

MARKETING ANALYSIS OF AIRLINES SERVICES
(with reference to Yeti Airlines Domestic Pvt. Ltd.)



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DECLARATION

I hereby declare that the work reported in this thesis entitled “Marketing Analysis of Airline Service with reference to Yeti Airlines Domestic Pvt. Ltd.” submitted to post graduate campus, faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Studies under the supervision of Mr. Devraj Shrestha, lecturers of Post graduate campus.

Date:

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Lastly, I want to take all the responsibility and welcome the comments from you all.

Date:

Bhupal Ghimire
Researcher

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ABBREVIATION

BDP	:	Bhadrapur
BHR	:	Bharatpur
BIR	:	Biratnagar
BWA	:	Bhairhawa
DHI	:	Dhangadi
FFP	:	Frequently Flyer Program
FGD	:	Focus Group Discussion
JKR	:	Janakpur
NEP	:	Nepalgunj
MD	:	Managing Director
PKR	:	Pokhara
TIA	:	Tribhuvan International Airport
TMI	:	Tumlingtar

CHAPTER I

INTRODUCTION

1.1 Historical Background of Airlines

It is obvious that unless transportation is sufficiently developed, development plans and programs cannot be effectively implemented. Therefore to bring about efficiency and coordination between administration and other sectors of the industry transportation has been given the top priority and also to develop the economic status of the people transportation is one of the main requisites.

The history of air transportation and the Aviation Ministry of Nepal are not very old. The commencement of civil aviation of the Himalaya kingdom on Nepal dates back to the month of April 1949 when a single vintage Beechcraft landed at the green pastureland called Gaucharan in Kathmandu.

After the first ever landing, a series of air services by 28 seater Dc-3 Dakota aircraft were started from 1950. The flights were between Kathmandu, Patana, Calcutta and Delhi. Actually, the history of the country's civil aviation began with the Late His Majesty the King Tribhuvan returning to Kathmandu by a plane DC-3 Dakota aircraft, on the 18th February, 1951. The credit of starting an aviation business in Country goes to the Democratic movement of 1951. On the same year, the domestic flights started from Pokhara, Bhairhawa, Simra and Biratnagar. In 15th June 1955 the Kathmandu airport was named as Tribhuvan Airport. The year 1957 saw the formal establishment of the Department of Civil Aviation under then Ministry of Works, Communication and Transport. Royal Nepal Airlines Corporation RNAC

was established as a public sector undertaking on the 01st July 1958. The Statutory regulations regarding civil aviation were introduced under the civil Aviation Act, 1959(2015 BS). Nepal became the member of Civil Aviation Organization (ICAO) in 1960. In 1964, Tribhuvan Airport was declared as Tribhuvan International Airport. In 1972 Air Traffic control and Communication Services were completely taken over from Indian technical assistance personnel by the Nepalese side respectively in 1966 and 1972 .In 1975, 1981 extension and strengthening of Runway were done.

After the restoration of Democracy in 1992 His Majesty the Government adopted the Liberal Sky Policy, as a result a number of private Airlines are emerged in the domestic as well as international front. In 1993 Promulgation of a comprehensive national civil aviation policy, after which there were introduction of a number of private Helicopter services. In 1995, there were Expansion and Improvement of Domestic Terminal Building at TIA. Establishment of airport security for all domestic airports, radar installation, V-SAT terminal and AMSS system installation completed. In 1997 the Airspace restructured the Radar system and successfully run by 1988.

1.2 Introduction of Yeti Airlines

Figure-1
Jetstream 41



Yeti Airlines started operating commercial flight in 21st May 1998 with two twin otter aircrafts DHC 6/300 and within a short span this airlines has garnered a lot of patronage from passenger alike since then it has been providing service to almost all part of Nepal. Though its regular schedule and charter flight the airlines now enjoy the best market share on its flight sector. Experience flying crew and maintenance personal, welcoming cabin crew efficient and professional ground handling and related service has resulted in the best performance of the airlines. Yeti Airlines provides the widest and the best connecting network of flight in Nepal. Lukla 9100 ft, the gateway to Mount Everest, Jomsom 8800 ft in popular Annapurna region, Simikot 9250 ft, the most gateway to Mansarovar in the Tibet autonomous region of china, are a few of the main popular tourist destination where Yeti Airlines operates schedule and charter flight.

Yeti Airlines has been promoted by Thamserku Trekking (Pvt.) Ltd, which is one of the largest and most successful trekking agencies in the kingdom of Nepal. This is evident from the fact that it has been awarded by His Majesty's Government of Nepal a number of times in the past year for earning the highest amount of foreign exchange from trekking tourism.

Although one of the youngest airlines in the airlines industry of Nepal, Yeti Airlines has been very fortunate enough to scale the highest of success ever since its operation in 1998. This has been largely successful because of its team of well experienced, qualified and dedicated staff to oversee the functioning of all spheres of management and the day to day functions. Moreover, the use of STOL (short take off and landing) aircrafts has been the advantage to this airline, as Nepal being a hilly region where almost 83% of the area is covered by mountains and hills. This has provided to be very effective and encouraging. The purpose of the company is to play a role of economic stimulator for the development

of rural areas, in particular and other areas in general, as well as tourism industry of the country.

Yeti Airlines Domestic has a four twin otter, two Dornier and seven Jetstream aircrafts and became the market leader in air transportation in trunk as well as remote region of the country. Recently Yeti Airlines take two RA Twin otter in lease and operates to remote place with sister company Tara Air. With Jetstream aircrafts Yeti Airlines expands its wing to all trunk routes such as Pokhara, Biratnagar, Nepalgunj, Bhairahawa, Bhadrapur, Bharatpur, Dhangadi and Everest Sightseeing Flight. With Twin otter and DO-228 aircraft started commercial flights operation in remote sectors like Lukla, Phaplu, Lamidanda, Rumjatar, Taplejung and far western sectors such as Dolpa, Simikot, Jumla, Rara etc. through sister company Tara Air. Now Yeti Airlines is the only the domestic airlines which offer the widest and best connecting network of flights in the country.

Distinctive-Advantages

Yeti Airlines offers the widest network of flights in Nepal. The main concentration of flight services is on the rural inaccessible areas of the country. The airline is promoted by Thamserku Trekking, Nepal's largest adventure travel company. Thamserku Trekking has been awarded by HMB/N several times for being the highest foreign currency earner in trekking tourism. The airline has a well-defined mission statement, goals, objectives and strategies and is managed by a team of well-experienced and qualified professionals.

The company uses a comprehensive and useful Airlines Management Information System with well defined systems and procedures. The airlines are known for most regular flight services in its flight network. Khangri Resort with a chain of deluxe mountain lodges along the Everest trekking trails as well as the Hotel Mt. Annapurna in Pokhara as sister

concerns have enabled the airlines to offer value-added services to the customers. The airline is associated with Air Dynasty Aviation, an operator of helicopters, which also puts the airlines in competitively advantageous position. In the past Yeti Airlines and Air Dynasty have teamed up to provide services with a combination of fixed winged and rotor winged flights to remote destinations of Nepal.

Company Name: Yeti Airlines Domestic Private Limited
(Incorporated Under Company Act)

Aircraft Suppliers: Kenna Borek Air Limited, Canada
NS Aviation NORSE Air, South Africa

Manpower strength:

Total Staff			
Nov 12			
	Department	No. of Staff	Female
	Corporate	9	2
	IT	6	0
	Personal and Administration	122	18
	Finance	53	19
	Engineering	95	2
	Operations	139	48
	Sales and Marketing	329	73
	RM	5	1
	Total No. of Staff	758	163
	Contractual	16	3
	Retirement - Contractual	24	1
	Total	798	167

Source: Marketing Department 2012

Main Banker: Himalayan Bank Limited

Laxmi Bank Limited

Nepal Investment Bank Limited

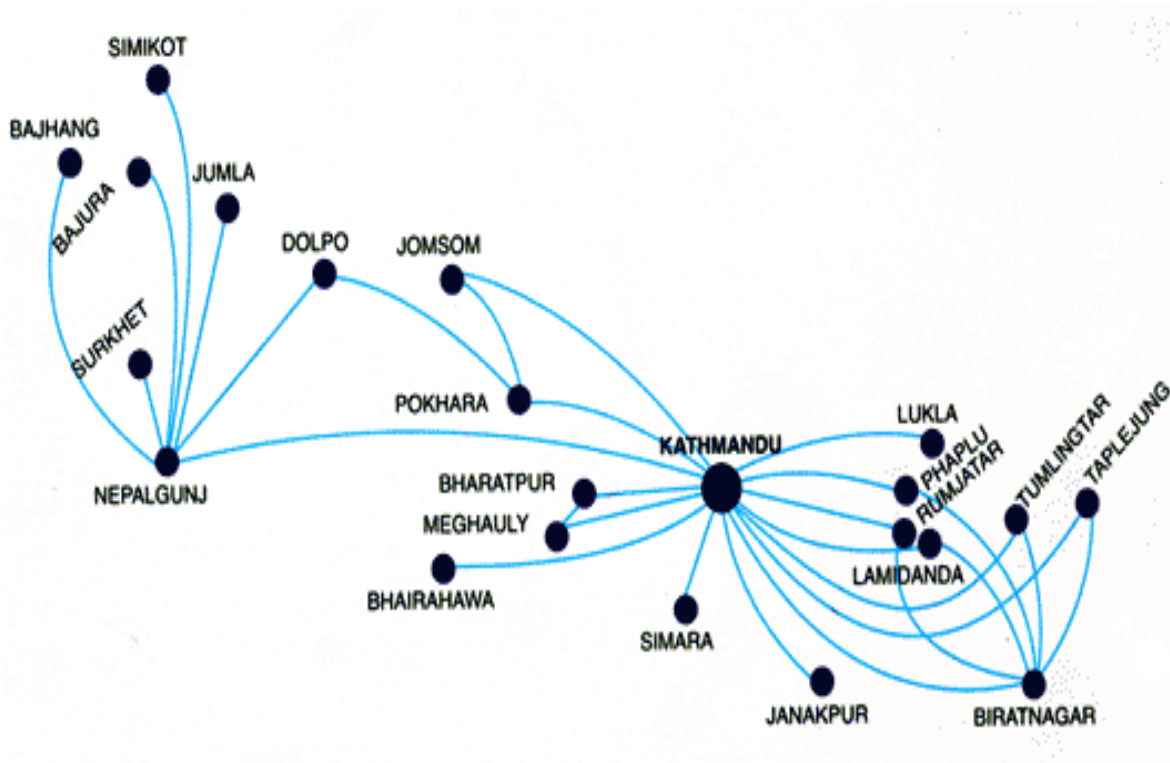
Insurance Company: Shikhar Insurance Company Limited

Everest Insurance Company Limited

Promoter Travel: Thamserku Trekking Pvt. Ltd., the largest adventure company of Nepal.

1.2.1 Route Map

Figure 2
Schedule and Charter Flight Route



Source: Marketing Department 2012

Yeti Airlines flight schedule

Kathmandu (KTM)	Tribhuvan International Airport (Hub)
Bhadrapur (BDP)	Bhadrapur Airport
Bhairahawa (BWA)	Gautam Buddha Airport
Biratnagar (BIR)	Biratnagar Airport
Dhangadhi (DHI)	Dhangadhi Airport
Janakpur (JKR)	Janakpur Airport
Pokhara (PKR)	Pokhara Airport
Nepalgunj (KEP)	Nepalgunj Airport
Tumlingtar (TMI)	Tumlingtar Airport

Source: Marketing Department 2012

Yeti Airlines also operates a one-hour long Everest Express mountain flight every morning by [BAe Jetstream 41](#). Most of Nepal's remote mountain destinations are now connected by Tara Air's fleet of [STOL](#) aircraft.

As a branding exercise Tara Air was established on May 2009 as a sister company of Yeti Airlines with overall control of the same management. Tara Air operates to the STOL sectors with 4 Twin Otters, 2 Dorniers and 2 Pilatus Porter aircraft. Where as Yeti operates only TRUNK sector with 7 'Jetstream-41'

1.2.2 Fleet

- We commenced operations with 2 Twin Otters and in 12 years we have grown to a fleet of total 15 aircraft.
- 7 British Aerospace 'Jetstream-41'
- 4 Canadian-made DHC 6 300 (Twin Otter)
- 2 German Fairchild Dornier aircraft DO 228

- 2 brand new Swiss-made PC 6 Pilatus Porter

In 2006 [BAE Systems](#) concluded an agreement with Yeti Airlines for the long-term lease of four 29-seat Jetstream 41 aircraft. The first aircraft was delivered in early May 2006 and the remaining three aircraft were delivered in the following months. The fourth Jetstream was delivered on 29 August 2006. A fifth Jetstream was purchased outright in 2007 and arrived in Kathmandu on the 28 April 2007. A seventh Jetstream arrived at [Tribhuvan International Airport](#), on Saturday 7 November. The British Aerospace manufactured aircraft was acquired on an outright purchase basis.

Yeti Airlines Domestic Pvt. Ltd.

Operations Dept.

Organizational Chart

Director Operations

Training Captain

Cabin Attendance

International air law, as part of the international law, represents a system of standards governing relations among contracting states in the use of airspace in order to implement international air transport ensuring the safety and security. They, particularly, define the rights and the obligations of the state regarding the person practicing physically and legally in international air transportation. However it is national legislation that governs directly the rights and obligations of all those persons. At present, an increasingly active role is being played in the legal regulation of international Civil Aviation Organization (ICAO).

This is why, although the definition of international air law refers to the relations among contracting states, it is prominent that it refers to relations among states and international (inter-governmental)

organization in the field of international air transportation as well as in the international air navigation. An important role in the emergence, change and cessation of legal relations between state with regard to a given civil aircraft is being played by the fact that the said aircraft is registered in a specific state. Registration of an aircraft at a time in several states is not permitted. Each and every aircraft engaged in international air service must carry a registration certificate regularly, which should be easily and clearly recognizable. The concerned state's registration for the external identification of an aircraft nationality is used on each aircraft.

Since international air law is the part of the international law as a whole, all the generally recognized principles of modern international law (for instance, the principle of sovereignty, non interference in domestic affairs, and corporation) form a firm basis for the overall legal regulation of international air navigation and international air transportation.

International legal practices have also resulted in the emergence of the concrete principles of the international law, without which international flights even unimaginable.

1.2.3 Department of Yeti Airlines and their functions

Yeti Airlines is the leading airlines of Nepal. There are a number of people working in different departments of Yeti Airlines. All the departments have their own function and importance. Each and every department is connected with each other and all the departments have some objectives i.e. to achieve the goals set or outlined by Government.

a. Personnel and Administration Department

Personnel department handles personnel from Recruitment to Retirement. Personnel are recruited, selected trained and placed by this department. All the functions like performance evaluation for upgrading the staffs to the higher position, taking disciplinary action (reward and punishment), terminations etc are handled by this department. It also handles general stores, insurance and security matter. It also handles property management, technical purchase and communication which are very important to Yeti Airlines.

b. **Operations Department**

This is also one of the important departments like other departments of Yeti Airlines. It handles all the flight operation international and domestic. It selects the cabin crew and gives the required training.

We have a Flight Safety Dept. in both airlines which looks at formulating, implementing and monitoring matters related to operation flight safety.

c. **Flight Safety Department**

Flight performance of the crew members are periodically monitored by Instructor Pilots (16 Licensed flight instructors) and the Flight Safety Dept.

- Flight Inspections, Ramp Inspections, Stations Inspections are carried out periodically Tara Air / Yeti Airlines have 46 Captains (with more than 10,000 to 20,000 hours flying experience), 28 co-pilots, 34 Cabin crews and 31 operational staffs to support and ensure safe and on time flights.
- FDR(Flight Data Recorder) and CVR (Cockpit Voice Recorder) read out of crew members are conducted for the assurance of SOP

- (Standard Operating Procedure).
- Regular Proficiency Check, recurrent training, route checking are conducted regularly as per the regulation of CAAN

d. **Engineering Department**

This is also one of the important department of Yeti Airlines .It handles all the problems related to maintenance of Boeings, maintenance planning and its workshop.

- Yeti Airlines has a separate quality assurance department which is responsible for planning quality control measures, checking and reviewing operations and procedures of the materials and products
- Periodic checks of the Aircrafts which includes both routine and detailed inspections, maintenance checks and the engine changes are done on specific amount of actual Flight Hours (FH) as defined by the manufacturer and the inspection programme of aviation administration and safety department of CAAN.
- Regular monitoring of engines and associated systems are carried out.
- The maintenance activities are being constantly monitored and periodically audited by our quality assurance division thus ensuring safety and adherence to the civil aviation regulations and requirement for aircraft maintenance

e. **Finance Department**

This department of Yeti Airlines control overall financial activities of the organization. This department prepares all the financial statement of Yeti Airlines Clearance sheet, profit and

loss statement etc and the department also does the financial and budgetary control.

f. **Corporate Department**

This department plans at a corporate level. This department makes the annual plans and controls the revenue and expenses of the organization. This department handles the functions like purchase or lease of aircraft, fleet evaluation, making annual operation plan etc.

1.2.4 Future plans and policy of Yeti Airlines

Yeti Airlines has now entered in the 21st century. It has to be proud of its past. During this period, the airline has gone through varied experiences mixed with both prosperity and paucity. The demand for the standardized airlines services are increasing. The competition to meet the demand is also increasing day by day. So to meet such challenges, Yeti Airlines should be change according to the time. So, to meet the present competitive market Yeti Airlines has formulated some plans and programs which can be discussed as:

- It is looking forward to establish its services in more sectors of Nepal.
- It is trying to give more and more services for passenger.
- It is trying to link many other remote places of the country.
- To win the hearts of rural people by giving the quality social services.

1.2.5 Objective of Yeti Airlines

Yeti Airlines was established with a view to develop the air transport services in Nepal. The airlines have contributed a lot for the upliftment of economic state of the country. It has got some objectives as follows.

- To manage air transport services inside Nepal in safe, efficient, economical with a professional manner.
- To uplift and develop economic condition and tourism in the country through expanding domestic air transport services.
- To continue diversifying air transport services.
- To promote tourism activities and opening up remote isolated areas for the benefit of the Nepalese.
- To provide employment opportunities and the economical air transport services within and outside the country.
- To provide rescue services at the of natural calamities like earthquake, flood, landslide etc.
- To ensure optimum profitability while offering services at economical fares as far as possible.

1.2.6 Corporate Social Responsibility

As part of our Social responsibility, Yeti Airlines donated Nrs. 4 per flight ticket to the following Social Organizations, involved in various social activities. We have donated total of Rs. 74,65,288.

- **Helpless Children Welfare Mission, Itahari:** supports to rehabilitate the helpless and orphaned children of Nepal
- **Sewa Kendra Leprosy Relief, Kathmandu:** freely treats leprosy affected people in their hospital and government leprosarium,
- **Spinal Injury Rehabilitation Centre, Sangha:** provides care and training to the spinal injured patients independent.
- **Women for Human Rights, Kathmandu:** works exclusively with and for single women (widows) in Nepal.

- **TEWA, Kathmandu** - committed to philanthropy for equitable justice ,peace and women empowerment
- **Occed Nepal, Kathmandu** - Support, build up and strengthens the under privileged communities by providing voluntary services, to children, women and youths in their needy area
- **Glaucoma Eye Centre** – Free eye care to the people in remote sectors.
- Lukla Cleaning Campaign.
- Food distribution to Koshi flood affected victims
- Food and clothes distribution to old age homes during company anniversary.
- Transportation of seeds and food grains to the remote areas
- **Green project - Far west**
- For every passenger that flies with us on the Kathmandu-Dhangadhi or Dhangadhi-Kathmandu route we set aside Rs.20/- one way per ticket and plant an appropriate tree sapling in one of the chosen community forests in the Far-Western region of Nepal.
- We are working on extending this carbon offsetting programme to the rest of the destinations we fly to in the near future.

1.3 Statement of the problem

Marketing airlines services is very complex and not that much old concept in this region even though it is not completely new. To get success in the organization an airlines has to be very specific and careful to determine its marketing strategies. While analyzing the characteristics of our own national carrier, Yeti Airlines there are some question before us, which can be termed as a problem area in this study. Those statements are.

- In context of present challenge Yeti Airlines has to be more market oriented. It has to give more emphasis to marketing management. But has the Yeti Airlines been more market oriented and has it given more importance to marketing management?
- Has the Yeti Airlines been able to maximize its sales and captures its share in the market?
- Has it been able to establish most suitable distribution internally?
- Has it been promoting its product most suitably all over the country?
- Has the Yeti Airlines got sufficient of product to service the customers?
- Has t it been able to evaluate its marketing efforts?

1.4 Objectives of the study

The objectives of this study are as under:

- To assess the existing market size, growth etc.
- To assess the product / service of airlines.
- To assess the fares, rates (pricing)
- To assess the distribution policy.
- To assess the promotion policy
- To recommend measure for improvement.

1.5 Importance of the study

As the world is termed as a global village by the excess development of communication and the fast and easy means of transportation from one place to another place, airlines has its own importance to fulfill the demand of the present condition. Despite of this importance it has got more importance in a country like ours because it is one of the landlocked countries in the world.

In our country, the first means of transportation is air because the reach to hilly places through road is almost impossible as well as it takes lot of time to travel through road.

With reference to important of research study is going to conduct in Yeti Airlines due to number of reasons. They are explained as follows.

- Yeti Airlines is only the airlines of Nepal which was established as a state undertaking with remote & regional flight destination.
- Yeti Airlines is only the airline which is responsible to provide rescue service at the time of natural calamities.
- Yeti Airlines is the backbone to develop the tourism industry by carrying tourist to different tourism place in Nepal.

1.6 Limitation of the study

The limitations of the study are as under:

- Though marketing department is very big department its hard to gather all the documents and finding but had collected as much as possible.
- The research study generally based on data and information that has been provided by the Yeti Airlines and its marketing department.
- The research study has been based on primary and secondary data to present and analyze the present situation of marketing department.
- The research study has been taken officer level employees i.e. from grade VI – X as a research population and more than 10% sample has been taken to distribute questionnaire and conduct interview to justify the problem and understand the process and procedures of marketing department.

- The analysis covers only five years data.

1.7 Organization of the Study

This study has been organized into five chapters. The titles of each of these chapters are summarized and the contents of each of these chapters of this study are briefly mentioned below.

Chapter-I: Introduction

The first chapter deals with the subject matter consisting introduction, background of the study, introduction of sample company, statement of the problem, objectives of the study, significance of the study, limitations of the study and organization of the study.

Chapter-II: Review of Literature

The second chapter is concerned with review of literature. It includes review of books, review of articles, review of reports, review of related journals and review of thesis.

Chapter-III: Research Methodology

The third chapter is concerned with research methodology. It includes introduction, research design, population and sample, data collection procedure and methods of data analysis.

Chapter IV: Data Presentation and Analysis

The fourth chapter deals with analysis and interpretation of data by using statistical and financial method described in chapter three. The major findings of the study are as follows

Chapter-V: Summary, Conclusion and Recommendations

Lastly, chapter five deals with summary, findings, conclusion and recommendations of the study. The bibliography and appendix are incorporated at the end of the study.

CHAPTER II

REVIEW OF LITERATURE

2.1 Introduction

Literature review is basically a “stock taking” of available literature in one’s field of research .The literature survey provides the student with the knowledge of the status of their field of research. In social science there is no dearth of literature. The library is a rich storage base for all kinds of published materials including thesis, dissertations, business reports, government publications etc.

The purpose of literature review is thus to find out what research studies have been conducted in ones’ chosen field of study and what remains to be done. It provides the foundation for developing a comprehensive theoretical frame work form which hypothesis can be developed for testing. The review of literature also minimizes the risk of pursuing the dead ends in research.

2.2 Conceptual Review

Introduction of Marketing Concept

In the current millennium, marketing has entered a new dimension. This is the age of marketing .Every manufacturing organization needs to produce and market products to achieve its goal. With increased consumer awareness due to globalization, liberalization and IT development, many new challenges have arisen in the market place.

Because of rapid improvement , many new challenges have arise in the market place .Because of rapid improvement in technology .the marketing environments is being more competitive day by day. The entire way of communication and marketing logistics have totally changed the marketing practice both at the domestic and international fonts.

Hence survive in such dynamic environment an organization must be able to implement the modern marketing concept, organize the marketing department, monitor scan marketing environment and establish the information networks. It should also be able to plan, implement, evaluate and control marketing activities balancing the interest of the organization, customers and society. Thus strategic planning and integrated implementation have not only become a demand of time but also an indispensable aspect of the modern marketing.

Definition of marketing

Different individual and association have tried to define marketing in their own terms. For instance, Prof. Philip Kotler has defined marketing as “social and managerial process by which individual and groups obtain what they need and want through creating offering and exchanging products of value with others.” (Kotler, 1986:5).

American Marketing Management Association (AMMA) has defined marketing as “the process of planning and executing the conception, pricing, promotion and distribution of ideas good and services to created exchanges that satisfy individual and organizational goals. Thus in brief, marketing encompasses all the activities aimed at satisfying the needs of the customers through the exchange relationship to achieve

organization objectives with social responsibility in a dynamic environment of the target market” (AMA, 1968: 25).

Increasing competition, changing customer want, declining sales, slow growth in the sales and increasing market expenditure are some reasons, which force organization to adopt and embrace the marketing concept. As information is the lifeblood of marketing to analyze marketing opportunities and threat and finding strength and weakness of the organization, marketing research has great role in marketing.

According to Philip Kotler(1986:5) “Marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to a specific marketing situation facing the company.”

According to American Marketing Association(AMA) “Marketing research is the function which links the consumer , customer and public to the marketer through information used to identify and define marketing opportunities and problem , generate , refine and evaluate marketing actions, monitoring marketing performance and improving marketing as a process.

Thus marketing research is a direct of adoption of the marketing concept by business organization. Marketing concept gives more accurate understanding of consumers need, preference and delivery of most want satisfying product and service to a present and potential consumer. Competitive environment of the market has forced most organization to give up “hit and trial” method for business and encouraged them to adopt marketing research for better understanding of consumer, competitors and micro and macro market forces. Thus modern marketing concept emphasize on achieving organizational objective by marketing activities integrated toward determining and satisfying customer need and target market.

This new philosophy of marketing need top management support, market intelligence system, organizational restructuring, human resources development and appropriate marketing mix.

Marketing Mix

Marketing mix is defined as the set of marketing tools that organization use to pursue their marketing objective in the target market. These tools or marketing mix are known as 4ps product, price, place and promotion. The total marketing effort consists of the design; implementation and evaluation of the marketing mix. Organization should strike right balance between these 4ps. (Kotler 1986, :5)

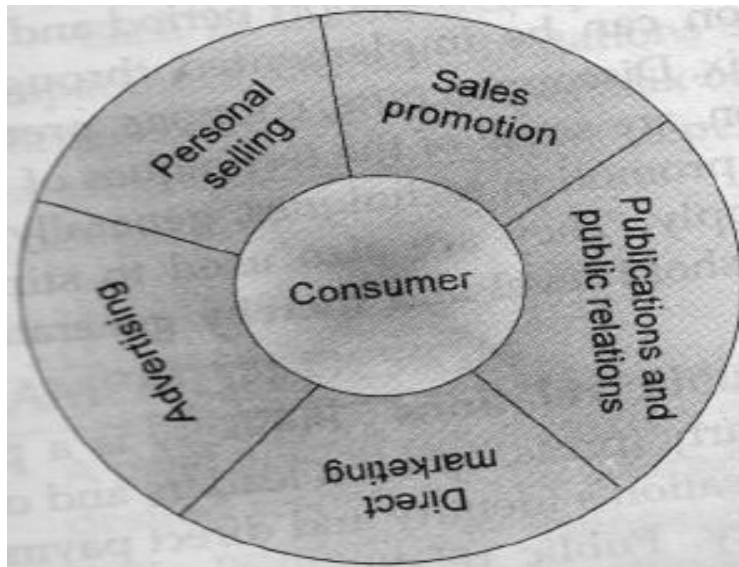
- **Product:** mix to satisfy consumer need, quality variety, branding, design (shape, size, color), packaging.
- **Price:** reasonable, discount in bulk buying too stockiest, allowance, terms of sale.
- **Place:** distribution channels – its either direct selling approach, through which services can be offered to the customer at a lower cost. Beside this agents and brokers, franchisers and electronic channels which are use for distribution channel.
- **Promotion:** Advertising, sales promotion, public relation personal selling, direct marketing.

Beside these 4ps other 3ps are also added in the case of service marketing. They are:

- **Physical Evidence:** Most services cannot be offered without the support of tangibles .Though customers cannot see the service; they can definitely see the tangibles associated, examine them and try to form an opinion on the service provider. For instance, a

passenger airline organization's promise of a safe, comfortable and timely journey from one place to another will be examined by the planes condition ,seating facilities and other physical facilities, the office furniture and equipment being used and also the way in which the employees are responding to costumers. All these physical objects are used as evidence by the customers to assets and expect performance from the service provider. Hence physical evidence plays a critical role in shaping consumer perceptions and also expectations

- **People:** Service organization is people-oriented and people- based organizations. Employees of a service firm constitute the major competency in undertaking business operations. Every employee of the service organization is a marketing person, who undertakes either full-time or part-time marketing activity. Whether an employee is involved in direct contact with the customer or not, if he was placed on the line of visibility, his behavior, activities and performance will have a direct influence on consumers. Service employees are to be trained and motivated for better performance in marketing activities.
- **Process:** Process is a functional activity that assures service availability and quality. The way the physical setting is designed technically and how the functions are scheduled and routed to provide promise services to the customers speaks of the efficiency of the process. In simple terms, the management of process is to manage service encounters effectively.



Marketing in Nepal

The marketing philosophy has not been well adopted by most organizations in Nepal. The industrial sector is in a developing stage. Although the role of services and production has been growing in the recent years, marketing has remained fragmented due to the topographical diversity, poor transport and communication facilities. Although the public sector remains dominant in the Nepalese economy, the private sector is developing. The advent of global companies has resulted in the transfer of basic marketing skills, capital and technology. It is high time for Nepalese enterprises to adopt modern marketing rather than concentrate on traditional production and selling concepts. This new concept is gradually emerging as a part of the management philosophy for meeting the marketing challenges of the 21st century.

2.3 Related Studies in Nepal

There are some related studies in Nepal.

2.3.1 Review of Master Degree Thesis

For the regards, remarkable study done by Pingla Singh (1979 A.D.) is worth mentioning. In her study she observed that the shoe in industry in Nepal made no significant effort to increase their sales. Since, the Nepalese factories were unable to sell their products throughout the country themselves, she recommended to concentrate selling through dealers and dealers should be entrusted with exclusives rights for sales on areas basis, she further pointed that the term and conditions for dealers should not be changed too frequently nor should they be amended unilaterally by the factory.

Next study had done by Dr Govind. R. Agrawal and B.R Singh (1977 A.D.) about the Airlines (Aspects of Cost Control). In this studies they concluded, Nepalese organization seem to be badly suffering from the acute absence of cost control awareness. Public corporation sector has been the leader and the private sector has been a silent follower in this regard .There are many e.g. increase in price of bricks, sugar, electricity etc. where government meekly allowed the government corporation to make price increase instead of demanding of them effective control of costs in the interest of price stability. The poor accountability coupled with the absence of standards to evaluate their performance has perpetuated the status workings of organizations in Nepal.

Mr. Hari Prasad Shrestha in his study, “A study on factor affecting the tourist influx in Nepal , with special reference to accommodation ,transportation and publicity “ concluded that publicity on the facts about country trends to attract the foreign visitors significantly .But the publicity media has not been so effective in both quality and quantity. It

is needed to give due alteration to expand the amount of publicity in the effective media of publicity in the country and abroad. No noticeable effort has been made abroad in this respect. Time has come to invade world tourism market in the more vigorous way which we can do by increasing genuine publicity measures.

Mr. Yogesh Pant (1993 A.D.) in his study “A study on Brand Loyalty” found that most of the Nepalese consumer lack of consciousness for research work. They are unaware of the fact that a research work is beneficial not only for the researchers but also for the country as a whole .So, they do not respond elegantly to the questionnaire distribution to them. This becomes a much more complex problem when the questionnaire is long. They feel monotonous to fill up along questionnaire .So it is suggested to convince the consumers first before the asking the questions for giving the questionnaire so that they feel the study to be conducted is really big benefit for them also. The questionnaire to be used in the study should be short and simple as possible. A short and simple questionnaire can procure more accurate information than a long and complex one.

Mr. Shyam Bahadur Ranjit’s study, unpublished Master Degree Thesis 1987 A.D., One of the constraints of progress of air transports in the underdeveloped countries is the scarcity of capital.

- The development of air transport depends on the extension of airports and airstrips , because of mountainous topography , suitable stretch of level of land for airports are not easily available in the country .Due to shortage of plain land , it has become obstacle to extend the air services of big planes in the various part of the country.

- Another major problem of our national airlines is the shortage of well-trained personnel. In this direction, though the friendly countries train many technicians such as engineers, overseers, draftsman and pilots, their number are still insufficient for the need of the country. In this regard, airlines have to adopt appropriate numbers of mechanics must be trained than the more engineers' to maintain the aircraft properly. Due to sophisticated technology, corporation has to pay more money to foreign country for training .This is also a vital problem for the corporation due to lack of aeronautical school.

Recommendation

- Yeti Airlines should extensively expand tourism promotion program through suitable methods or suitable mix of promotional mix tours in the true originating areas.
- Yeti Airlines should enhance sales promotional measures in the proper tourist generating markets.
- Service improvement is essential in domestic feeder lines, also especially in such routes which the tourist generally use.
- It should develop adequate contacts and establish relation with world-class travel agents and tour promotional wholesaler to promote tourism packages as well as its services.
- Yeti Airlines should start developing strategies to meet the demands of business and official visitors in view of their potential growth.
- Yeti Airlines should promote attractive packages to promote tourism from the region and its publicity should get wide coverage. Attention should be provided to give greater courage to the potential market areas.

CHAPTER III

RESEARCH METHODOLOGY

This chapter has been divided into the following heads.

3.1 Research Design

The structure of this research is based on analytical research which was followed by a descriptive design. The research was based on consumer surveys and questionnaires which were filled by respondents. Survey questions were designed and were conducted among domestic airline travelers. The population for this research were all the citizens living inside Kathmandu Valley i.e. Kathmandu and Lalitpur area. For the purpose of the collection of data and to reduce the biasness, we divided the overall sample population in the two segments, which consisted of frequent flyers and normal domestic air travelers.

3.2 Population and Sample

Population: The term population or universe for researcher means all the member of any well defined class of people event or objects.

Similarly, only the officer level employees (i.e. from Grade Vii to X) of marketing department have been taken as a research population by the researcher in the research study.

Where,

Grade Officer Level Employees

X	1
IX	7
VIII	5

VII	25
VI	35

Total Population = 73

Since, the total population of the study was 73 Officer Level Employees.

Sample – A population in most studies usually consists of a large group of people. Because of its large size it is fairly difficult to collect detailed information from each member of the population. Rather than collecting information from each member a sub – group is called a sample and the method of choosing this sub – group is done by sampling.

In the research study, the whole officer level of employees of marketing department has been taken as a population whereas 10% of the population has been taken as a convenience sample which represents the population stated earlier in the study. Since the Officer Level Employees was selected randomly.

Data and Information gathering Techniques:

Data and information has been collected by following two methods –

- Primary data and information
- Secondary data and information
- Primary data and information:-

While collecting primary data and information the different methods has been taken into consideration. They were:-

a) Observation method:

Observation method is more direct way to gather information from the particular field, area and event .It is one of the best ways for researcher to get the real information. By following this method the

researcher has frequently visited the organization , observed different department ,concentration has been made in marketing department ,

observed different divisions and units of the department , existing systems , procedures, technology employed in central reservation unit communication unit and software unit of Yeti Airlines, Tickets Reservation and Sales procedures in sales counter , Agency ,Tariff Schedule sub divisions of marketing department.

b) Questionnaire Method:

The questionnaire was designed, to be able to analyze the effectiveness of the services provided by Yeti Airlines. A total of 17 questions which were studied and approved by our supervisor were included in the final questionnaire, which helped us to analyze the effectiveness of the company. The modes of survey administration were mainly personal interviewing and telephone interviewing. The final questionnaire can be viewed on Appendix 4.

c) Interview Method:

The interview is a method allowing the researcher to ask question which will enable him / her to answer research questions. In case of getting information for the introductory frame work of research study. Structured and Unstructured Interview has been conducted to the different employees of marketing department.

The structured interview has been conducted with Director of Marketing Department made clearer picture to analyze existing condition of marketing department. It helped a lot to identify the problem generated within the department. It was also interviewed in the public relations divisions and corporate division too.

Similarly, structured interview has been conducted to Manager of Sales International Marketing Department prevails the information that centralization of authority and long document approval and reject

are the main causes that delay in making decision regarding flight and flight cancellation, unnecessary political pressure less employee morale is the main defects of the department.

- **Secondary data and information:-**

Secondary data are actually the results and data collected by previous investigator. It provides the researcher with a considerable amount of useful information.

With reference to research study the different secondary information has been collected from different sources .The different sources are – In formations and records kept by department divisions and units ,Yeti Airlines in house journals , profiles , Yeti Airlines operating plans and budgets, business magazines, daily newspapers, Yeti Airlines magazines , on time flight schedule guide etc.

3.3 Analysis tools and techniques used

With reference to research methodology, different tools and techniques has been used by researcher to present and analyze the existing marketing system.

Use of tools and techniques

- Tables and figures
- System approach
- Data flow diagram
- Flow chart

Tables and figures: A system is presentation of data in columns and row form. Typically tables are used to present the data and

information to make the content clear whereas the term figure usually includes graphs, maps, drawings and charts.

System approach: A system is a group of element or components joined together to fulfill certain function. In large context a system is an assemblage has three basic interacting components.

They are:

- Input
- Process
- Output
- Feedback
- Control
- System boundary

- Input involves capturing and assembling elements that enter the system to be processed.
- Process involves transformation processes that convert input into output.
- Output involves transferring elements that have been produced by the transformation process to their ultimate destination.
- Feedback is the data about the performance of a system.

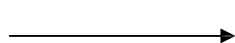
Control is the major system function that monitors and evaluates feedback.

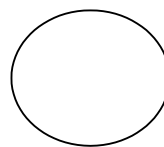
- System boundary, note that system does not exist in a vacuum rather it exist and function is an environment containing other system. If a system is one of the components of a large system it is called a sun-system and the large system is its environment. And the system separated from its environment and other system by its system boundary.

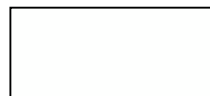
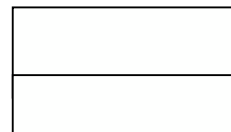
- Data flow diagram: Data flow diagram is an important tools used in analysis of system. A data flow diagram models a system by using external entities or data stores. Stored data may also flow to process as inputs. The main merits of Data Flow diagram is that it can provide an overview of what data system would process what transformation of data are done, what data are stored and which stored data are used and where the result flow. Thus data flow diagram is a

graphical network which magnifies the relation between different procedures within the system. The concept of data flow diagram was developed by De Marco in 1978 AD.

General symbol used in data flow diagram.

 = Represents Flow of Data / Information

 = Represents Process



= Represents External Entities

= Represents Data Source



Or

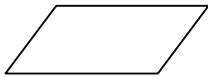
Flow chart: Series of steps which are needed to present the procedures /

functions in the system is known as flow chart.

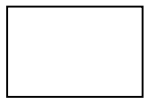
General symbol used in flow chart:



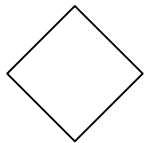
= Start / End



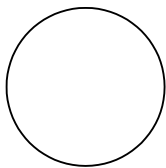
= Input / output



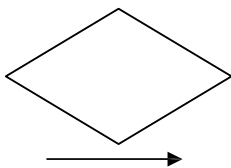
= Processing



= Decision making



= Connector



= Loop



= Direction of Flow / Flow Lines

CHAPTER IV

PRESENTATIO AND ANALYSIS OF DATA

In this chapter the data collected from the official periodicals as well as A good business is the outcome of a good management. An efficient management system is vital for the success of any business. It is the management which leads the organization rather to success or failure. If the management is not good and efficient one, sometimes the existence of business itself may be a matter of doubt.

A good management system covers all the aspects of management that is marketing, financial, production, personnel etc. It has also to interact with all the environments, external as well as internal prevailing around it. If the management cannot interact and adjust with the environments around it then it will be very difficult for the enterprise to survive and run smoothly.

Of all the components of management, marketing has become one of the most important and challenging aspects of today's business organization. It has become one of the most difficult tasks to handle. If the organization is not well prepared to handle its marketing aspects, then the organization can never get the success and exist. The growing importance of marketing in the present day is in basically due to its impact on the success or failure of an enterprise.

Now let us briefly see what this most important aspect of management that is "marketing" is?

According to Drucker, the aim of marketing is to know and understand the customer so well that the product or service fits himself and sells itself. In the view of Levitt, management must think of itself

not as producing products but as producing customers creating value satisfactions. Here both Drucker and Lewitt are trying to give more emphasis on customer and their satisfaction which is the most important and challenging aspects of modern marketing management.

Kotler defines, marketing as the means through which organization identify unfulfilled human needs, convert them into business opportunities and create satisfaction for others and profit for themselves. According to American Marketing Association, “Marketing is an organizational function and a set of process for creating, communicating and delivering value of customers and its stake holders”.

Marketing strategies should be comprehensive and properly molded with general organizational strategies. It should be able to suit with the existing and changing environment. Strategies designed and planned with due analysis of future probabilities encompassing all essential aspects of marketing and organizational needs will be the most valuable tool in attaining goals.

In general marketing activities cover from product planning and designing to distribution with the help of suitable promotional tools. It covers every aspect from the production of

Goods and services to its sales. Marketing covers all its marketing covers all its marketing mix that is product, price, places and promotion. Every aspect is to be given equal importance.

If we say the success of business enterprise depends upon the efficient management, the management itself can get success only when it will have good marketing strategy. So marketing is very much important for the success of business organizations. Today’s world is a growing world. Every day or even every moment new things are coming. Completion is increasing every second. In such a situation there is a great scope and importance of marketing.

Most of the developing and under-developed countries like Nepal used to give more emphasis on production side. They had the concept that production is most important. Once the goods and services will be produced, they would be consumed very easily. But the production has become in such a huge lot that is has been very difficult and even impossible to sale such production. So gone are the days of production oriented economy. Due to a lot of competition in all aspects, the distribution aspect has become most important and complex too. Marketing tries to balance the production and distribution aspect in such a situation.

But such an important aspects of management, that is marketing cannot be in isolation. It should be as per the need of organization. It should be able to adjust itself with the need of organization and as per the environments prevailing around it. Marketing needs proper attention. There has been a lot of development in marketing philosophy. Marketing should be able to catch every opportunity that the organization would pass through. There should be suitable strategy through marketing that the organization would be able to catch all opportunities and encounter away all threats. A proper marketing strategy should lead the organization to the success in modern competition world.

Airlines of present day also cannot escape from the environment and threats prevailing under it. For an airline also to have success, they need good, marketing like any other organizations of present day. There has become a lot of competition in airline business also. The successful airline will be that one can compete with other airlines and hold its share in the market.

Airline's product is highly perishable. Once the aircraft will take-off, all the unutilized seats, space will go into waste. So the seats, the space is to be sold before the aircraft will take-off. Therefore airlines should

have such a marketing strategy that they would be able to sale as maximum as possible before it will be wasted. Airlines need to be much more sales oriented. For this most of the airlines today have started automation, by the help of which they will be able to provide efficient and quick service to their valued customers.

Competition is the most challenges factor to modern airlines. Each and every airline has to face competition in their business. Nepal Airlines, our national flag carrier also has been facing competition in all its sectors.

Airlines product is service oriented. Passenger will prefer that airline which has good service in ground and in air consumer satisfaction is the prime factor in airline business.

Most of the airlines today are launching different programmes to serve its customers and to have maximum consumer satisfaction.

Generally there are these tools are classified into four broad groups that the four Ps of marketing.

Product

Product is one of the important factors of marketing mix. Without product no organization can do any business. It is the first step of any kind business in tangible or intangible way. In the airline business seat factor is considered as a product. More the Boeings and Twin-otters more the seat capacity in the international and domestic sectors. As a airline business is service oriented, a service product is a package of a series of services elements executed in proper order in keeping with the needs and wants of the customer, with an intention to maximize consumer satisfaction.

There are three elements in basic service package.

- Core service

- Facilitating services
- Supporting services

The core service is the reason for being in the market. As in airline core service is for transportation. Facilitating services are those services without which core service cannot be performed. So having the Boeing is not only the solution, together it needs comfortable seats, good food, other entertainment tools inside the planes. Facilitating service make it possible for the passengers to use a core service. But at the same time supporting services do not facilitate the consumption or use of core services. But increases the value of the service offering. Thus, as far as the core service and facilitating services are concerned, there will not be much scope for the competitive edge. But in a case of supporting services a high level of differentiation is possible, and as such, the firm can enjoy a competitive edge by being up to date, innovative, fast, bold and flexible

Pricing

Pricing is also one of the important aspects of marketing without proper pricing; a product cannot be sold effectively. Price in airlines term is called as fare for the passenger and rate for the Cargo.

Pricing has become another prime factor in airlines business of today. Most of the airlines are under-cutting their prices to secure maximum business. They are offering different incentives to the passengers.

Thus we see that marketing is the most challenging and important factor for the airlines of today. They have to face competition from its production, which is scheduling up to distribution. Consumer satisfaction is the most important factor in airlines business. Everything is to be competitive, schedule should be competitive, price should be competitive, distribution system, service on ground, on air etc,

each and everything should be competitive to capture its share of market. For all this a good marketing strategy is essential.

Pricing is the influence factor in consumer decision making, related to the purchase.

In services marketing mix, price is only 'p' that generates inflow to the company. The revenue of the company will be greatly influenced by the pricing decision. Traditional approaches of pricing have some problem when applied to services. Taking into consideration the service characteristics and consumer perceptions, service firms should take the right decision relating to the pricing of services.

Price in airlines term is called as fare for the passengers and rate for the cargo. Yeti Airlines being a private company is following market competitive pricing in its domestic sector both for passenger and cargo.

Promotion

Promotion means, "To move forward" in its broadest sense. Promotion can be defined as "marketing communication that attempts to inform and remind individuals and persuade them to accept, recommended, re-sell or use of product, service or an idea.

Promotion is popularly know as external marketing in services as a traditional marketing. To continue the traditional identity, promotion was included as one of the components of services marketing mix.

- Advertising

Advertising is the non personal mass communication by an identified sponsor. Advertising is a cost effective and powerful means to reach the masses. The cost per unit of exposure is the lowest in advertising, when compared to other promotional approaches. Informative, educative and persuasive objectives can be achieved through advertising.

- Personal selling organization establish communication channels through their sales force with the target market, it is called personal selling. Personal selling is face-to –face communication. Feedback can be spontaneous and customers can clarify doubts on the spot. This type of selling is very costly and difficult to reach the mass market. All employees in a service organization are marketing employees. Some sell in full-time basis and some on part-time basis. But everyone contributes to sales.
- Publicity and public relations: Publicity is promotional campaign through a third party (press, opinion leaders and other indirect sources).Its a deliberate attempt by the organization to establish relations with various people like customers, suppliers, creditors, shareholders, media and social organizations who are capable of influencing, directly and indirectly, business prospects. Both public and publicity are powerful techniques for promotion of services. With the use of these two, a favorable word-of-mouth communication can be generated in the market.
- Direct marketing: When intermediaries are not involved between producers and consumers, it is called direct marketing. It's not the recent concept. It is one of the alternatives for the producer to reach the market. The evolutionary changes that promotional mix in the areas of communication system and networking, information technology, transport and technology in recent rears promoted the direct marketing concept as one of the promotional tools.

Today's business cannot be expected to be success without a proper promotion policy. Yeti Airlines being an airlines business has to give even more importance in proper promotion activities. Yeti

Airlines has promoted both Nepalese and foreigner at trunk as well as remote sector.

Distribution

Business firms or social organization measure their growth in terms of market expansion. When a service provider intends to expand his market operations, there are only two options before organization. Either it has to start service outlets at various places offering the same package and quality, or to use private distributors for the purpose. Maintaining standards of performances at the service outlet is always challenging for the service provider. If this job is assigned to middlemen, there may be a danger of decrease in the value of offering and bad reputation to the organization. However, if the distributors have the ability and willingness to offer such services, the risk of failure and damage to the company image gets minimized.

Distribution's objective is to make services available at the right time and at the right place and accessible to consumer with ease and convenience.

Airlines product also can be distributed through both channels that is directly to the customers or through middle-men. Middleman for airlines products are travel agents, General sales agent, cargo sales agents, etc. Yeti Airlines is also selling its product to its customers directly by its own offices that is district sales offices and different regional offices outside the country. It is also selling its product by appointing different agents inside the country.

Competition:

Competition has also become a common challenging factor for today's business enterprise. Airlines business cannot be the exception of competition as well, rather they have to face more competition in

comparison to other types of business Their fare should be competitive, schedule competitive, service and all the other things should be competitive. Yeti Airlines also is facing competition in all trunk and remote sectors with other airlines like trunk area with Buddha Air, Agni Air and Guna Air, in remote area with Nepal Airlines, Agni Air, Sita Air etc.

4.1 Marketing Department

Yeti Airlines is the leading Airlines of Nepal. There are about 800 employees working in different departments of Yeti Airlines. The different departments have its own functions and importance. Each and every department is connected linked with each other according to their requirements. Among the different departments, marketing department is one of the most sensitive departments of Yeti Airlines which plays numerous roles to uplift and compete in the competitive environment. The success and failure of airlines service depends on the proper and efficient management of marketing department.

Basically, marketing department handles all the function concerned with marketing. The department formulates all the strategies, plans and policies related with marketing activities such as Sales Promotion Pricing, Advertising Distribution, Schedule Planning, Station Management, Market Research and Development etc. The marketing department of Yeti Airlines consists number of divisions and it is further divided into units. The structure of marketing department and their respective divisions and units are presented below.

a) Marketing and Station Affairs

- Product policy and strategy
- Tariff and price strategy
- Market promotion

- Station affairs

b) Market Development Cell

- Market research and development
- Traffic review, monitoring and forecasting
- Schedule planning
- Management information report

c) Sales

- Reservation and sales policy
- Agency policy, distribution and control
- Yield management

d) Flight Support Service

e) Airport Service

Duties and responsibilities

The functions, duties and responsibilities of the Director, Marketing are as of the Department.

- To formulate and implement marketing and sales plan and programme of the Department.
- To ensure smooth operation of the sales and marketing functions related to area of the Department.
- To plan and implement operation of schedule, non-schedule and charter flights in co-ordination with other Departments as and when required.
- To carry out market research activities and market studies of existing as well as potential routes and report to General Manager.

- To monitor tariff vs. Yields in different routes and implement measures for improvement of yields.
- To suggest measures for maximizing revenue from sales and other activities and its implementation.
- To prepare and submit annual traffic and revenue forecast and to make efforts to achieve the target and review the target vs. achievement quarterly.
- To prepare and implement annual expenditure budget of the Department upon approval as per prevailing rules and regulations.
- To prepare and submit Management Information Reports (MIR) on time as per requirement.
- To maintain financial discipline and control expenses within the approved budgetary limit and as per the existing Finance Rule of the Corporation.
- To keep close liaison with Government offices, Interline partners, Agents, Tour operators and other travel trade related authorities to enhance the revenue, image and goodwill of the corporation.
- To monitor and evaluate the performance and activities of the General sales Agents, Passenger sales Agents and Cargo sales Agents appointed by Yeti and submit report.
- To monitor and evaluate the performances the different Units, Sections and Divisions of the Department.
- To delegate authorities to subordinates to ensure that they perform their jobs timely and efficiently.
- To assist General Manager in carrying out his responsibilities in respect of area of Marketing Department and perform any other jobs assigned by him from time to time.
- To implement the directives of the General Manager and board.

4.2 Corporate marketing plans and strategies

With the throat cut competition in the market and the changing look of the economy for various reasons, our airline needs to set up its own plans and strategies to open up doors for the market segments which has yet been untouched for the following reasons: a) To enhance the revenue, b) To see the diversified opportunity of establishing itself in the different category of markets c) To grow its popularity in more bigger way and also d) To carry forward the dream of establishing its own International brand in the near future.

Our marketing challenge is to position our product and service offerings as the high-quality, high value-add alternative in the corporate segment. The mission is to create reputation, Image, Identity and performance in the corporate Market.

Objective:

- To Accelerate our penetration in the corporate travel segment
- Achieve minimum of 10% increase in the corporate sales in the coming months.
- Enhance existing customer benefits schemes by recognizing, need based approach.
- To maintain and improve relationships with customers to be better positioned and to acquire and retain high value customers.

Target market

Target market would be:

INGO'S/ Embassies / Multinational Companies, mostly dollar earning accounts to have quantifiable revenue growth.

Market Segmentation:

We have broken our market into groups just to have standard classifications as used by other organizations too.

1. Banks
2. Insurance
3. NGO / INGO
4. Embassy.
5. Associations
6. Hydro power company
7. Multinational companies and others.

4.2.1 Target Market Strategy:

We cannot survive just waiting for the customer to come to us. Instead, we must get better at focusing on the specific market segments whose needs match our offerings. Focus on targeted segments is the key to our future.

Therefore, we need to focus our marketing message and our product offerings. We need to develop our message, communicate it, and make good on it.

Our message to these organization would be : On time schedules / Hi-Tech aircrafts and its performance / Better frequency than our competitors / bigger fleets / personalized services .

Our strategy would be:

Focusing on Loyalty program

Identifying the potential clients

Continuous monitoring and reviewing the performance of potential clients

Being Aggressive on the market

Following on the leads given my other companies to increase our share and to have wider coverage.

Relationship Building / periodic Follow-ups on the contracts or any new agreements

Frequent entertainment / Gifts on birthdays and Anniversaries if possible to the potential clients

Positive attitude / change of perception about our own product /
Focusing on Customer experience management/ personalized services /
CIP or VIP handling in the counter / Improved communication / Media
Promotions on special occasions

Means of Communication:

Web based Sales and Marketing, Online Reservations. –Online reservation will help us in the long run in increasing our revenue and also focusing more on FITS at higher cost. Currently we are into online reservations and also on e-ticketing, all marketing team should be talking and focusing more into it to create awareness about our new booking system and also to bring into common practice.

Local Marketing:

Approach A one club – woman expatriates clubs, most of the happening news of the town comes from them and again they keep organizing events and get together which may help us to create awareness in the corporate market.

B. Big organizations keep organizing events like , golf and crickets and other sports championships, we can do partnerships with them. In this case we will be active in the local market and at the same time people will know about us and our product more.

4.2.2 Communication Strategies for the Corporate Market :

Mailing Campaign -Segment wise mailing campaign will be done to the existing and new corporate houses, as per the need to keep them updated in any new development.

All our local promotions will be regularly sent to our potential clients to make them aware of our activities.

Tele Calls -10 to 12 tele calls a day, to the corporate houses, and based on the conversation rates or other promotional collaterals will be sent if required.

Website - complete up-dation of the website from time to time as this would be our first step towards beginning the communication.

Things Yeti Airlines would like to do :

Update and streamline the existing list of the corporate houses and other companies

Search and add new and potential companies on the existing data

Target and focus Ingo's and Bank and Insurance companies to begin with, as they frequently travel to regional areas.

Partnerships or tie ups with big embassies and Ingo's for the promotions or any kind of activities to attract attention of other corporate houses, if possible.

Regular follow-up and smooth communication with all the companies to maintain and retain the business

Focus on the growth of the corporate Business

Things Yeti Airlines would Like to draw attention:

Proper reporting application in the system to get monthly report of all the corporate houses to analyze its performance in monthly and yearly basis, this system will help us to review the individual executives and individual company's performance.

Through this system we will be able to monitor top 10 or top 20 clients and monitor and chase them regularly.

Top Clients to be rewarded with certificate on yearly basis, as a token of appreciation, to encourage them and to have their loyalty with us - May be at later stage.

Video Promotions - Seeing and hearing has more lasting effect than reading in news papers or fliers, as such Audio and Video promotions should also be included in our marketing plans . TV scrolls in between the news or commercial serials or running scrolls below the news headlines will provide us additional recognition in the mass

Audio Promotions : Radio still remains an important medium for a vast number of people. As such, radio should be a medium that we need to consider in our marketing mix. Radio is a source of information, entertainment, and companionship amidst the hassle and bustle of daily life. People listen to the radio in their cars, workplace or even when relaxing at home. Radio helps build our credibility as an expert in our field, raise awareness about our business, and gives us the chance to communicate our message or discuss our products, As such we should also be considering few scheduled announcement monthly basis to relay our message to the public and this is the right platform to make our messages heard.

Executive Authorities

Following authorities are delegated to Director Marketing in order to carry out duties and responsibilities smoothly and efficiently:

- To exercise full administrative control over staffs of Marketing Department including approval of leave and passage of the staffs as per the rules of the Corporation.
- To take disciplinary action against the staffs up to Grade VIII of the department in line with the provision of the Service rule.
- To transfer staffs up to grade VIII within the Department.
- To evaluate performance of the staff of Department and send to concerned department regularly.
- To send staff on duty up to a maximum period of 30 days within Nepal and 7 days to other countries as per requirement.

- To execute postings of staff as per the posting criteria and the provision of Service Rule in consultation with the General Manager.
- To approve overtime of staff.
- To authorize and approve all the expenses pertaining to the department when required.
- To appoint cash minus commission agents. CVD stockiest agents may be appointed after due approval.
- To represent Yeti on various travel and tourism related committee/seminars/ conference, trade meets, marts. etc. concerning the activities of Marketing Department after due approval.

With Information to Chief Executive

- To decide normal passenger fares and cargo rates. Excursion fares, promotional fares/rates and special agency/interlines fares to suit the market situation.
- The annual agency fares will continue to be decided by the Marketing/Finance Sub-Committee. However, the same could be revised by Marketing Department to respond to the market situation and informed to Marketing Committee.
- To decide on special interline prorates for both passenger and cargo.
- To decide on code sharing with other Airlines.
- To provide free/rebated and special fares/rates with or without service charge in line with the policy of promotional activities strictly in need basis only:
- Cargo/excess baggage transportation on Yeti flights.
- Tickets to FAM trips organized by Agents and Interline.

- Interline and agencies.
- Tickets for promotional purpose to external agents.
- To organize Agents/Interline get-togethers at the cost of company at different places whenever required.
- To re-arrange and implement temporary schedule including delay, rerouting, postponement or cancellation of the flights as and when necessary.
- To approve and authorize re-routing of passenger/cargo up to an intermediate or destination point in case of disturbances/cancellations and overbooking of flights.
- To sanction in cash or by free tickets without service charge as compensation to passengers in case of disturbances of flights or mishandling of baggage or any other general service complaints relating to us.
- To certify all bills and expenses pertaining to area of responsibility of the Department For payment subject to budget provision.
- To exercise financial authority as per finance by- rule 2046 and revision thereof.

Evaluation:

The performance of Marketing Director will be evaluated against the followings:

- Fulfillment of Revenue target.
- Maintenance of Financial discipline and cost control.
- Proper co-ordination with all Departments and other related agencies.
- Maintenance of good relations with agents, Interline and other outside parties.

- Effective sales promotion activities.
- Implementation of Management directives and Board decisions properly and timely.

**Table 4.4
Refund Form for No Show**

• Travel Agent:
• Tickets to be cancelled:
• PNR:
• Sector:
• Date:
• Reason for Cancellation:
• Attached Documents:

**Format of REFUND FORM FOR NO-SHOW
FOR INTERNAL USE**

Comments from ASR: <i>Verified</i> Signature Name: Date:
Comments from Marketing Manager/Dy DSM: <i>Good Travel Agent so considered50%CC</i> Signature Name: Date:
Comments from one who cancels in system(Reservation): <i>Done/Not Done</i> Signature Name: Date:

Special Consideration by Management: <i>Only one time case. Full Refund</i> Signature Name: Date:
Finance Dept: Full Refund. Done. Signature Name: Date:

YETI AIRLINES COURIER CARGO RATE

TRUNK SECTORS

SECTORS	CARGO RATE (Rs)/kg(Accordi ng to rules)	CONTRA CTUAL RATE(Rs) /kg
KTM-BIR OR V.V.	40	20
KTM-BDP OR V.V.	40	30
KTM-KEP OR V.V.	40	40
KTM-PKR OR V.V.	30	20
KTM-BWA OR V.V.	30	20
KTM -BHR OR V.V.	30	20
KTM-JKR OR V. V.	30	25
KTM-DHI OR V. V.	70	50

TARA AIRLINES COURIER CARGO RATE

STOL SECTORS

SECTORS	CARGO RATE (Rs)/kg(Accord ing to rules)	

KTM-LDN OR V. V.	100	80
KTM-PPL OR V. V.	100	80
KTM-RUM OR V. V.	100	80
KTM-TMI OR V. V.	100	80
KTM—LUA OR V. V.	100	80

4.3 Analytical Presentation of the Project

The services of Yeti Airlines and the effectiveness of Sky Club has been analyzed through the use of focused group discussions, interviews and surveys. The result can be divided into two major parts

A quantitative description of the survey results of:

- Customer responses on their views about services provided by Yeti Airlines
- Customer responses on their views about services provided by Sky Club
- A qualitative description of customer views through a focused group discussion and the company's view through an in depth interview on the same topic as above.
- The survey responses on various aspects of services and customer characteristics have been quantified as follows. For reference, a sample survey has been provided in **Appendices 1**:

Figure 1: Purpose of Flying

From the above we can see that the highest number for domestic travelers is made up by passengers travelling for business purposes, which is followed by passengers travelling for personal reasons and passengers travelling for educational purpose. The passengers using the service for vacations are quite low, and consisted mainly of tourists. The passengers travelling for official purpose were the ones who travelled frequently and made up a significant proportion of the frequent flier programs in the domestic airlines industry.

Customer satisfaction of services provided by yeti airlines on various factors:

Punctuality: The customers have rated the airline as being very punctual. Most of the customers we surveyed said that punctuality was one of the major factors that determined which airline they chose to fly with.

Figure 2: Customer Ratings on Punctuality of Yeti Airlines

The above chart shows that a lot of customers value the punctuality of the airline. The airline has been well commended for maintain consistently on time flights every day.

- **Flight Schedules:** The customers were asked to rate their satisfaction on the basis of how convenient has the airline been making their travel to different areas through its flight schedules. The results have been as follows:

Figure 3: Convenience of Flight Schedule

For the flight schedules of Yeti, most of the customers have rated that it is good, meaning that the flights are generally available for the specified sector and date when they need to travel. The reason that some people have rated moderate is because sometimes they have to switch airlines due to the aircraft already been fully booked or un-availability of tickets due to some other reason.

Reservation and Staff Services:

Figure 4: Satisfaction from Staff Services

A significant amount of customers think that the service provided by the airline is of good quality. This has been one of the airline's major competitive advantages in the market through which it has been able to carve its image over the years. People have highly appreciated and noticed the difference in the quality of hospitality provided by the airline in comparison to its competitors like Buddha.

- **Staff Courtesy:**

Figure 5: Importance of Staff Courtesy

Staffs are known to be highly friendly and supportive at yeti Airlines. This fact has been well depicted in the pie chart above where a good 78% of customers think that the company has good etiquettes than other airlines.

- **On Board Services:**

Figure 6: Satisfaction from On- Board Services

A large number of customers seem to be satisfied with the services they receive on board. The staffs of Yeti are recognized as very professional, supportive and helpful in comparison to the other airlines.

- **Ticket Fares:**

Figure 7: Customer Rating on Yeti Airlines' Ticket Fares

Passengers flying from Yeti think that they have been flying in a fair price except for some customers who think that the airline should reduce its price by some amount. The prices have hiked in the recent years due to increase in inflation, fuel charges, political and technological effects in the overall economy.

Customer Satisfaction on the services provided by Sky Club:

The contribution of Sky Club seems to have been well recognized by 42% passengers here who say that the benefits it is providing is very good. However, some passengers may not have been fully aware of the available benefits while some of them believe that the airline will be serving them better by providing mileage even in the lower fares.

- **Preference of Yeti Airlines**

Figure 8: Reason for choosing Yeti

As seen in the Figure 10, the major reason for customers preferring Yeti was due to its consistency in flying on time. The respondents said that few years back, Yeti airlines was not favored by customers due to delays in flight, which developed a negative image on the customer's mind regarding it as being unreliable.

However during the past few months, Yeti airlines put a continuous effort to provide on- time flights, which is being highly appreciated by business travelers for whom on- time flights is very important. At present, on-time flights have been the major reason for customer preference towards Yeti airlines.

Another major reason for customer preference is reservation and staff services. Good staff courtesy and helpful as well as polite staffs are one of the major strengths of Yeti airline, on which basis it has been able to attract as well as retain customers.

The benefits provided by the frequent flyer program, accounted for a very small proportion for people choosing Yeti airlines, as most of the customer were not aware about the frequent flier program.

- **Trend in the member base of Sky Club**

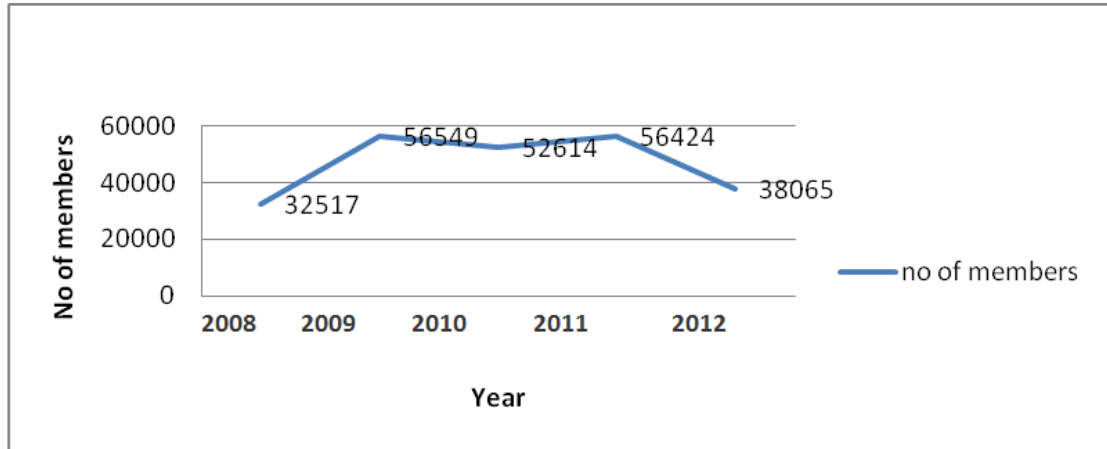


Figure 9: Trend of Sky Club Members

The number of Sky Club members flying has been increasing over the years as shown by the chart above. However the company has faced a significant decline in the number of members flying in the year 2012. This was caused by the introduction of the new different fare system where the members were entitled to mileage points only on normal fares and not on lower fares.

- **Members in different sectors**

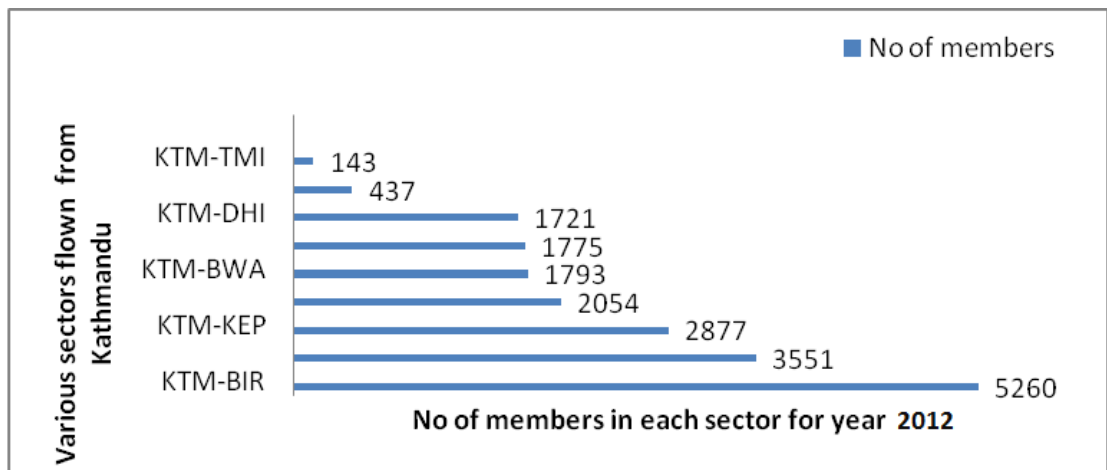


Figure 10: Members in Different Sector

The largest number of members has flown to Biratnagar last year. The second largest has been Pokhara and Nepalgunj lies in the third position. The company can use this information to optimize its services in the manner that facilitates these customers, for Eg: by providing bigger aircraft in these sectors.

- **Switching rate to different airlines:**

Figure 11: Switching Rate

Out of the 125 respondents surveyed, 66% were a member of Sky Club (Yeti Airlines), whereas 34% of the respondents were member of both Sky Club (Yeti Airlines) and Royal Club (Buddha Air).

The switching rate of customers from one airline to another was found out to be quite high even after becoming a member. The major reason for switching was due to unavailability of tickets, lack of flights provided to the desired destinations etc.

About 58% of the members agreed that the frequency of their flight has not increased after becoming a member, because as they usually travelled for official purpose, the number of times they travelled was not affected by the membership. 41% of the respondent believed that the after becoming a Sky club member the number of time they travelled per year has increased to a certain extent, whereas 1% of the respondent said that the frequency of their travel decreased after becoming a member.

- Motivation

Figure 12: Motivation Factor for members

During our survey we listed down ten major factors that affected or influenced the customer to sign up for the frequent flier program, these factors were the services provided to the members by domestic airlines having frequent flier programs in Nepal.

Out of the ten factors, there are eight factors that the customers chose as motivational factors for becoming a member. The top five motivational factors were mileage points allotted to members, reward benefits, member booking priorities, number of sectors available and e- ticketing services.

Factors such as facilities through discount partners, minimum cancellation charges and part mile part cash option motivated only a small number of customers.

- **Reasons for members being unsatisfied with Sky Club Services:**

- **Figure 13: Reason from not benefitting from Sky Club**

The majority of the members agreed that they were not benefiting from the frequent flier program as they were not being well informed about the mileage points that were being accumulated in their cards.

Another reason for dissatisfaction of members was due to the low mileage points offered and because they did not fly with the particular anymore.

10% of the members were dissatisfied as they were not aware about the discount partners' available, due to which they were left out of the benefits that they could receive from these program partners.

- **Usage of Sky Club Card**

- **Figure 14: Usage of Sky Club Card for discounts**

Sky club offers it members' discounts through various program partners. Yeti airlines has partnership with hotels, restaurants, department stores, health clubs, clothing stores, book stores etc. to provide additional benefit to its members.

Only 32% of the respondents said that they have used their Sky club card to attain discounts, whereas 68% replied that they did not use their Sky club cards as they were not fully aware about the availability of discount partners.

The reason for the low usage of Sky Club card can be due to the unaware to the customers about the discount partners offered.

Out of the small proportion of customers who actually use the Sky Club card, it was found that the usage of their card was the highest in department stores followed by restaurants and hotels. Respondents suggested that the number of partners in these areas should be increased as it would be more beneficial to passengers travelling for official purposes.

The usage of Sky club card at health club and clothing stores was there to only a certain extent where the program partners said that up-to 10 members visited these outlets per month asking for discounts.

- **Part Mile Part Cash Option**

Figure 15: Part Mile Part Cash Option

The part mile part cash option offer flexibility in payment by allowing members to redeem their preferred reward by paying part miles and part cash. For example a member can use 50% of the mileage points required for a free ticket, and pay the balance 50% in cash to have a valid ticket. As this service is only being provided by Royal club, and Yeti Airlines was keen to introduce this service to its members, we asked the Sky club members if the part cash part mile option will motivate them to fly more. A total of 65% respondent answered that this option will motivate them whereas 35% responded that it will have no effect in their flying decision whatsoever.

- **Satisfaction of Members on Mileage Points Received**

Figure 16: Satisfaction from Mileage Points Received

Most of the members did not have any problem with the mileage points they were receiving. However some members had suggestions for the airline to provide mileages even in the lower fare sectors.

- **Other Services**

Figure 17: Satisfaction from Other Services Provide by Yeti Airlines

The above figure depicts how satisfied are the members by other services provided such as reservation priority given to members, low cancellation charges, more baggage allowance etc. Members are seen to be satisfied with all the extra services they are getting but have something more to add in its core service: mileage points. A significant amount of decline in the members flying in the year 2012 is good evidence and a reminder for the airline to consider customer's suggestions.

4.4 Sky Club and Royal Club

A comparison between Discount Partner responses of Sky Club and Royal Club

An overview: This is a result of the several interviews taken with the Sales and Marketing managers of Different organizations with which Sky club and Royal Club have partnered to provide its members with discounts at various stores across the valley. The list of discount partners has been provided in **Appendices 2**. Through these interviews, we have made an attempt to recognize the customer turn ups, inquiries about discounts, benefits realized by the discount partners and how effective has the overall campaign been.

The organizations have been broadly categorized into department stores, hotels, restaurants and bars, health clubs, bookstores, colleges etc. We

visited few organizations of each category for interviews and their analysis is given below:

Sky Club:

- **Department Stores:**

Departments are the most sought out places for discount as seen by the survey and also by what the managers say. Almost 60 to 70 customers every month ask for discounts in these stores through Sky Club Cards. The managers get the benefit of having long term customers and potential customers through this partnership. They look forward to continuing the partnership with Sky club in the future. However, the managers also talked about their own store cards through which customers have a better discount offer which increases the chances of customers to use their store cards more often.

- **Restaurants and Bars:**

It's the second most visited place by the customers to receive discounts. Managers say that almost 10 – 15 customers come here every month asking for discounts or for inquiring about availability of discounts. However managers of these restaurants haven't noticed any increment in sales due to the membership discounts offered and feel that promotional benefit is the only gain they get out of the partnership with the club. Some restaurants had also replaced their management due to which the current managers couldn't update us about the current progress of partnership and customer turn up in their business. Such cases were notified to the department and dealt with by the respective individual.

- **Health Clubs:**

The managers of health club send a positive response when they talk about increment in sales due to the partnership program with Sky Club. They believe that up to 4 -5% of sales is increased in every month during season times and have been experiencing this increment for almost more than a year now. Also, they have been receiving mileage and discount

benefits from the organization in return and they look forward to continuing with the partnership. They say that they have benefited on promotion more from Sky Club than from other airlines like Guna.

- **Bookstores:**

Some bookstores have seen no customers coming in for discounts while some magazines like ECS media have been offering up to 40% discounts on their product due to which they see 5 – 10 % customers subscribing with discounts through the Sky Club Card.

- **Clothing Stores:**

Clothing store owners were not usually present during the mornings and afternoons and we noticed that their staffs were not well informed about the discount partnership with Sky Club due to which they were unable to provide customer discounts or answer their queries about such schemes. However to avoid such circumstances in future, the airline has arranged for stickers and small posters to notify such customers. Some clothing stores received various customer inquiries and gave discounts and gained promotional benefits thru the partnership.

- **Photo studios:**

Photo studios have been receiving 10- 15 customers a month from Sky Club who ask for discounts. They say that they have benefitted through this partnership through the promotions done by the company and by receiving discount points too. However this partnership hasn't led to their increment in sales but they do look forward to continuing with the partnership in future.

Royal Club:

- **Departmental stores:**

The managers at the stores were not well aware about the discount partnership program and since it hadn't been renewed with the club they couldn't provide discount to the customers. They also informed us about the change in their management and that this scheme was active during

the previous management's handling while now, they did not have much customers asking for discounts through Royal Club due to which they decided to discontinue with the partnership.

- **Restaurants and Bars:**

We went to several restaurants at Lalitpur and Kathmandu where Royal Club had claimed its partnership with different restaurants. Here we found that some managers were aware of the program and this scheme was in effect while some managers told us that they were continuing with the partnership but they haven't seen any customers asking for discounts till date. They think that the customers have not been well informed about the availability of discounts through the Royal Club membership and they also mentioned that the customers asked and received more discounts through their personal relations rather than from the membership cards. However some managers did experience times when 4-5 customers per month inquired about availability of discounts at their restaurants.

- **Health Clubs:**

Royal Club hasn't enlisted any particular health club in its Discount partner program, instead it has got travel agencies, resorts and electronics shops to provide customers with the discount facility.

- **Bookstores:**

For magazines, customers haven't been subscribing through the discount scheme currently but in the previous years there were at least 5 customers per month subscribing for the magazine through discounts. It shows that this trend of subscribing through membership discounts has been on the decline according to the managers.

- **Clothing stores:**

Royal Club has enlisted its partnership with several clothing stores in town but most of them have been found not updated. The management has been changed in some store while some have not renewed their

partnership agreement with the club. Also, the management of some boutique shops were changed, and the new management had no idea about the availability of such partnership program. They also shared their interest in continuing and that they had not received any request for renewal of partnership from the airline's side.

- **Photo Studios:**

Photo studios did receive customers through this partnership program. The manager told us that at least 2 customers per month used their membership cards to acquire discount at the shop. However, the management has not felt any increment in sales due to the program whatsoever and do not wish to continue the contract in future.

4.5 Contribution of Sky Club on Sales

The company's perspective on the Contribution of Sky Club on Sales-

An In Depth Interview with the Sales and Marketing Director:

We conducted an in depth interview with Mr. Pradeep Bikram Shah, The Sales and Marketing Director. The details and interview excerpts have been provided in **Appendices 3**. He plans flight schedules, coordinates with the civil aviation, handles operation in all the other sectors outside the valley. He is also responsible to coordinate and direct station managers of various sectors. These station managers report to him through telephone or email. If any additional procedures are to be applied, the station managers are called in the head quarters or the sales director himself or the marketing manager pays a visit to the respected sector to discuss matters through a meeting.

He gave us significant insights on the contribution made by Sky Club, when it started and how it has been functioning and contributing to the Sales of the organization. We also learned about the functions of the Sales and Marketing Department, specially the marketing mix decisions

made in the company and the general procedure of daily work and activities carried out at Yeti Airlines in other departments.

According to the Sales and marketing Director, Sky Club has been contributing at least 5 – 10 % increment in Sales every year. However due to the company's decision to introduce different fares system for the airline's flight tickets, the number of members flying in the normal fare has decreased. This has made an impact on the sales of the organization.

Since the inception of Sky Club, it has been subject to competition by the already established frequent flyer program of Buddha Air-Royal Club and it has been under pressure to meet up and exceed the quality of services provided by its competitor. The company has put in its best efforts to provide value to customers through different and special facilities to its members over the years. The company also had thoughts about putting in a separate check in centre and a lounge for the Sky Club members at the Airport but couldn't do so due to the lack of space and already congested area with a lot of airport stalls. The department has been currently focusing on delivering services to its customers through its discount programs by partnering with different organizations. The company feels that Sky Club has been essentially contributing in adding to the positioning of the airline services in the customer's mind and adding to the brand equity of the company.

System Level Data Flow Diagram

Generally most of the activities of Marketing department is concerned with selling of goods and services in order to fulfill needs wants and demand of the customer i.e. customer service. The system level diagram of marketing department has been emphasized in sales and reservation of ticket and confirmation and issue of ticket for customer service. The system level diagram consists 4 entities viz.; Sales, central reservation control, sales manager and airlines customer.

The entities sales has to deal with number of external activities such as airlines ticket sales and reservation, sales promotion and its achievement co-ordinate with travel agents, preparation of sales budget, and monitor tariff v/s yields in different routes formulate and implement sales reservation policy etc.

Central reservation control is other entities concerned with reservation of airlines ticket worldwide through on line computer reservation system, it updates the information and support the sales and reservation system of Yeti Airlines.

Sales the entities concerned with sales and reservation of ticket i.e. flight ticket. This entities deal with airlines customer, ticket reservation and sales activities is done manually.

Sales manager is the another entities who has to coordinate with sales and reservation system and ticket confirmation and issue system to provide better service to airlines customer and generally record the up to date information to provide needed information for sales.

Airlines customer is takes as the last entities in this system level diagram who receives information from the sales regarding ticket conformation when the ticket is confirmed he/she provides payment the ticket confirmation and issue system provides the ticket to the customer.

According to the system level diagram sales who is concerned with sales and reservation of ticket. Ask the ticket for reservation to sales and reservation system then sales reservation system provides information about availability of ticket where the system is operated under the direct supervision of central reservation control unit. When the ticket is reserved according to the request of sales. The system has its database file to record the reserved ticket.

Similarly the entities airlines customer and sales manager who has their direct relationship with ticket confirmation and issue system and

the airlines customer confirmed and provides payment the system issue the ticket and the system deposit the payment and keeps record in payment received file. On the other hand it updates the ticket issued file to inform sales manager decrease in stock.

Here the airlines customer needs lots of information regarding flight rules and regulations flight schedule, airport, reporting time, baggage weight and banned items etc. Thus the customer service is responsible to inform and handle the customer in the airport before departure of airlines. It keeps service record file to know the number of customer departure and incase the time of flight cancellation due to environment and technical problem of aircraft it informs customer about flight cancelled and next flight scheduled for their service. It updates information form flight scheduling and planning database file where the sales manger requires service verification for future prospects.

The fig; emphasizes the business organization is an open system because it is operating within a business environment. The organization whether it is business organization or service organization it consists of the following interrelated system components.

Input – Economic resources such as people money material, method, land and energy,

Information are required by a business organization from its environment and used in its system activities.

Process – Organizational process such as Marketing operation, finance, engineering, customer service, quality assurance and flight safety transform input into output.

Output – Product and services payment to employees and suppliers contributions. Taxes and information are all output produced by organization and exchange with or transferred to its environment.

Feedback – The primary role of information system is serving as the feedback components of an organizational system .They provide

information to management concerning the performance of the organization.

Control: Management is the control component of an organizational system. Management controls the operation of a business organization so that its performance meets organizational goals.

4.6 Analysis of Primary Data

The researcher in the study has designed the questionnaire to collect the primary data and information and has distributed 12 set of each questionnaire from to the officer level employees of marketing department, Yeti Airlines randomly. The total no of respondents were 12 i.e. is more than 10% sample of total population stated earlier in the study.

Since from the distributed questionnaire the following data and information has been received and they were tabulated to present and analyzed the data.

Table 4.2
Reasons for unsystematic flow of information.

Reasons	Responses	Percentage
Lack of Motivation to do Work	1	8.3%
Lack of appropriate Policies	-	
Lack of network based Computerized information system	10	83.4%
Others	1	8.3%
Total	12	100%

Where, Table indicates that the total No of Respondents were 12 and 10 of them has emphasized the reason for unsystematic flow of

information is due to lack of network- based computerized information system and has the highest percentage.

Table 4.6

Reason behind problem in decision making in your department

Reasons	Responses	Percentage
Due to less job responsibility	2	16.7%
Due to traditional paper based information system	8	66.7%
Due to employee absenteeism	1	8.3%
Others	1	8.3%
Total	12	100%

Similarly, table indicates the total No of respondent was 12 and emphasized reason behind problems in decision making is due to traditional paper-based information system and has the highest percentage.

Reason behind flight delay and cancellation

Reasons	Responses	Percentage
•Lack of proper information system	9	75%
•Inadequate aircraft	1	8.3%
•Technical problems	2	16.7%
Total	12	100%

Table indicates reasons behind flight delay and cancellation is due to the lack of proper information which consist higher percentage.

Is it necessary to minimized traditional paper based information system?

Opinion	Responses	Percentage
•Yes	9	75%
•No	1	8.3%
•Others	2	16.7%
Total	12	100%

Above table shows the indication for the minimization of traditional paper based information system.

Is network based computerized information system necessary

Opinion	Responses	Percentage
• Yes	10	83.3%
• No	-	-
• Others	2	16.7%
Total	12	100%

Above table shows the indication in favor of the computerized information system to coordinate and communicate different divisions and units of the department. Some of the primary data and information based on questionnaire that has been designed by the researcher which has not been tabulated here, but they were used to present and analyze the marketing department of Yeti Airlines.

Questionnaires were served at TIA Domestic Terminal lounge to know the frequency of travel by the respondents during the last five years. Out of 60 respondents 22 responded that they travel once a year. This means that 36.67 percent travel in year. About 14 respondents responded that they travel once in a six months. The table also reveals that 30% or 18 respondents travel once in three months. The number of respondents traveling once in months is 3 or 5 percent. Only 12.67 percent or 1 respondent travels once a week. Out of 60 respondents none traveled daily .This table reveals that the respondent

traveling once a month and daily are least and second least while the number of respondents traveling once a year is the highest.

Table 4.3
Frequency of Travel by Air Plane by Respondents

S. No.	Frequency of Travel	No. of Passenger	Percentage
1	Once a year	22	36.67
2	Once in six month	14	23.33
3	Once in three month	18	30.00
4	Once in a month	3	5.00
5	Once in fortnight	2	3.33
6	Once a week	1	1.67
7	Daily	0	0
Total		60	100.00

Source: Primary Data Based on Questionnaire

Analysis of Respondents purpose of travel

S. No.	Purpose of Travel	No. of Respondents	Percentage
1	Business	25	41.67
2	Official	20	33.33
3	Private	15	25.00
	Total	60	100.00

Source: Primary Data Based on Questionnaire

The analysis presented, reveals that out of 60 respondents 15 or 25 percentages travels for private purpose .the number of respondents traveling for official purpose was 33.33 percent or 20.The numbers of respondents who travel for business purpose was 25 or 41.67 percent.

Table 4.4
Analysis on the basis of selecting the Airlines while traveling

S. No.	Bases of Selecting Airlines	No. of Respondent	Percentage
1	Price	42	20.8
2	Accessibility	25	12.38
3	Amount of Information Available	10	4.95
4	Punctuality of Service	22	10.89
5	Reliability of Vehicles	17	8.42
6	Organization's Reputation	35	17.33
7	Safety of Life	51	25.2
	Total	202	100.00

Source: Primary Data Based on Questionnaire

Above Table shows how the respondents respond to the basis of selecting airlines. About one fourth of responses were being provided for safety of life as the basis of choosing the airlines. Second preferences were given by the respondents to the low fare. The number of responses counts 42 or 20.80 percent of the total responses for the price. About 17 percent (35 respondents) took the opportunity to rank third position for the organization's reputation as the bases of selecting the airlines. Accessibility and punctuality of service

ranges the fourth and fifth position with the number of responses 25 or 12.38 percent and 22 or 10.89 percent respectively. Reliability and amount of information available counts the second least and the least in the respondents' preferences for the selection of airlines. The responses for the amount of information available were 4.95 percent or 10. The responses for reliability of vehicles range to 17 or 8.42 percent. It is sad to say that among 60 respondents almost all the respondents have not seen any promotional activities of Yeti Airlines. This responses points out the importance of the Yeti Airlines for promotion.

Table 4.5
Respondents' attention towards promotional tools

S. No.	Promotional Tools	No. of Respondent	Percentage
1	Advertisement in Newspaper	75	35.00
2	Advertisement in	42	20.00
3	Advertisement in	59	27.00
4	Personal Communication	26	12.00
5	None of the above	13	6.00
	Total	202	100.00

Source: Primary Data Based on Questionnaire

Above table, it is found that a majority of respondents responded for advertisement in newspaper for the promotional tools used for airlines i.e. is 70 or 35 percent. The second highest is for advertisement in television which is 55 respondents or 27 percentage. Similarly advertisement in magazines in third position with the number of responses 40 or 20 percentage. Personal communication and none of the above counts the second least and the least in the respondents'

preferences for the promotional tools. The personal communication was 24 or 12 percent and none of the above is 13 or 6 percent.

4.7 Marketing and station Affairs

Marketing and Station Affairs is concerned with formulation product policy and strategy regarding flight. The product policy and strategy is supposed to be changed according to demand and supply. In the field of Airlines service, airlines seats and space are considered as product. Marketing division always think what marketing strategies are appropriate? What strategy should we follow to compete in the world market? There is familiar saying- Do not watch the product life cycle, watch the market life cycle. Similarly the division is concerned to set tariffs and price of the product. Tariff and price are taken as an important aspect in the market. Pricing strategy includes initiating price cuts, initiating price increase, reactions to price changes, responding to competitors price change etc.

Market promotion is another activities of this division in includes advertisement through different media such as radio, television, newspaper, magazines and journals, Airlines profiles etc. Similarly conducting different seminars and participating in seminars conference and exhibitions.

The division is always in touch with their station, how the station is supporting them and providing information to their staffs regarding flights and passengers' arrivals and their handling. The location of stations and management of these stations are the major concern of this division.

Number of aircraft, Yeti Airlines owns for domestic flights is seven Jet stream, four twin otter and two Dornier. Yeti Airlines was giving its service from 21th September 1998 with two twin otter aircrafts DHC 6 300. It sold its Pilatus PC6 and took two Twin otter on lease.

Table no.4.6
Number of Employees of Yeti Airlines

Year	No. of Employees
2005	387
2006	421
2007	563
2008	634
2009	687
2010	722
2011	748
2012	791

Source: HR Department

Table no. 4.7
Employees of Yeti Airlines on basis of Passenger carried

Year	No. of Employees	Passenger carried
2005	387	130092
2006	421	279513
2007	563	406150
2008	634	512310
2009	687	605354
2010	722	712643
2011	748	852356
2012	791	943675

Source: marketing and HR Department

Table no. 4.8

Yeti Airlines Routes

SCHEDULE AND TIMING					
Sector	Flight No.	Timing	Sector	Flight No.	Timing
	671	8:00		672	8:45
	673	8:05		674	8:50
	675	9:10		676	9:55
KTM-PKR	677	10:50	PKR-KTM	678	11:35
	679	12:30		680	13:15
	681	14:00		682	14:45
	683	14:50		684	15:35
	685	15:40		686	16:25
Sector	Flight No.	Timing	Sector	Flight No.	Timing
	787	9:00		788	10:00
KTM-BIR	791	11:50	BIR-KTM	792	12:50
	793	14:30		794	15:30
	797	16:40		798	17:40
Sector	Flight No.	Timing	Sector	Flight No.	Timing
	921	10:10		922	11:15
KTM-BDP	925	13:50	BDP-KTM	926	14:55
Sector	Flight No.	Timing	Sector	Flight No.	Timing
	891	8:40		892	11:15
KTM-BWA	893	16:10	BWA-KTM	894	17:00
Sector	Flight No.	Timing	Sector	Flight No.	Timing
	421	8:40		422	10:00
KTM-KEP	423	15:40	KEP-KTM	424	16:55
Sector	Flight No.	Timing	Sector	Flight No.	Timing
	571	10:30		572	11:15
KTM-JKR	573	15:40	JKR-KTM	574	16:25

Sector	Flight No.	Timing	Sector	Flight No.	Timing
KTM-BHR	175	11:50	BHR-KTM	176	12:30
Sector	Flight No.	Timing	Sector	Flight No.	Timing
KTM-DHI	231	12:30	DHI-KTM	232	14:00
Sector	Flight No.	Timing	Sector	Flight No.	Timing
KTM-TMI	751	10:30	TMI-KTM	752	11:25

Source: marketing department

4.8 Yeti Airlines competitors

- Buddha Air
- Nepal Airlines
- Agni Air
- Guna Airlines
- Goma Air
- Air Kastamandap
- Sita Air

Having such a cut throat competition unfortunately we get to read about the mismanagement of Yeti Airlines.

Travel Agent

Travel agents are considered as back bone of Yeti Airlines to sell the tickets in markets. Generally marketing department of Yeti Airlines appoints travel agents according to their authorized travel agents respectively scattered all over the country including both stockiest and non stockiest.

Where stockiest travel agents are those agents who generally makes sales volume more than Rs 50, 00,000 /- per year and receives prescribed incentive schemes as per the rule of Yeti Airlines.

On the other hand non-stockiest agents are the agents that they sales the airlines ticket on cash minus commission basis.

General procedures to be an authorized Travel Agent of Yeti Airlines

In order to be an authorized travel agent the following procedures should be following.

1. The agent should be at least 1 year experiences in travel and trade activities.
2. The agent should fulfill the following requirement to be a legal travel agent.
 - Should be registered in Association of Industry and Commerce
 - Should be registered in Nepal Tourism Board.
 - Should be member of NATA.
 - Needs authority from Nepal Rastra Bank.
 - Should be registered from HMG of Nepal.
3. The agents need to submit request application to Yeti Airlines Marketing department in order to work as an authorized agent.
4. The agents should fill up application form of Yeti Airlines with details.
5. Agreement documents between Yeti Airlines and travel agents.
6. The agent should deposit Rs 1,00,000/- in Yeti Airlines Bank account according to the rule of Yeti Airlines.
7. Start working as an authorized travel agent of Yeti Airlines.

In travel agents and Marketing department communicates through telephone and fax for ticket booking and reservation which is considered as a manual information system. This system needs ticket confirmation and issue by personnel visit to the Yeti Airlines Marketing department for stamp, which is one of the tardiness and ambiguous job for the travel agents in the one hand where in other hand travel agents and traveler should listen the announce done by radio Nepal for flight

confirmation which is taken as traditional system with comparison to other airlines.

Recently, International Air Transport Association (IATA) had announced that from June 1st all the Airlines Company has to issue electronic ticket.

Yeti Airlines has also decided to use the electronic tickets from June 1st. Sources says that Yeti Airlines has already managed the software and account and its on the final step.

To issue the e- ticket Travel Agents must be the member of IATA and for this Travel Agents has to deposit ten thousand dollar bank guarantee. According to BSP Travel Agent have to bank guarantee the transaction of 35 days and had to pay within 15 days.

Needing this big amount, Travel agents have been chanting the slogan against this system but at the same time many travel agents are being member of IATA.

According to IATA Airlines Company will be saving dollar 9 per ticket. Yeti Airlines cost is 1- 2 dollar per ticket.

Till the last week 43 agents have been already the member of IATA, 19 are on the queue.

What is e – ticket?

Passengers gets the paper slip instead of air ticket where flight No and flight schedule is written. After booking the ticket it also appears in email. After showing that slip at the airport passenger will get the boarding pass and with the help of it we can travel to our destination. As before we should not be afraid loosing or forgetting the ticket, in this case we can print from our email from cyber nearby.

4.9 Role of AVANTI

Marketing department, Yeti Airlines has started using computer technology from the beginning of 1998 A.D. But those computers are used to input and store the data to print out data and information in a certain format. Due to the changes in information technology, the computers and computers based information technology has been changed somewhat accordingly.

Now the Yeti Airlines is using Computerized based information Technology in central reservation control unit of Marketing department to book and reserve the ticket online through the help of AVANTI-K software. This software is developed by Mercator in Thailand.

AVANTI-K is the computerized reservation system (CRS). The head office of Mercator is in Bangkok.

Introducing Mercator

- Mercator is the airline IT solutions provider of the Emirates Group, a vast organization with manifold business interests in the aviation, travel, tourism and leisure industries.
- It has more than 126 airline customers in 79 countries across 6 continents.
- It has been perfecting our airline IT skills and technologies for over 25 years.
- It has headquarters in Dubai, UAE and Bangkok, Thailand.
- The Mercator team consists of more than 2000 airline and IT professionals, dedicated to the development of high quality airline IT solutions.
- Its award winning technologies are helping shape the aviation industry.
- It's areas of competence are in airline passenger, cargo, financial,

loyalty and safety solutions.

- It's customer footprint spans Europe & the Americas, the Middle East & Africa and Asia Pacific.
- It's contact center provides customers support for their business 24x7, 365 days a year.

Passenger Services Solution

Avantik

Avantik offers the world's first true low cost core reservation and sales distribution system for regional airlines and low cost carriers. Avantik offers a unified architecture with open connectivity, highest flexibility and a new and easy way of handling passenger sales. Avantik is an integrated and web-enabled reservation and inventory system solution that includes Internet, call center, sales office, airport departure control functionality and more. Avantik is built expressly to satisfy the needs of airlines implementing an efficient, market-oriented and paper-less business model.

General

Avantik breaks with the philosophy of existing mainframe based airline reservation systems. Its innovative system and networking architecture, highly flexible graphical user interface, database design and use of industry standard components provide a highly flexible platform for an airline's operational environment. It is geared to the needs of domestic, regional and low cost carriers. Avantik is more than an airline reservations and check-in system. It provides integrated yield management tools, revenue accounting and planning applications. All operations data is shared on the network and easily accessible by any type of application and user.

System Architecture

Avantik is based on a modern, robust, state-of-the-art, multi-tier architecture also known as the 3-tier model. The foundation for this concept is an object-oriented architecture that allows modular re-usable components that are available to all parts of the application. The database is conceived for flexibility and can be easily expanded. Internal control mechanisms monitor data consistency. Special processes allow the quality of data entries to be checked at the user level.

In contrast to legacy or conventional systems, entered data is not deleted but remains available online for as long as possible. Accumulated data is one of the most valuable assets in an enterprise that can be evaluated for middle and long term planning purposes.

Business Benefits

Avantik offers a cost-effective, easy-to-use solution based on the latest technology. It provides an indispensable and strategic tool in a highly competitive market by combining the benefits of global distribution through the parent system with the control over an airline's own data on a scalable and robust platform.

Following modules are currently available or in the process of being added:

Key System Features

- Flight Schedule and Inventory Management
- Fares Management
- Passenger Reservation and Ticketing
- Ticketing, eTicketing and Ticketless
- Counter Sales and Cashbook Reporting
- Passenger Check-In and Boarding Control

Online Credit Card Approvals
B2B Web-Booking Engine for Travel Agencies
B2C Web-Booking Engine for Consumer Sales
Generic WebServices and Open XML
GDS Interface, Type A Interactive Sell and (Interlining) e-ticketing
with all GDS providers
Accounting Interface
Revenue Management
Yield Management
Management Information System
System Maintenance
Flight Dispatch and Operations
Advanced Passenger Information
Web Check-In
Revenue Accounting

B2B Web-Booking Engine for Travel Agencies

Agency Logon
Flight Availability
Book From Availability
Create Booking
View, Modify, Cancel Bookings
Add Passengers
Calculate Booking Fares, Taxes, Fees
Accept Payments
Retrieve Booking (Name, Flight, Date, Origin, Destination, Booking
Reference)
Ticketing, eTicketing
Display, Print, E-Mail Flight Itinerary

Advance Seat Assignment
Add Remarks and Activities
Booking History Display
Print, Fax, E-Mail Flight Itinerary
Queue Handling and Time Limits (Activities, extended Queue Handling)
Payment and Seat Assignment Fees
Special Service Requests
Insurance Sales
Voucher Payments
Hold Reservations
Agency Account Payments
Sales Reporting
Split Bookings
Group Bookings
Waitlisting

Reasons to Choose Avantik

- Strong and Reliable Partner. TIK Systems is a leading supplier of IT solutions to the global air travel industry. The philosophy behind the development of TIK Systems solutions ensures that each adds significant value by reducing costs, improving processes and increasing productivity. Our customers include major legacy airlines such as Garuda Indonesia and Swiss International Air Lines and our Avantik passenger servicing solution has helped a variety of carriers around the world in similar situations to increase sales at lower distribution costs.
- Customer Driven Developments. We continuously invest in our new generation passenger servicing system with a strong team of over 50

professionals. The system was built bottom up by passenger servicing professionals and is being enhanced with input from our expanding customer base. The market and our customers drive technology and not vice versa and different than other airline IT providers we do not charge for system enhancements and actively include our customers in our product planning process.

- Fully Integrated Solution. Avantik offers carriers a fully integrated solution covering all aspects of the airline internal value chain (Planning, Sales, Handling, Revenue Accounting and Finance). Avantik also includes optional operational (weight & balance) and frequent flyer extension options. Core modules of Avantik include Schedule Management and Distribution, Fare, Inventory and Revenue Management; GDS, Web and XML distribution, Call Centre/ATO/CTO sales; Reservation and e-Ticketing, Online Payment Processing, Client Profiles, e-Mail/SMS queues; Check-In (including web check-in), Boarding Control, Flight Dispatch, Weight & Balance; Flight Information and Teletype Messaging; Revenue Accounting including BSP and outward IDEC integration and Management Reporting/Business Intelligence.
- Real-Time Financial Control. Avantik already inherently includes management reporting and standalone airline revenue accounting. The full integration of all aspects of the airline operation makes real-time reporting and business intelligence available to its users at any time with detailed drilldown functionality only a click away. Open and structured accounting interfaces (SAP, Oracle Financials, Great Plains, Navision, Axapta, SAGE etc.) are offered as part of the implementation package.
- Combination of the best of two worlds. Avantik supports ticketless, e-ticketing and paper tickets and combines the best of two distribution worlds:

- Full GDS connectivity with all major GDSs (Direct Availability, Sell, e-Ticketing) and Interline/Codeshare capabilities
- Fully integrated E-Ticketing database that has been seamlessly integrated in the reservation process and automatically performs ticket issue, void, revalidation, exchange and refund
- Low Cost Carrier selling techniques (Low Fare Shopper, Ancillary Revenue products such as Seat Assignment, Payment fees, Insurance and Special Service sales).
- Flexibility and Changeability. We offer a very easy to use and flexible application that allows users to customize workflows and features as required. The entire application fully supports multiple languages and an unlimited number of currencies and be customized to meet customer and point of sale requirements. Thanks to its open and flexible architecture, Avantik is very adaptable to local markets and changes can be delivered to our customers much faster than in a legacy environment.
- Multi-Channel Distribution. Besides full GDS distribution, Avantik provides airlines with full B2C (consumer), B2B (travel agencies), B2E (corporate accounts), B2M (PDA and Mobile) web distribution. The direct distribution options to travel agencies and corporate accounts significantly reduce overall distribution costs and includes last seat availability, private or IT fares, group and waitlist booking, full PNR management (change, cancel, split, refund, employee/customer profiles with processing rules, web check-in) and allows agencies to pay directly using all available payment methods including credit agency accounts or invoices that can be generated by Avantik. In addition, XML Web Services are available for direct integration with online travel agencies.
- New Generation System. Avantik is a true new generation that offers a fully integrated and flexible graphical user interface (GUI) across the entire suite of passenger servicing modules. It does not rely on old

legacy technology and old business models and is built on a highly scalable platform and standard technology available in the marketplace today. Its modern and open fully service oriented architecture (SOA) reduces the technology risks for customers and allow for easy integration with other airline applications through XML, SOAP and Web Services. Avantik is hosted in a secure dedicated without the use of shared servers.

- **Easy Implementation.** Unlike legacy system implementations, we can offer a faster and more efficient implementation and customization process providing cost benefits in terms of lower implementation fees and lower internal project related costs for the carrier. In addition, competitive daily rates are offered for services rendered outside of the contracted scope. Avantik is easy to learn reducing staff training and operation costs. Time to market is also significantly reduced by all of these factors and a flexible and highly knowledgeable team will support you 24/7 from our locations in Thailand, Switzerland, Bolivia, Indonesia and the USA.
- **Increased Return on Investment.** Avantik creates a lower total cost of ownership (TCO) for the business, allowing faster market driven decisions and whether a customer adopts a licensed model or a hosted solution we are able to provide a solid return on investment. Reductions in telecommunications costs alone make a significant bottom line contribution as the solution is fully web based without the requirement for dedicated communication lines or remote desktop licensing such as Citrix.

4.10 Yeti Airlines domestic stations

Tale no. 4.9

Domestic Stations

S.No.	City	District
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1	Bhadrapur	Jhapa
2	Biratnagar	Morang
3	Janakpur	Dhanusa
4	Bharatpur	Chitwan
5	Kathmandu	Kathmandu
6	Pokhara	Kaski
7	Bhairahawa	Rupandehi
8	Nepalgunj	Banke
9	Dhangadi	Kailali

4.11 Special Offers of Yeti Airlines

- Insurance
- Special package
- Child Discount
- Senior Citizen Discount

ALL NEW FARES (EFFECTIVE FROM 01 MARCH, 2012 BY TICKET ISSUE DATE)-

Tale no. 4.10

NORMAL FARE

SECTOR	FARE	FSC	TOTAL	USD-FARE	FSC	TOTAL
KTM-MTN	4490	4090	8580	\$-140	\$-36	\$-176
KTM-PKR	2010	1840	3850	\$-86	\$-14	\$-100
KTM-BWA	2540	2250	4790	\$-101	\$-17	\$-118
KTM-BIR	2930	2520	5450	\$-108	\$-20	\$-128

KTM-BDP	3235	3000	6235	\$-137	\$-23	\$-160
KTM-JKR	1655	1635	3290	\$-86	\$-13	\$-99
KTM-KEP	3635	3205	6840	\$-137	\$-25	\$-162
KTM-DHI	5155	4225	9380	\$-158	\$-33	\$-191
KTM-TMI	2745	1780	4525	\$-100	\$-15	\$-115
TMI-KTM	2545	1780	4325	\$-100	\$-15	\$-115
KTM-BHR	1435	1430	2865	\$-78	\$-12	\$-90

YELLOW FARE

SECTOR	FARE	FSC	TOTAL
KTM-BDP	2600	3000	5600
KTM-BIR	2280	2520	4800
KTM-PKR	1520	1840	3360
KTM-BWA	1950	2250	4200
KTM-KEP	2965	3205	6170
KTM-DHI	4155	4225	8380
KTM-JKR	1410	1635	3045
KTM-BHR	935	1430	2365

GREEN FARE:-

FARE	FSC	TOTAL
1780	3000	4780
1360	2520	3880
680	1840	2520
1385	2250	3635
1785	3205	4990
2730	4225	6955
910	1635	2545
685	1430	2115

FLANKER FARE

SECTOR	FARE	FSC	TOTAL	CODE
KTM-BIR	1050	2520	3570	F-BR

SPECIAL FARE

SECTOR	FARE	FSC	TOTAL	CODE
KTM-BIR	650	2520	3170	S-BR

KTM-BDP	130 0	30 00	430 0	F- BD	KTM-BDP	100 0	300 0	4000	S-BD
KTM-DHI	900	42 25	512 5	F- DH	KTM-DHI	400	422 5	4625	S-DH
KTM-BWA	990	22 50	324 0	F- BW	KTM-BWA	750	225 0	3000	S-BW
KTM-KEP	115 0	32 05	435 5	F-KP	KTM-KEP	650	320 5	3855	S-KP
					KTM-PKR	450	184 0	2290	S-PR

HOTEL FARE

SECTOR	FARE	FSC	TOTAL	CODE
KTM-BIR	440	2520	2960	H-BR
KTM-BDP	650	3000	3650	H-BD
KTM-DHI	-	-	4050	H-DH
KTM-KEP	-	-	3470	H-KP
KTM-BWA	490	2250	2740	H-BW

FLANKER FARE

SECTOR	FARE	FSC	TOTAL	CODE
KTM-BDP	450	3000	3450	E-BD

SEC TOR SERVICE CHARGE:-

KTM-MTN	KTM-PKR	KTM-BWA	KTM-BIR	KTM-BDP	KTM-JKR	KTM-KEP	KTM-DHI	KTM-BHR
2000	1000	1500	1500	1500	1000	2000	2000	1000

CANCELLATION POLICY

	NOR MAL	YELL OW	GREEN	FLANKE R	SPECI AL	HOTE L	EARLY
Before one day	10%	33.33 %	Only FSC refund	No refund	No refund	No refund	No refund
Only before 03 hrs	33.33 %	50%	No refund	No refund	No refund	No refund	No refund
of flight time							
No show	No refund	No refund	No refund	No refund	No refund	No refund	No refund

Source: marketing department

Re-Schedule Charge

- Normal Fare: No Reschedule charge
- Yellow Fare: Only difference fare applicable

- Green Fare: Only difference fare applicable
- Flanker Fare: Reschedule charge Rs. 500/- or Difference fare charge whichever is greater
- Special Fare: Reschedule charge Rs. 700/- or difference fare charge whichever is greater
- Hotel Fare: Reschedule charge Rs. 1000/- or difference fare charge whichever is greater
- Early Fare: Rs. 3450/-[comm9+21] no refund

FARE FROM NEPALGUNJ								
SECTOR	NPR FARE	FSC	TOT AL	USD FARE	FSC	TOT AL	LPC	INDIAN FARE
SIMIKOT	3,315.00	1580	4,895 .00	116	10	126	5,920. 00	6,500.00
DOLPA	2,425.00	1155	3,580 .00	103	7	110	5,345. 00	5,700.00
JUMLA	2,490.00	1185	3,675 .00	78	8	86	5,315. 00	5,400.00
RARA	2,680.00	1275	3,955 .00	116	8	124	5,725. 00	6,400.00
RUKUM	1,660.00	790	2,450 .00		5	5		
BAJURA	2,490.00	1185	3,675 .00	96	8	104	5,315. 00	5,400.00

BAJHANG	2,680.00	1275	3,955 .00	103	8	111		
SURKHET	1,085.00	515	1,600 .00	46	3	49		

FARE FROM SURKHET

SECTOR	NPR FARE	FSC	TOTAL	USD FARE	FSC	TOTAL	LPC	INDIA N FARE
SIMIKO T	2,515.00	1195	3,710.00	106	8	114	5,805.00	6000
DOLPA	2,055.00	980	3,035.00	87	7	94	5,020.00	5300
JUMLA	1,785.00	850	2,635.00	78	5	83	5,150.00	5150
RARA	1,980.00	940	2,920.00	80	6	86	5,560.00	5800
RUKUM	1,530.00	730	2,260.00	60	5	65	2,350.00	
BAJURA	1,850.00	880	2,730.00	68	6	74	5,680.00	5150

FARE FROM KATHMANDU (FSC CHANGE FROM 16 MAY)

SECTOR	NPR FARE	FSC	TOTAL	USD FARE	FSC	TOTAL	LPC	INDIAN FARE
LUKLA	2295	1365	3660	109	11	120	3443	3835
PHAPLU	2045	1215	3260	103	9	112	3068	
RUMJHAT AR	1720	1025	2745	76	8	84	2580	

LAMIDAN DA	1915	1140	3055	89	9	98	2873	
KHANIDA DA	3000	1330	4330	91	12	103		
MEGHAUL Y	1850	1100	2950	99	9	108		3270
TUMLINGT AR	2745	1635	4380	100	13	113		
RAMECHA P	1400	835	2235	70	6	76		
SYANGBO CHE	6500		6500	190		190		
BIR-LDN	1720	1025	2745	70	8	78		
BIR-TMI	1595	950	2545	69	8	77		
PKR-JOM	1340	795	2135	76	6	82	2680	3695

Source: marketing department

4.12 Reschedule/No-show and Cancellation Policy

1. Cancellation Policy

Cancellation policy will be as follows and it will be implemented in the system.

Table No. 4.11

	Normal	Yellow	Victor/Green	Flanker/special/Hotel/ Early
One day before flight	10% C	33.33% C	Only FSC refund	No refund

Same Day (2 hours before flight)	33.33% CC	50%CC	No refund	No refund
Less than 2 hours for flight	No refund	No refund	No refund	No refund

Cancellation charge is applicable only on fare.

2. Last Moment Reschedule

In time less than 2 hours before the flight:

Reschedule to any fares available on next flight.

The charges will be Rs. 500 extra (Except for Normal fare) with existing difference or reschedule charges. *Calculation shown in Table 1*

3. Cases of Mistake/Double Tickets

Staff mistakes will be considered but mistakes by travel agents will not be considered. Before charging any penalty the following are to be ensured:

- Full name for booking with special care given to spelling. Format: Last Name/First Name Middle Name Salutation e.g. Acharya/Naval Kishore Mr.
- Check if any double booking have been done. (Both Agents and Reservation Staff)
- A system or form to check double booking to be developed by IT

Charges for mistake/Double ticket

For every double booking the ticket to be cancelled in the system will face the following consequences:

-Inform before 24 hours (Full refund)

-Between 3-24 hours before flight: Rs. 200 will be charged on all fares

-Less than 3 hours of flight: Rs. 500 will be charged for any fare category

4. Other Miscellaneous Conditions

Bandha cases:

- In case of Bandha, refund will not be given on any fare category.
- The fare can only be rescheduled as per existing reschedule policy or last moment reschedule policy whichever is applicable.

Medically unfit passenger:

- Passenger, who could not board the flight due to severe medical conditions, will be provided full refund.
- Stations are to report of such passengers to Finance, Sales & Marketing and RM dept. of such passengers via e-mail within the same day. Details of PNR, Flight no, sector pair, ticket number and passenger name has to be provided.

5. No Show (All No Show Terms and Conditions on TOTAL FARE [Fare + FSC])

All tickets will be counted as No-show after 2 hours of flight departure. A form is to be created by IT, wherein if departure time is entered, after 2 hours of departure time all non-checked in ticket numbers turn to No-Show.

A No Show will not be refunded, until it is requested for a refund (within 25 days of flight to ASR) and reasonable explanation is given. A form is to be filled as refund request. (*Table 2*)

Decision will be based on the following terms and conditions strictly.

Conditions	Actions
Person aborted to board the plane (e.g. drunk passenger, passenger carrying hazardous goods)	No refund (Any fare)

Passenger Dies and relatives come to claim for refund	Full Refund on presentation of Death Certificate (Any Fare)
Passenger's relative dies (Immediate Relative) and passenger claims for refund	50% Cancellation charge on high Fares on presentation of death certificate of the relative and certificate of relationship between passenger and the dead person No refund on low Fare Categories
Pax meets with an accident	50% Cancellation charge on high Fares on presentation of Doctor's Certificate No refund on low Fare Categories
Pax was ill and unable to travel	50% Cancellation charge on high Fares on presentation of medical certificate No refund on low Fare Categories
Mistake Ticket (Staff)	Full Refund and Warning to the staff if mistake repeatedly done
Mistake Ticket (Travel Agent)	50% Cancellation charge on all Fare Categories
Connecting passengers flown from other airlines	No Refund
Connecting Passengers of Tara Air who could not fly Yeti because of flight cancellation or delay of Tara Air	Full Refund only if <ul style="list-style-type: none"> • All flight details in same PNR • Booking with sufficient time gap. At least 2 hrs. • After confirmation pass ticket for the both the sectors in same PNR.

Any other cases that needs to be refunded after No-Show should be authorized by GM

For No-Show Policy

Fare refers to Total Fare = Fare + FSC

High Fare= Normal, Yellow, Victor, Green

Low Fare = Oscar, Flanker, Special, Hotel

No refund/Cancellation/reschedule will be done for Early Fare.

- The existing policy for corporate marketing remains unchanged. Corporate marketing will try to incorporate changes in the existing policy in future proposals.
- IT will make systems changes within 15 days of the issue of this memo.
- Sales & Marketing will notify the changes in amended policy after IT has made the changes. Thereafter only the new policy will be in effect.
- Sales & Marketing will designate the Person who will be authorize to cancel no-show tickets meeting the conditions listed.
- The review of the exiting policy will be done exactly one month after Sales & Marketing issues the Memo regarding the changes.
- RM will monitor the effectiveness of the policy
- RM dept. will amend, modify and recommend changes required in the policy after feedback.

Insurance Coverage

Passenger liability insurance US \$ 20,000 per person
(For death, wounding or bodily injury of a passenger, liabilities shall be limited to the maximum amount equivalent to US \$ 20,000 in local

currency)

Cargo, baggage and personal items US \$ 20 per kg.
(As for registered baggage and personal articles, liabilities shall be limited to US \$ 20 per kg.)

Results of the Focused Group Discussion:

We conducted a focused group discussion with a total of 8 respondents to know the perception of customers mainly on Yeti Airlines and its major competitor Buddha Air. We aimed at achieving a detailed description of their experiences and views during their time with the respected airline. The details of the discussion have been elaborately provided in **Appendices 4**. Among the 8 customers were 2 male and 2 female from each airline. They were passengers who were travelling to Bhadrapur and Dhangadi.

Some passengers travelled as frequently as every two weeks while some travelled only 5 – 6 times in a year. Some passengers chose Buddha Air for their travel because they found it cozy and comfortable, due to availability of seats, its image of being safe and also because one of the passengers had the airline as a part of her tour package. The other passengers chose Yeti because of its hospitality and good services. Some of them also mentioned their decision of leaving the choice of Airline up to the travel agent and since they had a personal relation with the agent, they believed in the choice the travel agent would make. Hence they were flying with Yeti. People also chose yeti by the influence of their friends circle and peer groups.

Out of the 8 passengers, four of them were aware and were members of frequent flyer programs while four of them were not. Amongst those that weren't members, two of them had no idea about the existence of such program. The passengers got motivated by mileage points offered and

gift vouchers, packages etc provided in case of Royal Club. For Sky Club, the motivating factors were reward points and the discount partners available. Only few people agreed that frequent flyer programs were really an advantage. They complained of getting low mileage points.

During their experience with Buddha Air, customers faced problems like flight delay, No information provided in case of delay. They reported that some of their baggage was not handled carefully. Passengers flying with Yeti found an improvement in the services provided in the airline in comparison to the previous year's due to which they preferred flying with no other airline.

These passengers recommended that the company provide mileage in cheaper fares, cancel the service charge in free tickets, provide free tour packages, more refreshment etc. One of them suggested that the Dhangadi Airport be equipped with a shuttle service due to instant availability of transport mediums in the area. Factors like on time flights, smart air hostesses, proper baggage handling and reduction in the time of waiting in the departure lounge would motivate them to remain loyal to their current airline.

4.13 Major Findings

The major findings throughout are internship is as follows:

- Yeti airlines are preferred mostly by business customers because of its punctuality.
- Customers prefer Yeti for its good in-flight service and friendly and co-operative staffs.
- The culture of the airline seems to have had a highly positive effect on the growth of customers as the customers respond to have had a very pleasant experience while dealing with the airline's staffs at all sales offices, airport counters and the head office with the credit majorly going to the excellent hospitality of its employees.

- Although the airline has significantly improved on its punctuality, the customers still have an image that Buddha is more punctual. The customers have a perception that Buddha is the safest airline and more comfortable due to its bigger aircraft.
- Some customers believe that Yeti should provide them with bigger aircraft like Buddha. They need to be reminded that small is swift and that a bigger aircraft would lead to a compromise in the punctuality of flights which is seen as the common problem in Buddha Air.
- The customers also think that Yeti could improve on its services by providing them with refreshments on the flight, and information in case of delay. A lot of customers had this view during the survey and suggested that the airline consider their opinions.
- There is heavy competition between Yeti and Buddha Air, so much that these airlines have to put in a lot of effort and suffer financially to retain their customers.
- Although a significant portion of members are seen to be highly loyal towards the airline due to their membership, the survey showed that 34% of the customers were a member of both Sky club and Royal club, for their convenience in flight schedules. This shows that some members are not loyal and switch airlines often.
- The switching rate from one airline to another is very high, the major reason being unavailability of tickets. For people switching from other airlines to Yeti, the major reason was due to limited destination provided by these airlines.
- More than 50% of the members had no change in the number of times they travelled after joining Sky Club, which shows members have had lesser influence by their membership to fly often.

- The major factors that motivated people to become a member were mileage points and rewards i.e. free tickets. The other factors did not seem of much importance to the members.
- The members complain that they have been given no means of informing about their mileage apart from calling at the department. They think that this should be overcome by providing them with email notifications or Mobile phone updates about their mileage and the benefits they are entitled to.
- A significant number (more than 60%) do not use discount schemes provided by the club. Amongst those who use discounts, most of them go to departmental stores and restaurants. Apart from these categories, others are not popular amongst the customers. The number of discount partners provided have not truly affected in generating more members for the airline.
- In comparison to Buddha, Yeti has a large number of Program partners to cater to the customer needs. However, this scheme of providing discounts have not efficiently reached to the customers due to which the program partners have witnessed no change or very less increment in the incoming of members for discount at their organizations. Also, the airline as a whole does not seem to have significantly benefitted through this system. But, this scheme has been successful in creating a good brand recall and creating potential customers in the market. Some of the partnership contracts need to be updated and the necessity of promotions is relevant in this regard.
- The existing customers are satisfied with the mileage points received in the eligible sectors but also want mileage in the lower fares as well. Since the introduction of the different fare system the airline has faced a sharp decline by approx. 20000 members flying per year.

- Customers are highly satisfied with the kind of hospitality and the extra facilities they receive at the airport and as a member. This quality has proven to be the distinctive advantage of the airline and has significantly helped in improving its brand image over the years.

CHAPTER – V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Marketing is an exciting, complex, pervasive, useful and changing discipline. It is exciting because it is an interesting and provocative subject. It is a complex field that requires an understanding of the evolving needs of consumers and of competition. The pervasiveness of marketing is evident when we view its application by a myriad of individuals and private public and non-profit organizations in the domestic and international arenas. It is useful in attaining personal and organizational goals. Marketing is changing because society and consumers change and it must respond to those changes.

Marketing can be defined as encompassing exchange activities conducted by individuals and organization for the purpose of satisfying consumers and achieving the marketers' goal .Exchange is the central feature of marketing negotiations is the vein within which the blood of satisfaction of both parties runs. The heart of marketing can be regarded to market around which the entire marketing flows in and flow out.

The complexity of product increases as the gap between the producer and consumer widens. The buyer needs more and more knowledge to make their decisions. This knowledge can be gained from promotion. Sellers, on the other side, find that a promotional tool permits them to present facts and arguments to the consumers. The problem arises when the arguments are not valid or vague

.Hence proper promotional strategy development is essential.

Advertising, personal selling, sales promotion and publicity are the four pillars upon which the promotional strategy of marketing rest.

5.2 Conclusions

- The purpose of promotion includes informing, persuading, reminding and reinforcing the target customers.
- Yeti Airlines was established 21st September 1998.
- Infinite numbers of possibilities are available to a firm for developing its promotional strategy. However, the promotional resources available to the airlines, nature of services strategy of airlines and promotional mix of competing airlines are some of the important factors that have direct impact on the promotional blend of any airlines.
- In Nepal the perception lies in the fact that; advertisement is a luxury at the cost of buyers without any benefits to them. This is not the truth at all that there is no benefit from advertisement of buyers of goods or services advertised. They believe that the advertisement is carried out for those goods that are of poor quality which is an indication of Nepalese peoples lacking awareness on promotion.
- Both the airlines operate under barter system of business advertising. The exchange of advertisements in magazines, televisions and newspaper with cargo is most familiar. The businesses run under the give and take understanding.
- Those activities other than personal selling, advertising and publicity that stimulates consumers purchasing and dealer effectiveness, such as display, show and exhibition, demonstrations and various non- recurrent selling effort not in ordinary routine of business may be termed as sales promotion.

- Yeti Airlines has been playing the effective role in the development of the tourism industry.
- It plays a very important role in the landlocked country like Nepal.
- It plays a significant contribution in terms of foreign exchange and plays vital role in meeting the needs of trade currents by allowing quicker channels for the movement of cargo and commercial goods.
- It offers seasonal fare and promotional offers.
- It is the only airlines which gives prompt and regular services in the rural part of Nepal where no other private airlines goes.
- At time of natural calamities in the rural part, Yeti Airlines plays a very important role.
- As a whole it is one of the important government corporation which should be given excess care and support.

5.3 Recommendations

- Yeti Airlines has lived by its tagline-“You come First” and lived up to the customer’s expectations in terms of providing its core services. This can be well depicted from outstanding customer responses about how customers have been enjoying friendly treatment and guidance during their flight experience and dealings with Yeti Airlines in comparison to other airlines.
- The airline has taken efforts and measures to remain up to date with their current position, competitor’s position and the changing customer needs to regular surveys, research and other tools. This shows the commitment of the airline towards consistently serving its customers with good value for money and an indication towards growth and development in the future.

- Yeti should focus on maintaining its current corporate culture and the hospitality of staffs as it is being highly appreciated by customers. Yeti airlines should start a part mile part cash option, as most customers said this will motivate them to become a member.
- The program partners should be visited and the contract should be updated from time to time. It should also focus on advertising the program partners. Media such as business magazines should be used for promotion, in order to attract corporate clients.
- Yeti should also maintain a good relationship with travel agents as they have a significant role in influencing the decision of customers regarding by which airline they travel. Also travel agents should be informed about the Sky Club and how customers would benefit through the mileages they receive. A lot of travel agents were found unaware of the frequent flyer program.
- It should at least provide minimum mileage points to cheaper fares as well, that only redeem gift vouchers and not free tickets as doing so will increase the number of active Sky club members and will be a positive way of responding to customer grievances on this regard.
- It should provide reading materials such as more women and children centered magazines, apart from newspapers in the aircrafts.
- It should update its web site frequently as many customers refer to the websites for updates, information regarding flight schedules, prices and other details.
- The airport staffs should encourage customers to enroll into the Sky Club membership to be entitled to more benefits as and when they fly.
- Yeti Airlines has been investing a substantial amount on advertisement. It is also known for its contribution in the Corporate

Social Responsibility programs. It can base its promotions on its contribution to the society and also to highlight on the fact that each time the customers fly with Yeti, they are also investing some amount for a good cause to the society.

- It should also conduct some kind of educational program for the corporate people, customers from INGO's NGO's government organizations that the airline has been doing all it can and taking high safety measures to ensure flight safety. The facts that accidents happen cannot be denied and that only Yeti has been courageous and determined enough to serve customers even in highly dangerous landforms like Lukla for so many years, should be emphasized upon.
- If the airline could provide some means of communicating mileage benefits to the customers apart from their current mediums such as through website and through phone calls, the customers would be well updated. This can be done through mobile or email notifications about their current status of mileage. This will not only act as information but as an active brand recalling strategy that will help customers that Yeti Airlines has been providing them with such benefits.
- The Sky Club department has been efficient in providing its current services to its customers and is capable of tapping potential customers through its discount schemes. However, this potential seems to have been suppressed somehow as the customers seem to have failed to recognize where to approach for discounts. The airline on its part has conducted campaigns to promote the partnership but somehow the customers seem to need more awareness and promotion to realize these benefits.
- Sky club should start partnership with more health clubs, hotels, restaurants at Jhamsikhel areas and new department stores in town

to increase the number of members visiting these partners, and also because of increasing number of organizations.

- Yeti should target youngsters who are the potential customers of the airline, and also could be major influencers to their parents i.e. our business customers. This young market can be targeted by partnering with organizations that are generally populated by young generation like new Health Clubs, Gyms, Hookah Parlors, Salsa Classes, Western Dance Classes, and Tennis Classes etc. This partnership will create an attraction and an initiation to at least get a Sky Club card. This card will help in increasing the number of customers and retain customers for the future by reminding them about the airline, each time the card is used.

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APPENDIXES

- **Survey Questionnaire**

SURVEY

This survey is about Airline services and the benefits provided by their frequent flyer program.. The information you provide will be kept confidential and will be used to provide better services to you in future.

Occupation: _____

Gender: Male/ Female

Age:

1. What is the purpose of your flying?

- Business purposes
- Other Reasons
- Educational purposes
- Vacations

2. Which airlines do you prefer?

- Yeti airlines
- Buddha Air
- Agni Air
- Guna Air

3. Rank the factors in the manner that justifies your preference. (**Rank on the scale of 1-3, 1 being Very good 2 being good and 3 being moderate**)

- On time flight
- In flight schedule
- Reservation services & staff services
- Staff courtesy
- On board services
- Low Ticket fares
- Frequent flyer program benefits

4. Are you aware about the frequent flyer programs of these airlines?

- Yes
- No

5. Which program are you a member of?

- Sky club
- Royal club
- Club Guna
- All

6. Choose any **five factors** which motivated you to become a member.

- Reward benefits
- Facilities through discount partners
- Member booking priorities
- Minimal Cancellation charges
- Mileage Points
- No of sectors available
- E-ticketing services
- Part miles part cash option
- Gift vouchers
- Holiday packaging

7. In a year, how often did you fly, before you were a member?

- 1-10
- 10-20
- 20-30
- Above 30

8. In a year, how often do you fly, after you became a member?

- 1-10
- 10-20
- 20-30
- Above 30

9. Do you think you have benefited by becoming a member of these clubs?

- Yes
- No

10. If not, why? Please Specify the reasons

- You do not fly anymore
- You are not aware of the program partners
- You do not get discounts from the program partners
- The mileage points allotted are low
- Other reasons (_____)

11. After becoming a member, have you switched from one airline to another?

- Yes
- No

12. If yes, why?

13. Do you use your membership card to receive discount from the discount partners of the frequent flyer program?

- Yes
- No

14. If yes, which discount partners do you use the most? (you can tick more than one option)

- Departmental stores

- Hotels
- Restaurants and Bars
- Health Clubs and resorts
- Bookstores
- Hospitals
- Clothing stores
- Photo studios
- Beauty Parlors
- Colleges
- Others

15. Does the part miles part cash option motivate you to fly more often?

- Yes
- No

16. How satisfied are you as the member of the frequent flyer program?

Please tick your level of satisfaction in terms of the following aspects

- Mileage points received :
- Types of discount partners offered:
- Other service(reservation priority and cancellation charges etc):

17. Please give suggestions to make the frequent flyer program more effective.

18. List of Discount Partners Visited

DISCOUNT PARTNERS VISITED

S. No.	Company type	Name of discount partners
1	Departmental	Salesways Dept. stores

	stores	Grihini Dept. Store
2	Hotels	Hotel Himalaya Hotel del Annapurna The Dwarikas hotel The Grand Hotel Club Himalaya
3	Restaurants and Bars	The vesper Café Sing-ma Pvt .Ltd Bhanhha Ghar Himalayan Java coffee lounge New York café Cube
4	Health Clubs and resorts :	Hardik Nepal police health club Kundalini suite hotels
5	Bookstores	ECS media Pilgrims
6	Hospitals	Prime dental Kantipur Dental College
7	Clothing stores	Addidas Glitter box
8	Photo studios	Digi-plus Photo concern

9	Colleges	Prime College

19. In Depth Interview:

Sales manager:

What were the sales before and after the program?

Have you seen any improvement in sales after the implementation of this program?

What factors encouraged you to introduce a frequent flyer program in Yeti Airlines?

What is the yearly increment in sales? How much do you think is being contributed by Sky Club?

Interview with the Sales and Marketing Director: Mr. Pradeep Bikram Shah

Basic Activities: Flight schedules and plan, coordinates with the civil aviation, handles operation in all the other sectors outside the valley. Also responsible to co-ordinate and direct station managers of various sectors. These station managers report to him through telephone or email. If any additional procedures are to be applied, the station managers are called in the head quarters or the sales director himself or the marketing manager pays a visit to the respected sector to discuss matters through a meeting.

The sales and marketing department also provides training to all its airport staffs once a year, which is known as “refresher class”. This is a requirement as per the civil aviation rules to train and update their employees. These rules are originally made by ICAO, international civil aviation organization, Canada, and are expected to be followed by airline industries all over the world.

The most significant task of the sales and marketing department is to develop flight schedules every 3 months. The sales department coordinates with the operations and engineering department to insure that the aircrafts are in good condition and they have the adequate number of flight crew present to be able to support the flight schedule. It is only after their approval that this flight schedule is sent to the civil aviation for endorsement. It is done in order to manage the air traffic, and effective management of the airport premises and to co ordinate the flight timing between different airline companies.

This department is also responsible to develop new schemes to provide benefits to the customers.

The peak season of domestic airline is during October- December and March- April. The rest are the off season where the company comes up with different packages in order to attract customers.

Marketing Mix decisions

Pricing:

The civil aviation of Nepal sets a base price, which acts a standard for ticket fares of the domestic airlines. The companies are allowed to increase up to 30% of this base price depending upon the company's strategy and its competition. The company can set a price lower than the base price, however doing so will hamper the profitability of the company. In comparison to the previous years the prices have hiked due to several reasons like inflation, increase in fuel costs etc. in these circumstances the companies major competitor, Buddha Air initiated a new pricing strategy that incorporated flight packages that were cost effective. In order to keep up with the competition and to retain its customers Yeti had to yield and comply with similar methods of pricing. There are two type of pricing in Yeti airlines:

- Dollar fare: which are charged to foreign citizens

- Local fare: which are charged to Nepalese and Indian citizens.

The Local fare can be further divide into six fare categories which are:

- Normal Fare
- Yellow fare
- Green fare
- Flanker fare
- Special fare
- Hotel fare

Revenue Management is responsible for allocating the proportion of seats according to the different type of fares. The company has to make an appropriate mix of the above fares according to the current demand of the customers. This is decided on the basis of past trends and demands in various sectors. The company is also compelled to operate flights in certain sectors in order to retain its customers. They operate in minimal losses which are attempted to cover by profitable flight sectors.

Promotion:

The companies official website is updated by the sales and marketing department. It has taken various promotional measures like its recent on-time flight campaign. This was done as response to replace customers decreasing belief on the punctuality of Yeti airlines by re-establishing the airline as the one that flies on-time. It has based its campaign on the fact that it has been improving on punctuality for the past few years and has performed better than its competitors. It has tried to back up its advertisement by appealing through logical reason such as, the ease of boarding passengers, in a small aircraft which makes it more time efficient. It also initiated the “information desk” which is a service providing counter inside the departure hall of the airport, to facilitate customer in case of any inquiry. It uses a “Namaste campaign” to emphasize on its etiquettes towards customers. Incorporated as a part of

the company culture, this campaign has been successfully used where all the staffs greet their colleagues and their customer with “Namaste”. They also placed an awareness campaign to educate their corporate clients on the types of the aircrafts. This was done in order to restore the wavering trust and belief of customer on the safety of the airline. This presentation was focused to the corporate client, who consisted of various NGO’s, INGO’s and corporate house personnel and were the frequent flyer of the company. The customers were given details and briefs about the aircrafts that the company owned, and the safety measures that were taken by the company. The company staffs interacted with the clients and cleared any queries or misconception that their clients had.

20. Focus Group discussion:

- No of people from yeti and Buddha air
- How often do you travel?
- Why did you choose the particular airline?
- Are you a member of Sky club or Royal club?
- What factors motivated you to become a member?
- What benefits have you redeemed from the clubs?
- What advantages do you have as a member?
- What other services do you think will add value to the frequent flyer program?
- What are the problems that you have faced?
- What differences have you noticed between yeti airlines and Buddha air, in terms of the service that are provided?
- What problems do you think that the airline needs to focus on?
- What are the factors that have motivated you to stay with the current airline?

- Have you switched from one airline to another? What were your reasons for doing so?
- What benefits would encourage you to switch from airline to another?
- As a member do you fly with that particular airline, or do you use other airlines as well?

21. If so, why?

-