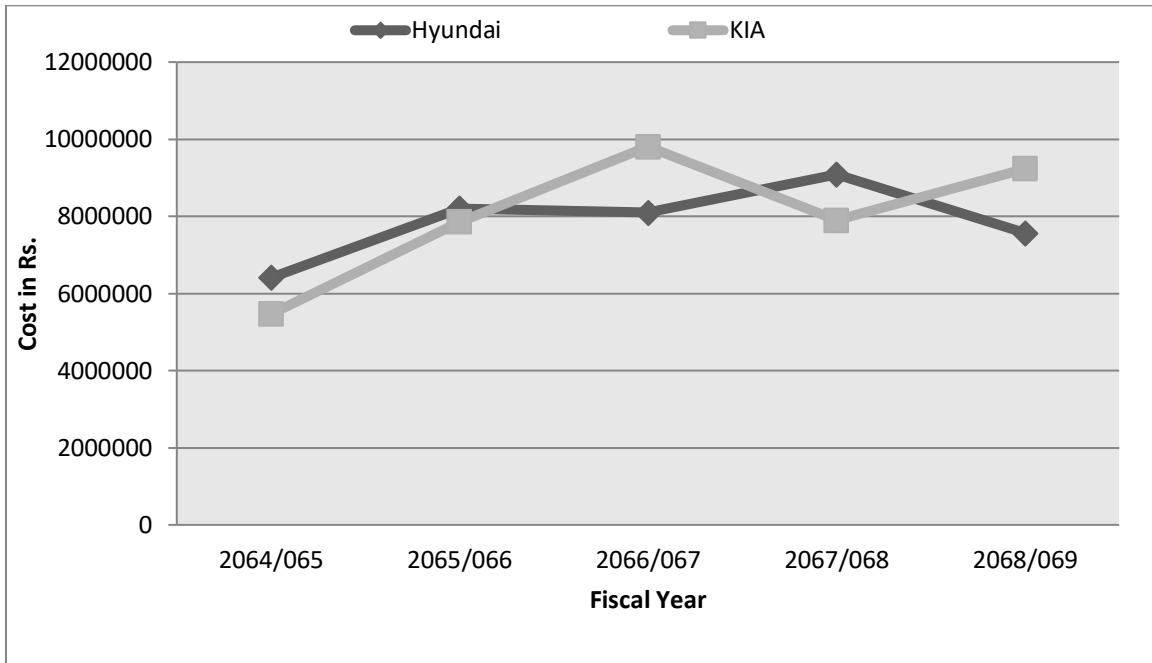
Comparing to KIA with the average cost of Rs. 8053806.2 the Hyundai has less cost with the average Rs. 7874529.8. The Standard Deviations of KIA and Hyundai are Rs. 1676969.94 and Rs. 984038.35 respectively, it means KIA has more variability in yearly cost compare to Hyundai. The CV of yearly cost of Hyundai and KIA is 12.50% and 20.82% respectively which indicate that KIA is less more than Hyundai. KIA is less consistent or more variable than Hyundai. It is shows in the following figures.

**Figure: 4.11**

##### Yearly Advertisement & Other Promotional Cost of Hyundai & KIA Car



**Figure: 4.12**  
**Trend of Yearly Advertisement & Other Promotional Cost of Hyundai & KIA**



#### **4.7 Total Market Share of Hyundai and KIA Vehicles in Nepal**

There are many brands in the Nepalese market along with Chinese's brand. Different brands are struggling to be success in Nepalese market. Each brand is different to each other according to their technology, Luxury, safety, and price and brand loyalty. Each brand has its customers. Maruti has family customer, Mahendra has a professional person such as construction company, Driving professional etc. The share of Hyundai and KIA brands in the Nepalese is discussed as under.

**Table: 4.13**  
**Total Market Shares of Hyundai and KIA Vehicles in Nepal**

S.N	Brand Name	Market Share
1	KIA	16.7%
2	Hyundai	17.85%
3	Maruti	32.00%
4	Tata	16.58%
5	Mercedes Benz	0.05%
6	Mahindra	2.00%
7	Mitsubishi	0.05%
8	Chevrolet	1.00%
9	Ford	0.05%
10	Toyota	1.00%
11	Proton	0.05%
12	Force	0.05%
13	Nissan	1.50%
14	Honda	0.70%
15	Opal	0.05%
16	Perodua	0.05%
17	BMW	0.16%
18	Gelly	0.05%
19	Other brand	11.44%

*Source: Auto Bazar (2012, Dec, P.3)*

From the Table 4.13 it is clear that the Maruti brand has the largest market share in the Nepalese market because no of Maruti brand is used as Taxi and cargo van. Another second brand is Tata which is used in private car and used as public car as micro bus, Bus, Truck etc. The third brand is Hyundai which is used in private car and used as public car as micro bus, But KIA is fourth position in Nepalese market. This brand is used in private sector and somewhere

it is used as taxi such as Pokhara and other city. The Further discussed in the figures below.

**Table: 4.13**  
**Chart of Market Shares of Major Vehicles in Nepal**

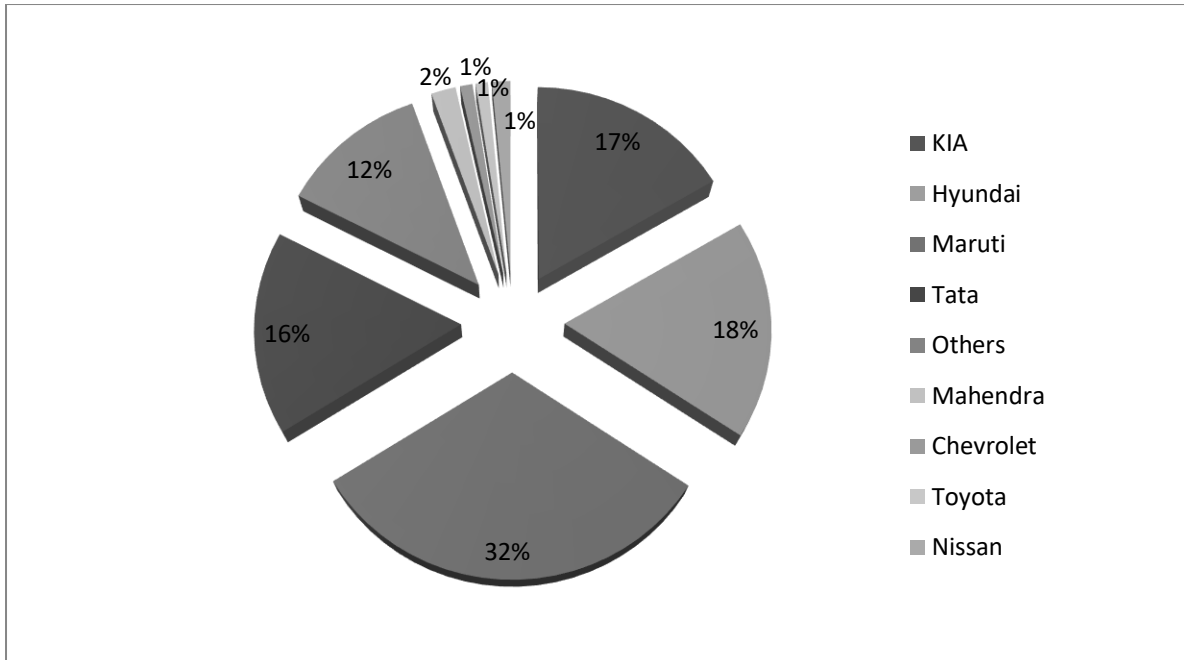


Figure 4.13 directly showing that Maruti, Tata, Hyundai and KIA are top four brand of Nepalese market. These brands are doing many competitive work and bringing very effective scheme to customer to attract on own brands. Most of the sports event are sponsoring by these brand in the globally. KIA and Hyundai is direct competitor for each other because they are from the same country Korea and they have to same market so it is very difficult to work from them to over take but in these days KIA has over took to Hyundai in the context of the Nepalese market. Mercedes Benz, BMW, Lamer Zen are most expensive brand for the Nepalese market so it is unsuitable comparison with Hyundai Santro, i10 and KIA Picanto. To go with Hyundai and KIA, Mercedes Benz, BMW, King Royals need to start produce new economic class vehicles.

#### 4.8 Correlation Analysis

To find out the correlation between two variables, Karl Pearson's co-efficient of correlation is determined. Karl Pearson's co-efficient of correlation is the most commonly used measure of the relationship between two or more two variable. The value of co-efficient of correlation denoted by  $r$  and it always lies between

+1 and -1. +1 indicate that there is perfectly positively correlated and -1 indicate perfectly negative correlated.

One of the very convenient and useful way of interpreting the value of coefficient of correlation( $r$ ) between the two variables is coefficient of determination, which is denoted by  $r^2$ . It explains the total variation in dependent variable is explained by independent variable.

The significant of coefficient of correlation ( $r$ ) is tested with the help of probable error of  $r$  (i.e. P.E). If coefficient of correlation  $r$  is less than probable error P.E., it is insignificant. So, perhaps there is no evidence of correlation. If coefficient of correlation  $r$  is greater than six times of probable error P.E.( $r$ ), it is significant.

#### 4.8.1 Relationship between Advertisement Cost & Yearly Sales Unit

Coefficient of correlation measures the degree of relationship between two variables, sales unit & advertisement cost. Advertisement cost is independent variable( $X_1$ ). and total sales unit is dependent variable ( $X_2$ ). The purpose of computing is to find out the relationship between sales unit & advertisement cost and advertisement cost affect or does not affect the total sales.

**Table: 4.14**  
**Correlation between Advertisement Cost & Yearly Sales Unit**

Factors	Banks	
	Hyundai	KIA
<b>r</b>	0.82	0.0412
<b>r<sup>2</sup></b>	0.672	0.0017
<b>P.E.</b>	0.0986	0.3006
<b>6 P.E.</b>	0.5918	1.8036
<b>Remarks</b>	Significant	insignificant
<b>Relationship</b>	High Degree of Positive Correlation	Low Degree of Positive Correlation

*Source: Survey 2012 (Appendix II & III)*

Table 4.14 describes the relationship between advertisement cost & yearly sales unit during the period study of Hyundai & KIA car. The coefficient of correlation (r) between advertisement cost & yearly sales unit is 0.82 & 0.0412. This figure shows the positive association between advertisement cost & yearly sales unit. It means advertisement cost & sales unit both move towards same direction.

The coefficient of determination ( $r^2$ ) is 0.672 & 0.0017 it shows that 67.2% of Hyundai and 0.17% of KIA variation in the dependent variable (i.e. sales unit) has been explained by the independent variable (i.e. advertisement cost).

The value of P.E is 0.0986 & 0.3006 of Hyundai and KIA and 6 P.E is 0.5918 & 1.8036 respectively. The value of correlation coefficient (r) is greater than six times of probable error 6.P.E of Hyundai. Therefore true value of 'r' is significant. Similarly, the value of correlation coefficient (r) is less than six times of probable error 6.P.E of KIA. Therefore true value of 'r' is insignificant.

#### **4.9 Least Square Linear Trend Analysis**

Trend analysis has been a very useful and commonly applied statistical tool to forecast the future events in quantitative terms. On the basis of tendencies in the dependent variables in the past periods, the future trend is predicted. This analysis takes the historical data as the basis of forecasting. This method of forecasting the future trend is based on the assumptions that the past tendencies of the variable are repeated in the future or the past events affect the future events significantly The future trend is forecasted by using the following formula.

$$Y = a + bx$$

where,

Y = the dependent variable

a = the origin i. e. arithmetic mean

b = the slope coefficient i. e. rate of change

X= the independent variable

#### 4.9.1 Trend Analysis of Sales Unit

Under this topic, an effort has been made to calculate the trend value of Sales Unit with comparatively under five years study period and project the trend for next five years. The following table describes the trend values of sales unit of sampled firms for five years.

**Table: 4.15**  
**Comparative Trend Analysis of Sales Unit**

Fiscal Year	Banks	
	Hyundai	KIA
2069/070	1545	886
2070/071	1702	918
2071/072	1858	951
2072/073	2014	983
2073/074	2171	1016
Mean (a)	1076	787.8
Rate of Change (b)	156.4	32.6
Trend Equation(Y)	<b>Y = 1076 + 156X</b>	<b>Y = 787.8 + 33X</b>

*Source: (Appendix IV)*

**Figure: 4.14**  
**Trend Line of Sales Unit of Hyundai & KIA Car**

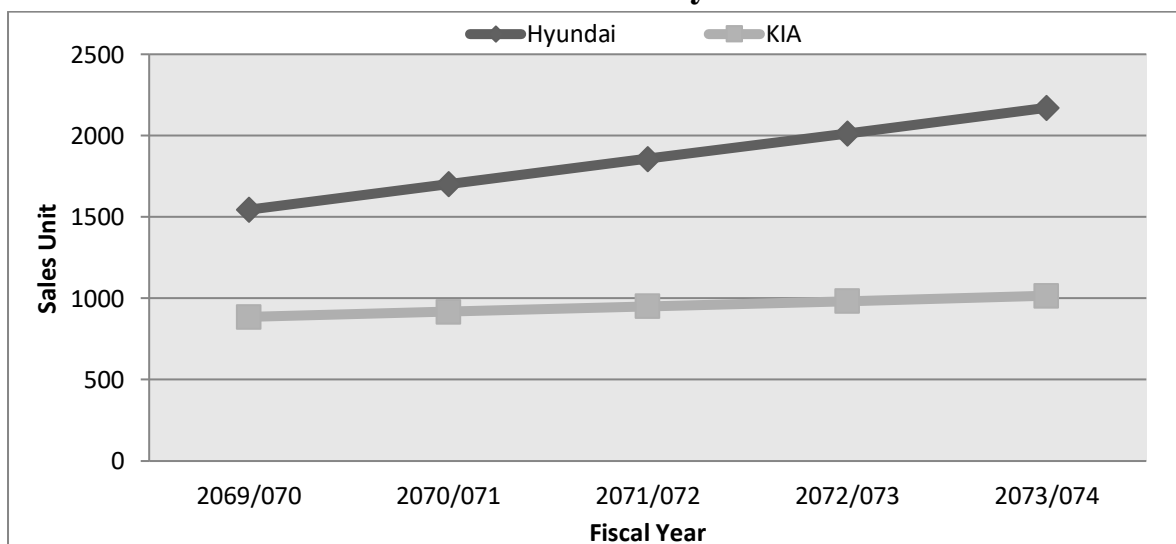


Table 4.15 and figure 4.14 shows that the trend line of Sales Unit is in increasing trend in both sampled firms. Y' has shown the trend value of total sales unit. Since, the calculated value of 'b' is positive; it is found that the firm's sales unit is increasing with time. Comparatively the slope of equation of Hyundai is high and its trend line is sloping upward rapidly and follow by KIA. If other things remaining the same, it shows that the sales unit increasing by 156 & 23 units every year of Hyundai and KIA respectively.

#### **4.10 Analysis of Primary Data**

##### **4.10.1 Feature and Factors Related**

###### **1. Who influenced car buying decision?**

It could be interpreted that the car buyers in Nepal are influenced by their family, friends and relatives shows that the car buyer are more influenced by societal influence. The customer's his own influence has received third place in sales forces option.

###### **2. What factor influenced car buying decision?**

It could be interpreted that the factors that influence car buyer Nepal brand name, easy, financing scheme, social pressure, after sales service and fuel efficacy.

###### **3. What features of car influence car buying decision?**

The important features that influence car buyer in Nepal are performance, exterior appearance, fuel efficiency, EMI scheme and buyback grantee.

###### **4. Which media affect car buying decision?**

It could be interpreted that the important media that influence car buying in Nepal are television, newspaper, auto show and personal sales forces.

## **5. Which cars are most used in Nepal?**

In Nepal, most of the vehicles are the economic classes. Their prices are less and fuel efficiency is more than other car. In average they are 800-1300 cc such as KIA Picacto, Hyundai Santro, Hyundai i10 etc.

### **4.10.2 Market Segmentation Related**

#### **1. Who are the buyer?**

According to personal interview they are mostly business personal and their business are goods importer/supplier, professor, doctor, engineer and pilot. Majority of buyer are 30- 35 years of age.

#### **2. What are their educations and Income levels?**

Majority of buyer are educated. Majority of buyer are from family having monthly household income more than Rs.25000. Most of the buying process takes place with bank and finance companies financing.

### **4.10.3 Buying Process Related**

#### **3. What is the process of vehicles buying of customers?**

According to sales executive, most of customers are come to showroom. They asked about the vehicles. About 20-60 minutes takes to inquiry the product and finally they say we will call you later. After 2days or more days they will come and give order.

#### **4. What percent of customers go to for test drive of the vehicles before buying?**

5. According sales executives, the most of the customers do go for the test drive of car before buying mostly male customers.

#### **6. When do customers buy a car? Are promotional activities during occasion attractive?**

Some customers buy car in special occasion such as greatest festival Dashain, Tihar in Nepal so authorized dealers used to do some festival

discount offer and gift voucher for promotion. At the mean time dealer also used to auto show, vehicles rally on these occasions.

#### **4.10.4 Brand Awareness Related**

##### **1. Satisfaction from Present Car?**

The car owner's in Nepal seems to be satisfied from their car. Small but significant portion of car owners are satisfied from their car such as Hyundai Santro, KIA Picanto.

##### **2. Financial Institute is used for Vehicle Financing?**

Most of vehicles are financed by the A grade commercial bank such as Everest Bank Ltd, Nabil Bank Ltd., Laxmi Bank Ltd. NIC Bank Ltd. But the development bank and C grade finance company, co-operative bank are also engaged to financing the commercial vehicles and luxurious vehicles. Mostly vehicles loan interest rate is 9% to 13%. They negotiate according to vehicles type and customer.

#### **4.10.5 Road Condition**

Most of roads are pitched they are now 4 lane but the government going to start to build the 6 lane high way road around the kathmandu valley. Not only the most of the high ways are good but they are narrow in turnings. So the Nepal's roads are suitable for only small vehicles.

#### **4.10.6 Marketing Strategies of KIA and Hyundai Company**

Laxmi intercontinental and Continental international Trading Pvt. Ltd. is getting aggressive to push the Hyundai and KIA cars in the market. It is adapting every possible and available promotional tool to sell its product in the market. Those schemes are also working to help the product. It wants to have the challenger attitude not the leader the market. The two companies believe that technologically advanced product and the strong brand appeal are pulling the feet of customers toward showroom. To capture the greater market share the companies is expanding its sub-dealers and personal sell agent. Not only that they also importing the most wanted vehicles such as Hyundai Santro, i10, KIA Sportage, Picanto. These cars and micro buses are demanded more than stock. To capture more its market, both companies are regularly doing social work

such as blood donation, sport event and exchanging facility, mobile service etc. They always trying to launch new model and new technology such as I10 is new model of Hyundai brand and Sportage is new brand of KIA.

#### **4.11 Major Findings**

The followings are the major findings of the study.

- The market of Hyundai car is becoming strong. It successfully got the market and enjoying the considerable market in the Nepal especially in the Kathmandu city.
- Hyundai vehicles is a successful brand in the Nepal. In the year 2064/065, 786 units of Hyundai vehicles were sold which is very encouraging. The sales went up to 1301 units in the fiscal year 2066/67 but decrease in 1230 units in the fiscal year 2068/069.
- Price of the Hyundai vehicles is competitive in the market. It is thus being able to complete with other brand in the market.
- The Laxmi international Pvt. Ltd has been using the media inform and promote the Hyundai cars in Nepal. It has been making the press releases and giving advertisement in different magazines and the daily news papers of the valley.
- The trend of advertisement & other promotional cost of Hyundai car is in increasing over the study period except the fiscal year 2066/067 & 2068/069. In the year 2066/067 the cost decreases by 1.36% & in the fiscal year 2068/069 the cost decreases by 16.72% than previous year.
- KIA car is one of the luxurious and economy cars in automobile world. It equipped by computerized engine, has elegant looks and decorated by high interior and safety. KIA cars are generally for middle class. Continental Trading is trying to do best in each and every city of Nepal.

- In the year 2064/065, 924 units of KIA vehicles were sold which is very encouraging. The sales went up to 935 units in the fiscal year 2067/68 but decrease in 448 units in the fiscal year 2065/066. Hyundai vehicles is a successful brand in the Nepal.
- Price of the KIA vehicle is comparatively high than Hyundai in the market. KIA brand falls in the middle and High class family.
- Continental Trading Pvt. Ltd. the sole authorized agent of KIA cars in Nepal is issuing various promotional in the market to attract the customers. It is providing finance schemes, free insurance schemes, free servicing schemes, test ride, mobile service etc.
- The trend of advertisement & other promotional cost of KIA car is in increasing over the study period except the fiscal year 2067/068. In the year 2067/068 the cost decreases by 1.95% than previous year. The average cost is Rs. 8053806.2 and standard deviation is Rs. 1676969.94.
- Comparing to KIA with the average sales of 787.8 units the Hyundai is better with the average unit of 1076 units. The Standard Deviations of KIA and Hyundai are 203.39 and 291 units respectively. The CV of yearly sales of Hyundai and KIA is 27.04% and 25.82% respectively.
- Comparing to KIA with the average cost of Rs. 8053806.2 the Hyundai has less cost with the average Rs. 7874529.8. The Standard Deviations of KIA and Hyundai are Rs. 1676969.94 and Rs. 984038.35 respectively. The CV of yearly cost of Hyundai and KIA is 12.50% and 20.82% respectively which indicate that KIA is more variable than Hyundai.
- Maruti brand has the largest market share in the Nepalese market because no of Maruti brand is used as Taxi and cargo van. Another second brand

is Tata which is used in private car and used as public car as micro bus, Bus, Truck etc. The third brand is Hyundai which is used in private car and used as public car as micro bus, But KIA is fourth position in Nepalese market.

- The coefficient of correlation ( $r$ ) between advertisement cost & yearly sales unit is 0.82 & 0.0412 of Hyundai & KIA. This figure shows the positive association between advertisement cost & yearly sales unit of both Companies.
- The coefficient of determination ( $r^2$ ) is 0.672 & 0.0017 it shows that 67.2% of Hyundai and 0.17% of KIA variation in the dependent variable (i.e. sales unit) has been explained by the independent variable (i.e. advertisement cost).
- The value of P.E is 0.0986 & 0.3006 of Hyundai and KIA and 6 P.E is 0.5918 & 1.8036 respectively. The value of correlation coefficient ( $r$ ) is greater than six times of probable error 6.P.E of Hyundai. Therefore, true value of 'r' is significant. Similarly, the value of correlation coefficient ( $r$ ) is less than six times of probable error 6.P.E of KIA. Therefore, true value of 'r' is insignificant.
- The trend line of Sales Unit is in increasing trend in both sampled firms, calculated value of 'b' is positive; it is found that the firm's sales unit is increasing with time.
- Comparatively the slope of equation of Hyundai is high and its trend line is sloping upward rapidly and follow by KIA. If other things remaining the same, it shows that the sales unit increasing by 156 & 23 units every year of Hyundai and KIA respectively.

- International standard vehicle like Mercedes Benz, Toyota Land Cruiser, Pajero, Hyundai Accent cars run in the Nepalese roads which have made the life of Nepalese people safe and comfortable. Hyundai and KIA both are the middle class vehicles and they are from the same country Korea. Hyundai and KIA also have standard cars but in Nepal, middle class types such as Hyundai Santro, I10 and KIA Picanto, Prologue were sold more than high standard cars like Hyundai Accent, Tucson, KIA Sportage, RIO.

## CHAPTER - V

### SUMMARY, CONCLUSION & RECOMMENDATIONS

In this chapter, an attempt has been made to summarize whole study, draw the conclusion based on basic findings and recommend the possible measure based on basic findings and conclusions.

#### 5.1 Summary

We are in 21 century, every thing is going on globally so, Nepal is also member of WTO. Nepalese market is following the global market concept. It is not easy to do business in Nepalese market because of booming global economy, the increasing and decreasing power of dollar , increasing political unrest in the world, rising economic power of China and India in the world. Nepal has been importing number of vehicles in the country. Different brands and different country made vehicles are imported in the country. World standard vehicles like Lamer Zen, Mercedes Benz, King, Royals, BMW, Toyota, Coverlets etc has distributed a lot in the development of the transportation system in Nepal. There were not enough vehicles in the city before 2046 BS. On that time there were limit vehicles for the public and could buy only the rich person. But after 2046 BS huge number of vehicles was imported. In each year, the thousand of vehicles are imported. Vehicles of different brands and quality are being imported in the country. In Nepal, World standard vehicles like Lamer Zen which is one of the most expensive in the world. Hyundai and KIA vehicles are doing well in the global market as well as Nepalese market, Hyundai and KIA are in the 5 position in the worldwide sales 2011 AD. On 2.11AD, 6.21 millions vehicles are sold by Hyundai and KIA Company. So they ranked as 5<sup>th</sup> position.

Nepal Governments has taken open policy and levied 238% tax and other extra duty in the vehicles even though number of vehicles has been importing in the country. There isno doubt that today,s business era is the age of market. There is a proverb in Nepali “BOLENECO PETHO BIKCHA NABOLNECO CHAMAL BIKDAINA” which who does marketing that person’s rice would sell but who does not do marketing that person’s rice would not be sold. So this Nepali proverb proved that marketing is must important work in the business sector since the accent time. But today we are in 21 century, any business

cannot sustain without the marketing. Marketing starts even before the business concept emerges. The concept of business needs marketing to get the identity in the market and sustain in the global market competition. Marketing is most important thing in every stage of product life cycles.

There is no other voice against the importance of advertisement because it is true that advertisement plays a vital role in the field of marketing of any product and services. An ISO certified company and other successful companies are making expenses of huge amount on the advertising of the product or services. A remarkable portion of marketing budget is devoted to advertising. Advertisement has become a means of very easy and prompt mass communication. Any organization can communicate its mission, object, service and product to its target market. Communicate its mission, object, service and product to its target market. Advertising is one of the most important promotional tools that companies use to direct persuasive communications to target buyers and publics. Profit earning, non profit earning and the government organization are frequently using advertising for their product, service, idea, mission and public issues. Shankar Group, UN, WTO, World Bank is also using the advertising. Even those national and international groups could not be denied.

In the automobile world, companies are using advertisement aggressively. They are doing through various means or medias such as print media, audio advertising (Radio), visual media (Film slide), audio visual media (film, television), Display (Window display, sky display), Hoarding boards, electric board). There is competition among the advertisers to cover the main page of the newspaper. Every automobile dealer in Nepal is offering competitive schemes to its customer. Every possible facility is being offered to the market. Nepalese market of automobile has really become competitive. There are lots of automobile brand. Customers choose any of these brands. It is no doubt that customers have many options to choose. They can move anywhere as they like. To become successful in such hard market situation, each every marketer is trying to provide as much facilities as can be offered. They are using varieties of promotional tools to attract potential customers enquires toward showroom.

Today's important facilities being provided to the customer is financing facilities. Most of the customers want to use financing scheme. They don't want to freeze huge amount in the one product. They want to mobilize their money in

earning parts such as real state and companies share. By this they easily can pay the installment. Knowing these Requirements of the customer, companies of the automobile are trying to reduce the interest rate. For this, they are trying to contract with different banks and finance company such as Hyundai company contract with Everest Bank Limited, Mahendra automobile company contracted with United Finance Co. To achieve the targeted sales, customers are being offered varieties of facilities. Dealers and sub-dealer are also equally being motivated to the sell product. They are motivated by providing for display, making advertising, providing credit, Bonus scheme etc.

The effectiveness of advertisement and sales promotion in the sales promotion in the sales of automobiles has seen and proved. While advertisement pull these enquires from prospective customers and sales promotion offers incentive to make instant decision. These two terms of marketing supplement each other to sell the product as soon as possible. These two tools try to get the immediate result. These have short term effect. Effectively handled marketing tools can help to achieve the targeted result. The supportive top management of the company for the advertising and promotions has facilitated marketing managers to become aggressive. Competitions of Hyundai and KIA are also aggressive as the market situation demands. They have regularly brought the fascinating schemes.

Laxmi Intercontinental and continental International Trading Pvt. Ltd. are getting aggressive to push the Hyundai and KIA cars in the market. It is adapting every possible and available promotional tool to sell its product in the market. Those schemes are also working to help the product. It wants to have the challenger attitude not the leader the market. The two companies believe that technologically advanced product and the strong brand appeal are pulling the feet of the customers toward showroom. To capture the greater market share the companies is expanding its sub-dealers and personal sell agent. Not only that they also importing the most wanted vehicles such as Hyundai Santro, I10, KIA Sportage, Picanto. These cars and micro buses are demanded more than stock. To Capture more its market, both companies are regularly doing social work such as blood donation, sport event and exchanging facility, mobile service etc. They always trying to launch new model and new technology such as I10 is new model of Hyundai brand and sportage is new brand of KIA.

## 5.2 Conclusion

Topographically, Nepal is classified into three regions—the northern Himalayan range, the middle mountain region and southern plain Tarai. The climate varies sharply with altitude and the arctic on the higher peaks of Himalaya range to humid sub-tropical in the central Kathmandu valley and hot climate in the southern belt. The infrastructure of Nepal is not good. Roads are very narrow. There are not good wide road. In Nepal, all the vehicles are used in for transportation for goods and passengers. Generally, small as heavy vehicles are equally important in Nepal. Heavy vehicles like bus, truck, Tata-mobile micro-bus are use for transporting goods and passenger from one place to another place and small vehicles like car, taxi are used for the same purpose. These vehicles have different brands and made by different companies such Hyundai, KIA Tata, Mahendra Maruti and so on. These brands have helped a lot in the development of transportation in Nepal.

International standard vehicle like Mercedes Benz, Toyota land cursor, Pajero, Hyundai Accent cars run in the Nepalese roads which have made the life of Nepalese people safe and comfortable. Hyundai and KIA both are the middle class vehicles and they are from the same country Korea. Hyundai and KIA also have standard car but in Nepal, middle class type such as Hyundai Santro, I10 and KIA Picanto, Prologue were sold more than high standard car like Hyundai Accent, Tucson, KIA Sportage, RIO. In Nepal buying car is very expensive because they are imported from the second and third country. Tax on vehicles is very high which is 200% on its cost. Importing of such costly vehicles has improved the living standard and social prestige but the huge amount is going out from the country Nepal. Since such vehicles are not manufactured in the country Nepal. Nepal also manufactures “HULAS” brand vehicles. It was cheap than other imported branded vehicles. It seemed very strong and was used in carrying goods. But it was failed to capture its market being cheap and strong.

In the context of Nepalese market, Hyundai and KIA are successful brand even they have taugt competition. These brands are successful due to its world class standard, efficient and prompt after sales services provided by importers, Hyundai and KIA are in the 5 position in the worldwide sales 2011AD. On 2011 AD, 6.21 millions vehicles are sold by Hyundai and KIA Company. So they ranked as 5 position. These brands have given grease contribution in the

development of Transportation, living standard of Nepalese people and to generate high tax.

Each year thousand of vehicles are imported in the country. Import of so many vehicles has made the road slow in the city. Vehicles are increasing day by day but the roads for those newPly imported vehicles have not been constructed. So traffic has become slow in the pick hour 9am -11am and 4pm -6pm. Too many traffic in the city has been making the pollution in the city. Sound and air pollution are the major problem in the city. Thus the government should take the necessary action and should check vehicles green sticker time to time.

Laxmi intercontinental Pvt. Ltd. introduced Hyundai club membership so as to give efficient services and keep them to come back and again but its club concept seems to be not working due to lack of its knowledge to its customers. Its competitor has been advertising its product in each and every media so as to inform about the product, price, new features and models but Laxmi intercontinental Pvt. Ltd. and continental Trading Enterprise Pvt. Ltd. Do not advertise regularly as its competitors do due to this, its promotional schemes regularly, has good after sales services but Laxmi intercontinental Pvt. Ltd. and continental Trading Enterprises Pvt. Ltd. Sales volume is decreasing due to ineffective after sales services and petrol shortage.

On the other hand, Laxmi intercontinental Pvt. Ltd. has no good trained sales person even some showroom sales persons do not have driving licenses. They may provide wrong information to the customer about the product. Not only that in the promotion section, staff are not good and they do not fulfill what they had given commitment. It also flowing the bad impression on the public. The customers are supposed to get vehicle delivered within one month from the day of booking but the customers do not get vehicles delivered even the after the two three month from the booking. Because of this, most customer cancel the booking and buy the other cars. To day in the global market customer does not want to waste their valuable time and inner desire.

### **5.3 Recommendation**

Nepalese market is basically seller –oriented and the bargaining power of the people is weak. There is lack of the product and market specialization in the country. Here are some recommendation for Laxmi intercontinental and

Continental international Trading Pvt. Ltd. Which would help them for the better sales and better marketing performances.

- KIA should bring aggressive marketing scheme to increase the sales volume. Its competitors have not stepped aggressively in the market. So, can take chance and can increase the sales by providing various facilities and reducing the price as well. On the other hand, Laxmi intercontinental should try to go along with KIA first then after try to defeat to its competitor Maruti and Chevrolet. It should recruit skillful sales person and honest staffs.
- The advertisement informing about the important feature and benefits of the vehicles should come out regularly such air bag, alloy wheels, euro engine etc.
- The promotional scheme should be brought according to the change need and desire of customer. Such as car decoration, DVD, Scratch car, gold coin, Tour package etc.
- After sales service support should be well maintained and upgraded since the satisfied customers are the best advertiser of the product.
- For the customer relationship, company should do social work such as blood donation, folk dance competitions, scholarship etc.
- Sales person and marketing executive should be trained about the technical feature and specifications to have better product and customer behavior.
- Company should reduce the interest rate for finance facilities and EMI scheme time should increase.

- Companies are giving only festival discount; company should also give customer's birthday discount.
- After 2046 BS, Nepal has tremendously imported the vehicles from the second/third countries. The import of the vehicles has been increasing in each year. The government should take restriction in the import of vehicles. Government should remove the being 20 year old vehicles from the city and Government should strictly check on the pollution striker (Green striker).

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## **APPENDIX I**

### **1. Questionnaire for Personnel**

#### **A. Feature and Factors Related**

- 1) Who influenced car buying decision?
- 2) What factor influenced car buying decision?
- 3) What features of car influence car buying decision?
- 4) Which media affect car buying decision?
- 5) Which cars are most used in Nepal?

#### **B. Market Segmentation Related**

- 1) Who are the buyer?
- 2) What are their professions?
- 3) What are their ages?
- 4) What are their educations levels?

#### **C. Buying Process Related**

- 1) What is the process of vehicles buying of customers?
- 2) What parent of customers go to for test drive of the vehicles before buying?
- 3) When do customers buy a car?
- 4) Are promotional activities during occasion attractive?

D. What kind of marketing strategies are KIA and Hyundai Company using?

### **2. Questionnaire for Customer**

#### **A. Brand awareness related**

- 1) Satisfaction from present car

2) Financial Institute is used for vehicle financing?

**B. What is about the road condition?**

**C. Which media affect car-buying decision?**

1) Television

2) Newspaper

3) Previous user's Experience.

**Appendix II**

**Calculation for Mean value, & Correlation between Advertisement Cost & Sales Unit of Hyundai Car**

Year	Cost (X <sub>1</sub> )	Sales (X <sub>2</sub> )	x <sub>1</sub> =X <sub>1</sub> - $\bar{x}_1$	x <sub>2</sub> =X <sub>2</sub> - $\bar{x}_2$	x <sub>1</sub> · x <sub>2</sub>	x <sub>1</sub> <sup>2</sup>	x <sub>2</sub> <sup>2</sup>
2064/065	6409800	598	-1464729.80	-478	700140844.40	41085536040000	357604
2065/066	8209500	1001	334970.20	-75	-25122765.00	67395890250000	1002001
2066/067	8097860	1250	223330.20	174	38859454.80	65575336579600	1562500
2067/068	9087680	1301	1213150.20	225	272958795.00	82585927782400	1692601
2068/069	7567809	1230	-306720.80	154	-47235003.20	57271733060481	1512900
<b>N<sub>1</sub> = 5</b>	<b>∑ X<sub>1</sub> =</b>	<b>∑ X<sub>2</sub> =</b>			<b>∑ x<sub>1</sub>·x<sub>2</sub> =</b>	<b>∑ x<sub>1</sub><sup>2</sup>=</b>	<b>∑ x<sub>2</sub><sup>2</sup></b>
<b>N<sub>2</sub> = 5</b>	<b>39372649</b>	<b>5380</b>			<b>939601326.00</b>	<b>313914423712481</b>	<b>6127606</b>

For Cost,

$$\text{Mean } (\bar{X}) = \frac{\sum X_1}{N_1} = \frac{39372649}{5} = 7874530$$

For Sales,

$$\text{Mean } (\bar{X}) = \frac{\sum X_2}{N_2} = \frac{5380}{5} = 1076$$

Correlation between Cost & Sales,

$$(r_{12}) = \frac{\sum x_1 x_2}{\sqrt{\sum x_1^2 \sum x_2^2}}$$
$$= \frac{939601326.00}{\sqrt{313914423712481 \times 6127606}} = 0.820$$
$$r^2 = 0.820^2 = 0.672$$

For Probable Error,

$$PE = 0.6745 \times \frac{1-r^2}{\sqrt{N}}$$
$$= 0.6745 \times \frac{1-0.820^2}{\sqrt{5}}$$
$$= 0.0986 \text{ Or, } 9.86\%$$
$$6PE = 6 \times 0.0986$$
$$= 0.5918$$

### Appendix III

#### Calculation for Mean value, & Correlation between Advertisement Cost & Sales Unit of KIA Car

Year	Cost (X <sub>1</sub> )	Sales (X <sub>2</sub> )	x <sub>1</sub> =X <sub>1</sub> - $\bar{x}_1$	x <sub>2</sub> =X <sub>2</sub> - $\bar{x}_2$	x <sub>1</sub> · x <sub>2</sub>	x <sub>1</sub> <sup>2</sup>	x <sub>2</sub> <sup>2</sup>
2064/065	5465400	924	-2588406.20	136	-352540924.44	29870597160000	853776
2066/066	7856780	448	-197026.20	-340	66949502.76	61728991968400	200704
2066/067	9809870	880	1756063.80	92	161909082.36	96233549416900	774400
2067/068	7898906	752	-154900.20	-36	5545427.16	62392715996836	565504
2068/069	9238075	935	1184268.80	147	174324367.36	85342029705625	874225
<b>N<sub>1</sub> = 5</b>	<b>∑ X<sub>1</sub> =</b>	<b>∑ X<sub>2</sub> =</b>			<b>∑ x<sub>1</sub>·x<sub>2</sub> =</b>	<b>∑ x<sub>1</sub><sup>2</sup>=</b>	<b>∑ x<sub>2</sub><sup>2</sup></b>
<b>N<sub>2</sub> = 5</b>	<b>40269031</b>	<b>3939</b>			<b>56187455.20</b>	<b>335567884247761</b>	<b>3268609</b>

For Cost,

$$\text{Mean } (\bar{X}) = \frac{\sum X_1}{N_1} = \frac{40269031}{5} = 8053806$$

For Sales,

$$\text{Mean } (\bar{X}) = \frac{\sum X_2}{N_2} = \frac{3939}{5} = 787.8$$

Correlation between Cost & Sales,

$$(r_{12}) = \frac{\sum x_1 x_2}{\sqrt{\sum x_1^2 \sum x_2^2}}$$

$$= \frac{56187455.20}{\sqrt{335567884247761 \times 3268609}} = 0.0412$$

$$r^2 = 0.0412^2 = 0.0017$$

For Probable Error,

$$PE = 0.6745 \times \frac{1-r^2}{\sqrt{N}}$$

$$= 0.6745 \times \frac{1-0.0412^2}{\sqrt{5}}$$

$$= 0.3006 \text{ Or, } 30\%$$

$$6PE = 6 \times 0.3006$$

$$= 1.8036$$

### Appendix IV

#### Calculation of Trend Value of Sales Unit

Fiscal Year	x	x <sup>2</sup>	Hyundai		KIA	
			Y <sub>1</sub>	XY <sub>1</sub>	Y <sub>2</sub>	XY <sub>2</sub>
2064/065	-2	4	598	-1196	924	-1848
2065/066	-1	1	1001	-1001	448	-448
2066/067	0	0	1250	0	880	0
2067/068	1	1	1301	1301	752	752
2068/069	2	4	1230	2460	935	1870
Total		10	5380	1564	3939	326

#### Calculation of intercept of 'y' when x = 0

$$a_1 = \frac{Y_1}{N_1} = \frac{5380}{5} = 1076$$

$$a_2 = \frac{Y_2}{N_2} = \frac{3939}{5} = 787.8$$

#### Calculation of Slope of Trend Line

$$b_1 = \frac{XY_1}{X^2} = \frac{1564}{10} = 156.4$$

$$b_2 = \frac{-250}{X^2} = \frac{326}{10} = 32.6$$

**Therefore the trend line equations are:**

$$Y_1 = a_1 + b_1 x$$

$$Y_2 = a_2 + b_2 x$$

#### Forecasted Value for Next Five Years

Year	X	Hyundai	KIA
		$Y_1 = 1076 + 156.4 X$	$Y_2 = 787.8 + 32.6 X$
2069/070	3	$1076 + 156.4 \times 3 = 1545$	$787.8 + 32.6 \times 3 = 886$
2070/071	4	$1076 + 156.4 \times 4 = 1702$	$787.8 + 32.6 \times 4 = 918$
2071/072	5	$1076 + 156.4 \times 5 = 1858$	$787.8 + 32.6 \times 5 = 951$
2072/073	6	$1076 + 156.4 \times 6 = 2014$	$787.8 + 32.6 \times 6 = 983$
2073/074	7	$1076 + 156.4 \times 7 = 2171$	$787.8 + 32.6 \times 7 = 1016$



