

**A STUDY ON IMPACT OF ADVERTISEMENT ON
OVERALL BUSINESS OF EVEREST BANK LIMITED**

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DECLARATION

I hereby declare that the work reported this thesis entitled "A Study on Impact of Advertisement on Overall Business of Everest Bank Limited", submitted to Department of Marketing, Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirement for the Master in Business Studies (MBS) under the supervision of supervisor Mr Milan Vaidya of Prithivi Narayan Campus, Pokhara.

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TABLE OF CONTENTS

Declaration	ii
Acknowledgement	iii
List of Tables	vi
List of Figures	vii
Abbreviations	viii
Chapter 1	1-20
1. Introduction	
1.1 Background of the Study	1
1.2 Evolution of Banking Sector	5
1.3 Evolution off Banking Sector in Nepal	6
1.4 Nepal's Financial System	9
1.4.1 Commercial Banks	9
1.5 Introduction of Everest Bank Limited	12
1.5.1 Capital Structure	14
1.5.2 Shareholding Pattern	15
1.6 Statement of Problem	16
1.7 Objectives of the Study	17
1.8 Significance of the Study	17
1.9 Limitation of Study	18
1.10 Organization of Study	19
Chapter 2	21-37
2. Literature Review	
2.1 Conceptual Review	21
2.1.1 Meaning of Advertising	22
2.1.2 Purpose of Advertising	24
2.1.3 Advertising Media	26
2.1.4 Methods of measuring of advertising effectiveness	28
2.2 Review of previous studies	32

Chapter 3		
3.	Research Methodology	38-49
3.1	Research Design	38
3.2	Population and Sample	40
3.3	Nature and Sources of Data	40
3.4	Data Collection Procedure	41
3.5	Analytical Tools	41
3.6	Data Processing	49
3.7	Research Gap	49
Chapter 4		
4.	Data Presentation and Analysis	50-63
4.1	Media Used by EBL for advertisement	50
4.2	Cost structure of Advertisement	51
4.2.1	Proportion of advertisement cost in regard to product and services	53
4.2.2	Proportion of advertisement cost in regard to type of media used	53
4.2.3	Total profit of recent years	55
4.3	Data compilation and analysis	56
4.4	Major Findings of the study	62
Chapter 5		
5	Summary Conclusion and Recommendation	64-68
5.1	Summary	64
5.2	Conclusion	66
5.3	Recommendation	67

Bibliography

Appendices

LIST OF TABLES

Tables	Page No
1.1 Capital Structure of EBL	14
1.2 Shareholding pattern of EBL	15
3.1 Distribution and associated degree of freedom	48
4.1 Type of media used by EBL for advertisement	51
4.2 Advertisement expense of EBL of past 07 years	51
4.3 Ranking of advertisement media used by EBL	53
4.4 Profit of EBL of past 07 years	55
4.5 Growth of advertisement expense and profit of EBL	56
4.6 Recompiled data in regard of advertisement expense and profit of EBL of past 05 years	58
4.7 Correlation value and its interpretation	60
4.8 Tabulation of data for calculation of correlation coefficient	61

LIST OF FIGURES

Figures	Page No
1.1 Share holding pattern of EBL	15
4.1 Advertisement expense of EBL of past 07 years	52
4.2 Electronic /Non-Print media used by EBL for advertising	54
4.3 Non-Electronic /Print media used by EBL for advertising	54
4.4 Profit of EBL of past 07 years	55
4.5 Growth of advertisement expense and profit of EBL	57
4.6 Scatter diagram showing relationship between Adv Exp and profit of EBL	59
4.7 Column graph showing relationship between Adv Exp and profit of EBL	60

ABBREVIATIONS

AAN	-	Advertising Association of Nepal
AD	-	Anno Domini
Adv	-	Advertisement
ATM	-	Automated Teller Machine
BC	-	Before Christ
B.S	-	Bikram Sambat
CEO	-	Chief Executive Officer
EBL	-	Everest Bank Limited
FM	-	Frequency Modulation
FY	-	Fiscal Year
i.e.	-	id est (meaning That is)
ILO	-	International Labour Organization
INGO	-	International Non Government Organization
Ltd	-	Limited
M.B.S.	-	Master of Business Studies
NAC	-	Nepal Airlines Corporation
NAP	-	National Advertising Policy
NBL	-	Nepal Bank Limited
NRB	-	Nepal Rastra Bank
NTV	-	Nepal Television
PNB	-	Punjab National Bank
POP	-	Point of Purchase
T.U	-	Tribhuvan University
T.V	-	Television
UAE	-	United Arab Emirates
U.K	-	United Kingdom
USA	-	United States of America
VHF	-	Very High Frequency

Chapter 1

INTRODUCTION

1.1 Background of the Study

The history of advertising in Nepal is recent one but even in this short span of time, it has been remarkably grown up where the first Newspaper of the country was started on Jestha 1958 BS. Prior to this, only the medium of advertising was of the mouth. Now different daily, weekly, monthly and other so many periodicals have given significant contribution for marketing. So advertising can be divided into two parts as: electronic and non-electronic advertising depending upon the prospective consumers and the nature of market segment. Electronic advertising as Radio, TV, E-mail and Internet and Non-Electronic advertising as paper advertising, pamphlet, wall painting, hoarding board can be taken for delivering the message (Koirala, 2002:7)

Advertising is any paid from of non personal presentation and promotion of ideas goods and services by an identified sponsor (Kotler and Armstrong, 1998:450).

Advertising is one of the ways of promoting products services and idea among various ways. Advertising influences consumer attitude and purchase behavior in a variety of consolidated manner. It has multiple objectives and roles in persuading the consumers. Advertising is essential to manufactures, wholeseller and even to the retailer as it assists to excel the sale of products and services. Many specific communication and sales objects can be assigned to advertising. The degree of effectiveness of advertising is determined by the satisfaction of consumer. The objectives of advertising can be classified in respect to its aim as informing, persuading and reminding.

Advertising is made according to the product life cycle. If the product is in introduction phase, optimal advertising has to inform and if the product is in maturity phase then persuading advertising should be optimal. Likewise if the product is in decline phase then optimal advertising has to be made for constantly reminder to the buyers about products and services.

Advertising is a non-personnel communication of information usually paid for and usually persuasive in nature about products, services and ideas by identified sponsors through the various media. So advertising influences to the consumer buying behaviors, it is the study of how individuals make decision to spend their available resource (Time, money, effort) on consumption related items (Santakki, 1996:12).

The term consumer behavior refers to the behavior of that consumer who display in searching using evaluating and disposing of products and service that he/she expect will satisfy his/her needs. Shiffman and Kanuk ,2000:6).

Media has its own advantage and disadvantage and cost structure. This study tries to know which advertising media is effective among the electronic and non-electronic media to lunch the products, services and ideas in the target market of Everest Bank Limited. Basically this study relates with electronic and non-electronic media. This research focuses on the impact of advertising of products and services of Everest Bank Limited through electronic and non-electronic media on its overall business performance/profit.

Nepalese advertising professionals optimistically predict better days for the advertising industry amidst various challenges. According to them, if the government shows sincerity towards creating a favourable atmosphere for the rupees three billion industry, it will grow by leaps and bounds within very short period of time. "Advertisement has emerged as an indispensable tool for any

business. Thus, it must take an upward spiral in a sustainable manner", they opine.

According to Nirmal Raj Poudel, the President of Advertising Association of Nepal (AAN) as well as CEO of Welcome Advertising and Marketing Pvt. Ltd. "of the total of rupees 3-billion television, radio and print account for some 1.5 billion. Similarly, the remaining amount 1.5 billion is occupied by Hoarding Board, Flex Printing etc."

There are no records of any kind that tell us about the origin and history of Nepali advertisements. The earliest form of advertising may thus be taken as the trumpet blowing tradition of kings and maharajas to disperse royal messages. The advent of Mass Communication in Nepal can be said to have been through such official proclamations, which were usually accompanied by the use of musical instruments like drums or trumpets. The age-old oral tradition of promotion by vendors selling their wares in the market can also be taken as another early form of advertising.

The roots of formal advertising can be traced back to a printed advertisement that appeared on the back cover of a book called Moksh Siddhi in 1919 B.S. The advertisement taken out by Manoranjan Press, Thahiti, promoted their various publications. The next instance of a Nepali advertisement on print is found in 1945 B.S. when Gorkha Bharat Jeevan brought out advertisements on the cover of Gorkha Hasya Manzari, published by the Gorkha Bharat Press, Banaras, India.

Later Nepal Television which is perhaps one of the youngest Television in Asia, it started as a project in January 1985 under sixth development plan (1980-1985) in which a provision was made to undertake feasibility of the establishment of television in the country and being TV transmission service at

selected places from economic and technical standpoints. Despite doubts felt by many, it began its experimental transmission for Katmandu valley in a modest manner with VHF equipment and in the VHF band. In those days there were only about 400 TV sets, the majority of which also used for receiving Doordarshan signals when NTV went on air with its thirty minutes transmission, the number of TV sets increased dramatically. A 100 watt transmission was set up in Katmandu valley during its experimental transmission, the regular transmission of two hours was commenced by the end of 1985. In February of 1986 it became a full fledged corporation under the communication Act of his majesty's Government (internet). Currently it covers around 41% of country's geographic area and 62% of the population. NTV is offering diversified programmers from entertainment to information news to current affairs catering all area of the society. NTV has also started transmission from its second channel "NTV Metro". It is gearing up for coverage expansion and is expected to cover 100% of the land area.

Similarly, Kantipur daily newspaper is one of most popular newspaper among various groups as students, jobholders, officials, farmer and even to housewives. This newspaper has been published by Kantipur publication (P.) Ltd. After the restoration of democracy in Nepal, in year 2047 B.S., Kantipur Publication Ltd. came into existence as the only private daily broadsheet. At that time small size newspaper inclined towards political parties and few independent small size newspapers were also in the market. Kantipur daily newspaper was published in B.S. 2049 Falgun 7 by Goyanka publication in paper with picture in the first page along with the coverage of different international and national events. Now, Kantipur daily newspaper has minimum twelve pages with four color pages and is printed in Katmandu, Biratnagar and Narayanghat simultaneously.

To conduct this research, Pokhara will be taken as a market segment with respect to the product and services of Everest Bank Limited. Market segment is the process of dividing potential market into distinct subjects of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix. If all consumers have same needs, wants, desire and same background, education and experience, mass marketing would be a logical strategy because it would save cost of advertising and other marketing strategies. However, it is not possible to have all the customers with same needs, want, desires and same background, which they force to segment the market.

Product and Services of Everest Bank Limited has been taken as the matter of the study as the Everest Bank Limited have pioneered in extending various customer friendly financial products and services such as Home Loan, Education Loan, EBL Flexi Loan, EBL Property Plus (Future Lease Rental), Home Equity Loan, Vehicle Loan, Loan Against Share, Loan Against Life Insurance Policy and Loan for Professionals. EBL was one of the first banks to introduce Any Branch Banking System (ABBS) in Nepal. EBL has introduced Mobile Vehicle Banking system to serve the segment deprived of proper banking facilities through its Birtamod Branch, which is the first of its kind. EBL has introduced branchless banking system first time in Nepal to cover unbanked sector of Nepalese society. EBL is first bank that has launched e-ticketing system in Nepal. EBL customer can buy yeti airlines ticket through internet. It also introduced “Paybill” utility for the purpose of payment of telephone bills, electricity, water etc via online.

1.2 Evolution of Banking Sector

The origin of modern commercial banking is traceable in ancient times. There is a reference to the activities of moneychangers in the temple of Jerusalem in the New Testament. In ancient Greece the famous temples of Delphi and Olympia

served as the great depositories for peoples' surplus funds and these were the centers of money lending transactions. Indeed the traces of "rudimentary banking" are found in the Chaldean, Egyptian and Phoenician history. The development of banking in ancient Rome roughly followed the Greek pattern. Banking suffered oblivion after the fall of the Roman Empire after the death of Emperor Justinian in 565 AD, and it was not until the revival of trade and commerce in the Middle ages was, however, largely confined to the Jews since the Christians were forbidden by the Canon law to indulge in the sinful act of lending money to others on interest. However, as the hold of the Church loosened with the development of trade and commerce about the thirteen century Christians also took to the lucrative business of money-lending, thereby entering into keen competition with the Jews who had hitherto monopolized the business.

As a public enterprise, banking made its first beginning around the middle of the twelfth century in Italy and the Bank of Venice, founded in 1157 was the first public banking institution. Following it, the Bank of Barcelona and the Bank of Genoa in 1401 and 1407 were established respectively. The Bank of Venice and Bank of Genoa continued to operate till the end of the eighteenth century. With the expansion of commercial activities in Northern Europe there sprang up a number of private banking houses in Europe and slowly it spread through out the world. In Nepal, modern banking starts from the establishment of Nepal Bank Limited.

1.3 Evolution of banking sector in Nepal

Banking service is the oldest service industry in Nepal. It has gone through the various stages of evolution and development since the Vedic times (2000 to 1400 B.C.). Though the modern banking institution has a very recent origin in Nepal, some crude bank operations were in practice even in the ancient times. In the

Nepalese Chronicle, it was recorded that the new era known as Nepal Sambat was introduced by Shakhadhar, a Sudra merchant of Kantipur in 879 or 880 A.D. after having paid all the outstanding debts in the country. This shows the basis of money lending practice in ancient Nepal. Towards the end of 8th century, Gunkam Dev had borrowed money to rebuild the Kathmandu valley. In 11th century, during Malla regime there was an evidence of professional moneylenders and bankers. It is further believed that money-lending business, particularly for financing the foreign trade with Tibet, became quite popular during reign of Mallas. However, in the absence of any regulatory measures, the unscrupulous moneylenders were known to have charged exorbitant rates of interest and other extra dues on loans advanced. These inconveniences led the Prime Minister Ronoddip (1877-1885) to establish Tijarath in Kathmandu, which was a government financial institution supplying credit to the people at 5% rate of interest against security of gold, silver and ornaments. The government servants were also entitled to take loans from Tijarath, repayable from their salary at the source. During the time of Chandra Shamsheer (1901-1929), credit facilities of Tijarath were extended to some other parts of the country by opening its branches. It is believed that the so-called well-to-do persons used to take loans from private money lenders even at higher rate of interest than those from the government institutions, for they were not prepared to disclose in public anything that was likely to affect their prestige. When they were approached by this type of clients, the professional money lenders used to raise loans in their own names from Tijarath at 5% rate of interest against gold and ornaments, which were not their own but brought to them by their clients as security for the loans to be financed from the funds raised from Tijarath itself. Thus, without any resources of their own and without any risks on their own part, the money lenders could manage very well to exploit their especial type of clients just playing the role of middlemen between their clients and the government institution. To control

spurious rates of interest and also to curb unfair practice on the part of the unscrupulous moneylenders, legislative measures were also taken.

Later Tejarath was replaced by the first commercial bank, Nepal Bank Limited, during the time of Juddha Shamsher. The establishment of Nepal Bank Limited is a great landmark in the history of modern banking as it has solved many problems and difficulties which the trade and commerce have been facing. This bank performed commercially and some of the central banking functions, as there was no central bank until Nepal Rastra Bank was established.

In 1956, the central bank of Nepal, Nepal Rastra Bank was established. It was established with the purpose of developing Banking system in the country to promote industry, trade and agriculture as well as to circulate Nepalese currency all over the country.

In 2022 B.S., the second commercial bank of Nepal, Rastriya Banijya Bank, was established with hundred percent equity holding of the government. These two, NBL & RBB, commercial banks enjoyed monopoly till 2041 B.S. With the first joint venture bank, Nepal Arab Bank Limited coming in the scene the monopoly was broken and it paved the way for new joint venture banks to operate in the country.

In 2042 B.S., finance company Act was passed; but private kept stony silence till 2049 B.S. The first break came in the month of Shrawan of that year, when first company Nepal Housing and Development Finance Company came. The second came in the Poush of the same year, Nepal Finance and Saving Company. In the following three years, our financial system has witnessed the emergence of number of such finance companies.

1.4 Nepal's Financial System

The financial system of Nepal consists of a central bank, commercial banks, finance companies, development banks etc. and it is categorized in the following ways:

<u>S.No</u>	<u>Organization</u>	<u>No of Institutions</u>
1.	Central Bank	01
2.	Commercial Bank (A Class)	29
3.	Development Bank (B Class)	83
4.	Finance Companies (C Class)	79
5.	Micro Development Bank (D Class)	19
6.	Co-operatives	16
7.	Non Government Organizations (NGOs)	45

Source:NRB Website (http://bfr.nrb.org.np/List_Banks_n_Non_Banks.php)

1.4.1 Commercial Banks

Commercial Banks are the major component in the financial system. They work as the intermediary between depository and lenders and facilitate in overall development of the economy, with major thrust in industrial development. The banking sector in Nepal started with the establishment of Nepal Bank Limited. Today, we got 27 commercial banks in operation.

The Nepal Bank limited was incorporated in 1937 under the Nepal Bank Act of 1937. Its authorized capital was Rs. 100 Lakh. Initially funds were raised from 20 thousand partly paid-up and 5 thousands fully paid-up ordinary shares of Rs. 100 each. By 1949-50, all the 25 thousand shares were full paid-up. It was

established as a semi-government institution. Initially, 51% of share was taken by the government and the rest 49% by the general public. As a semi-public enterprise and in the absence of central banking institution, the Nepal Bank was authorized to carry on certain transactions on behalf of the government in accordance with its instruction and order. Thus, prior to the establishment Nepal Rastra Bank received deposits of government money and remitted it through bills of exchange, cheques and hundies in Nepal and foreign countries. Currently, Nepal Govt holds 41% of share in Nepal Bank Limited.

In 2022 B.S. an entirely government owned commercial bank, named Rastriya Banijya bank was established under a separate Act with the authorized capital of Rs 1 crore. Being a government owned commercial bank; its objectives and operation are somewhat different from those of the Nepal Bank Ltd. By 2045 B.S., it has expanded to 194 branches throughout the country. Currently, due to its financial position government is given management contract for two years.

The basic objective to allow foreign banks to open a joint venture with Nepal is mainly to develop the banking sector, to create healthy competition in the banking sector, to further develop the already existing old banks and to introduce new technological efficiency in the banking sector. Nepal Arab Bank limited (i.e Nabil Bank Ltd) is the first foreign bank to be established in 2041 B.S. in Nepal. Initially, 50% of shares were owned by United Arab Emirates Bank, 20% by the financial institutions and remaining 30% shares are owned by the general public. Five years ago the National Bank of Bangladesh bought the 50% share of United Arab Emirates Bank and later sold it to NB International (Ireland). It was established with the authorized capital of Rs 100 million, issued of Rs 50 million and paid-up capital of Rs 30 million.

Nepal Indoseuz Bank was established as second foreign bank in 2042 B.S. In this bank, 50% share was initially held by Indoseuz Bank of France, 15% share by Rastriya Banijya Bank, 15% by National Insurance Corporation and 20% by the general public. It was established with the authorized capital of Rs. 120 million, issued of Rs 30 million. Currently, its foreign Joint Venture partner is Credit Agricole.

Nepal Grindlays Bank was established as the third foreign bank in 2043 B.S. In this bank also 50% share is initially held by ANZ Bank of Australia, 35% is held by Nepal Bank Limited and remaining 15% share held by the general public. It was established with the authorized capital of Rs 100 million, issued of Rs 50 million and paid-up capital of Rs. 30 million. Currently, its Joint Venture partner is Standard Chartered Bank.

Himalayan Bank Limited was established in 1992 by the distinguished business personalities of Nepal in partnership with Employees Provident Fund and Habib Bank Limited, one of the largest commercial bank of Pakistan. It is the first commercial bank of Nepal with maximum share holding by the Nepalese private sector. Besides commercial activities, the Bank also offers industrial and merchant banking.

Apart from these banks, we already have many more commercial bank like Everest Bank Ltd, Nabil Bank Ltd, Nepal Bangladesh Bank Ltd, Nepal State Bank of India, Bank of Kathmandu Ltd, Nepal Credit & Commercial Bank Ltd, Lumbini Bank Ltd, Machapuchre Bank Ltd, Kumari Bank Ltd, Laxmi Bank Ltd, Siddhartha Bank Ltd, Bank of Asia, Prime Bank Ltd, Citizens International Bank Ltd etc... list of commercial banks are enlisted in appendix B

Apart from Commercial Banks, Finance companies, Development Banks, Co-operatives and NGOs, many non-depository financial institutions like Insurance companies, Mutual Fund etc. are also in our financial system.

1.5 Introduction to Everest Bank Limited.

Everest Bank Limited (EBL), which started operations from October 18, 1994 has been established with the objective of extending professionalized banking services to various sections of the society in the kingdom of Nepal and thereby contribute to the economic development of the country.

EBL joined hands with Punjab National Bank (PNB), India as its joint venture partner in 1997. PNB is the latest nationalized bank in India having 110 years of banking history with more than 4500 offices all over India. Of which 1400 branches are interconnected. PNB has over 1000 ATMs spread across India. As on 31/3/05, PNB had a total business of INR 163000 mores and posted a net profit of INR 1410 crores. PNB is providing top management services to EBL under a Technical Services Agreement.

Drawing its strength from PNB, EBL has set up strong systems and procedures. EBL thus has the advantage of the banking expertise and financial strength of its partner.

EBL has one of the largest networks among the private sector banks in Nepal having 37 branches across the nation and over 250 correspondents across the globe. The branches are connected through Anywhere Branch Banking System (ABBS) through which the clients can withdraw and deposit money from any branches of EBL.

Based on the audited financial results of FY 2065/066, the Bank's operating profit was Rs. 1073.50 million and net profit was Rs.638.70 where as its operating profit of FY 2066/067 is 1349.10 and net profit is 831.80 registering a growth of 30.20% on net profit over the previous year. The Bank's credit recorded a growth of nearly 15.07 % over the last year reaching a figure of Rs 28156.40 million against last year credit distribution of Rs 24469.50 million. Similarly, the total deposits of the Bank posted a growth of 10.83 % amounting to Rs 369323.00 over last year deposit of Rs 33322.90 million. The bank has one of the lowest non-performing assets (NPA-0.16% against last year NPA – 0.48%) among the commercial banks in Nepal. (16th Annual General Meeting Report of EBL)

Everest Bank Limited is the pioneer and front-runner in retail lending introducing Direct Housing Finance, Vehicle Loan Scheme, Education Loan Scheme, and Loan against future lease rentals and scheme for professionals as also the loan against Lease Rentals of the properties.

Not to be left behind in technological advancement and upgradation, EBL has taken conscious decision to keep pace with the latest technology applicable to the banking sector. It has introduced 365 days banking service and in association with Smart Choice Technology (SCT), is providing ATM services for its customers. EBL Debit Card can be accessed at their own 33 ATM machine and 651 ATMs of SCT network and over 1341 Point of Sales across the nation and at more then 3100 ATMs of PNB at India also. The bank is also managing the SCT ATM at Tribhuvan International Airport for the convenience of the customers and the travelers, the first and the only bank in Nepal to place ATM outlet at the Airport.

EBL is playing a pivotal role in facilitating remittance to and from across globe. Being the first Nepalese bank to open a representative office in Delhi, India, the Nepalese in India can open account in Nepal from the designated branches of Punjab National Bank and remit their savings economically through banking channels to Nepal. The bank has a Draft Drawing Arrangement with 4000 branches of PNB all over India and with ICICI and HDFC Bank of India.

With an aim to help Nepalese citizens working abroad, the bank has entered into arrangements with banks, finance companies and exchange houses in different countries which enable quick remittance of funds by the Nepalese citizens in countries like UAE, Kuwait, Bahrain, Qatar, Saudi Arabia, Malaysia, Singapore and even from U K and USA too.

1.5.1 Capital Structure

The paid-up capital (ordinary share) of EBL is Rs 638.80 million (as at FY 2065/066). The dividend rate is 30% p.a to the share holders and the retained earning is Rs 82.40 million.

As on 16 Jul 2010, bank has the following capital structure

S No	Capital Type	Amount
1.	Paid up Ordinary Capital	Rs 1079.60 Million
2.	Convertible preference share	Rs 200.00 Million
3.	7 Years EBL Debenture	Rs 300.00 Million

Table 1.1 : Capital structure of EBL

Source : EBL 16th Annual Report

Among which, the Convertible preference share of Rs 200.00 million were issued at 100% premium with the terms and condition of 7% fixed dividend

on the face value of the unconverted portion. These shares are convertible into ordinary shares @20% on every third year where as EBL debenture of Rs 300.00 million were issued for 7 years with a fixed interest of 6%. These are redeemable after expiry of its fixed period of seven years.

1.5.2 Share holding pattern:

The present share holding pattern of EBL is as follows.

S.N	Sources	Percentage
1	Nepalese Promoters	50 %
2	General Public	30 %
3	Punjab National Bank (PNB)	20 %

Table 1.2 : Share holding Pattern of EBL
 Source : EBL 16th Annual Report

The pie chart shown in figure 1.1 will help to illustrate the shareholding pattern of EBL more clearly.

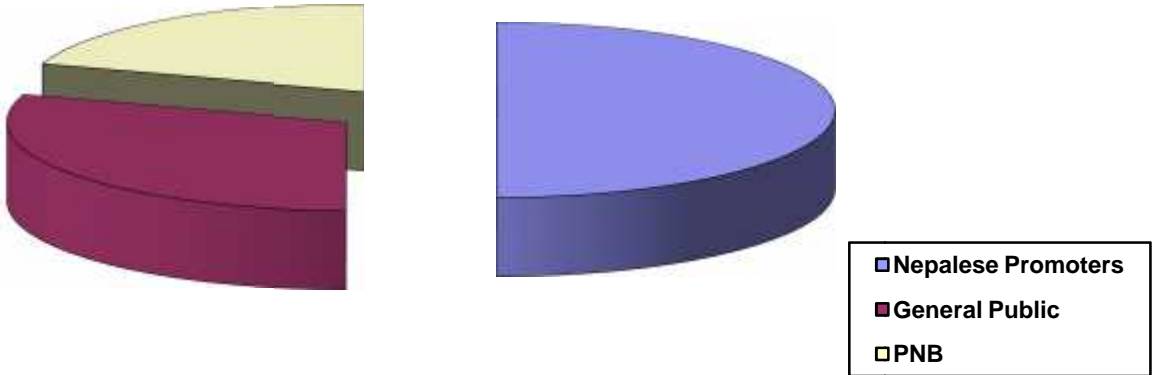


Figure 1.1 Share holding Pattern of EBL

1.6 Statement of the Problem

Nowadays the significance of the advertising media is multiplying day by day. The company should analyze/know which kinds of advertising media are useful to influence the consumer's buying behavior in the target market because only understating of the consumer's views attitude, test towards the products and services do not assist to increase the sales. Many organizations expenses huge amount of total budget without exactly knowing the effectiveness of media. Even though business man always watch cost benefit analysis so it is essential to measure the effective of advertising. But there is the problem not only for small business house but also to the large business house to select appropriate media to send the message about products and services in order to reach the target consumer group and boost up the business.

Basically, some researches have been conducted by various persons relating to the advertising with respect to overall business of the firm but no research has been found done by any research to know the impact of the advertisement of Everest Bank Limited. It is also a major issue to know which media of advertising is effective among electronic and non-electronic media to influence consumer and how they perceive to the advertising media. Advertiser has to select two or more than two media to convey message about products and services in order to get merits of both electronic and non-electronic media. But the researchers main objective is to find out the impact of the advertisement on overall business of EBL for which the following research problem were identified:

- What is the relationship between advertisement and the growth of business portfolio?
- Does the company's larger advertisement have good effect on profit?

- Does particular media plays vital role in overall business of Everest Bank Limited?
- What kind of media effects on profit of Everest Bank Limited?

1.7 Objectives of the Study

The main objectives of this study is to identify effectiveness of advertisement in the business of EBL, however main objectives of study are:

1. To study and evaluate the impact of advertisement in different product mix of EBL.
2. To assess the impact of advertising on profit.
3. To study and analyze the position of advertising of EBL's product and services on electronic and non-electronic media for different product mix (Deposit, credit etc...)
4. To analyze advertisement strategy of EBL.
5. To identify the promotional tools used by EBL for advertisement.

1.8 Significance of the Study

Advertising is the most popular promotion tool to create and to know need and wants of consumers. Now it is widely used by social, business and even government organization. The growth of advertising in Nepal is phenomenal considering the fact that a few decades back. Only a few products reached out to consumers through limited media like the national daily Gorkhapatra or the state owned stations. With the mushrooming of FM stations, private print media and television channels and increasing access to media advertising is growing with leaps and bounds. For making consumers well informed, advertising is becoming more important to provide suggestion on various aspects of daily life.

Nowadays the growth of the organization is directly related to the advertisement in today's competitive market. It is hard to make of products and services without advertising. Advertising is essential to inform, persuade and remind to the consumers. Various media are used by the company but now among the various media television and daily newspaper are the popular media. So this study is valuable to the marketing manager to improve their advertising policy. As advertising involves cost and every cost should be for the good return. Every year many manufacturing, trading and even service organization have been investing millions rupees only for advertising of their products and service but unfortunately a proper research regarding the impact of advertisement in overall business has not been properly analyzed and evaluated. So the present research focuses on the impact of advertisement in focus to Everest Bank Limited. Similarly this thesis is also important for the researcher because it is the requirement of Central department of management to complete M.B.S and it may prove a literature to the further researcher to conduct the research relating to this aspect.

1.9 Limitations of the Study

During the study period the following limitation may be incurred which can't be ignored.

1. This study will cover only impact of advertisement in context to EBL.
2. Primary data will be collected from Everest Bank Limited and Secondary data from various publications as population.
3. Only selected statistical tools are used.
4. There may be innumerable factors showing some degree of relationship with advertising but here only selected variables taken into account.

5. Research has to be completed in a short time span and money as for the requirement of master's degree.

1.10 Organization of the Study

This study has been organized into five Chapters.

Chapter 1: Introduction

This chapter deals with the background of the study, statement of the problem, objectives of the study, significance of the study and limitations of the study.

Chapter 2 : Literature Review

This Chapter is the brief review of literature related to this study. It includes a discussion on the conceptual framework and review of the major studies. It gives an overview of the related literature done in the past related to this study. Meaning of advertising purpose of advertising, advertising media and method of measuring advertising effectiveness have been included in conceptual review.

Chapter 3 : Research Methodology

Research Methodology describes the different methodologies employed in this study which includes Research design, population, sampling and sources of data, data collection procedure, analytical tools and data processing.

Chapter 4 : Data Presentation and Analysis

The fourth chapter of this study is presentation, analysis and interpretation of data collected from various sources about the advertising of product and services of Everest Bank Limited in various means of advertisement i.e. electronic and

non-electronic media and cost structure of advertising to advertise its product of recent five years. This Chapter presents and analyzes the data obtained during the study. Different tools and techniques of data analysis have been undertaken for the purpose of analysis of data.

Chapter 5 : Summary, Conclusion and Recommendations

This chapter includes the abstract of the whole study, makes conclusion on the basis of data analysis and major findings drawn out and then finally provides recommendations for improvement.

Chapter 2

REVIEW OF LITERATURE

The review of literature is a crucial aspect of planning of the study. The main purpose of literature review is to find out what works have been done in the area of research problem under the study and what has not been done in the field of the research study being undertaken. For review purpose, the researcher uses different books, reports, journals, and research studies published by various institutions, unpublished dissertations submitted by master level students have been reviewed.

It is divided into two headings:

Conceptual Review

Review of previous studies

2.1 Conceptual Review

The review of textbooks and other references materials such as newspapers, Magazines, research articles, journals and past thesis have been included in this topic.

Conceptual review assists to know the theories of the study area. Therefore the researcher has reviewed the following conceptual aspects of advertising.

Meaning of advertising

Purpose of advertising

Advertising media

Method of measuring advertising effectiveness

2.1.1 Meaning of Advertising

The activity of attracting public attention to a product or business, as by paid announcements in the print, broadcast, or electronic media is known as Advertising. (<http://www.wordnik.com/words/advertising>)

The word advertising is derived from the two Latin word; ad' means towards and vertigo means I turn. So the meaning of advertising is to turn people's attention to the specific things. Earliest form of advertng is to draw the people's attention towards the special things. In other word, advertising is to draw people's attention to the certain goods.

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

This definition clearly distinguished between advertising and advertisement. Advertising is simply a message, but advertising is a process. This process includes programming the series of activities which is necessary to plan and prepare the message and get it to intend market. Other points are that advertising is used to help sell products and services. The buyer makes five decisions in the affirmative in marketing a purchase in any one is missing; he does not buy which he has said yes to all five a purchasing result. These five decisions related to need product source price and time (Littlefield and Kirkpatrick 1971:165).

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

Some definitions of advertising have been given below so as to make clear meaning of advertising The American marketing association defines advertising as -any paid form of non-personal presentation of goods, services or ideas for action openly paid for by identified sponsor" (Koirala 1997:59-60).

A writer has described the difference between advertising and sales promotion in his book "sales promotion in Nepal" as sales promotion and advertising differ in terms of objectives as well as the frequency duration and purpose of users. Advertising Informs, persuade, and remind the tar-et market. Where as sales promotion goes to encourage purchase by the brand loyal consumers and attracts news and competitors brand users. For effective sales promotion are required creative talent- time and money. It became expensive with frequent operation. 'While excess sales promotion with respect to a branded product may hurt that products brand image. Advertising crates awareness in the market place and may be repeated designed to create and image of or to carry a sales message about a product or service to the consumer, while sales promotion is as activity and used to generate and Immediate sales of the product or service" (Koirala ,1991:25-29)

It is micro managerial function of any organization to send the information to the members of the society (Sontakki, 1999:1).

Advertising is a form of communication intended to promote the sale of a product or service to influence a particular cause to gain political Support to advance a particular cause or to elicit some other response desire by the advertiser "(New Encyclopedia, Britanica Macromedia, 1979: 103).

"Advertising that induces a change in sales of perception of the product is a milestone for brand" (Katmandu Post. 2004:1).

So this Study concludes that advertising should have such power as attention, communication, readability, memorability and selling.

2.1.2 Purpose of Advertising

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

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

Mass production need mass selling it makes possible by Improvement and installation of latest plants as well as advertising through effective media but

difficult to say that effective media vehicle. Purpose of advertising can be listed below as:

- It helps retailers in multiplying sales
- It assists to increase the demand of the product
- It conveys message to the prospective consumers
- It makes the public conscious

Advertising is important to retailer, for the retailer it quickens the turnover as well as reduces degree of remaining dead stock and result in proportionate reduction of overhead expenses. It informs the fluctuated price of the product so the retailer can avoid the losses by the price change.

Similarly, it provides benefits to the buyer's. The Manufacturers are compelled to maintain the quality of the goods advertised. Money spend on advertising that is a kind of investment and manufacturer wants to return from the consumer so that he has to fix the quality of the product advertised on the Media then the consumer gets the qualitative goods and services .

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

In other hand consumer behavior is a function of a complex process so it is difficult to say that advertising is only on variable that influences the behavior of the consumer. Advertising objectives can also be classified as per their objectives in terms of informing, persuading or reminding. Example of information type objectives includes making prospective consumer aware of a new product announcing a new price and explaining how a product works. Persuading objectives include attempting to build brand preference and loyalty and changing a consumer's attitude about particular brand characteristics. Objective having to do with reminding includes communication telling Consumers where and when to buy the product (Boyd, Westfall and Stasch, 2002:731).

2.1.3 Advertising Media

It has been said that the development of media of mass communication dates back to the initial years of the Rana period. Prior to this pamphlets were used to speak at loud voices to advertise in the temporary market. Advertising research primarily relates to their critical decision that have to be made to develop advertising program:

- a. setting objectives,
- b. selecting the message,
- c. choosing appropriate media vehicles

This study will concerns with the third objectives of advertising research selecting advertising media is itself a decision process because it is an act of finding out the most cost effective media to deliver desired number of exposure to the target audience. The effect of exposure on audience awareness mainly depends on the exposures each frequency and impact of lead time. However using or choosing any media is determined by analyzing different factors, such

as, target audience, media habits nature of product message to given to buyer, costs to incurred on advertising etc. (Sharma. 2001:235).

Now various media are available in the Nepalese market. The individual advertising situation largely determines the complexity of media selection. A retailer in a small town where there is only a weekly newspaper does not have much of a problem. However a retailer in a major metropolitan area has the problem of choosing media from among newspaper, radio, television, outdoor, transit, and direct mail. The problem of media selection is even more complex in the case of the national advertiser who sells to a broad national market. What type of media should be used, magazines? if newspaper in which cities? If television a nationwide network or stations which local coverage in individual markets, What network, What stations?

There are no rules or set formulas for solving this selection problems. Each advertising situation presents its own unique set of circumstance, Each type of medium has its own character and each specific medium in turn differs from the next. There is no single best medium for all advertising situations. Each media decision must be made in light of particular requirements of a particular situation. Even competitors selling the same products to nearly the same markets use different media strategies (Sandage Vernon and Rotzoll. 1996:437).

The coverage or reach of the media is the size of potential audience readers, listeners and viewers covered by the media. Circulation refers to the numbers of copies of the newspapers and magazines distributed, number of radio and television sets receiving the signals. Each Medium of communication has different cost structures depending upon size and position of advertisement in print media and time slots in audio and audio visual media. The level of advertising, impact of the different media also differs. Media research is tempted to find and evaluate these important aspects for appropriate media selection.

There are various media options available to the advertiser. Media selection is concerned with selection, is concerned with selection of the most efficient and cost efficient and cost effective advertising media. Media research helps the advertisers to identify the various media available in a target market. The advertising media can be grouped into two broad categories according to its nature of information flow.

A. Electronic Advertising Media

- Television
- Film
- Radio
- E-mail
- Internet

B. Non-Electronic Advertising Media

- News paper
- Poster
- Hoarding boards
- Travelling display
- Exhibition and trade fairs

2.1.4 Method of Measuring Advertising Effectiveness

Advertising objective should be made before measuring its effectiveness. Because effective can be measured by comparing sales of the company before and after the advertisement lunched in the target market with in a specific period of time. Without advertising objective the firm is likely to spend huge amount of money in the development and lunching of advertisement campaigns, fail to realize good results. However, advertising ultimately leads to increase the sale of

the products and services. advertisement can be developed and lunched to meet any of the following objectives.

Brand Recognition and Acceptance

Almost all the advertisements are targeted at achieving recognition and acceptance of the brand name by the buyers. This is the basic objectives of advertising. All marketing firms would like the potential buyers in the least to recognize its products available in the market. This objective of advertising does not call for consumer action resulting, in sales.

Trial Purchases

Many advertising campaigns during the introduction stage of the product life cycle are targeted at achieving the trial purchase of the product. Such advertising induce the general buyers to try the product at least once.

Influence at Sign of Buying Decision

Some advertising is strategically placed in the retail outlets seek to influence the buyers to buy the firm's brand if he/she has not made prior brand purchase decision.

Value Addition

Some Firms seek to add value to its product through an image enhancement exercise launched through special advertising campaigns. This is targeted to achieve higher price level its products.

Aid in personal selling and sales promotion

Some advertisements are built to make the job of the door to door salesperson convenient by informing the potential buyers about the visit by the salesperson.

Many advertising are lunched to inform the buyers about the sales promotion campaigns.

Remind

Some advertisement is built just to remind the buyers about the firm and its products (Koirala, 2002:77-SO).

Evaluation Advertising Effectiveness

Evaluating advertising effectiveness is not easy task for the company. According to Jerome McCarthy, if sales Vs communications is the objective of advertising and sales is the main objectives, measurement of advertising results has to pinpoint the increase in sales that has accursed on account of advertising. Exact measurements becomes difficult become sales is the result of so many other factors in addition to advertising. Even when communication is the goal measurement of effectiveness becomes difficult it can be measured around an audience's ability to recognize and recall the message.

In spite of the above limitations, firms resort to evaluation of advertising results. They try to assess how far the sales task and the communication task have been accomplished by advertising.

Evaluating How far communication Tasks has been Accomplished

The methods used for this evaluation are the same as those employed in copy testing. In this test the effectiveness of advertising is evaluated in three phases. The first phase is known as per-test the second phase as tracking study and the third phase as and test or after tests.

I. Pre-test or Before Test

Advertiser often prepares several copies and test their effectiveness in order to select and lunch the most effective copy through the campaign. The copy test is executed by using consumer jury, rating scales. Portfolio test. psychological test physiological test and day after recall test method.

ii. Test during the campaign

Effectiveness test during the campaign is conducted usually one or two weeks after the lunch. Some firms often lunch two or three advertisement on the same product and like to find out which is most effective. The most effective and its continued for the rest of the campaign period while ineffective ones are withdrawn.

Advertising effectiveness is also conducted during the campaign period they are known as tracking studies. Advertisement packing studies are conducted through inquiry and sales test method.

iii. Post after Tests

Post tests are conducted to measure the total effectiveness of the advertisement after the campaign over. Post test are organized to measure the recall and recondition value of the advertisement Two types of test as recall and recognition test are performed to measure the advertising effectiveness.

Evaluating flow far the sales task has been accomplished

In this method , sales task is to correlated past sales to past advertising expenditures with the help of statistical techniques This methods has some limitations especially in highly fluctuating market conditions where in the past sale in the result of several factors than advertising

Besides this past sales or historical data based method market tests are also used to get an idea of the sales effect of a campaign in such case, before launching a campaign, certain territories are kept as test market and are exposed to different level of exposure to the campaign. The results in such test market are computed to get an idea of the impact of the campaign on the sales in these markets (Rameswamy, 1990:391-392).

2.2 Review of Previous Studies.

The related literatures which are similar to advertising have been reviewed, which are as follows :

Number of research works had been done by number of researchers which are similar to advertising.

Shrestha (2001) studied “The role of advertising in brand choice and product positioning with soft drink” which had the following objectives :

- i. To analyze the effectiveness of advertising on brand of consumer product.
- ii. To evaluate the role of advertising in product positioning from the consumer perspective.
- iii. To find out consumer's important to advertisement and other promotional tools while making selection decision

Major finding of the study were:

- i. Advertising has been established as important promotional tools both in high involvement and low involvement goods. Advertising important to consumer goods is comparatively more weightily than industrial goods

- ii. Consumer gets knowledge about products through different media of advertising. Advertising is considered as the primary source of information
- iii. Television is the mostly favorite medium for advertisement and radio stands in second position At the same time, FM Board casting is also becoming popular in the Katmandu valley among young generation.
- iv. The advertisement which presents the products as better quality and advertisement which is entertaining in style is liked.
- v. The major reasons of brand switching is the test of the product

Thakur (2002) studied “Radio advertising and its impact on purchasing of consumer goods” and the following objectives were set

- i. To study the impact of radio advertising on consumer purchased behavior.
- ii. To study the availability and comparative cost of different forms of advertising Nepal.
- iii. To study the change in sales of firm due to radio advertising

Major finding of this study were

- i. Both consumers and advertising recognize the need of advertising (especially radio media) in the present context of Katmandu market.
- ii. For promotion product advertising is only a main method used by the producer
- iii. Of all advertising media available in Nepal, radio advertising ranked top in the list.

- iv. Most of the advertiser's fixed advertising budget on the basis of last years budget. They have not considered about percentage of total.
- v. All respondents (advertisers) are in a joint view that effect of advertising is that recognized.
- vi. Effectiveness of advertising can only be seen in between two weeks to four weeks and advertising media available in Nepal cinema advertising is the cheapest.
- vii. When analyzing the response of consumer effective forms of media are Radio, TV and cinema periodically ranked first second and third respectively.

Aryal (2005) studied on “An examination on female role portrayal in print advertising” and had the following objectives.

- i. To identify the noticing behavior of individuals on product categories being advertised portrayal female in print advertisement.
- ii. To evaluate the individual's reasons of noticing female featured print advertisements and likes/dislikes of overall expression of female models in print advertisements.
- iii. To examine the attention of individual over the roles and activates played by female models in print.
- iv. To evaluate the perception of individual towards the female models and self family response of female models of print on their portrayed roles interested roles , their profession inspiration to fall into the profession the degree of satisfaction and family response of their profession

By analyzing the response of respondents Mr. Aryal had reached on the following findings

- i. The female featured print advertisement regarding the product of food/snacks: soft drink/water personal and beauty care, household application and alcoholic beverage were noticed by all levels of individuals of the society. The print advertisements of the products of household cleaning, washing kitchen supplies household cleaning washing kitchen supplies and institution /educational materials public service were also noticed by female individuals of society.
- ii. The female artists and ramp models under the age of 25 or below as female models being portrayed in print advertisements were liked by the individuals of the society.
- iii. Couple role and traditional activities career oriented activities played by female models in print advertisements were attentive for all levels of individuals in society. Single rate of female models was also being attentive to the young female individuals (below 25) sex appeal activity was found to be attractive to the male individuals.
- iv. Majority of male and female individuals having age above 25 believed female portrayed print advertisement in nominal terms , but in case of individuals having age below 25 nothing can be stated because of their mixed reactions . There was low degree of impression of female portrayed print advertisement over the purchasing decision of male and female and the individuals having age below 25 or the individuals having age above 25. Majority of the individuals having age below 25 was not affected from the advertisements and most of individuals having, age above 25 did not recall the advertisements.
- v. Most of the female models were unmarried and having age below 25 most of the female models fulfill only under 50% of their economic need by the remuneration from modeling. Majority of the female could not support their family and few,, of the female models could not support their family

financially and few of the female models supported their financially with only less than 50% of the remuneration of modeling.

- vi. Majority of female models suffered by delay in payment of remuneration by advertisers where as minority of tile models was suffered from tile negative comments from society

Giri (2006) studied on “The communication effect of advertising and brand preference of instant noodles”. The main objectives of the study were as follows

- i. To analyze the popular media of advertising its strength and weakness.
- ii. To analyze the advertising appeal and relation between brand preference and advertising qualities of instant noodles.

The major findings of the study were:

- i. Of all media available in Nepal, the radio has proved itself an ultimate one to create awareness in customer about the advertised product especially fast foods like instant noodles. After that the firm cine slide comes orderly.
- ii. Most of the educated people of Katmandu are aware of brand (Mayos and the Ruchi) of instant Noodles because of their advertisements.
- iii. Most of the uneducated people of Katmandu could not say anything about the advertisement.
- iv. Advertising qualities of instant noodles have made no change in brand preference.
- v. In case of the newspaper advertisement, the RaRa has attracted many of customers because of its style of photo presentation while the Ruchi has attracted to its customers with the help of layout headlines.

Manandhar (2007) conducted another study on “A comparative study on the effectiveness of promotional tools on sales” have the following objectives

- i. To find out what promotional tools is more acceptable by the Nepalese customers.
- ii. To find out what mode is more wisely used by the marketers are sales promotional tools.
- iii. To find out which promotional tools are best to attract the customers.

Major find from the study were:

- i. The person gets information or knows about bowling game from advertisement more than from their friends.
- ii. People are aware of advertising as a promotional tool rather than other promotional tool and the people watch \listen\read advertisement to Let information and entertainment.
- iii. Price discount and cash prize are two major sales promotions that attract the customer towards products or services.
- iv. Sales promotion tool include people to play bowling game most. Due to cash prize and price discount they are induce to play bowling game respectively.
- v. Advertising and sales promotion such as cash prize price discount is most widely used by bowling center and cash prize and price discount type of promotional tool is most appreciated by Nepalese customers.
- vi. Advertising helps to aware the customers and includes them to play bowling game where as sales promotion induces them to play bowling game repeatedly.

Chapter 3

RESEARCH METHODOLOGY

Research methodology is the combination of two words i.e. Research and Methodology. Research can be defined as the search for knowledge or any systematic investigation to establish facts. Research is actually “Re” “Search” which means to search again and again to find out something new or more about an existing phenomenon, where as Methodology may refer to nothing more than a simple set of methods or procedures, or it may refer to the rationale and the philosophical assumptions that underlie a particular study relative to the scientific method.

“Research Methodology refers to the various sequential steps to adopt by a research in studying a problem with certain objective in view” (Mr. Joshi, 2001). Methodology is the research method used to test the hypothesis. Every study is intended towards the analysis, discover and actual position of any situation. The findings are possible only with help of certain tools and techniques. The research oriented task ask for serious consideration on research design; sample size; sources of data; data collecting instruments and procedure; data tabulation; data analyzing techniques to be adopted and study limitation in term of tools unavailable.

3.1 Research Design

A Research Design is the specification of methods and procedures for acquiring the information needed. It is the over-all operational pattern or framework of the project that stipulates what information is to be collected from which sources by what procedures. Research design is the plan, structure and strategy of investigation conceived so as to obtain answer to research questions and to

control variance. The basic objective of research design is just to check the researcher for deviate from actual course of action. The plan is the overall scheme or program of research and it includes an outline of what the overall scheme or program of research and it includes an outline of what investigator will do from writing the hypothesis and operational implication of the final analysis of the data. Research design is “The logical and systematic planning and directing a piece of research”. (Wolf and Pant, 2003:16)

Hence it is clear that Research design is the blueprint for research. It lays down the methodology involved in the collection of information and arriving at meaningful conclusions from the same.

There are many methods for studying and tackling a problem, but there are no perfect methods. Many times more than one method could be used in the research process. Classifying the research according to the type of research design, this thesis falls under descriptive and analytical design. It lies under analytical design as it tries to analyze the collected data to reach at conclusion. To achieve the objective of this study, descriptive and analytical research design has been used. Some marketing and statistical tools have been applied to examine facts and descriptive techniques will be adopted for this research. At the sometime, it also represents descriptive research design as it describes much more about the efficiency of the understudied bank. The research will mainly base on the primary data and information provided by the bank and its staffs. On the basis of qualitative and quantitative information the analytical framework will be drawn. After the evaluation of this information, the interpretation will be presented as an outcome. The study after its conclusion, recommendation has been given in the end based on the findings.

3.2 Population and Sample Size

The term population refers to the number of respondents who lie in the specific area where as Sample is that part of the universe which we select for the purpose of investigation. Sampling technique is very much essential for conducting any research. It allows the researcher more time to make an intensive study of the research problem. When the study of whole population is not possible, the sampling technique is adopted. The ideal sampling represents the whole universe accurately and independently. For the purpose of this study the Top level (Managerial level) staffs of EBL who are directly involved in decision making regarding advertisement and marketing are taken from the population. The research work is based on primary as well as secondary data too. The collection of data was done by visiting and contacting the target individuals.

3.3 Nature and Sources of Data

The sources of the information required for any study will be either primary or secondary data. The data possessing original character and collected from actual field by the researcher or through agent for the first time is known as primary data. The data are utilized when secondary data are not accessible easily. The data compiled by previous researchers for their purpose is known as secondary data. The use of secondary data reduces the considerable amount of time and tension of collecting information from the actual workplace. For the study, both primary and secondary data are basically used for analyzing the subject matter of the thesis. The primary data will be obtained from observation, field study, questionnaire, interview and other sources and the information provided by the bank. The data obtained from these sources are unstructured. Secondary data is collected or applied for the study will be obtained from journals, books, web sites, newspapers and other sources. Official records and publications on related

field are also used for the study. The sources of data selected are authentic and reliable and cross checking of data has also been done. The secondary data used are internal reports, annual reports and published materials of EBL, Nepal Rastra Bank directives and other sources.

3.4 Data Collection Procedure

In order to obtain the required data for the study, one set of questionnaire was prepared for data collection from the authorities of EBL.

Before distributing the questionnaires, prior approach was made to the respondents and their approval was got by convincing the purpose of the study. Difficulties felt by the respondents to some questions were overcome by clarifying the sense of the questions.

In the third phase, the researcher got the questionnaires filled. Except these data, some other data were collected by visiting the office of EBL and media house representatives i.e. Kantipur Publication, FM stations and convincing the authorities about the purpose of the research.

3.5 Analytical tools

There are so many tools used to get the result to the research work. Normally average percentage, correlation, regression analysis and chi-square test are used for the analysis of data collected from the field. Among these analytical tools, the researcher uses correlation, percentage and chi-square test.

Correlation

Correlation means relation between two variables or more than two variables. Relation between the variables may be positive or negative, linear or non linear and simple, multiple and partial. Two variables are said to have correlation, when they are so related that the change in the value of variable is accompanied by the change in the value of the other. For example increase in advertisement expenditure is accompanied by the increase in sales/profit. Correlation analysis only helps in determining the extent to which the two variables are correlated but does not tell about cause and effect relationship. The following methods can be used to study the correlation between two variables.

- Scatter diagram
- Karl Pearson's correlation coefficient
- Spearman's rank correlation

Scatter diagram method is a graphical method of studying correlation which is the simplest method of ascertaining the correlation between two variables in the scatter diagram. One of the widely used mathematical methods of calculating the correlation coefficient between two variables is Karl Pearson's correlation coefficient. It is also known as Pearson's correlation coefficient.

Definition

Pearson's correlation coefficient between two variables is defined as the covariance of the two variables divided by the product of their standard deviations:

$$\rho_{X,Y} = \frac{\text{cov}(X, Y)}{\sigma_X \sigma_Y} = \frac{E[(X - \mu_X)(Y - \mu_Y)]}{\sigma_X \sigma_Y},$$

The above formula defines the population correlation coefficient, commonly represented by the Greek letter ρ (rho). Substituting estimates of the covariances and variances based on a sample gives the sample correlation coefficient, commonly denoted r :

$$r = \frac{\sum_{i=1}^n (X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum_{i=1}^n (X_i - \bar{X})^2} \sqrt{\sum_{i=1}^n (Y_i - \bar{Y})^2}}$$

An equivalent expression gives the correlation coefficient as the mean of the products of the standard scores. Based on a sample of paired data (X_i, Y_i) , the sample Pearson correlation coefficient is

$$r = \frac{1}{n-1} \sum_{i=1}^n \left(\frac{X_i - \bar{X}}{s_X} \right) \left(\frac{Y_i - \bar{Y}}{s_Y} \right)$$

where

$$\frac{X_i - \bar{X}}{s_X}, \bar{X}, \text{ and } s_X$$

are the standard score, sample mean, and sample standard deviation, respectively.

Mathematical properties

The absolute value of both the sample and population Pearson correlation coefficients are less than or equal to 1. Correlations equal to 1 or -1 correspond to data points lying exactly on a line (in the case of the sample correlation), or to a bivariate distribution entirely supported on a line (in the case of the population correlation). The Pearson correlation coefficient is symmetric: $\text{corr}(X,Y) = \text{corr}(Y,X)$.

A key mathematical property of the Pearson correlation coefficient is that it is invariant to separate changes in location and scale in the two variables. That is, we may transform X to $a + bX$ and transform Y to $c + dY$, where a , b , c , and d are constants, without changing the correlation coefficient (this fact holds for both the population and sample Pearson correlation coefficients). Note that more general linear transformations do change the correlation: see a later section for an application of this.

The Pearson correlation can be expressed in terms of uncentered moments. Since $\mu_X = E(X)$, $\sigma_X^2 = E[(X - E(X))^2] = E(X^2) - E^2(X)$ and likewise for Y , and since

$$E[(X - E(X))(Y - E(Y))] = E(XY) - E(X)E(Y),$$

the correlation can also be written as

$$\rho_{X,Y} = \frac{E(XY) - E(X)E(Y)}{\sqrt{E(X^2) - (E(X))^2} \sqrt{E(Y^2) - (E(Y))^2}}.$$

Alternative formulae for the sample Pearson correlation coefficient are also available:

$$r_{xy} = \frac{\sum x_i y_i - n \bar{x} \bar{y}}{n s_x s_y} = \frac{n \sum x_i y_i - \sum x_i \sum y_i}{\sqrt{n \sum x_i^2 - (\sum x_i)^2} \sqrt{n \sum y_i^2 - (\sum y_i)^2}}.$$

The above formula conveniently suggests a single-pass algorithm for calculating sample correlations, but, depending on the numbers involved, it can sometimes be numerically unstable.

Interpretation

The correlation coefficient ranges from -1 to 1 . A value of 1 implies that a linear equation describes the relationship between X and Y perfectly, with all data points lying on a line for which Y increases as X increases. A value of -1 implies that all data points lie on a line for which Y decreases as X increases. A value of 0 implies that there is no linear correlation between the variables.

More generally, note that $(X_i - \bar{X})(Y_i - \bar{Y})$ is positive if and only if X_i and Y_i lie on the same side of their respective means. Thus the correlation coefficient is positive if X_i and Y_i tend to be simultaneously greater than, or simultaneously less than, their respective means. The correlation coefficient is negative if X_i and Y_i tend to lie on opposite sides of their respective means.

Properties in Pearson's correlation coefficient:

The following are the properties of Pearson's correlation coefficient:

1. **Limit of the Pearson correlation coefficient:** Karl Pearson's correlation coefficient value lies between $+1$ to -1 .
2. **Pure number:** Pearson's correlation coefficient is a pure number and it is independent of the unit of measurement. For example, if one variable's unit of measurement is in inches and the second variable is in quintals, even then, Pearson's correlation coefficient value does not change.
3. **Symmetric:** Pearson's correlation of the coefficient between two variables is symmetric. This means that if we calculate the Pearson's correlation coefficient between X and Y or Y and X , the value of Pearson's correlation coefficient will remain the same.

Probable error and Karl Pearson's correlation coefficient:

Probable error is used to determine the reliability of Pearson's correlation coefficient. The following formula is used to determine the value of probable error:

$$P.E. = 0.6745 \frac{1 - r^2}{\sqrt{N}}$$

Where:

-) P.E = Probable error
-) r = Pearson's correlation coefficient
-) N = Number of observations
-) If the absolute value of Pearson's correlation coefficient is greater than 6 times probable error, then the Pearson's correlation coefficient is taken to be significant. If the absolute value of Pearson's correlation coefficient is less than 6 times probable error, then the correlation coefficient will be insignificant.

Degree of correlation:

1. **Perfect correlation:** If Pearson's correlation coefficient value is near ± 1 , then it said to be a perfect correlation.
2. **High degree of correlation:** If Pearson's correlation coefficient value lies between ± 0.75 and ± 1 , then it is said to be a high degree of correlation.
3. **Moderate degree of correlation:** If Pearson's correlation coefficient value lies between ± 0.25 and ± 0.75 , then it is said to be moderate degree of correlation.

4. **Low degree of correlation:** When Pearson's correlation coefficient value lies between 0 and ± 0.25 , then it is said to be a low degree of correlation.
5. **No correlation:** When Pearson's correlation coefficient value lies around zero, then there is no correlation.

Chi-Square Test

Chi-Square test is a non-parametric test that is used to find out how the observed value of a given phenomena is significantly different from the expected value. In Chi-Square goodness of fit test, the term goodness of fit is used to compare the observed sample distribution with the expected probability distribution. Chi-Square goodness of fit test determines how well theoretical distribution (such as normal, binomial, or Poisson) fits the empirical distribution. In Chi-Square goodness of fit test, sample data is divided into intervals. Then the numbers of points that fall into the interval are compared, with the expected numbers of points in each interval.

Procedure for Chi-Square test:

) Set up the hypothesis for Chi-Square goodness of fit test:

a. **Null hypothesis:** In Chi-Square goodness of fit test, the null hypothesis assumes that there is no significant difference between the observed and the expected value.

b. Alternative hypothesis: In Chi-Square goodness of fit test, the alternative hypothesis assumes that there is a significant difference between the observed and the expected value.

Compute the value of Chi-Square goodness of fit test using the following formula:

$$\chi^2 = \left[\frac{(O - E)^2}{E} \right]$$

Where,

χ^2 = Chi-Square goodness of fit test

O= observed value

E= expected value

Degree of freedom: In Chi-Square goodness of fit test, the degree of freedom depends on the distribution of the sample. Table 3.1 shows the distribution and an associated degree of freedom:

Type of distribution	No of constraints	Degree of freedom
Binominal distribution	1	n-1
Poisson distribution	2	n-2
Normal distribution	3	n-3

Table 3.1 :Distribution and associated degree of freedom

Hypothesis testing: Hypothesis testing in Chi-Square goodness of fit test is the same as in other tests, like t-test, ANOVA, etc. The calculated value of Chi-Square goodness of fit test is compared with the table value. If the

calculated value of Chi-Square goodness of fit test is greater than the table value, we will reject the null hypothesis and conclude that there is a significant difference between the observed and the expected frequency. If the calculated value of Chi-Square test is less than the table value, we will accept the null hypothesis and conclude that there is no significant difference between the observed and expected value.

3.6 Data processing

Both the primary and secondary data have been collected according to need of the research. The information collected from field survey and EBL has been used to prepare table, figures by sorting and grouping in accordance with their homogeneous nature. The statistical tools like chi-square test, correlation coefficient have been incorporated in the research to test the hypothesis set. Besides these tools this thesis has adjusted the use of the mathematical tools like percentage. Recommendation and suggestions have been added after the analysis and interpretation completed.

3.7 Research Gap

These are some of the research works done by different researcher related to the advertisement topic in Marketing. But no research work has been found done by any researcher about the impact of Advertisement media in reference to Everest Bank Limited to find out the effectiveness and impact of advertisement. This study therefore has been conducted mainly to find out the impact of the advertisement in reference to the product and the services of Everest Bank Limited. So, this study will be fruitful to those interested person, parties, scholars, professor, students, businessman and government for academically as well as from policy perspective also.

Chapter 4

DATA PRESENTATION AND ANALYSIS

This chapter deals with the presentation, analysis and interpretation of relevant data of EBL in order to fulfill the objectives of this study. To obtain the best result, the data have been analyzed according to the research methodology as mentioned in third chapter. “A report can be worthless if interpretation is faulty, even if valid and reliable data have been collected.”

“The data after collection has to be processed and analyzed in accordance with the outline laid down for the purpose at the time of developing the research plan.” The purpose of this chapter is to introduce to the mechanics of data analysis and interpretation. Data analysis is the relationships or differences supporting or conflicting with original or new hypothesis should be subjected to statistical tests of significance to determine with what validity data can be served to indicate any conclusion.

With the help of this analysis, efforts have been made to highlight the relationship of profit and advertisement including the policy for advertisement of EBL, as well as the other cases of problems of EBL can be visualized. The main objective of the study is to examine the impact of advertisement including existing advertisement policies and practices of Everest Bank Limited.

4.1 Media Used by Everest Bank Limited for Advertisement

The researcher has found that the following media were being used by Everest Bank Limited for the advertisement of their product and services.

SNo	Media	Type	Name
1	Non-Electronic	Newspaper	Kantipur, The Kathmandu Post, The Himalayan Times, Annapurna Post
2	Non-Electronic	Hoarding Board	
3	Non-Electronic	Trade fair, exhibition	
4	Electronic Media	Television	Kantipur
5	Electronic Media	Radio	Hits FM, Kantipur FM, Annapurna FM, Local FMs radios
6	Electronic Media	Internet	Websites

Table 4.1 : Type of media used by EBL for advertisement

4.2 Cost Structure of Advertisement

The collected information relating to the advertisement of product and services of EBL for last five years which has been presented in Table No 4.2

S. No	Fiscal Year	Amount	% Growth
1	2060/061	31,71,922.00	
2	2061/062	44,42,281.00	40%
3	2062/063	53,14,551.00	20%
4	2063/064	79,87,495.00	50%
5	2064/065	83,59,645.00	5%
6	2065/066	1,43,42,012.00	72%
7	2066/067	1,92,41,652.00	34%

Table 4.2 : Advertisement expense of EBL of last 7 years

Source : EBL Annual Reports

Table 4.2 represents the advertising cost and its differences within 06 years period. In FY 2061/062 the advertising cost was Rs 44,42,281.00 only and on FY 2066/067 the same is Rs 1,92,41,652.00 which indicates the fluctuation in advertising cost.

On 2064/065 the expenditure on advertisement was Rs 83,59,645.00 which was on 5% growth in comparison to previous year and then it was increased by 72% and expenditure increased to Rs 1,43,42,012.00 and respectively its increased by 34% in FY 2066/067 and reached to Rs 1,92,41,652 and is in increasing trend.

Advertisement expenses of EBL of past seven years

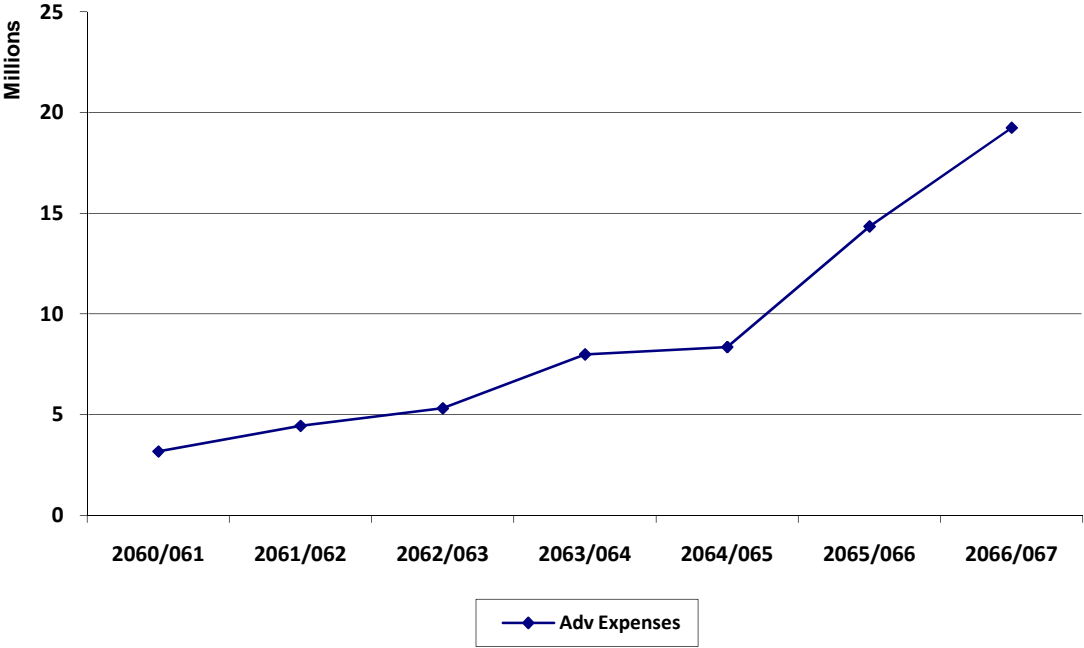


Figure 4.1 : Advertisement expense of EBL of last 07 years

4.2.1 Proportion of advertisement expenses/Cost in regard to product and services

In terms of product and services no specific policy has formulated for the advertisement expenses. Whenever the new product produces the advertisement was found made accordingly no matter what kind of product it may be i.e. deposit, loan or any other utility services. (Telephonic interview with Nabin Regmi, Dept incharge, Marketing Department, Headoffice EBL)

4.2.2 Proportion of advertisement in regard of type of media used

During the field visit and interview with the correspondent the following data were collected as the proportion of advertisement in regard of type of media used by EBL for the advertisement of their product and services which has been presented in following Table 4.3

Media	Proportion of Adv Expenses	Rank
Electronic		
Television	20 %	2
Radio/FM	70 %	1
Mobile/SMS	-	
Internet & E-mail	10 %	3
Any other	-	
Non Electronic/Print Media		
Daily Newspaper	40 %	1
Posters	15 %	3
Hoarding Board	10 %	4
Traveling Display	-	
Any other (Stalls/Felicitation)	35 %	2

Table 4.3 : Ranking of advertisement media used by EBL

After going through the table the data shows that the EBL is spending its most of the advertisement expenses in Radio/FM as Electronic media and in Daily newspapers and as Non Electronic Media where as Mobile/SMS and travelling display has not yet been used by EBL in regard to advertisement.

The pie diagram as shown in figure 4.2 and 4.3 will help to understand the allotment of advertisement expenses of EBL in different media type more straightforwardly.

Figure 4.2 : Electronic/Non-Print media used by EBL for advertising

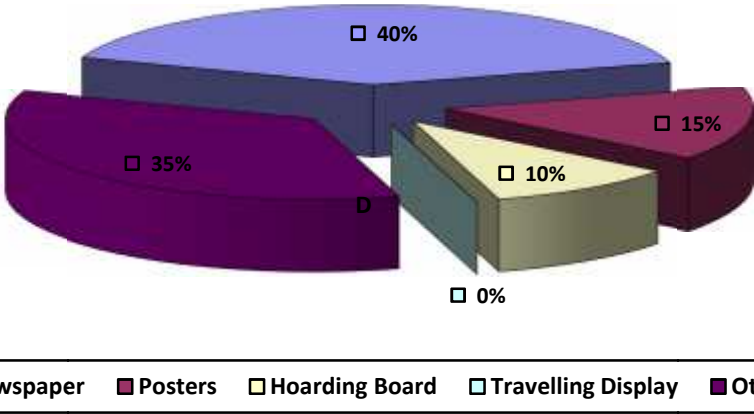
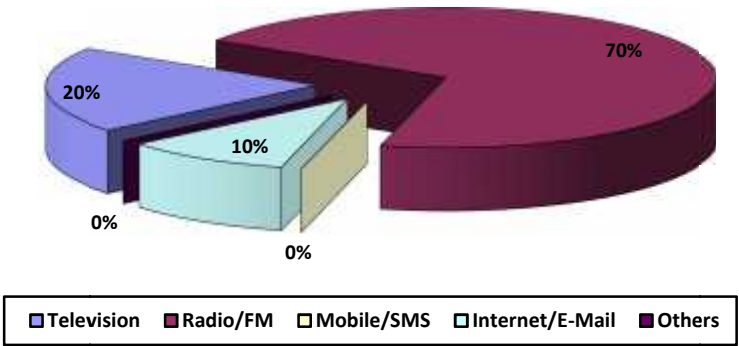


Figure 4.3 : Non Electronic/Print media used by EBL for advertising

4.2.3 Total profit of recent years

Total business of the firm is related to advertisement also. So to analyze the impact of advertisement on sales/profit, the profit of EBL has been presented below:

S.No	F/Y	Profit (in Rs)	Growth %
1	2060/061	143566683.00	
2	2061/062	168214611.00	17%
3	2062/063	237290936.00	41%
4	2063/064	296409281.00	25%
5	2064/065	451218613.00	52%
6	2065/066	638732757.00	42%
7	2066/067	831765632.00	30%

Table 4.4 : Total profit of EBL of past 07 years

Source : Various EBL Annual Reports

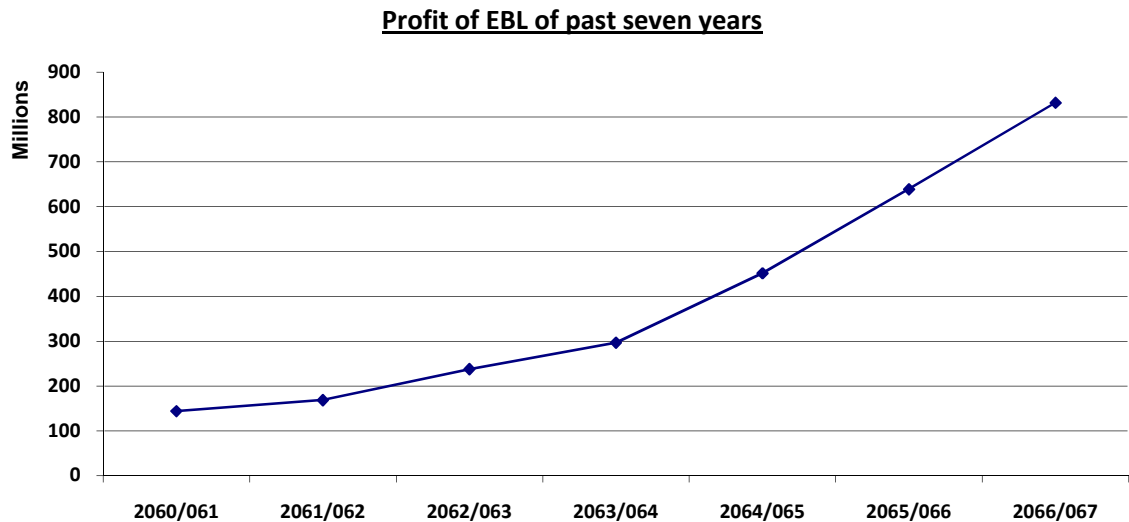


Figure 4.4 : Profit of EBL of past 07 years

4.3 Data Compilation and analysis

Data compilation is taking survey or evaluation answers, gathering them into a database, and analyzing the results for further suggestions, improvements, and/or recommendations. After gathering raw data from primary and secondary sources it required to compile the data in the form which will help the researcher and others to understand the collected data in a meaningful way which will support the objective or the problem of the research.

As the objective of this research is to find out the impact/effect of the advertisement in overall business performance of EBL, the advertisement expenses and the profit of EBL of past six years has been tabulated and compiled together in table 4.4

S.No	F/Y	Adv Expenses Growth %	Profit Growth %
1	2061/062	40%	17%
2	2062/063	20%	41%
3	2063/064	50%	25%
4	2064/065	5%	52%
5	2065/066	72%	42%
6	2066/067	34%	30%

Table 4.5 : Growth of Advertisement expense and Profit of EBL

After compiling the collected data as per the requirement of the research as tabulated in Table No 4.5, the data shows that both of the entity are in increasing trend i.e. growth rate is in positive but the table also shows that when the advertisement expenses were increased the profit was not increased in the same proportion but it seems decreasing in comparison to advertisement expenses growth.

Scatter diagram shown in figure 4.5 will help to illustrate it more easily.

Scatter Diagram showing relationship of advertisement expenses and profit of EBL of past six years

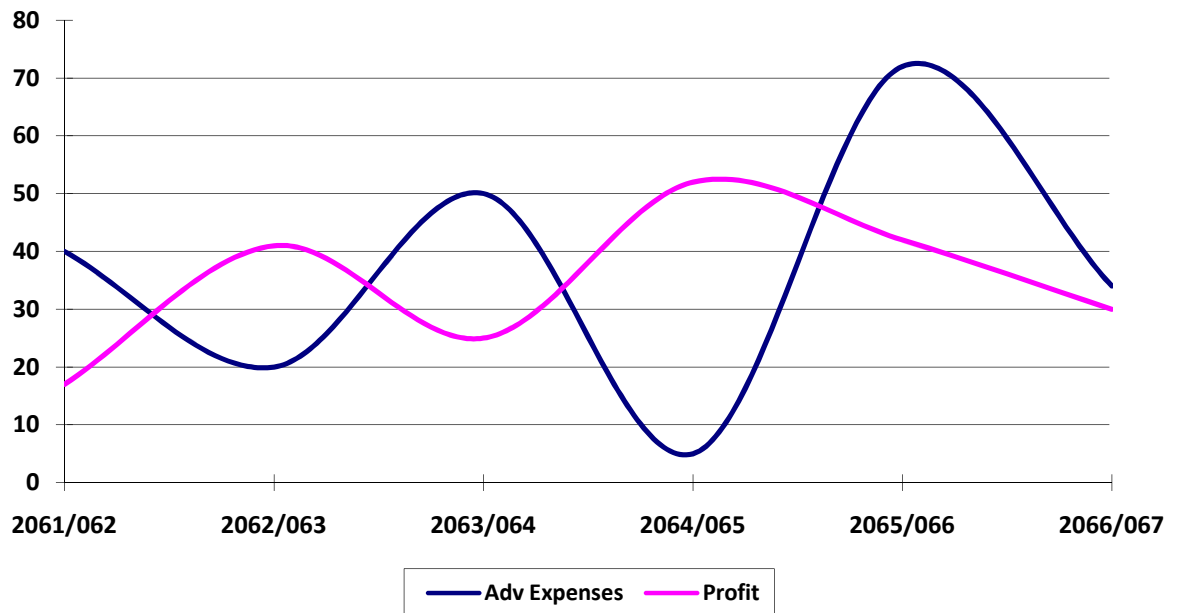


Figure 4.5 : growth of Advertisement expense and profit of EBL

As the figure 4.5 shows that on 2061/062 the advertisement expenses was increased by 40% and the profit was increased by 17% and on FY 2062/063 when the advertisement expenses was increased by 20% only the profit itself increased by 41% which is high in comparison to the increase in advertisement expense. Similarly the advertisement expense was increased by 50% on FY 2063/064 but the profit was increased by 25% only corresponding to previous year data. Above the water, the above mentioned data shows the reverse relationship between advertisement expenses and profit of the EBL which shows declining *advertising return to scale*.

As expected and as per normal theory of advertising, the profit and advertising cost relationship of EBL is completely reversed. Regarding this

matter, the researcher revisited and interviewed the respondent regarding the fact and came to know that *“The advertisement regarding the product and services of EBL were normally made during the third and the fourth quarter of each fiscal year. For example EBL is launching special account opening schemes and advertising it by installing stalls during the month of Dec/Jan since last two years. And the impact or the result of the advertisement normally comes after a long span of time i.e. normally nine months to one year which means the advertisement made during the FY will shows the impact on next FY only. As we have endorsed Miss PAWANKALI as EBL’s brand Ambassador and we also tied up with Money Gram, this marketing effort will give slow return over the years although we made a big investment initially on these marketing expenses.”* (Mr Ashutosh Upadhaya, Chief Manager, Everest Bank Limited, Regional Branch, Pokhara)

Therefore the research felt the need of re-tabulation and re-compilation of collected data to know the exact impact of the advertisement in overall business of Everest Bank Limited as per the valued information provided by Mr Upadhaya, Chief Manager of EBL.

S.No	Year	Adv Exp Growth %	Profit Growth %
1	1	40%	41%
2	2	20%	25%
3	3	50%	52%
4	4	5%	42%
5	5	72%	30%

Table 4.6 : Recompiled data in regard of advertisement expense and profit of EBL of past 05 years

While recompiling the collected data I enlisted the rearranged years as Year 1, 2, 3, 4, 5 and recompiled the advertisement expenses to next FY’s profit

growth. Now the rearranged data will show the exact picture how the advertising expense is affecting the overall growth of the EBL.

The first year data shows that when the advertisement expense increased by 40% the profit was also increased by 41% and on second year when the advertisement expense was just increased by 20% only the profit also increased by 25% corresponding to previous year. Likewise during third year when the advertisement expense was again increased by a huge amount i.e. by 50% the profit also increased by 52%. But when the advertisement expense increased by 5% only the profit of EBL was increased by 42% on fourth year and the profit growth was only 30% on last year when the expend 72% more on advertisement.

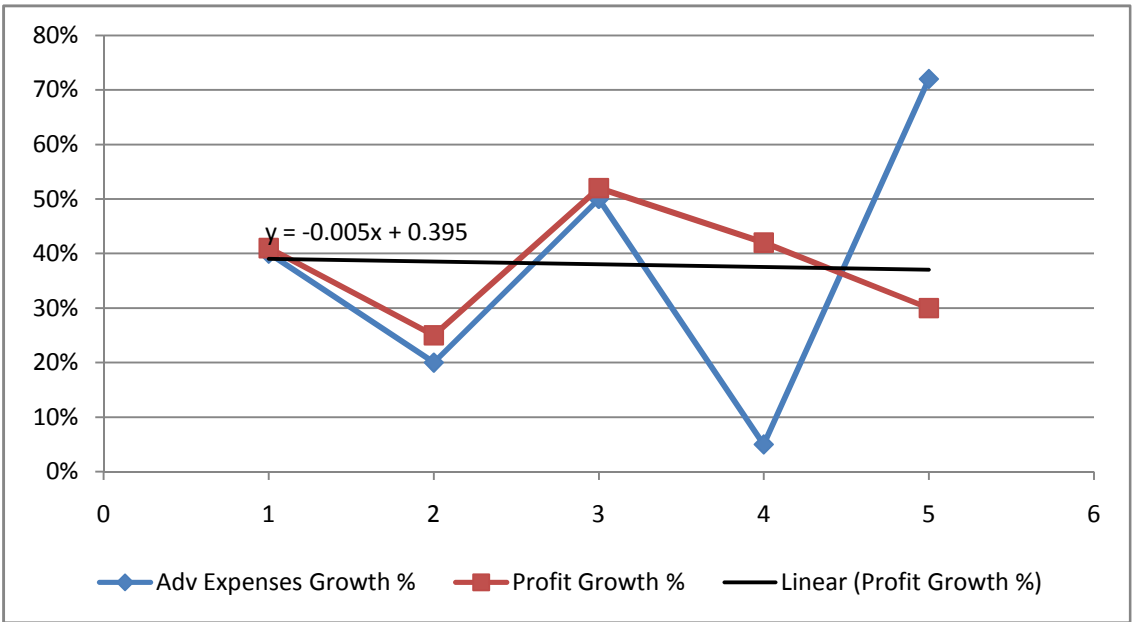


Figure 4.6 : Scatter diagram showing relationship between Adv Exp and profit growth

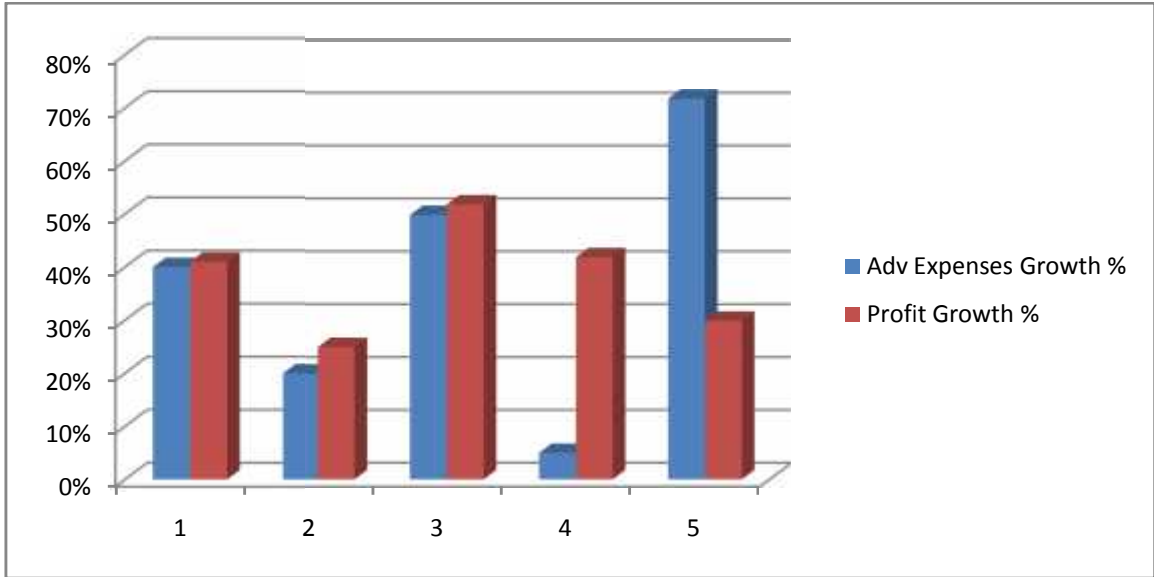


Figure 4.7 : Column graph showing relationship between Adv Exp and profit growth

Statistical evaluation of Data

Calculating correlation coefficient and the analysis of result

The values of r always fall between -1 and +1 and the value does not change if all values of either variable are converted to a different scale. For example, if the weights of the students in Figure 1 were given in pounds instead of kilograms, the value of r would not change (nor would the shape of the scatter plot.)

The size of any correlation generally evaluates as follows:

Correlation Value	Interpretation
0.50	Very low
0.51 to 0.79	Low
0.80 to 0.89	Moderate
0.90	High (Good)

Table 4.7 : Correlation value and its interpretation

A high (or low) negative correlation has the same interpretation as a high (or low) positive correlation. A negative correlation indicates that high scores in one variable are associated with low scores in the other variable

Regarding the data analysis for this research, the following data sheet was used as input to calculate the Karl Pearson's correlation coefficient in Appendix C, D and E and the following results were calculated.

Year	Profit (x)	Adv Exp (y)	xy	x ²	y ²
1	41	40	1640	1681	1600
2	25	20	500	625	400
3	52	50	2600	2704	2500
4	42	5	210	1764	25
5	30	72	2160	900	5184
	190	187	7110	7674	9709

Table 4.8 : Tabulation of data for calculation of correlation coefficient

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

<u>Appendix</u>	<u>r Value</u>	<u>Data of</u>	<u>Interpretation</u>
C	0.0036027	5 Years	None/Very Low
D	0.5184119	4 Years	Low
E	0.996506	3 Years	High (Good)

As the correlation coefficient calculated in Appendix C having the data of previous five years, the r value is 0.0036027 which shows almost none correlation whereas the appendix D where the data of four years were taken shows low correlation where the r value is 0.5184119 and on appendix E where the r value is 0.996506 which shows very high correlation which indicated that the advertisement expense directly affects the overall profit of EBL

Similarly the Chi-Square was calculated in Appendix F to find out the relationship between the advertisement expenses and the profit growth of EBL, the hypothesis shows that there is significant relationship but this is very nominal as the regression equation i.e $y=1.016043x$ only.

4.4 Major Findings of the study

From the analysis and interpretation of the response and data provided by the respondents (representative of EBL) the following conclusions have been derived:

- i. The expense on advertisement by EBL is in increasing trend in every next year.
- ii. There is no exact policy adopted by EBL regarding the expenditure in advertisement as product or service wise. It normally advertises about its product and services only when they launch new product or services.
- iii. Positive relationship is observed between advertising expense and business growth of EBL.
- iv. Out of its overall advertisement expense, EBL is expending most of its advertisement expense cost in daily newspapers which is approx 70%.
- v. Among the different media used by EBL the Daily New Paper is the most effective one amongst as most of the part of Nepal is out of reach of Electronic media cause of lack of electricity till date.
- vi. Although the advertisement expenses is in increasing trend, EBL is investing a huge amount in advertisement since last two fiscal year as ambitious projects like endorsing brand ambassador which will give snail return over the years.

- vii. The first three years of collected data shows that the profit growth of EBL is more in comparison to its advertisement expenses but since last two fiscal years its profit is not as more as earlier days, which seems to be the effect of the externalities which is beyond the control of bank itself like the establishment of so many financial institutions over the past two years in Nepal which is increasing throat cutting competition in financial market.
- viii. Advertisement is not only the factor which affects the overall growth of the business as there exist other internal and externalities, although it has its own contribution in profit generation which is in positive nature.
- xi. Most of the advertisement of EBL is about their products only.

Chapter 5

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Advertising is a form of communication intended to persuade an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas, or services. It includes the name of a product or service and how that product or service could benefit the consumer, to persuade a target market to purchase or to consume that particular brand. These messages are usually paid for by sponsors and viewed via various media. Advertising can also serve to communicate an idea to a large number of people in an attempt to convince them to take a certain action.

Commercial advertisers often seek to generate increased consumption of their products or services through branding, which involves the repetition of an image or product name in an effort to associate related qualities with the brand in the minds of consumers. Non-commercial advertisers who spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Nonprofit organizations may rely on free modes of persuasion, such as a public service announcement.

Modern advertising developed with the rise of mass production in the late 19th and early 20th centuries. Mass media can be defined as any media meant to reach a mass amount of people. Different types of media can be used to deliver these messages, including traditional media such as newspapers, magazines, television, radio, outdoor or direct mail; or new media such as websites and text messages.

In 2010, spending on advertising was estimated at more than \$300 billion in the United States and \$500 billion worldwide. (<http://en.wikipedia.org/wiki/Advertising>).

In Nepal the roots of formal advertising can be traced back to a printed advertisement that appeared on the back cover of a book called Moksh Siddhi in 1919 B.S. The advertisement taken out by Manoranjan Press, Thahiti, promoted their various publications. The next instance of a Nepali advertisement on print is found in 1945 B.S. when Gorkha Bharat Jeevan brought out advertisements on the cover of Gorkha Hasya Manzari, published by the Gorkha Bharat Press, Banaras, India.

Regarding the subject matter, EBL has started its operation from October 18, 1994 with the objective of extending professionalized banking services to various sections of the society in the kingdom of Nepal and thereby contribute to the economic development of the country.

EBL has been promoted by well established business/industrial house of Nepal as a joint venture with PNB of India, one of the largest commercial bank in India having more than 4400 branches and over 200 foreign correspondents around the globe. At present EBL has been success to operate 18 branches all over in Nepal, which has recorded to have large number of networks within Nepal among other commercial banks.

Everest Bank Limited with its concept of mass banking has a broader view to incorporate the borrowers within its reach. The bank is committed to provide products and services as per the needs of the customers. The bank has different schemes of products and services as compared to other commercial

banks. EBL is the pioneer and front-runner in retail lending introducing Direct Housing Finance, Vehicle Loan Scheme, Education Loan Scheme, Loan against Future Lease Rentals and scheme for Professionals as also the Loan against Lease Rentals of the properties.

The basic objective of this study is to know whether the investment on advertisement will provide appropriate return and contribute to overall business growth of Everest Bank Limited and also to know the policies adopted by EBL regarding the advertisement of its product and services in print and non-print media over the years. The research is based on a case study and is descriptive in nature. Being a case study, the research is mainly focused on the primary data and the information provided by the Bank. The data was obtained through various interviews, experience and formal and informal discussion with the personal of EBL. Secondary data was also used for the study. The secondary sources include data obtained through journals, annual reports, bulletins, web sites and various other sources.

5.2 Conclusion

From the above findings, following are the conclusion made from the study :

- a. The relationship between advertisement and business growth is positive in nature.
- b. The advertisement impacts on overall growth of business and there is low degree of relationship between them in regard of EBL.
- c. The effect of advertising of EBL's product and services are better in print (non-electronic) media in comparison to Electronic media.

- d. There is no exact policy adopted by EBL regarding the allotment of yearly advertisement expense and product wise though.

5.3 Recommendations

Information is the life blood of any organization. The value of it cannot be ignored. It's only by the help of information that keeps any organization up to date with the present scenario and prepares for the future comings.

Although a lot of efforts have been made by EBL to introduce its product and services amongst the target market its seems lagging some attentions. Based on the entire research work, some suggestions have been recommended that are suggested to be adopted by the bank.

- a. No exact policy has been adopted by EBL for its expenditure on advertisement head. EBL has to formulate the yearly policy for the advertisement as the policy is the blueprint which will guide through the path of success.
- b. It must separate the allotment of advertisement budget in various category of its product and services also.
- c. It is difficult process to select the appropriate media type or only a single media type to cover different target group. Therefore EBL has to choose different kind type of media to reach different type of target customer even in same market area.
- d. Advertisement on daily newspaper only is not sufficient for the advertisement of product and services. EBL must use other new and advance mean of advertisement media like Mobile, SMS, Internet, Travel Display etc to reach every kind and a huge mass of

new age customer as the mobile technology in Nepal is also in increasing trend and every body is following it.

- e Rather than the advertisement of product only, it must give priority to the advertisement of its services also as nowadays, there is throat cutting competition in financial market because of everyday establishment of banks and financial institutions which are providing new and better services then others to grab the existing limited financial market.

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<http://www.kantipuronline.com/>

<http://www.radionepal.org/>

<http://www.wordnik.com/words/advertising>

Computer Aided Software

Microsoft Excel 2007

IBM SPSS Statistics 17.0

Appendix A

Questionnaire for the representative of Everest Bank Limited
regarding profit and advertisement of product and services

Respected sir, I am doing a study titled “**A STUDY ON IMPACT OF ADVERTISEMENT ON OVERALL BUSINESS OF EVEREST BANK LIMITED**” for the partial fulfillment of the requirement for the Degree of Masters in Business Studies. You are therefore humbly requested to provide the following information regarding the profit and advertisement of your product and services for the requirement of thesis only. The information provided by you will be used for academic purpose only and no where else will be shared or used.

Name : _____

Designation : _____ Branch : Everest Bank Ltd, _____

Department : _____ Job Experience _____

1. What is your expense on advertisement during following fiscal year?

- a. 2061/062 Rs _____
- b. 2062/063 Rs _____
- c. 2063/064 Rs _____
- d. 2064/065 Rs _____
- e. 2065/066 Rs _____

2. What are the media that you use for advertisement purpose?

- | <u>Electronic Media</u> | | <u>Non Electronic Media</u> | |
|-------------------------|--------------------------|-----------------------------|--------------------------|
| a. Television | <input type="checkbox"/> | a. Daily Newspaper | <input type="checkbox"/> |
| b. Radio | <input type="checkbox"/> | b. Posters | <input type="checkbox"/> |
| c. Mobile/SMS | <input type="checkbox"/> | c. Hoarding Board | <input type="checkbox"/> |
| d. Internet & E-mail | <input type="checkbox"/> | d. Traveling Display | <input type="checkbox"/> |
| e. Any other | <input type="checkbox"/> | e. Any other | <input type="checkbox"/> |

3. What is the proportion of your advertisement expenses?

<u>Electronic Media</u>	<u>%</u>	<u>Non Electronic Media</u>	<u>%</u>
a. Television	_____	a. Daily Newspaper	_____
b. Radio	_____	b. Posters	_____
c. Mobile/SMS	_____	c. Hoarding Board	_____
d. Internet & E-mail	_____	d. Traveling Display	_____
e. Any other	_____	e. Any other	_____

4. How do you allocate advertising cost?

- a. On the basis of organizational growth
- b. Lump sum amount
- c. On the basis of product/service production
- d. On the basis of percentage of profit
- e. Any other

5. Which of the advertising media you think is more appealing amongst your customer?

<u>Electronic Media</u>	<u>Rank</u>	<u>Non Electronic Media</u>	<u>Rank</u>
a. Television	_____	a. Daily Newspaper	_____
b. Radio	_____	b. Posters	_____
c. Mobile/SMS	_____	c. Hoarding Board	_____
d. Internet & E-mail	_____	d. Traveling Display	_____
e. Any other	_____	e. Any other	_____

6. What is the proportion of advertisement cost?

<u>Product</u>	<u>Allotment %</u>
1. Deposit Scheme	_____
2. Loan	_____
3. Utility services	_____

7. Is there any specific criteria for allotment of advertisement cost? If yes what are those?

8. Do you think that the business growth is affected equally as the growth in expense for advertisement?

9. Does your advertisement expenses includes other than direct business promotion like felicitation, social work promotion etc?

10. Any other information which you think will be fruitful for the study purpose?

At last but not the least I would like to thank you from the inner core of my heart for spending your precious time for the collection of data and information.



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ACCOUNT SUMMARY | BALANCE INQUIRY | FUNDS TRANSFER | BILL PAYMENT | REQUESTS | MAIL | e-TICKETING (Yeti Airlines Ticket)

NEWBANSWORI | NEW ROAD | TEXU | PULCHOWKI | LAGANKHEL | BALAJI | THAME | LAZIMT | CHABHLE | MATI DEVI | GOLPUTALI | KIRTIPUR | SATUNGAL | QWANRO | SHAKTAPUR | BESI SAHAR | BRITAMOD | BRATNAGAR | DOHABI | JAHARI | JANAKPUR | BRIGUNI | SIRPA | KCD (DRY PORT) BRIGUNI | NARAYANWARI | POKHARA | LEDINATH | SAOLING | KUSHMA | BUTWAL | BHARAHWA | TILSPUR | SURKHET | NEPALGUNJ | DHANGADH



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NEWBANSWORI | NEW ROAD | TEXU | PULCHOWKI | LAGANKHEL | BALAJI | THAME | LAZIMT | CHABHLE | MATI DEVI | GOLPUTALI | KIRTIPUR | SATUNGAL | QWANRO | SHAKTAPUR | BESI SAHAR | BRITAMOD | BRATNAGAR | DOHABI | JAHARI | JANAKPUR | BRIGUNI | SIRPA | KCD (DRY PORT) BRIGUNI | NARAYANWARI | POKHARA | LEDINATH | SAOLING | KUSHMA | BUTWAL | BHARAHWA | TILSPUR | SURKHET | NEPALGUNJ | DHANGADH

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Appendix C
Calculation of Karl Pearson's correlation coefficient
(With last five years data)

Year	Profit (x)	Adv Exp (y)	xy	x ²	y ²
1	41	40	1640	1681	1600
2	25	20	500	625	400
3	52	50	2600	2704	2500
4	42	5	210	1764	25
5	30	72	2160	900	5184
	190	187	7110	7674	9709

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

$$r = \frac{(5*(7110)) - (190*187)}{\sqrt{((5*7674) - (190*190)) * ((5*9709) - (187*187))}}$$

$$= \frac{20}{5551.353}$$

$$= 0.0036027$$

Appendix E
Calculation of Karl Pearson's correlation coefficient
(With three years data)

Year	Profit (x)	Adv Exp (y)	xy	x ²	y ²
1	41	40	1640	1681	1600
2	25	20	500	625	400
3	52	50	2600	2704	2500
	118	110	4740	5010	4500

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

$$r = \frac{(3*(4740)) - (118*110)}{\sqrt{((3*5010) - (118*118)) * ((3*4500) - (110*110))}}$$

$$= \frac{1240}{1244.347}$$

$$= 0.996506$$

Degree of Freedom =N-2
 =3-2
 =1

Appendix F

Chi Square test for relationship between advertising cost and profit
(Calculation of simple linear regression equation (for last five years))

H0 : There is no significant relationship between advertisement expense and profit growth.

H1 : There will be a positive correlation between advertising cost and profit growth.

Let x = Advertisement expense
 y = Profit growth

Year	Adv Exp (x)	Profit (y)	xy	x ²	y ²
1	40	41	1640	1600	1681
2	20	25	500	400	625
3	50	52	2600	2500	2704
4	5	42	210	25	1764
5	72	30	2160	5184	900
	187	190	35530	9709	7674

Required Equation is $y - \bar{y} = b_{yx}(x - \bar{x})$

Calculation mean of y series

$$\bar{y} = \frac{\sum y}{n} = \frac{190}{5} = 38$$

Calculation mean of x series

$$\bar{x} = \frac{\sum x}{n} = \frac{187}{5} = 37.4$$

Calculation regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{35530}{187^2} = 1.016043$$

Now substituting the value in the equation

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 38 = 1.016043(x - 37.4)$$

$$y - 38 = 1.016043x - 38$$

$$y = 1.016043x - 38 + 38$$

$$y = 1.016043x$$

Thus when the advertisement expense (x) will increase by 10% then

$$y = 1.016043x$$

$$y = 1.016043 * 10$$

$$y = 10.16043$$

Appendix G

List of Commercial Bank in Chronological order as on 01 March 2011

S. No.	Names	Operation Date(A.D.)	Head Office	Paid up Capital (Rs. In Million)
1	Nepal Bank Ltd	1937/11/15	Kathmandu	380.40
2	Rastriya Banijya Bank	1966/01/23	Kathmandu	1172.30
3	Agriculture Development Bank Ltd	1968/01/02	Kathmandu	10777.50
4	Nabil Bank Ltd	1984/07/16	Kathmandu	14491.00
5	Nepal Investment Bank Ltd	1986/02/27	Kathmandu	2407.10
6	Standard Chartered Bank Nepal Ltd	1987/01/30	Kathmandu	1398.50
7	Himalayan Bank Ltd	1993/01/18	Kathmandu	1600.00
8	Nepal SBI Bank Ltd	1993/07/07	Kathmandu	874.50
9	Nepal Bangladesh Bank Ltd	1994/06/05	Kathmandu	1860.30
10	Everest Bank Ltd	1994/10/18	Kathmandu	8305.00
11	Bank of Kathmandu Ltd	1995/03/12	Kathmandu	11822.00
12	Nepal Credit and Commerce Bank Ltd	1996/10/14	Siddharthanagar	1399.60
13	Lumbini Bank Ltd	1998/07/17	Narayangadh	1288.00
14	Nepal Industrial & Commercial Bank Ltd	1998/07/21	Biaratnagar	1391.80
15	Machhapuchhre Bank Ltd	2000/10/03	Pokhara, Kaski	1700.00
16	Kumari Bank Ltd	2001/04/03	Kathmandu	1304.90
17	Laxmi Bank Ltd	2002/04/03	Birgunj, Parsa	1533.70
18	Siddhartha Bank Ltd	2002/12/24	Kathmandu	1230.00
19	Global Bank Ltd.	2007/01/02	Birgunj, Parsa	1325.10
20	Citizens Bank International Ltd.	2007/06/21	Kathmandu	1159.10
21	Prime Commercial Bank Ltd	2007/09/24	Kathmandu	1163.80
22	Sunrise Bank Ltd.	2007/10/12	Kathmandu	1419.40
23	Bank of Asia Nepal Ltd.	2007/10/12	Kathmandu	1053.20
24	Development Credit Bank Ltd.	2008/05/25	Kathmandu	1655.30

25	NMB Bank Ltd.	2008/06/05	Kathmandu	1430.00
26	Kist Bank Ltd.	2003/02/21	Kathmandu	2000.00
27	Janata Bank Ltd	2010/04/29	Kathmandu	1400.00
28	Mega Bank Nepal Ltd	2010/07/23	Kantipath, Ktm	1631.00
29	Commerz & Trust Bank Nepal Ltd	2010/09/20	Kamaladi, Ktm	1400.00