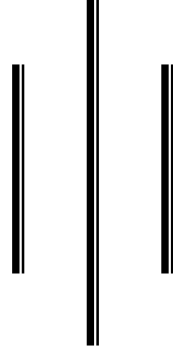
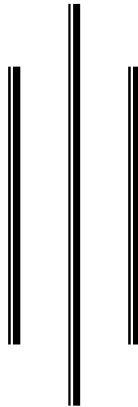


**NEWSPAPER ADVERTISEMENT IN NEPAL:
A COMPARATIVE TREND ANALYSIS OF
MANUFACTURING AND SERVICE SECTORS**



A Thesis
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Submitted to:
Office of the Dean
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Tribhuvan University
In Partial fulfillment of the requirement of the degree of
Masters of Business Studies (M.B.S)
Parsa, Birgunj
April, 2010

RECOMMENDATION

This is to certify that the thesis

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

Viva-Voce Committee

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DECLARATION

I hereby declare that this thesis entitled "**Newspaper Advertisement In Nepal: A Comparative Trend Analysis of Manufacturing and Service Sectors**" submitted to Research Department of Hari Khetan Multiple Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master in Business Studies (M.B.S). This is prepared under the supervision of Dr. Alok Dutta, Lecturer of Hari Khetan Multiple Campus, Birgunj.

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Some Abbreviations Used

MNC'S	:	Multinational Companies
TNC'S	:	Transitional Corporations
FDI	:	Foreign Direct Investment
BNL	:	Bottlers Nepal Limited
POS	:	Point Of Sale
ETP	:	Effluent Treatments Plants
TCCQS	:	The Standards Of The Coca-Cola Quality System

CHAPTER-1

INTRODUCTION

1. Background of the Study

Newspaper has been an advertising media for more than two centuries. For many years in the past, newspaper was only major media available to the advertisers. Today, newspaper is the second major form of print media after magazine and the largest of all advertising media in terms of the total Rupees value. In 2003 an estimated 30 Crore was spent on newspaper advertising, or about 35 percent of the total advertising expenditure in Nepal. Newspaper is an important advertising medium to national as well as local advertisers, particularly retailers. Newspapers vary in terms of their characteristics and their role as an advertising medium.

Today, we can see that almost every industry is advertising their product and service in one way or the other. In our country, this is a good sign of growth for advertising industry that is still in a very primitive stage.

1.1 A Brief History of Newspaper in the world.

The newspaper as we know it today is a product borne of necessity, invention, the middle class, democracy, free enterprise, and professional standards.

Pre-history "newspaper" was one-to-one in nature. The earliest variation on a newspaper was a daily sheet published in 59 BC in

Rome called Acta Diurna (Daily Events), which Julius Caesar ordered posted throughout the city. The earliest known printed newspaper was in Beijing in 748.

In 1451 Johannes Gutenberg used a press to print an old German poem, and two years later prints a 42 line Bible-the significance being the mass production of print products, ushering in an era of newspapers, magazines, and books. By 1500, the genesis of a postal system can be seen in France, while book publishing becomes popular throughout Europe and the first paper mill can be found (England)

Zeitung (Newspaper) is a news report published in Germany in 1502, while Trewe Encountre becomes the earliest known English-language news sheet 1513. Germany's Avisa Relation oder Zeitung, in 1609, is the first regularly published newspaper in Europe. Forty-four years after the first newspaper in England, the Oxford Gazette is published, utilizing double columns for the first time; the Oxford/London Gazette is considered the first true newspaper. The first North American newspaper, Public Occurrences Both Foreign and Domestic, was published in 1690 in Boston.

The 1700s was a century in which market elements were created that encouraged the development of daily newspaper: rising literacy, the formation of nation-states, a developing postal system, and the proliferation of urban centers, a rising literary and philosophical tradition emphasizing democratic involvement in government, and technologies that supported newspaper production. In short, it was

a great news century. The first daily newspaper was The Daily Courant in London, 1702. In 1754, The Daily Advertiser in London uses the first four-column format. France's first daily newspaper appears in 1777, journal de Paris, While the first United States daily was the Pennsylvania packet in 1784.

The rise of the middle class transformed newspaper in the 1800s. A penny (US\$ 0.01) buys a New York newspaper in 1833, opening up the first mass market for newspapers. In 1847, the telegraph is used as a business tool. Transforming far-way stories in 1873, an illustrated daily newspaper can be seen in New York. In 1878 the first full- page newspaper advertisements appear and in 1880 the first photographs are seen in newspapers, using halftones.

With the basic technical groundwork for the modern newspaper in place by the late 19th century, the story of newspapers in the 20th century was about professional development and adaptation to changing consumer and media markets. The story also involved an evolving business model that rode an ever-growing wave of mass-market advertising. Increased profitability and higher revenues attracted publicly owned corporations interested in buying newspapers from descendants of company founders, while simultaneously exposing newspapers to the whims of cash- and profit hungry stock markets.

By 2000, newspapers were juggling priorities : fragmentation of news consumption, fragmentation of advertising investments, the advantages and disadvantages of being a mass medium, balancing the wants of the marketplace with the company's duty to provide

the needs of the marketplace, a journalistic backlash against industry changes, the sheer physicality of ink on- paper production and distribution versus digital distribution, increasing profit pressure surrounding the core print product, and extension of the company's core brand into other profit center. (www.adage.com)

Types of Newspapers

The traditional role of newspapers has been to deliver prompt, detailed coverage of news as well as to supply other information and features that appeal to readers; the vast majority of newspapers are daily publication serving a local community. However, weekly, national and special- audience newspapers have special characteristics that can be valuable to advertisers,

Daily Newspapers

Daily newspapers are published each weekday, are found in cities and large towns across the country. Many areas have more than one daily newspaper. It provides detailed coverage of news, events, and issued concerning the local area as well as business, sports, and other relevant information and entertainment. Daily newspapers can further be classified as morning evening or Sunday publications.

Weekly Newspapers

Most weekly newspaper originates in small towns or suburbs where the volume of news and advertising cannot support a daily newspaper. These papers focus primarily on news, sports and events relevant to the local area and usually ignore national and world news, sports, and financial and business news. There are

nearly 8,000 weekly newspaper publishers in the United States, and they have an average circulation of close to 6,000. Weeklies appeal primarily to local advertisers because of their geographic focus and lower absolute cost. Most national advertisers avoid weekly newspapers because of their duplicate circulation with daily or Sunday papers in the large metropolitan areas and problems in contacting for and placing ads in these publications. However, the contacting and scheduling problems associated with these papers have been reduced by the emergence of syndicates that publish them in a number of areas and sell ad space in all of their local newspapers through one office.

National Newspapers

Nepalese newspapers with national circulation include Kantipur, Samachar Patra, Rajdhani, The Himalayan Times, Annapurna Post, Kathmandu Post, etc. All of them are daily publications and have editorial content with a nationwide appeal. Kantipur, which positions itself as "the nation's newspaper", has the largest circulation of any newspaper in the country, at 150 thousand copies a day. The Himalayan Times sells over 50 thousand copies a day and is an excellent means of reaching the business people. National newspapers appeal primarily to large national advertisers and to regional advertisers that use specific geographic editions covering 3 regions. They are Kathmandu, Biratnagar and Bharatpur.

The criterion for becoming a national newspaper is that a paper must publish at least five times a week and have no more than 67% of its distribution in any one area. More than 33% of its display advertising must come from national advertising categories, and

more than 50% of its advertising must come from national advertisers, Designation as a national newspaper is important to major newspapers in attracting national advertisers.

Special Audience Newspapers

“A variety of newspapers offer specialized editorial content and are published for particular groups including labour unions, professional organizations, particular industries, and hobbyists. Many people working in advertising read Advertising Age, while those in marketing area read Brand Age. Specialized newspapers are also published in areas with large foreign language speaking ethnic groups. Among them are Polish, Chinese, Hispanics, Vietnamese, and Filipinos. in the United States, there are newspapers printed in more than 40 languages.” (*Belch & Belch, 2004: p244*)

Newspapers targeted at various religious groups compose another large class of special- interest papers. For example, more than 140 Catholic newspapers are published across the United States. Other types of special audience newspaper are one most of us probably read regularly during the school year, the collage newspapers. More than dozen universities and collages publish newspaper that offers advertisers an excellent medium for reaching college students.

Newspaper Supplements

Although not a category of newspaper per se, many paper included magazine type supplements, primarily in their Sunday editions. Perspective by The Himalayan Times, City Post by Kathmandu post, Kosheli by Kantipur etc is some of the example of the

supplements. Supplements have been part of most newspapers for many years and come in various forms.

Types of Newspaper Advertising.

The ads appearing in newspapers can also be divided into different categories. The major types of newspaper advertising are display and classified. Other special types of ads and pre-printed inserts also appear in newspapers.

Display Advertising.

Display advertising is found throughout the newspaper and generally uses illustrations, headlines, white space, and other visual devices in addition to the copy text. Display ads account for approximately 70% of the advertising revenue of the average newspaper. The two types of display advertising in newspapers are local and national (general)

Local advertising refers to ads placed by local organizations, businesses, and individuals who want to communicate with consumers in the market area served by the newspaper. Supermarkets and department stores are among the leading local display advertisers, along with numerous other retailers and service operations such as banks and travel agents. Local advertising is sometimes referred to as retail advertising because retailers account for 85% of local display ads.

National or General Advertising refers to newspaper display advertising done by markets of branded products or services that are sold on national or regional level. These ads are designed to create and maintain demand for a company's product or service and

to complement the efforts of local retailers who keep stocks and promote the advertisers' products. Major retail chains, auto markets, and airlines are heavy users of newspaper advertising.

Classified Advertising

Classified advertising also provides newspapers with substantial amount of revenue. These ads are arranged under subheads according to the product, service, or offering being advertised. Employment, real estate, and automotive are the three major categories of classified advertising. While most classified ads are just text set in small type, some newspapers also accept classified display advertising. These ads are run in the classified section of the paper but use illustrations, larger type size, white space, borders, and even colour to stand out.

Special Ads and Inserts

Special advertisements in newspapers include a variety of government and financial reports and notices and public notices of changes in business and personal relationships. Other types of advertising in newspapers include political or special interest ads promoting a particular candidate, issue, or cause, Pre printed inserts are another type of advertising distributed through newspapers. These ads do not appear in the paper itself; they are printed by the advertiser and then taken to the newspaper to be inserted before delivery. Many retailers use inserts such as circulars, catalogue, or brochures in specific circulation zones to reach shoppers in their particular trade areas. (*Belch & Belch, 2004: p267*)

Newspaper Rates

Traditionally, newspaper space for national advertisers has been sold by the agate line. The problem is that newspaper use columns of varying width. Some have six columns per page, while other has eight or nine, which affects the size, shape and costs of an ad. This result in complicated production and buying process for national advertisers purchasing space in a number of newspapers.

To address this problem and make newspaper more comparable to other media that sell space and time in standard units, the newspaper industry switched to **standard advertising units (SAUs)** in 1984. All newspapers under this system use column width 21/16 inches, with tabloid-sized papers five columns wide and standard or broadcast papers six columns. The column inch is the unit of measurement to create the 57 standard units of format as shown in figure below.

Newspaper rates for local advertisers continue to be base on the column inch, which is 1inch deep by 1 column wide. Advertising rates for local advertisers are quoted per column inch, and media planners calculate total space costs by multiplying the ad's number of column inches by the cost per inch.

Rate structure

While the column inch and SAU are used to determine basic newspaper advertising rates, the media planner must consider other options and factors. Many newspapers charge *flat rates*, which means they offer no discounts for quantity or repeated space buys. Others have an *open-rate structure*, which means various discounts are available. These discounts are generally based on frequency or

bulk purchases of space and depend on the number of column inches purchased in a year.

Newspaper space rates also vary with an advertiser's special requests, such as preferred position or colour. The basic rates quoted by a newspaper are *run of paper* (ROP), which means the paper can place the ad on any page or in any position it desires. While most newspapers try to place an ad in a requested position, the advertiser can ensure a specific section and/ or position on a page by paying a higher *preferred position rate*. Colour advertising is also available in many newspapers on an ROP basis or through pre-printed inserts of Saturday supplements.

"Advertisers can also buy newspaper space based on *Combination Rate*, where they get a discount for using several newspapers as a group. Typically, a combination rate occurs when a publisher owns both a morning and an evening newspaper in a market and offers a reduced single rate for running the same ad in both newspapers, generally within a 24-hour period. Combination discounts are also available when the advertiser buys space in several newspapers owned by the publisher in a number of markets or in multiple newspapers affiliated in a syndicated or newspaper group" (*Bergh & Katz, 1999:p 146*)

Sources of Revenue for Advertising Agency in Nepal

Advertising Agency takes certain charges for its efforts for producing and buying space in media. In Nepal, they are basically using following methods.

Commission System

The most common method by which an advertising agency receives compensation for its service is in the form of commission. The agency is paid a fixed commission by the media on the advertising bill for the advertisement space bought by the agency. Though the rate varies from country to country, the rate of 15% is almost universal. Under the commission method, the agency is eligible for 15% commission of the published rate. Further, the agency receives a cash discount of, say, 2% for the prompt payment. If advertisers wish to save this 15% by doing their own advertising work and by buying space direct, it would find it impossible to do so since the media give no such discounts to advertisers.

Commission from advertising media provide some three fourth of agency income, on an average. The larger the agency the higher is the portion of income accounted for by commissions. But even among the largest agencies between 10% and 25% of their income comes from other methods of payment. This commission covers the expenses of services rendered by it. Nearly, 50% to 60% of the commission earned goes towards expenses and the balance represents the agency's net margin.

Fee System

The system comes into effect following a controversy between an advertiser and an agency. The former argued that 15 percent commission was too high a rate where as agency took the stand that it was just non remunerative for the many services rendered to the client. The facility of getting 15 percent commission is extended only to the recognized agencies. There are certain media, which do

not allow the commission to the agencies. In all these cases the only alternative is to charge the clients on the basis of fees. The fee system is used in TV advertising, when once the commercial is created. It may be used over a long period of time. A flat fee is paid to the agency for specialized services performed by it.

Service Charge System

In addition to the commission-received media, agencies also receive direct payment from advertisers for materials and services such as engravings, finished art, comprehensive layouts, TV story, board, producer's services for TV commercial research and publicity. This method of payment is known as the service charge system. It is added to the cost of materials and services bought by the agencies for the client, in artwork, photography, topography, plates etc. For others the charge is cost plus 15 percent to compensate the agency for the service in connection with specifying, controlling and consummating the purchase.

The study of agency services and compensation was commissioned by the ANA and was conducted by professors Albert Frey and Kenneth Davis both from Dartmouth College. A preliminary report of this study, which was presented to the ANA on October 30, 1957, indicates that a majority of all advertising managers, agencies, and media found the commission system satisfactory, but about one third of the advertising managers believed that a system involving net rates, no commission and fees fixed by negotiation between agency and client would be a better system. (AAAN, 2003)

Media Facilities to the Advertising Agencies in Nepal

Each and every media grants different kinds of facilities to their agencies as a part of their marketing activity, advertising agencies get 15 percent media compensation on total billing of purchasing space or time. Besides, media grants various facilities to motivate agencies to increase transaction through them, they are as follows:

Credit Facility

Credit facility is common in each media. It helps agencies to release the advertisements without cash payment when there is shortage of cash. The terms of credit facility in different Medias are different. Gorkhapatra Corporation grants credit facility to the agencies up to the amount of deposits in the corporation by the agency. It is obvious that the fixed deposit amount is Rs. 75000.

Bonus System

Media are also providing bonus to the agencies on the basis of annual highest transaction. To be benefited from this facility agency should be able to provide minimum level of transaction determined by the media. This study has also given an overview about the bonus system of different media.

Gorkhapatra Corporation provides bonus to the agencies on annual basis of their net cash transaction. Those agencies, which provide annual transaction of Rs. 20 Lacks, get this benefit. The rate of bonus is 1 percent in basic 20 Lacks and first 20 Lacks. After that, the rate of bonus increases respectively for every 20 Lacks, the rate is constant 5 percent for the amount above one Crore.

In Radio Nepal, the annual transaction of agency should minimum 5 Lacks to be benefited from the bonus. The rate of bonus is minimum 1 percent to maximum 7 percent on the basic of range of transaction, Nepal television also provides bonus to those agencies that provide an annual transaction over 5 Lacks. The rate of bonus is minimum 2 percent to maximum 4 percent according to the range of transaction. Kantipur publication has also a policy for granting bonus to the agencies. To be benefited from bonus in Kantipur publication agency should provide a minimum annual transaction of Rs. 7 Lacks. The rate of bonus is minimum 2 percent to maximum 7 percent according to the range of transaction.

Reward System

All media have been following the reward system since the very beginning. They use to reward those agencies, which provide greatest amount of transaction within a year. So those agencies, which provide the greatest amount of transaction, are benefited from high rate of bonus as a reward also. It seems that advertising agencies have been getting adequate facilities from media, which encourage them to expand the business and improve the quality of the job. (AAAN, 2003)

1.2 Statement of the Problem

Our country is going through the major palatial change. The Maoists violence throughout the country has eroded the peace. Maoist movement has created unrest and instability, which has largely affected the business setting.

Advertising Industry is a dependent industry. It cannot function in itself. It is directly affected by the expansion and contraction of other business industry. The general rule of the advertising industry is; more other industries compete, more they advertise, impacting the advertising agencies' business.

This study is done basically to know about the advertising practice of different industries in recent years. This study will draw the interest of concern people as it shows the advertising trend of several industries in a situation of violence and political unrest in the country.

In this light, the major problems that have been identified for purpose of this study area:

- What is the trend of newspaper advertisement of industries?
- Are industries newspaper advertisements fluctuating year by year?
- Which industries are prominent newspaper advertisers and vice versa?
- What will be the advertising insertion of industries' in year 2007, 2008
- What could be the reason for the fluctuation of industries' newspaper advertisement?

1.3 Objectives of the Study

The objectives of the study are following:

- (1) To analyze the industry-wise trend of newspaper advertisements for the years 2002-2006

- (2) To carry out the comparative trend analysis of manufacturing and service sector for the years 2002-2006
- (3) To forecast advertising insertions for some highly and lowly performing industries for the year 2007, 2008.

1.4. Research Questions

The research questions for this study area as follows:

- What are the major industries that are using advertisement as their basic promotional strategy?
- What is the industry-wise trend of newspaper advertisement?
- What will be the state of advertising insertions of two highly performing and two lowly performing industries in the year 2007-2008?
- Are there any steep fluctuations in the newspaper advertisement of industries in recent years?
- What are the reasons for such fluctuations?

1.5 Significance of the Study

This research will mainly be significant to the advertising agencies. It will help them to sort out the most lucrative industry in terms of advertisement, hence enabling them to formulate their short and long term strategy. This will be equally important to the student of marketing and advertisement, as they will come to know the current advertisement scenario in country.

1.6 Limitations of the Study

There are certain limitations of this research. They are as follows:

1.6.1 Only two daily newspapers have been taken for data collection out total seven. They are The Himalayan Times and Kantipur.

Undoubtedly, they represent the daily newspaper industry. They are the major advertising platform for the advertisers in Nepal.

1.6.2. Only, front, 2nd, 3rd and back page are taken into consideration. These pages represent the major advertisement of the whole newspaper. These pages are full of colour and big sized ads that is done mainly by multinationals and large indigenous companies. Middle page incorporate the smaller and, black and white ads also few in numbers.

1.6.3 Only recent five years time period is taken to see the trend and to forecast the advertising volume. So, the study was made on the basis of data from 2002 to 2006.

1.7 Organization of the Study

This thesis has been divided into five chapters. They are:

Chapter 1: Introduction.

Chapter 2: Review of Literature

Chapter 3: Research Methodology.

Chapter 4: Presentation and Analysis of Data

Chapter 5: Summary of findings, conclusions and Recommendations.

The introduction chapter covers the background of the advertising and newspaper industry in Nepal as well as in the world, Statement of problem, Research objectives, Significance of the study and limitations.

The second chapter focuses on review of literature. It contains the conceptual framework and past research literature on newspaper advertising and different related topics of study.

The Third chapter deals with the research methodology to be adopted for the study consisting research design, sources of data, data gathering procedure, population and sample, research variables and data processing procedure.

The fourth chapter deals with presentation, analysis, and interpretation of data. It consists of several figures, diagrams and graphs to present the findings in even more precise way.

The last chapter covers the summary of findings, conclusions and the recommendations.

CHAPTER II

REVIEW OF LITERATURE

2.1 About Advertising

Everyday, many of us are greeted with 'Good Morning!' before we get off from our bed. Then we are reminded with 'Close Up' smile,' 'Colgate' freshness and 'Babool' hygienic to start our day and then, Sita Ram' Milk to keep our children hale and healthy. This means from the first sight or the sound that we see and hear in average day, we are bombarded with all kinds of marketing communication. These tools can be a logo a producer on our pillow, a billboard on the street or a commercial on our favorite's radio station. Pioneer of marketing scholar Philip Kotler said, " any paid from of non personal presentation and promotion of ideas, goods, or services by an identified sponsor" is advertising is a " cost effective way to disseminate messages," so depending on the objective of an institution, not only big business houses but also a small retail shop or fast food, charitable organization, and government agencies that direct messages to target publics may advertise 'to build brand preference or to educate people to avoid hard drugs.' (Kotler, 2000: P 578)

Most of the time, the adverts that are released or transmitted in newspapers, televisions and radios for identified advertisers are not produced by themselves. At the same time, advertisers- a company or individual that spends money to convey a persuasive advertising message to public (Bergh & Ketz 1999,p391) –also do not produced advertising materials such as jingle, print ad and television commercial. A third party known as advertising agency – “ an organization of professionals who providing creative and business services to clients related to planning, preparing, and placing advertisements (Chunawalla.1999: p78)- makes advertisements for advertisers known as client.

Regardless of their position, timing and the medium they appear, advertising serves primarily its purposes in two ways; latent and manifest. Art Silverblatt identified six manifest functions; informing the about a product, attracting the attention of the consumer to the product. Motivate the consumers to action, stimulating markets, supporting their business community, and establishing and maintaining a lasting relationship between the consumer and the company. Silverblatt further identified persuasion, shaping attitudes, fostering consumer culture, establishing standards of behavior and

lifestyle , entertainment, and principle message as a set of latent functions advertising (Silverblatt, 2001:p287)

Though silverblatt described the functions of advertising form sociological standpoint, but he still identified them as business and marketing functions. (Bovee, call. 1998:p29) further explained those business and marketing importance of advertising as its functions and is widely known substitute of marketing communication as well as powerful tool of marketing mix.

(Kotler, 20003:p285) identified two ways in which organizations handles their advertising. Large companies may set up its own advertising department known as –house agency-an advertising agency owned and operated by the advertiser. As defined by Kotler, the manager of this department ‘report to the vice president of marketing’ and bears a prime responsibility to ‘ propose a budget; develop advertising strategy; approve ads and campaigns’ for various adverting ‘direct mail advertising, dealer displays, and other forms of advertising ; Secondly, companies fulfill their needs through an advertising agency, with someone in their ‘sales or marketing department; But ,today most companies use an outside

agency to help create advertising campaigns and to select and purchase media (Kotler,2003:p101)

2.2 The Agency Business

General understanding is that when an advertiser has to communicate, and wants a response such as higher sales or more votes, advertising help to release the message and produce advertisements for advertisers and marketers. Aaker recognised an agency as 'a unique aspect' and makes creative and decision 'for the purpose of education or persuasion.

Primarily, advertising agencies revenues comes from the fixed commission rate. Though, the fix commission compensation method is still popular and the one used most often, but the business nature of agencies has been changed since the Palmer's days. Beside the basic compensation of 15 % fixed on source media billing, agencies make money by marling up 17.5% on the suppliers invoice cost or on mutual deal with the client, against " non- commissionable" or non-media services such as preparing brochures ad collateral materials. (Advertising Age, 1989)

This traditional system had flaws that an agency could recommend higher and inappropriate media budget for their own benefit rather than that of the clients benefit, which may not show effective result for campaigns as well (Bovee et al). Keeping the possible business of agencies in view, in recent years, few major advertisers are moving to change the practice to other method of compensation, such as fixed fee or combination of both, Initiative in this regard has taken by Procter and Gamble in 1999, as it tended to pay its advertising agencies by result rather than on the traditional commission basis. Procter and Gamble is probably the world's most famous marketing company that owns some leading brands as Pampers, Pantene and Pringles, is also credited for inventing the concept of brand management. So they can take benefit of new media, such as the internet or over sales promotion and direct marketing, by making agencies more 'media neutral; and equal partner of success in its advertising efforts (Sontakki, 2001:p83)

Nowadays, advertising agency business is not just the agents to sell space for newspapers and other media. Initially, agencies started to provide creative material for advertisements; supply supportive market research. Furthermore, now some agencies are also involved in the brands total marketing plan and act autonomously in

areas of its expertise. However, some advertisers still remain actively involved in the creative and media decisions as the campaign progresses through their in-house advertising agencies instead of hiring outside experts to save the cost of commission. But, this practice is no longer popular because of two main reasons as; (a) in-house agencies lack initiative and risk taking, and (b) inability to keep up with the marketplace (Bergh and Katz, 1999; p42).

Therefore, (Aaker, 1995; p104) described advertising agencies as an ‘invisible partner’ in the advertising process that ‘translates the advertisers’ goals of higher sales, more votes or more donations, into creative messages which are placed on the media to reach the target audience. These independent agencies serve a variety of advertisers for wide range of marketing problems so they described a ‘storehouse of knowledge, experiences, and ideas they can use to help their clients.

In the same line, Aaker said, “to interpret for advertisers” target audience information about the goods or services; being marketed is the one basic purpose of an advertising agency. However, putting all responsibility for an advertiser’s success to an agency, they

further identified following series of steps through which an agency must go to get the business; (Aaker, 1995 p: 35)

- a) Agency people should know the strength and weakness of the advertiser and its competitors, and analyze the products current and potential market.
- b) Examines all appropriate methods of distribution and sales and investigates the appropriate media for advertising messages.
- c) On the basis of all the gathered background information, the agency have to prepare and execute an advertising plan, creating and producing the advertisements run and bill the clients for utilized services and media.
- d) Works closely with the advertiser to make sure that the advertising is co-ordinate with sales and other marketing activities.

Furthermore, advertising agencies do not just act as a consultant for the advertising and communication process and problem. They view “themselves the privileged partners of the brand owners, and in some cases, as brand guardians and custodians” (Jefkins, 1999: p144). Brand is a name, term, sign, symbol, or a combination of them, intended to identify the goods or services of one group of

seller and to differentiate them from their competitors' said the pioneering marketing scholar Philip Kotler. However, modern brand management consultant as well a world-wide advertising service provider J.Walter Thompson Believes that "it is a set of convictions that surround a product or service in the consumers mind" (www.jwt.com)

2.3 About AAAN

AAAN was established in 1990 with a view to protect and promote the rights and welfare of advertising agencies in Nepal. As of today, 60 advertising agencies are associated with AAAN.

AAAN has following objectives:

1. To protect and promote the rights and welfare of advertising agencies.
2. To play the role of co-coordinator between the all registered advertising agencies, advertisers, Nepal Government Policy makers as well as the consumers to facilitate its members.
3. To provide effective and standard quality service.
4. To build professionalism in the advertising sector.

Source: AAAN Nepal.com

A Study by Birgunj based Foreign Press Representatives in Newspaper Industry in Nepal, 2009

A thought study was conducted by Foreign Press Representatives in Birgunj in 2009 that was headed by Dr. Oliver Dilacto. The twenty pages report is really a set of knowledge for being informed about Nepalese's media sector. I have, taken some of the paragraphs that were relevant for this study regarding status of newspaper industry itself in Nepal.

The history of media in Nepal is quite new. It goes back to 1901 when the first national newspaper Gorkhapatra had started to publish on weekly basis. During the initiation period, the paper was not getting sufficient business ads and had to rely solely on government ads, which could only include government notice to the public. During the initial periods the Gorkhapatra's advertisements rate was only 4 paisa per words. Since 1950, it has been publishing on daily basis. After that it became effective means of business advertisement. Nowadays we can observe that every pages of the paper has been covered by plenty of advertisement, including business and it has become lifeline to the paper. Since 1992, Kantipur, as a first private sector media house, come into existence and now it ahs command over all the forms of Medias.

Following it, the media had been emerged as an avenue for gainful investment for the investors, not only natives but also foreigners. It is evident from the fact that not only quantitatively but also qualitatively the media has been established. If we look at the numbers of newspaper registered in the country what is witnessed is that it is six times higher than that of 1992. A quick look at the major events that have marked the evolution of mass media suggests two things. One, the development took place by fits and starts, Second, the pace of growth has tended to increase over each quarter century since 1950. The most remarkable phenomenon, of course was pace of newspapers and now it has grown over 3731 in number, spreading through out the nations. The registered newspapers numbers are 6 times higher than one decade ago.

Table 2.1 shows that the highest numbers registered print papers are weekly (34.92%), second come under monthly (29.64%), third are 3 monthly and Daily comes in 4th position with 7.13% of share. The main source of newspaper's income comes from advertisement.

Table 2.1
List of newspaper registered till 2008/09 presented in terms of
Categories and Languages.

<u>Categories</u>	<u>Numbers</u>	<u>Languages</u>	<u>Numbers</u>
Daily	266 (7.13%)	Nepali	2589
Half weekly	9 (0.24%)	English	318
Weekly	1303 (34.92%)	Nepali A	625
Fortnightly	258 (6.91%)	Newari	23
Monthly	1106(29.64%)	Sanskrit	2
2 Monthly	257 (6.89%)	Hindi	12
3 Monthly	388(10.4%)	Maithili	9
Quarterly	20 (0.54%)	Bhojpuri	2
Half Yearly	57 (1.53%)	Urdu	1
Yearly	67 (1.8%)	Tibbati	1
		Tharu	2
		Limbu	1
		Doteli	1
		Others	145
Total	3731	Total	
	3731		

Source: Birganj - Based Foreign Press Representatives-2009, Department of information and Communications, Nepal Government

Particularly, the newspaper has grown rapidly after the democratic set up in Nepal. Consequently, it has provided liberal policy environment for freedom of press and flourishing advertisement. Since then many private mega media houses has established in the kingdom which have been publishing newspaper and distributing them at a mass scale. Nepal Press Institute has been established as a role of Audit Bureau of Circulation (ABC). Unfortunately it has not that data, But as per the experts option, it can be conferred that the total newspapers circulation would not exceed more than 2 Lacks and 25 thousands. And the average readership would be 5 persons.

2.4 Share of Advertising Revenue For Different Publication House

According to the paper written by Aryal (2004), it is seen that the average readership of publication (newspaper) is 5 and total publications are 0.225 millions per day, which indicates the availability of the publications is only to 1.225 million people. The remaining 11.345 million (48.90%) people who could read are still out of access. That shows the scope of the publications in future.

According to Aryal, in short period the press has become very popular among readers. As we know, the advertisement is the main source of income for all the publications. Advertising as an industry is said to be growing at 21% rate every till 2009. Also, he found out that the press has estimated business of around Rs 725 million annually. Almost 60 percent of its share has gone to Kantipur Publication, where as 20 percent of its share has gone to Gorkhapatra and remaining 20 percent goes to different other presses like Samachar Patra. TheHimalayan Times and Space Times Publications.

Table 2.2

Advertisement Revenue for Different publication Houses

Print Media	Rs (Million)
Gorkhapatra Coorporation	110
Kantipur Publication	360
The Himalayan Times	60
Samachar Patra	40
The Kathmandu Post	25
Rajdhani Khabar Patrika	20
The Rising Nepal	20
Annapurna Post	35
Weekly Megazine	25
Megazines	20
Others	10
Total	725

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Source: Aryal, (2004) "Advertisement and its Existing Position in Nepal"

2.5 A study by World Editors Forum, Moscow, Russia on Newspaper Advertisement and Circulation, 2006

World Editors Forum (WEF), Russia annually conducts the study on worldwide newspaper advertisement and circulation. This study is mainly focused on the fluctuation occurred in the volume of newspaper advertisement and the circulation of newspapers in some of the developed and developing countries. The data gained out of this study also shows the importance of newspaper advertisement for general people worldwide.

WEF has announced that newspaper circulations world-wide rose slightly in 2006 while newspaper advertising revenues showed the largest increase in four years. It mentioned global newspaper sales were up + 0.56 percent over the year, and has increased +6 percent over the past five years. Much of the sales growth last year was again in Asia.

When free dailies are added to the paid newspaper circulation, global circulation increased +1.21 percent last year, and + 7.8 percent over the past five years, Free dailies now account for 6

percent of all global newspaper circulation and 17 percent in Europe alone.

WEF stated the advertising revenues in paid dailies were up +5.7 percent last year from a year earlier, and up +11.7 percent over five years. No figures were available for free daily advertising revenues.

“Overall, the audience for newspapers keeps on growing, both in print and online,” said Timothy Balding, Chief Executive Officer of the WEF. “Newspapers are increasing their reach through the exploitation of a wide range of new distribution channels, ranging from daily free newspapers to online editions. They are proving to be incredibly resilient against the onslaught of wide range of media competition.”

The data from WEF’s annual survey was released to more than 1,700 publishers, editors and other senior newspaper executives of 110 countries in Moscow, Russia. The main figures showed:

-) Paid circulation grew +0.56 percent worldwide in 2006 from a year earlier, taking global sales to a new high of 439 million daily. With free dailies added, daily circulation increases to 464 million, a + 1.21percent increase from the total of paid and free dailies in 2009.

-) The total number of paid-for daily titles was down 0.3 percent in the world in 2009 and up 8.1 percent since 2002. The total number of paid and free titles increased by +0.06 percent in 2009 and by +8.9 percent since 2002.
-) 2009 saw the best advertising performance in four years, with revenue increase of 5.7 percent.
-) The audience for newspaper web sites continued to grow and was up by + 8.71 percent in 2009 and +200 percent over the past five years.

2.6 Finding on the advertising trend in newspaper in some developed and developing nations, 2009

World Association of Newspaper has done a survey on the advertising trend in terms of volume and revenue for some countries. The study revealed following findings:

-) Global newspaper advertising revenue saw their biggest increase in four years and were up + 5.7 percent in 2010, following a +5.28 percent increase in 2009.
-) Newspapers share of the world ad market held relatively steady with 30.2 percent, marginally down from 30.3 percent in 2009. Newspapers remain the world's second largest

advertising medium, after television, and are expected to retain this position for many years.

Twenty-one countries saw newspaper advertising market share growth in 2006: Argentina, Australia, Belgium, Chile, Colombia, Finland, Egypt, Germany, India, Indonesia, Lithuania, Kuwait, Panama, Poland, Russia, Saudi Arabia, Singapore, South Africa, the United Arab Emirates, and the United States .

Over five years, newspaper in 24 countries and territories saw increased market share: Argentina, Belgium, Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, Egypt, France, Greece, Iceland, India, Ireland, Japan, Kuwait, Lebanon, Malaysia, Myanmar, Norway, Pakistan, Poland, Puerto Rico, Russia and Slovenia.

-) Newspaper advertising revenues in the USA, by far the largest newspaper advertising market in the world, increased by +1.51 percent in 2009 and +7 percent over the last five years.
-) In Japan, ad expenditures declined in 2009 by –1.7 percent after showing positive growth in 2008 after three years of decline.
-) China saw increase in advertising revenues of 19 percent last year, and +128 percent over five years.

) Newspaper markets in the European Union saw a + 4.15 percent increase in newspaper advertising revenues in 2009, and a +37.3 percent increase over five years.

Thirteen of 17 countries for which data was available showed increases in advertising revenue in 2009: Belgium +11.5 percent, Czech Republic + 6.38 percent, Denmark +9.45 percent, Estonia +17.86 percent, Finland +1.57 percent, France +0.89 percent, Hungary +6.79 percent, Ireland +12.35 percent, Italy +1.98 percent, Latvia +9.45 percent, Poland +4.36 percent, Spain +6.93, and Sweden +5.6 percent.

Newspaper advertising revenue declined in Greece (-1.92 %), Lithuania (-7.04%), Netherlands (-1.6%), and the United Kingdom (-3.08%).

) Over five years, advertising revenues were up in 10 of the countries for which data available; the Czech Republic +44.99 %, Denmark +6.09 %, Estonia +47.32 %, Finland +4.64 %, Greece + 18.05 %, Hungary +39.3 %, Latvia +43.3 %, Lithuania + 29.41 %, Netherlands 20 % and Poland + 92.8 % .

Advertising revenues declined in the five-year period in four EU countries for which data was available; France –4.66, Italy –3.1%, Sweden –0.41 % and the United Kingdom –2.5 %.

) In Russia, advertising revenues for all print media increased +16 % in 2009.

) In India, newspaper advertising revenues increased + 23.18 % over one year and +107.69 % over the last five. South Africa also saw remarkable gains +20.71 % over one year and 232.23% over five years. Turkey's percentage gains were even higher – 39.14 % in 2009 and + 236.61 % over the past five years.

) In Australia revenues were up +8.14 % over one year and + 10.46 % over five years.

) Newspaper online consumption rose +8.71 % in 2009, and +200 % over the five years.

) Internet advertising revenues continue to grow rapidly, and were up 24 % in 2009, the highest growth for five years.

) The number of newspaper web sites increased by 20 % in 2009.

Free Dailies

) A total of 169 free daily newspapers had a combined circulation of 27.9 million daily, with 18.6 million of those copies distributed in Europe.

) The size of the free daily market in several countries is impressive in Spain, free daily distribution represents a huge 51 percent of the market; in Portugal 33 percent; in Denmark 32 percent, and in Italy 29 percent.

Format Change

) Twenty-eight more newspapers moved to tabloid format in 2009, and 85 have converted since 2002.

2.7 Finding on the Trend of Newspaper Circulation, 2002-2006

The World Press Trend report reveals that the circulation of newspaper has been fluctuating in an amazing way worldwide. It has taken into account the data from 2002 to 2006. During these five years, some countries have faced a sheer decline in its circulation while others vice versa. It is very interesting to see these changes due to competition of getting readers out of Internet, magazine, radio and TV. The findings are as follow:

-) Paid daily newspaper circulations were up in 35% of the countries surveyed in 2006. Over the five years, newspaper circulations were up in 28% of the countries surveyed for non-dailies, 54% of the countries reports year-on-year increases, while 36% reported increases in Sunday circulations.
-) More than 439 million people buy a newspaper every day, up from 414 million in 2002. Average readership is estimated to be more one billion people each day.
-) Seven of 10 the world's 100 best selling dailies are now published in Asia, China, Japan and India account for 62 of them.
-) The five largest markets for newspaper are: China, with 96.6 million copies sold daily; India, with 78.7 million copies daily; Japan, with 69.7 million copies sold daily; the United States,

with 53.3 million; and Germany, with 21.5 million. Sales increased in China and India and declined in Japan, United States and Germany in 2006.

) Circulation sales were up +1.7% in Asia in 2006 over the previous year, up + 3.7% in South America, up +0.2% in Africa, down –0.24% in Europe, down –2.5% in North America down –2% in Australia and Oceania. The North American declines were primarily in evening newspapers.

) Daily paid newspapers in the European Union saw a –0.61% drop in circulation in 2006, and –5.26% over five years. When free dailies are added, year-on-year circulation increased +1.34% and five-year circulation grow+0.05%.

Newspapers in seven European Union countries increased their total circulation in 2006. They were: Austria +0.42%, Czech Republic +4.88%, Ireland +2.16%, Italy +0.03%, Poland +9.80%, Slovenia +19.44% and the United Kingdom, +0.05%.

Those reporting losses were: Belgium – 1.35, Denmark –2.64, Estonia –0.39, Finland –0.67, France – 1.6, Germany –2.5, Greece – 4.05, Hungary –0.68, Latvia –2.25. The Netherlands –3.67, Portugal-3.88, Slovakia –4.17, Spain 0.94 and Sweden – 1.34.

Over the five years 2002-2006, circulation rose in five countries: Austria + 0.09%, Czech Republic + 0.87%, Ireland +28.91%, Latvia +1.46% and Poland + 21.63%.

In the same period, circulation declined in: Belgium -4.25%, Denmark -11.4%, Estonia -0.78%, Finland -2.99%, France-7.38%, Germany -9.63%, Greece -11.62%, Hungary -12.31%, Italy -5.25%, Netherlands -10.58%, Slovakia -8.55%, Spain -1.73%, Sweden -2.23% and the United Kingdom -9.85%.

Elsewhere in Europe, circulation in 2006 increased +11.92% in Turkey and + 7.59% in Croatia. It declined -2.78% in Norway, and 3.26% in Switzerland.

Over five years, the declined was -7.48% in Norway, -8.69% in Switzerland and -16.63% in Croatia, while it climbed +52.48% in Turkey.

) The circulation of US dailies fell -2.35% in 2006 and -4.02% over five years. Most of the decline came in evening dailies, which saw a year-on-year circulation decline of -6.6%, compared with only -1.6% for morning dailies. Over the past five years, evening dailies declined -17.5%, compared with a -1.4% drop for morning newspapers.

-) In Japan, newspaper sales fell by 0.97% in 2006. Over five years, sales were down -2.81%.
-) China newspaper sales continue to perform well, up + 8.9 and +18 % over one and five years.
-) In Russia, the number of daily titles grew: from 485 in 2005 to 491 in 2006, an increase of +1.2%. No reliable circulation figures exist for the Russian press as a whole.
-) In Latin America, where it has been difficult to obtain reliable data, Brazilian newspaper sales were up + 4.09% in 2006 but down -11.4% over five years. Chile reported sales increases of 0.33% last years.
-) Indian newspaper sales increased 7% in 2006 and 33% in five-year period.
-) Elsewhere in Asia, sales in Singapore were down -0.2% last year and down -3.9% over five years, and Malaysian sales were up +5.44% year-on-year and +14.63% over five years.
-) Australia recorded a decline of -2.23% in sales in 2006, while New Zealand newspaper sales were down -1.35 year-on-year and down -4.58% over five years.
-) The Japanese have surpassed the Norwegians as the world's greatest newspaper buyers, with 634 daily sales per thousand

adults in Japan and 626 per thousand in Norway. Finland comes next with 518 followed by Sweden with 481.

) The Belgians spend the most time with their newspaper –54 minutes a day – followed by Ukrainians, 50minutes, and Canadians, 49minutes.

2.8 Medium Used Most Frequently to Check Advertising, 2004 USA

A survey conducted by American Research Company, Media mark Research, Inc, found out that newspaper has left other media far behind, for people using it to check advertisement alone. The findings are presented in table below.

Nearly two-thirds of consumers (63%) use newspapers most of the time when checking for advertising. Direct mail followed at 11%, while the Internet had 8% and television was named by 7%. All other media had 5% or less.

Table 2.3

One Media Used Most Often to Check Advertising

Media	Percentage
Newspapers	63.0
Direct Mail	11.0
The Internet	8.0
Television	7.0
Magazines	5.0
Yellow Pages	2.0
Radio	1.0
Billboards	<1.0

Generally, Newspapers are preferred across all age groups, although consumers age 18-24 use a wider variety of media for advertising. Among this group, 35% cited newspapers, while the Internet (18%) and television (17%) formed a second tier, followed by direct mail and magazines at 12% each.

Table 2.4

One Media Used Most Often to Check Advertising by Age and Gender

Media	Men	Women	18-24	35-34	35-54	55+
Newspaper	60.0	67.0	35.0	55.0	69.0	73.0
Direct Mail	9.0	12.0	12.0	14.0	11.0	8.0
Internet	11.0	5.0	18.0	14.0	6.0	5.0
Television	9.0	6.0	17.0	8.0	6.0	5.0
Magazine	4.0	5.0	12.0	5.0	3.0	4.0
Yellow Pages	2.0	1.0	2.0	2.0	2.0	2.0
Radio	1.0	1.0	3.0	1.0	1.0	1.0
Billboards	<1.0	<1.0	—	<1.0	<1.0	<1.0

Table 2.5

Media Usage by Store Category

Store Category	Newspaper	TV	Radio	Magazine	Internet	Direct Mail	Yellow Pages	Billboard
Discount	67.0	5.0	1.0	2.0	4.0	18.0	3.0	<1.0
Department	66.0	6.0	1.0	4.0	3.0	18.0	2.0	<1.0
Drug	66.0	5.0	1.0	2.0	3.0	17.0	6.0	<1.0
Appliance	62.0	6.0	1.0	3.0	8.0	12.0	8.0	<1.0
Home Buildings Center	60.0	6.0	<1.0	2.0	4.0	20.0	6.0	<1.0
Home Furnishing	59.0	8.0	1.0	5.0	6.0	15.0	5.0	<1.0
Sports Goods	59.0	6.0	1.0	7.0	9.0	11.0	7.0	<1.0
Office Supply	58.0	5.0	<1.0	4.0	9.0	15.0	7.0	<1.0
Home Electronics	57.0	6.0	1.0	4.0	14.0	11.0	6.0	<1.0
Computer	45.0	7.0	<1.0	5.0	27.0	9.0	5.0	<1.0
Average Across Categories	60.0	6.0	1.0	4.0	9.0	15.0	5.0	<1.0

- J Across 10 major stores categories-presented randomly-consumers identified the media they consult most often when they consider buying particular products. For each store category measured, newspapers are used more often any other media.
- J Approximately 10% to 25% said either “ none” for the media source or else said they shop in that type of store. Accordingly, the numbers reported here are filtered on these who ever shop at the specific store by category and have a media preference.
- J About 6 in 10 cited newspapers for appliance stores, home building centers, home furnishings stores, sporting goods stores, office supply stores, or home electronics stores. Discount, department and drug stores were mentioned by two-thirds of consumers.
- J Slightly less than half (45%) of consumers who shop computer stores chose newspaper, but even in that category, the second media choice-the Internet-trailed by 18 percentage points.
- J Combining all store categories, the average score for newspapers was 60%. Direct mail was the second choice for 8 of the 10 store categories and averaged 15%.
- J While people on occasion make use of TV ads, they generally don't rely on television for shopping information on a regular

basis. Only 5% to 8% of adults check TV most often for any of the store categories measured for advertising in general, resulting in an average of 6% for all stores combined.

) The Internet is growing as a shopping information medium, but few consumers rate it as a primary source, expert for computers and home electronics. (The average score for the Internet in the 10 stores measured was 9%)

It was seen that different Marketing Gurus have different definitions for advertising. Summing up their opinion, we can say that advertising is social, business and marketing functions of organizations that create long term and short term value to the brand and organizations. Similarly, their opinions about advertising agencies are like, 'invisible partner', 'interpreter for advertisers', 'privileged partners for the brand owners', 'brand guardians and custodians', etc. Therefore, we can say that advertising agencies are reliable partner for advertisers that translates their goals of higher sales, more votes or more donations into creative messages, which are placed on media to reach the target audience.

It has become apparent from the studies presented above that the newspaper audience has been increasing globally, including Nepal. Global circulation was up by 7.8% over the last five years. Also,

Nepal's circulation is increasing at a rate of about 5.2% every year since last five years.

This research basically deals with the newspaper advertisement and its trend. So the trend of newspaper advertisement in other countries was thought to be relevant to present here. It was found that twenty countries experienced the growing trend of newspaper advertisement. Those countries are Argentina, Austria, Belgium, Chile, Colombia, Egypt, Finland, Germany, India, Indonesia, Kuwait, Lithuania, Malaysia, Panama, Poland, Russia, Saudi Arabia, Singapore, South Africa, The United Arab Emirates, and The United States. This means that organizations using newspaper advertising as one of the basis promotional tool are growing in these countries. Also, the findings such as 'newspaper as the most used medium to check advertising' across all age group in America shows its increasing importance among audience even in developed countries, where rum ours are spreading that internet has taken over the place of newspaper.

Although, these researches were not focused on the industry-wise trend of newspaper advertisement, they were helpful to know that overall trend is increasing in most of the countries across the world.

CHAPTER- III

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, efforts have been made to present and explain the specific research design that was used to attain the research objective. It includes the research design, future of data, data gathering procedure, population and sample and data processing procedures.

3.2 Research Design

As per the nature of study, the thesis was carried out in an exploratory and analytical approach. Two leading newspapers were taken as sample. Data collection was done by counting the number of insertions in the sampled newspapers. Only front, 2nd, 3rd and back pages 'ads were taken into consideration. So, the data sources were entirely secondary and data collection was done by manually counting the no of insertions. Data Processing was done both on qualitative and quantitative basis. The findings of the research were discussed thoroughly with the advertising and media experts. The data were presented in bar diagram to make the trend analysis simple to understand. Finally, least square method was

used as a statistical tool to forecast the advertising insertion for next two years.

3.3 Population

The population for this research constitutes all Daily Newspapers published in Nepal. Currently, there are 7 Daily Newspaper available in the country. Kantipur, Samachar Patra, Annapurna Post, Gorkhapatra and Rajdhani are published in Nepali language; The Himalayan Times, The Rising Nepal and The Kathmandu Post are published in English language.

3.4 Sampling Procedure

A sample of two newspapers was taken for the purpose of the present study. They are Kantipur and The Himalayan Times. These two dailies have stood out in the market and are considered to be market leaders in their respective languages. Since they constitute the major commercial advertisements, the data collected from them will truly represent the advertisement scenario in Nepal.

The total industries that will come across while collecting the data will be divided into general sector. They are manufacturing sector and service sector. Every industry taken as sample will fall in any one of these two general industries.

Consideration all the advertisements appearing in newspaper was not possible and difficult to manage & make them useful for the research. Pages one, two, three and last are the best advertisement positions for advertisers in any newspaper. These pages easily catch the eyes of readers. That is why only these four pages are taken into consideration. These pages have the color (also black and white but less frequently) and large sized advertisements. So, they serve the research purpose of finding out the major ads spender industries in the country in recent five years period.

Only recent five years period is taken into consideration. Recent five years is characterized by the historical unrest and massive damage to the businesses of the country. Through this research, we will be able to know the state of advertisement in such a vulnerable situation of whole kingdom.

3.5 Data Gathering Procedure

The study was based completely on primary data. Data were collected through Kantipur and The Himalayan Times from the year 2002 to 2006 every single days advertisement is being taken care.

Data gathering in this research means basically to count the advertising insertions in newspapers – Kantipur and The

Himalayan Times. As discussed earlier in limitations of the research, each and every advertisement is not counted. Advertisements that appeared on the front, second third and back pages are counted. Furthermore, it was kept mandatory that they should be sized at least 30 cc, if color and 45 cc, if black & white. This is because; black & white ads are cheaper than color ads. So, if we maintain this criterion, we will be able to consider the ads that put up similar expenses to release them. This will bring more consistency in choosing the ads from selected pages with added similarity among them.

Collected data were tabulated and the trends of industries were found out. These findings were discussed with the staffs of five prominent advertising agencies and two newspaper companies. Discussion with them about the trend was subjective data to analyze the situation more precisely. Their analysis to the fluctuations in the no. of insertions helped very much in describing the trend of each individual sector. The discussions with the staffs were taken on one basis.

3.6 Statistical Analysis

Different statistical tools have been used to analyze and present the data. At first, collected data were tabulated in Microsoft Excel. These tables were transmitted into bar diagrams to see the trend of advertisement in respective years. Prediction of advertising volume of certain industries was done on the basis of least square method. Actually, least square method helps in calculating the best-fitting line or equation while describing time series data. Value of dependent variable, mean of value of dependent variable, value of

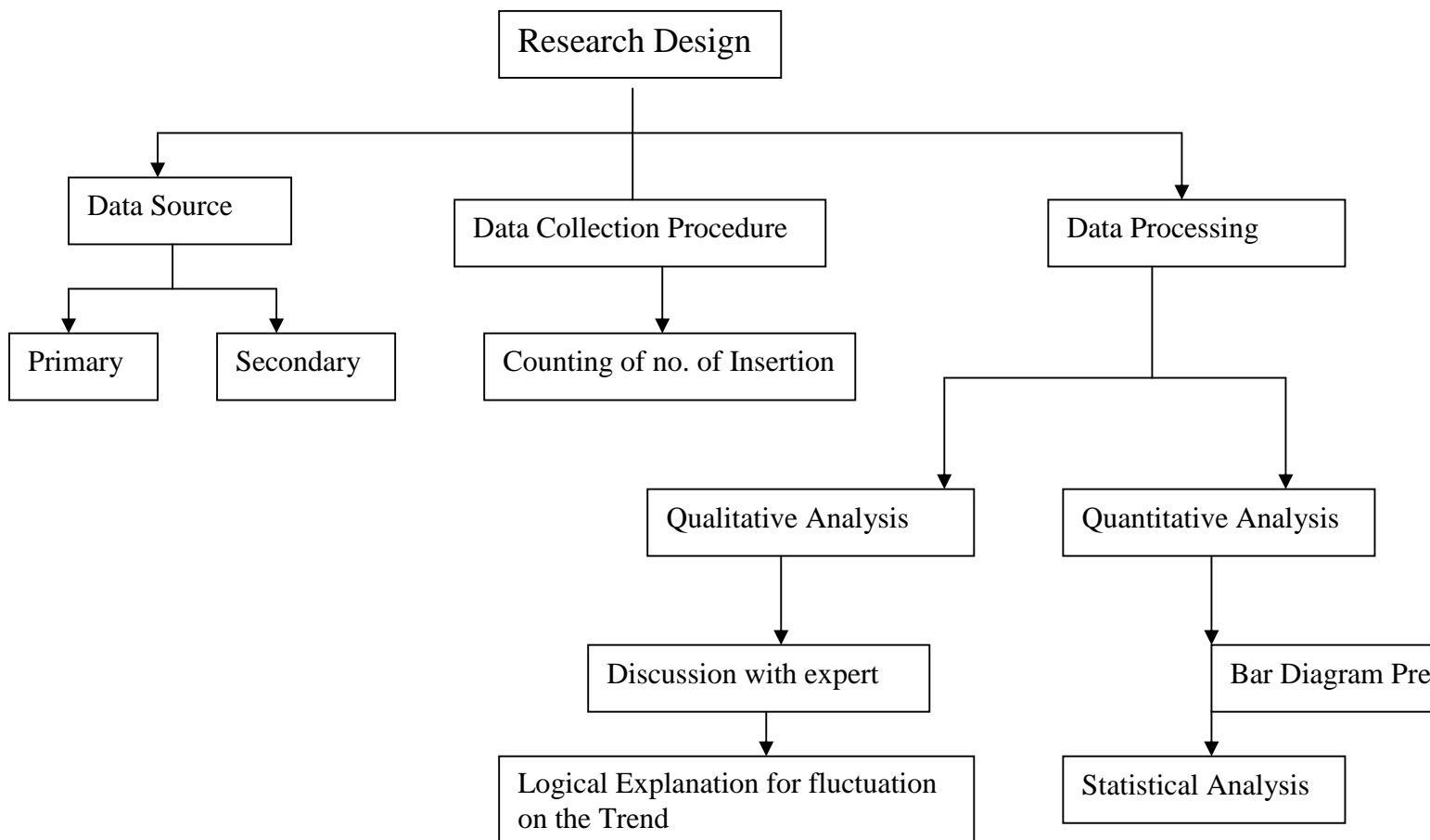
independent variable, mean of value of independent variable, number of data points, Y-intercept, slope are the factors that will be used for finding the equation and finally to predict the future data.

3.7 Data Processing Procedure

Data collections from primary sources were analyzed by using tools like table and bar diagram. Simple arithmetic tools were also used for analysis. Microsoft Office-Excel 2003 has been used to do the tabulation, graphs and forecast schedules. Major findings were based on the analysis and interpretation of data.

FIGURE - 3.1

Research Methodology in single schematic diagram is shown as Follows:



CHAPTER – IV

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

As started earlier, this study is undertaken based on the secondary data. The data were collected from only two newspapers to get a sample of the advertising trend of the past five years. These two newspapers are Kantipur and The Himalayan Times. They truly represent the advertising trend, as they are major broadsheets available in the country. Data collected from the secondary sources are presented in graphs and 'forecast' is done by using least square method.

The main purpose of this chapter is to see and analyze the industry wise trend of newspaper advertisement. In general, it is seen that advertising sector, especially print advertisement has flourished in recent years. Manufactures, dealers, retailers all are seem to realize that advertisement help their business grow. Everyone around us is felt to have positive image towards advertisement. Realizing such situation, this chapter aims at knowing the trend of newspaper advertisement.

4.2 Manufacturing and Service Sector: A Trend Analysis

This section is devoted to presentation and analysis of the collected data. The number of insertions accumulates through data collection process is presented here in Line Diagram. Both the manufacturing and service industries are explained below. Individual industry's trend is explained and forecast is done using least square method. Graphical presentations of trend analysis are presented below:

1. Telecommunication Industry

It is seen that trend in telecommunication Industry is increasing. It was very low till year 2004. Privatization of Nepal Telecom and entry of two more telecom companies, i.e. United Telecom (UTL) and Spice Nepal has triggered competition in this sector. As a result, advertising has increased. Nepal Telecom increased its advertisement after privatization. UTL advertised mostly to announce new schemes and Spice Nepal advertised mostly to show its entry in market to announce several schemes.

2. Financial Industry

It is seen that financial sector has also increased its advertising volume. Like telecommunication, it was quite low till year 2004. It has made a long leap after 2004. The increased numbers of

commercial banks, finance companies, and cooperatives have raised competition in this sector and have boosted 'advertising activities' to create brand. Banks' move to consumer finance made them necessary to show their presence with financial services all the market. This made them even more competitive, as a result, advertising increased.

3. Liquor Industry

It is seen that over all trend is increasing since 2002. Although it got low in year 2004, It has increased tremendously after that. The major reason for rise in advertising is due to rise in event management in Kathmandu. Liquor, releasing advertising for 'brand building' were seen to be very rare. Mostly, they sponsored the concerts and dance parties organized in five star hotels and open grounds. They were seen to be sharing the cost with official media by sponsoring the events. Also, their strategy for branding is to get associated with parties and concerts, as their target customers are the partygoers.

4. Mineral Water Industry

It is seen that the overall trend is increasing. Although mineral water is a small industry. It has been involved in advertising due to

recently advanced competition, we can see that no, of insertions is very low, but still they are growing. Hygienic water is a growing concern for the locals of Kathmandu itself. Also, people have started using mineral water for drinking at home. So, this has caused high demand, which has motivated producers of mineral water to act aggressively to capture the growing pie of industry. Advertising done for branding and sales has impacted in increasing trend.

5. Real Estate Industry

It is seen that overall trend is increasing. As the situation of country kept worsening since past several years, the people living outside capital kept coming into the capital in search of security and better opportunities. People perceived our political problem to be permanent and lots of people shifted into capital permanently. So, many households of terai and maintain region sold their homes and tried to settle down in Kathmandu by purchasing house. This has caused the shift in population in Kathmandu resulting increased demand in real estate sector.

The lands situated outside ring-road areas began areas began selling like anything. Agents started selling lands and houses professionally. They offered the land by plotting them beautifully and

in an organized manner. The only way to inform people about the sale of the plot was advertising. So, advertising of real estate started increasing tremendously. The advertisement appeared mostly in black and white and in bag sizes.

Also, housing business has recently prospered in the capital. People could buy ready made at affordable price. This business also fostered the advertising insertions.

6. Automobile Industry

As we can see that the overall trend in this sector is also growing. Interestingly, the situation of nation has eroded but the living standard of middle class of Kathmandu has not stopped growing. These insertions of ad mostly constitute the motorbikes and very few four wheelers. The business of motorbikes has increased enormously. Population growth in capital and remittance has enabled bike sellers to serve in a growing pie. The companies like Yamaha, Hero Honda, Bajaj Etc are always looking for the occasion to offer the scheme and sell their bike. So, these activities have profoundly advanced the advertising insertions in newspaper. The attractive lines like new models, new technology, and new brand

ambassador had been the way of selling bikes and that has directly affected in increasing advertising trend.

7. **Tobacco Industry**

Like other sector, we noticed above, tobacco sector has also increased its advertising volume. Although growth does not show the long jumps but it it's growing slowly and steadily. Growth was quite high from year 2002 & 2003. Entry of new brand L & M has led to increased insertions in those two years. This brand in year 2003 advertised aggressively. Unfortunately, brand could not do well and immediately phased out from market. We can see its impact in year 2004 where an ad insertion has reduced to 103 from 122. After fail of L & M, Surya with its new strategy aggressively advertised in newspaper. This resulted in increased ad insertion again in 2005. Lunching of Surya Classic and sponsoring events by cigarette companies has resulted increasing trend.

8. **Airlines Industry**

It is seen that overall trend is increasing although there is huge decline in year2006. Airlines industry took off its business since our national security eroded due to Maoist movement. The events of violence and protests in highways prompted people to use airlines

rather than roadways. This enhanced demand for more seats in airlines, and as a result several airlines like Sita Airways, Agni Airways, cosmic Airways Etc entered into industry. The growing number of plane companies added extra input for competition and one of the ways to tackle competition was to advertise. The weapons for competition were price reduction, scheme announcement to communicate their strengths like low price, comfort, punctual Etc. So, advertising has got increasing trend.

9. Education Industry

It is seen that advertisement in Education sector has an increasing trend. Education sector in Nepal is a successful example of privatization policy of government. It has been growing year by year. There is massive competition between private colleges and schools in Kathmandu. The growing population of Kathmandu, from one and half million to around 4 million in last ten years, has provided enough students to start up new colleges and schools. Also middle class in our society are always conscious to quality education and do not compromise for it. This has made the education institutions to become glamorous and expose their presence in an attractive way. This has triggered them to use advertising as an effective way to show their unique education style in an attractive manner. This is

the reason why these days, each and every schools and colleges are using advert as their basic business setting. Also, it is expected that the trend will remain increasing for some more years to come as the number of students are still rising each year and so the number of institutions. The colleges like White House College, Don Bosco College, Apex College, Ace Institute of Management, Kantipur City College and Nobel College Etc are mojour spender in advertisement.

Besides, it is very important to see the contribution of education consultancies in Kathamandu who has been advertising has been advertising very aggressively. In Nepal, every youth wants to go to abroad for study and work. The numbers of professional education consultancies have been increasing to grab the growing market. They have been acting more as tutor of TOEFL, IELTS, GMAT, GRE Etc. than as consultancies. They are presenting themselves very professionally and glamorously. So, they are spending a lot of money on creative advertisement, which attracts youth effectively. The consultancies like Universal Language Center, Orbit Education, NIEC, Speech Mater, American Education Consultancy, Nobel Institute Etc. are the major spender in advertisement.

10. Watch Industry

It is seen that overall trend is declining. It increased slightly in year 2003, but again fell down afterwards. This is very small industry in Nepal. We have no domestic watch manufacturer yet, so it is a trading business. We have very few show rooms of globally recognized brands. These show rooms do not feel advertising as necessary because there is no competition and also not enough number of consumers to wear branded watches. Most of the consumers have been using Chinese watch is cheap and of moderate quality. So, international brands do not advertise due to lack of response from consumers. And the trend is declining.

11. Nutritional Food Industry

It is seen that overall trend is increasing. The nutritional foods like Horlicks, Boost, Viva, Juice Etc has been advertising more to capture the changing life styles of Nepalese. People are more health conscious these days. People of Kathmandu are ready to take extra or enough proteins as they have more disposable income. Also, new generation parents are very positive towards these products to feed them to their kids. We can see a sharp decline in no. of insertions in year 2006. This year advertisement declined by 19 insertions. It was found out that companies have

started shifting their media. They have allocated more money to spend in Television and Radio advertising while reducing from newspaper. Also, they are spending more money on attractive and expensive schemes for children, which resulted in decreased advertisement volume.

12. Noodle Industry

It is seen that advertising insertion is increasing till year 2004 and decreasing then after. It is an interesting finding, which the researcher could not figure out properly because noodle industry is increasing like anything in Nepal. We can see noodles advertisement everywhere but the finding was quite reverse.

Actually, it is not that the noodles advertisement has reduced; rather they have shifted newspaper advertisement to radio and television advertisement. So, it has reduced in case of newspaper only. Also, they expect that it will continue to reduce for some years to come because managers realized better impact through television rather than newspaper.

13. Remittance Industry

It is seen that remittance advertisement is growing at an increasing rate. It was nil during year 2002. Gradually insertions have increased till year 2006. There were very few players till 2004. Companies were using cheaper medium of advertising like FM. hording boards, leaflets and posters before 2003. As the flow of money from foreign countries kept on increasing, more remittance companies entered into the industry putting fuel for competition. Since three years back on, some companies like Western Union Money Transfer, Muncha.com, Krishi Primura Etc has started newspaper advertisement. However, they have not left their old and inexpensive mediums.

14. Computer and IT Industry

We can see that the trend for computer and IT advertisement is also growing at a fast rate. Recently, the number of people using computer and Internet has gained a new height in the history of Nepal. Everyday hundreds of personal computers are sold and hundreds of new users subscribe for Internet connection. So, market for computer & software and Internet has formed a huge size in very short period of time. This is clearly seen by the increase in their advertisement. These traders have been advertising for sale of personal computer, computer parts and subscription of Internet.

15. Media Industry

We can see that overall trend has been increasing although there is decline in year 2006. Media companies advertise in other media to gain exposure and to gain advertisement in their own media. In Nepal, the high advertising spenders Medias are Himal Khabar Patrika, Nepal Saptahik, Samachar Patra, Kantipur Television, Samay, Wave and The Himalayan Times. The megazines like Himal and Nepal advertise as their new issue release in the market. Wave and The Himalayan Times have mostly been sponsoring the event managements. Similarly televisions have been advertising for their prime time programs like serials and musical programs.

16. Events Management Industry

Event Management is one of the booming industries of Nepal. Fashion Shows, Dance Parties and Musical Concerts are the kind of events that happen most frequently. These events are primarily targeted to the youth of Kathmandu. Liquor or cigarette companies normally sponsor these events. These sponsors normally do not advertise for their brands directly. Most of the time they advertise by being associated with the events like dance parties and concerts. The high portion of cost in these events is 'advertising', which is

shared by the official media. This puts organizers at a beneficial position as huge amount of cost is reduced. So, they have been advertising without hesitation. According to a survey published in New Business Age, December 2005- a business magazine, there were 9 event management companies till year 2002. However, at this stage, it has increased to 29 companies. This shows the competition among such companies for doing more events.

Advertising is major expenditure for event management. 50 to 60 % of total expenditure is covered by promotion and advertising. So, as more events are performed more advertising has to be done. This has resulted in growing trend of advertisement for event management sector.

17. Footwear Industry

We can see that advertising trend for footwear industry is also increasing. Although it was nil during year 2002, it has taken its pace then after. The closure of Baasbari Shoe Factory and other domestic shoe companies made the advertising activities not for some years in late nineties. In recent years, couple of companies had started manufacturing the shoe and sandal domestically. These companies are even capable enough to compete with foreign

brands. They are Ritrite Shoe, Magic Chappal, Shikhar Shoe etc since they are promoting and marketing very professionally, advertising is their core marketing too. Also, to get along with the competitive environment, these Shoe companies have been advertising very seriously.

18. Manpower Companies

The advertising trend of manpower companies is very irregular and fluctuating. Since 2002, it has been increasing and decreasing every subsequent year. The business of exporting manpower to foreign countries is one of the blooming businesses of our country. Political unrest and moist violence has already devastated the business environment which has direct impact on job market. So, to earn a livelihood Nepalese have been leaving their countries under duress.

The huge outflow of Nepalese every year gave manpower companies an opportunity to expand their operation and it also attracted new players. Within a diminutive period a cut throat competition were noted. This again helped the advertising industry as these companies advanced their advertising volume for promotion of their business.

19. Home Appliance Industry

We can see that advertising trend in home appliance sector is also rising. It was a bit low during year 2004. In the recent past years, a lot of Chinese, Korea, Japanese and Malaysia companies have entered the Nepalese market. This has prompted the competition in home appliance sector. Existing companies like LG, Samsung, Hailer, Sony, Hyundai, etc. got a threat from newly entered companies and they also advanced their promotional effort. So, in this way, to capture the market both old and new have been advertising aggressively. This is shown by the increased advertising trend in above figure.

20. FMCG Food Products Industry

It is seen that the overall trend of FMCG food products is increasing. Although these food products shape a huge industry in Nepal, advertising does not come under its basic business setting. These companies normally advertise only if they have some schemes to offer. It is observed that the key success factor of this business is taste and distribution rather than marketing. Items like chocolates, biscuits, crunch, bhujia, and snacks are mostly purchased on the basis individuals taste. So, people buy certain brand only after liking

the taste and its regular availability, rather than attracted by the advertisement. Nevertheless, some big Indian companies have entered into market and have been advertising quite frequent.

21. Cement Industry

We can see that overall trend is decreasing in cement industry. This is also one of the booming industries of our country. The shift of population from tarai and mountain region to Kathmandu valley has increased the construction of private homes tremendously. This has boosted the demand for cement to a great deal. It is quite surprising that although sales is sky rocketing and demand is enlarging, the newspaper advertising is diminishing its volume. In fact, companies did not slowed its advertising but they have shifted their media of advertising from newspaper to radio, television and hoarding boards, etc. Also, they are spending their money very carefully on promotion. They are focusing more on the trade promotion and very little on consumer promotion. This obviously takes aside their advertising money from media to the retailers and wholesalers.

22. Rod / Steel Industry

We can note that there is declining trend in steel sectors advertising trend. As cement sector, this industry is also one of the booming

industries of our country. Actually, both cement and rod is used for the purpose of construction. So, more construction increase more demand for demand for cement and rod increases. The reason for declining trend of rod is same cement i.e. shift of media from newspaper to television, radio and other outdoor Medias.

23. Shampoo / Soap Industry

It can be observed from the figure above that trend in Shampoo / Soap advertisement is increasing. It was a bit low during year 2004, but it again took pace after that. The major players in this sector are Multinational Companies (MNCs). There are very few domestic soap producers. The major ad spenders are found to be MNCs like Dabur Nepal Ltd., Nepal Lever Ltd, P & G etc Maoist pressure for donation to these MNCs in year 2004 has reduced their business and consequently the volume of advertisement.

24. Beverage Industry

It is seen that the trend of advertisement in beverage sector is decreasing. The major brands in this sector are Coca Cola, Pepsi, Sprite, Mountain Dew, Fanta, Slice, etc. In this case also, there is no contraction in advertising spending by the companies; rather they have also shifted their media from newspaper. Especially, they are using television as their prime media to advertise. It is observed during data collection that beverage companies have been using newspaper mostly at the time of announcing the scheme. However, for the purpose of branding, they have been using television as their chief media.

25. Toothpaste Industry

It is seen that trend is fluctuating year although overall trend is increasing. Like soap and shampoo, the toothpaste market is also dominated by MNCs. The domestic producer in this sector is almost zero. Close Up, Colgate, Pepsodent, Pearl, Dabur Toothpaste are some of the highly demanded toothpaste. In city areas, people have left using toothpowder. Almost all people in cities are capable enough to use toothpaste. This has increased the pie of this industry, probably, almost double since past five years. So, these companies are making good sale and therefore they are spending in advertisement to cross of competition.

26. Home Accessory Industry

The trend of advertisements for the products like carpet, bed, furniture, etc are found at an increasing rate. It was observed that since past three to four years, the business of providing services like readymade furniture, bed, carpet are increasing especially in Kathmandu. People are busy these days. They can not manage their time to go to wood mills and order their furniture and furnishing accessory. Rather it is much easier for them to go to furniture show room and select one out of various models and one that comes within their budget. The development of this culture in Kathmandu

boosted competition among furniture providers. As a result, they are using advertising to get customer more effectively.

26. Garment Industry

As we can see in the figure above, advertisement of garment were nil till year 2003. There were very few and random advertisement released by some international companies like Bossini, Levis, etc in year 2004. However, it took pace during 2005 when Peter England started advertising in Nepalese market. Subsequently, the companies like United Colors of Benton and Lactose began to release during that year. The real pace was noticed when Surya Nepal Pvt. Ltd launched John Player shirts and trousers. They advertised very aggressively for the whole year in all media. That is why the no. of insertion has raised to 42 in 2006. Along with John Player, other international brands also started to advertise competitively.

27. Cosmetic Product Industry

It is seen that advertisement of cosmetic product sector is increasing. Although there is no long leap but the trend is increasing continuously. Although all of the cosmetic product manufacturers are Multinational companies. With the rise in the quality of life of

people of Kathmandu. There is rise in the fitness consciousness, fashion and entertainment. So, people are becoming more fashionable and look conscious. This has given rise to the demand of cosmetic product. As a result, companies started attracting customers by continuous advertisement in newspapers and other media.

28. Contraceptive and Women Sanitary Industry

It is seen that the trend is increasing in contraceptive and women sanitary sector. In recent years, there was the entry of new companies producing contraception products. Looking at the lack of HIV awareness and advanced free sex market in Kathmandu, several companies started their operation in contraceptive products. Some of them manufactured the products domestically while some of them are just trading / distributing.

Although there is not even a single domestic producer of women sanitary products, their advertisement has been increasing. All of the products are coming from India and abroad. Increased women ability to pay for such products has created a new market in Nepal – 'women sanitary' Indian companies are advertising their products in

Nepal as they could see the growing women's interest in such sanitary pad.

30. Logistics Industry

It is seen that is fluctuating trend in logistic sector. Numbers of insertions are very irregular and there is no growth or declined of advertisement in the five years time.

There are only two players in this sector except government run Postal office. They are Fed Ex and Sky Net. It was observed that most of the advertisement is done by Fed Ex. So, it is the only company that has been operating with the newspaper advertisement in this industry.

31. Paint Sector

Paint sector has shown an amazing trend. It was increasing till year 2004 but at 2006 it decreased to less than what it was in 2002. It was seen that paint companies have reduced the advertisement only in paint media. Otherwise in television it was been advertising in quite a good volume. It was also found that they are showing more concern for the trade promotion rather than the consumer's

promotion. That is why trend for newspaper advertisement is seen to be declined.

32. Retail Outlets / Restaurants / Shopping Mail

Although our country is going through the worst situation in terms of economic and political performance, Kathmandu has not even slowed down its pace of development. The growing population and remittance have really supported the outgrown retail outlets of garments and fashionable products, restaurants and shopping mails to operate profitably. The competition between them has again resulted in the growing trend of advertisement in newspaper.

32. Hotel and Resort Industry

Due to insecurity in our country, tourism industry had totally been damaged. We can see that the trend was declining till year 2004. Till 2004, hotels had no idea how to survive in 'No Tourist' situation. However after 2004, they started targeting domestic tourist and local high society people. They began to announce several attractive schemes to earn just operating profit. As this trend gained popularity among several hotels, they started advertising to make customers aware about their low price schemes. Announcements needed the advertisement. As a result, the trend has increased.

Manufacturing and Service Sector: A Comparative Analysis

The business picture of any economy is composed of manufactured and service sectors, in our country, manufacturing sector incorporates the major industries like Noodles, Liquor, Tobacco, Home Appliance, Cement, Rod/Steel, FMCG Food Production, etc. Similarly, the service sector incorporates the major industries like Airlines, Education, Remittance, Manpower, Company, Financial Institutions etc. This research is also focused to compare between the sectors in terms of their advertising volume in newspapers in recent five years. The comparison is carried out, first by revealing the year-wise insertion of each industry under both the sector, which is shown at the tables below. Finally a comparative graphical figure is used to see their trend.

Year-wise insertions of Service Sector

Sector	2002	2003	2004	2005	2006	Total
Telecommunication	30	27	40	107	169	373
Financial Institution	63	67	81	176	274	661
Airlines	37	63	72	174	131	477
Education	631	693	792	905	949	3970
Remittance	-	5	8	13	20	46
Media	113	179	245	263	241	1041
Event Management	301	347	401	463	502	2014
Manpower Company	79	125	111	131	114	560
Logistic	21	23	18	20	22	104
Retail Outlets/ Restaurant/ Shopping Mail	12	10	14	21	41	98
Hotels	51	43	35	38	40	207
Total	1338	1582	1817	2311	2503	9551
Percentage	14.01	16.56	19.02	24.20	26.21	100

Source: Kantipur Publication and Apla House, 2006

Year-wise insertions of Manufacturing Sector

Sector	2002	2003	2004	2005	2006	Total
Liquor	295	301	282	335	317	1530
Mineral Water	6	12	11	20	21	70
Real Estate	102	135	127	141	152	657
Automobile	193	217	225	271	247	1153
Tobacco	97	135	103	92	122	549
Watch	55	61	52	41	44	253
Nutritional Food	56	62	85	123	104	430
Noodles	141	161	185	171	154	812
Computer and IT	14	21	29	33	44	141
Shoe/Sandal	-	10	21	23	52	106
Home Appliance	141	185	175	200	218	919
FMCG food products	36	47	31	49	51	214
Cement	54	27	33	45	42	201
Rod/Steel	43	36	43	31	20	173
Shampoo/Soap	200	225	201	269	276	1171
Beverage	85	93	78	61	53	370
Toothpaste	93	135	127	153	141	649
Home Accessory	13	26	34	43	75	191
Garment	-	-	5	15	42	62
Cosmetic production	55	69	73	83	87	367
Contraceptive and Women Sanitary	13	21	24	36	42	136
Paint	19	28	30	24	16	117
Total	1711	2007	1974	2259	2320	10271
Percentage	16.66	19.54	19.22	21.99	22.59	100

Source: Kantipur Publication and Apla House, 2006

In the tables presented above, we can find number of insertions of each industry under both the sectors in their respective years. We

can see that certain industries under manufacturing sector like Home Appliance, Garment, Shampoo/Soap, Real Estate, Cosmetic Products, etc are increasing their advertising volume, while some industries like Rod/Steel, Cement, Beverage, Watch, etc are decreasing the advertising volume, and vice versa with case of service sector. Combination of these industries gives us the wholesome picture of two sectors- Manufacturing and Service Sector- that we are trying to analyze comparatively. Above mentioned tables give an insight into each industry of both sector. However, to analyze the situation in a macro level, the graph presented below will be more helpful. Though the graph presented below, we can find out the percentage shared by every industry in the recent in this period through the below presented graph.

It indicates that both sectors have increased the quantity of advertisement since recent five years. Comparatively, we can see a level of constancy in the manufacturing sector. In the year 2002, its advertising portion was around 17 % and year 2006, the portion reached around 22 %. The difference is only about 5% in five years. But, if we look at the service sector, it has a bigger range. In year 2002, service sector portion was around 14% and in year 2006, the portion reached to 26%. So, the difference is 11 percent in five year.

One of the implications of such pattern would be that the service sector has been growing faster than manufacturing sector in the economy in recent five years.

Year 2002 and 2003 was seen to be dominated by manufacturing sector. Year 2004 almost equalized both the sector. Service sector dominated the year 2005 and 2006.

Here, it is very important to analyze the geographical state of these two sectors. Most of the manufacturing businesses are located outside the capital. Where as, most of the service sectors are located inside the capital. Due to political cause, the regions outside the capital have been badly intervened by the Maoists. In Terai and mountain belts, companies have been putting, Maoists interest first before there business for the security reason, these companies have been paying donation and monthly taxes to Maoists which has resulted the increased expenses. Without any option in hand, they had to reduce their promotion expenses along with other expenses, which ultimately impacted on the reduced advertising.

In case of service sector, there was no security problem as the companies; there was no security problem as the companies are mostly situated inside Kathmandu. In fact, some of the service

providing companies like education, airlines, remittance, media, restaurant, etc has benefited from the unsecured situation outside valley. People flee to capital for more secured place to live and this increased the population in a way that was never seen before in the history of country. As a result, education, media, restaurant, fostered due to growing heads. Youth from village flee to Gulf countries for insecurity in highways, even middle class started to take airlines for traveling, boosting airlines business. These growing businesses have invited competition in most of the service industries. As a result advertising more effectively.

Projections of Newspaper Advertising

Forecasting or predicting is an essential tool in any decision making process. Its uses vary from determining inventory requirements for a local shoe store to estimating the annual sales of video games. Here, we will be forecasting the no. of advertising insertions in newspaper for next two years. The quality of forecast is strongly related to the accuracy of collected data. Forecast Management is one quantitative method we use here to determine future insertions through the data collected over recent five years.

Everyday, thousands of managers around the world make decisions that are based on prediction of future events. To make these forecasts, they rely on the relationship between what is already known and what is to be estimated. The process of estimation can be performed, once the relationship between variables is identified, in several ways. Some of the popular methods are Regression Line Method and Least Square Method. The researcher has decided to use the latter due to its simplicity and accuracy.

Under the method of least square, two variables are identified. X will represent the years that are taken into consideration for data collection and Y will represent the number of insertions. Mean of years \bar{X} will be calculated which will be useful to get the x (the coded time of the years). Further $\sum XY$ and $\sum x^2$ will be calculated to find out the slope of the line and to minimize the standard error of estimation respectively. Finally, with the help of slope of the line and Y intercept, the estimation of advertising insertion for the year 2007 and 2008 will be done.

Forecasting the no. of Insertion of Two Highly Performing and Two Lowly Performing Sector for Year 2007, 2008

Education Sector

Through the data in table 4.1 we are finding out the equation that will describe the trend of advertising insertion of education sector in newspaper.

Table 4.1

**Projection of the No. of Insertions of Education Sector
Using Least Square Method**

X	Y	$\bar{x} = X - X$		xY
			x ²	
2002	631	2002-2004 = -2	-1262	4
2003	693	2003-2004 = -1	-693	1
2004	792	2004-2004 = 0	0	0
2005	905	2005-2004 = 1	905	1
<u>2006</u>	<u>949</u>	2006-2004 = 2	<u>1898</u>	<u>4</u>
EX=10020	EY=3970		ExY = 848	Ex ² = 10

$$\bar{X} = \frac{EX}{n} = \frac{10020}{5} = 2004$$

$$\bar{X} = \frac{EX}{n} = \frac{10020}{5}$$

$$\bar{Y} = \frac{EY}{n} = \frac{3970}{5} = 794$$

$$\bar{Y} = \frac{EY}{n} = \frac{3970}{5}$$

With these values, we can now substitute into equations of 'Least square method' to

Find the slope and the Y-intercept for the line describing the trend in advertising insertions.

$$b = \frac{\sum ExY}{\sum Ex^2} = \frac{848}{10} = 84.8$$

$$a = \bar{Y} = 794$$

Thus, the general linear equation describing the trend of advertising insertions of education sector is

$$\hat{Y} = a + bx$$

$$= 794 + 84.8x$$

Now to estimate no. of insertions for 2007, we must convert 2007 to the value of the coded time.

$$x = 2007 - 2004 = 3$$

Substituting this value into the equation for the trend, we

$$\text{get } = 794 + 254 = 1048$$

Again to estimate no. insertions for 2008, we must convert 2008 to the value of the coded time.

$$X = 2008 - 2004 = 4$$

Substituting the value into the equation for the trend, we get = 794 + 339 = 1133

Therefore estimated no. of insertions (\bar{Y}) for 2007 = 1048

Therefore estimated no. of insertions (\bar{Y}) for 2008 = 1133

Event Management Sector

Through the data in table 4.2, we are finding out the equation that will describe the trend of advertising insertions of event management sector in newspaper.

Table 4.2

Projection of the No. of Insertions of Event Management Sector Using
Least Square Method

X	Y	$x = X - \bar{X}$	xY	x ²
2002	301	2002-2004 = -2	-602	4
2003	347	2003-2004 = -1	-347	1
2004	401	2004-2004 = 0	0	0
2005	463	2005-2004 = 1	463	1
2006	502	2006-2004 = 2	1004	_____
EX=10020 EY=2014			ExY = 518	Ex ² = 10

$$\bar{X} = \frac{EX}{n} = \frac{10020}{5} = 2004$$

$$\bar{Y} = \frac{EY}{n} = \frac{2014}{5} = 402.8$$

with these values, we can substitute into equations of 'Least square method' to find the slope and the Y-intercept for the line describing the trend in advertising insertions

$$b = \frac{\sum ExY}{\sum Ex^2} = \frac{518}{10} = 51.8$$

$$a = \bar{Y} = 402.8$$

Thus, the general linear equation describing the trend of advertising insertions of event management sector is

$$\begin{aligned} \hat{Y} &= a + bx \\ &= 402.8 + 51.8x \end{aligned}$$

Now, to estimate no. of insertions for 2007, we must convert 2007 to the value of the coded time.

$$x = 2007 - 2004 = 3$$

Substituting this value into the equation for the trend we get =

$$402.8 + 155.4 = 558$$

Again, to estimate no. of insertions for 2008, we must convert 2008 to the value of the coded time

$$x = 2008 - 2004 = 4$$

Substituting this value into the equation for the trend, we get =

$$402.8 + 207.2 = 610$$

Therefore estimated no. of insertions (\hat{Y}) for 2007 = 558

Therefore estimated no. of insertions (\hat{Y}) for 2008 = 610

Hotel Sector

Through the data in table 4.3, we are finding out the equation that will describe the trend of advertising insertions of hotel sector in newspaper.

Table 4.3

Projection of the No. of Insertions of Hotel Sector Using Least Square

Method				
X	Y	$x = X - \bar{X}$	xY	x ²
2002	51	2002-2004 = -2	-102	4
2003	43	2003-2004 = -1	-43	1
2004	35	2004-2004 = 0	0	0
2005	38	2005-2004 = 1	38	1
2006	40	2006-2004 = 2	80	4
<hr style="width: 50%; margin-left: 0;"/> EX=10020	<hr style="width: 50%; margin-left: 0;"/> EY=207		ExY = - 27	Ex ² = 10

$$\bar{X} = \frac{EX}{n} = \frac{10020}{5} = 2004$$

$$\bar{Y} = \frac{EY}{n} = \frac{207}{5} = 41.4$$

with these values, we can substitute into equations of 'Least square method' to find the slope and the Y-intercept for the line describing the trend in advertising insertions

$$b = \frac{\sum XY}{\sum X^2} = \frac{-27}{10} = -2.7$$

$$a = \bar{Y} = 402.8$$

Thus, the general linear equation describing the trend of advertising insertions of hotel sector is

$$\begin{aligned} \hat{Y} &= a + bx \\ &= 41.4 + (-) 2.7 x \end{aligned}$$

Now, to estimate no. of insertions for 2007, we must convert 2007 to the value of the coded time.

$$x = 2007 - 2004 = 3$$

Substituting this value into the equation for the trend we get =

$$41.4 - 8.10 = 33$$

Again, to estimate no. of insertions for 2008, we must convert 2008 to the value of the coded time

$$x = 2008 - 2004 = 4$$

Substituting this value into the equation for the trend, we get =

$$41.4 - 10.8 = 31$$

Therefore estimated no. of insertions (\hat{Y}) for 2007 = 33

Therefore estimated no. of insertions (\hat{Y}) for 2008 = 31

Mineral water Sector

Through the data in table 4.4, we are finding out the equation that will describe the trend of advertising insertions of mineral water sector in newspaper.

Table 4.3

Projection of the No. of Insertions of mineral water Sector Using
'Least Square Method'

X	Y	$x = X - \bar{X}$	xY	x ²
2002	6	2002-2004 = -2	-12	4
2003	12	2003-2004 = -1	-12	1
2004	11	2004-2004 = 0	0	0
2005	20	2005-2004 = 1	20	1
2006	21	2006-2004 = 2	42	4
<u>EX=10020</u>	<u>EY=70</u>		<u>xY = 38</u>	<u>Ex² = 10</u>

$$\bar{X} = \frac{EX}{n} = \frac{10020}{5} = 2004$$

$$\bar{Y} = \frac{EY}{n} = \frac{70}{5} = 14$$

with these values, we can substitute into equations of 'Least square method' to find the slope and the Y-intercept for the line describing the trend in advertising insertions

$$b = \frac{\sum XY}{\sum X^2} = \frac{38}{10} = -3.8$$

$$a = \bar{Y} = 14$$

Thus, the general linear equation describing the trend of advertising insertions of mineral water sector is

$$\begin{aligned} \hat{Y} &= a + bx \\ &= 14 + 3.8x \end{aligned}$$

Now, to estimate no. of insertions for 2007, we must convert 2007 to the value of the coded time.

$$x = 2007 - 2004 = 3$$

Substituting this value into the equation for the trend we get = 14

$$+ 11.4 = 25.4$$

Again, to estimate no. of insertions for 2008, we must convert 2008 to the value of the coded time

$$x = 2008 - 2004 = 4$$

Substituting this value into the equation for the trend, we get =

$$14 + 15.2 = 29.2$$

Therefore estimated no. of insertions (\hat{Y}) for 2007 = 25

Therefore estimated no. of insertions (\hat{Y}) for 2008 = 29

This chapter of research was focuses on the analysis of the gathered data. Here it is found that the sectors; manufacturing and service have an increasing trend of advertising. Although some of the industries under both the sectors are decreasing, the overall trend is increasing at a faster pace. Under manufacturing, the industries like liquor, automobile, footwear, home appliance, garment, cosmetic, etc are found to have increasing trends. Where as, industries like rod/steel, watch, beverage, noodle, paint, etc are found to have decreasing trends. Similarly under service sector, industries like telecommunication, finance, education, airlines, event management, remittance etc are found to have increasing trends. Where as, no industry under service sector are found to have decreasing trends. To compare between manufacturing and service sectors, the later is found to be dominating the former in terms of advertising volume. Lastly, Projection of advertising insertions for two highly performing and two lowly performing industries are done. This is done with the help of equation derived from least square method

CHAPTER – V

SUMMARY, CONCLUSION, MAJOR FINDINGS & RECOMMENDATIONS

5.1 Summary

Advertising expenditure totals more than 30 crore a year in our country and affects all of us through out our lives. The effect of advertising is the most powerful force in any society. Advertising by definition is designed to ***inform, remind, persuade and generate*** loyalty for a variety of products and services. Regardless of media choices, consumers tend to place enormous importance on advertising as service.

An advertisement carries the most persuasive possible message to the right customer for the product and service. The objective, apparently, has been to 'sell'.

Advertisement is a very significant medium to promote the sale of a product or service; this is Universal truth that in the modern business world, without advertisement one can not sell his/her product. Businesses of today spend more than 20% of their income in advertisement, because they have realized advertisement is not expenditure but an investment.

In this chapter, summary of whole study is presented. The researcher believes that it will be able to provide some insight over the advertising in both manufacturing and service sector. It will be an honor to the researcher if this research could give some ideas to the reader about the trend and its causes in newspaper advertising in Nepal.

Study Objectives- The objectives of this study are to analyze the industry-wise trend of newspaper advertisement for the years 2002-2006, and to forecast the advertising insertions for some highly and lowly performing industries for the year 2007-2008. Through these objectives, the research is trying to answer the questions like what are the major industries that are using advertising as their basic promotional strategy, what are the reasons of fluctuating trend of advertising volume in each and every industry, etc.

Study Design- Two leading newspapers were taken as sample. Data collection was done by counting the number of insertions in the sampled newspapers. Only front, 2nd, 3rd and back pages ads were taken into consideration. So, the data sources were entirely secondary and data collection was done by manually counting the no. of insertions. Data Processing was done both on qualitative and quantitative basis. The findings of the research were discussed

thoroughly with the advertising and media experts. The data were presented in bar diagram to make the trend analysis simple to understand. Finally, least square was used as a statistical tool to forecast the advertising insertions for next two years.

On linking the relevant literature on the newspaper advertising trend, several researchers were studied and incorporated in this research. Some of them are : Research Report in Newspaper Advertisement and Circulation. 2006, Moscow; Russia, Research Report on Newspaper Advertising Trend in some Developed and Developing Nations, 2006 Study on Newspaper Industry in Nepal, 2003 etc.

5.2 Conclusion

In short period, the press and advertising industry has become very popular among the Nepalese. There were period in Nepal when advertisement was not the major source of income for media. But the gradual and successful steps of advertising sector in Nepal have given impetus to the business people to invest in the press because they had begun to see advertising flourishing in the market. Today, we are capable to indicate advertising and newspaper as distinct 'industries'.

Advertising has become major source of income to the press. It is growing at 20% rate every year in spite of the shrinking economic output of country. This is very positive symptom for the newspaper industry in Nepal.

It is seen that both the manufacturing and service sectors have increased the advertising quantity in recent five years. An increasing trend in both sectors is observed, although some of the industries under both the sectors are seen to have declining trend. It is also felt that advertising industry does not get direct impact from the depriving economic and political situation of our country. No matter how worse political or economic events took place, it did not impact much for advertisers. The reasons for such an absurd situation are that the major businesses, both in terms of no. of consumer and producers are situated at capital, Kathmandu. The Maoist movement could not enter the capital till the time. So, it could not hamper the business and daily life of people here.

It is found that around 30% of newspaper advertisement is covered by only two industries. They are Education and Event Management. These are the industries that are using advertising as their basis promotional strategy. Both industries are service industry and operate totally inside Kathmandu. Their business has no relation

with the situation and people outside Kathmandu. So, it has made advertising industry survive in the pink even at worse condition of country.

Although several minor reasons were sorted out to describe the fluctuation in newspaper advertising, there major reasons are Maoists pressure on business houses, shift of media and change in the way of promotion.

Last five years is characterized by the intense Maoist violence and pressure. Companies operating outside Kathmandu had to face a lot of problem regarding their security and donation. Companies had to pay huge sum of donation to Maoist in regular interval to operate in the locality. This has increased the expenses of business which, in most cases, resulted in reduced promotion and advertisement. The companies like Dabur Nepal Ltd., Nepal Lever Ltd., Surya Nepal, Gandaki Noodles, Suraj Foods, ChaudharyGroups Golcha Organization, Khetan Group of industries, etc had suffered immensely due to Maoist pressure. These companies had to adjust the donation amount to their advertising and expenses. Some other companies had even worse situations, as they had to provide donation by adjusting in the salary of employees. Similarly, some companies shifted from newspaper advertisement to radio and

television. This has resulted in advertisement of industries like noodle, beverage, watch, etc.

Some industries changed the way of promotion of their product and services. The declining trend of newspaper advertisement in Rod/Steel and Cement sector is the best example to justify the above. These sectors have not reduced their advertising expenditure. However, they have reduced the newspaper advertising expenditure. They started to focus more on trade promotion, i.e. giving more facilities to the middlemen (distributor, wholesaler and retailer). The growing demand for cement and rod did not actually need any advertisement. Customers used to believe whatever the retailers say. So, to use the advertising money effectively these sectors shifted from newspaper advertisement to trade promotion.

Finally, prediction of advertising insertion is done on two highly performing and two lowly performing industries. They are Education, Event Management and Mineral Water and Hotel Sector as lowly performing industries. As per prediction, the estimated no. of insertions for education industry for year 2007 and 2008 will be 1048 and 1133 respectively. Similarly, the estimated no. of insertions for event management industry for year 2007 and 2008

will be 558 and 610 respectively. Under lowly performing industries, the estimated no. of insertions for hotel industry for year 2007 and 2008 will be 33 and 31 respectively. And the estimated no. of insertions for Mineral Water industry for year 2007 and 2008 will be 25 and 29 respectively.

5.3 Major Findings

Findings from the research that shows the trends of newspaper advertisement in Nepal are presented below:

1. **Telecommunication, Education, Financial Institution, and Event Management** sectors have an increasing trend of advertising in newspaper.
2. **Mineral Water, Home Accessory, Paint and Remittance** sectors are found to have very small involvement in advertising, although, their trend of advertisement is increasing manifestly.
3. The sectors like **Computer & IT, Footwear, Garment, Contraceptive and Women Sanitary, and Retail Outlets (Shopping Mall, Restaurants, etc)** do not have much contribution to the newspaper advertisement at present but these sectors are expected to grow profoundly in the years to come.
4. The sectors like **Watch, Cement, Beverage, Hotel and Rod/Steel** have declining trend of newspaper advertisement.

Among them Watch and Hotel sector have reduced their advertising activities as a whole, where as Cement, Beverage and Rod/Steel have shifted their advertisement from newspaper to the television and other media. And also, they are more focused on trade promotion than consumer promotion these days.

5. **Liquor, Real Estate, Tobacco, Logistic and Toothpaste** are the sectors that have fluctuating trend of newspaper advertisement. Some of their trend is increasingly fluctuating where as some are decreasingly fluctuating in their overall pattern.
6. **Automobile. Airlines, Nutritional food and Media** are the sectors, which had increasing trend till year 2005. In all these sectors, the insertion has declined in year 2006, although the trend is increasing.
7. **Manpower, FMCG Food Products, Home Appliance and Shampoo/Soap** are the sectors, which have increasing trend in overall. But their insertions are down only in year 2004.
8. **Noodle** sector has shifted its media since year 2005 from newspaper to television and radio.

5.4 Recommendations

The study focuses on the newspaper advertisements, for better performance of the advertising. On the basis of the study, the following suggestions are recommended for consideration for Manufacturing and service sectors, two publications house, advertising agencies and Nepal Government.

1. Service sectors have gradually increased their newspaper advertising by 1401% in 2002 to 26.21% in 2006. This is positive Symptom of the increase of service sectors in Nepal. This is the sign of globalization. But Service sectors have to extend their services outside the valley with quality services and should not be profit-oriented.
2. Manufacturing sectors have only slightly increased their newspaper advertising by 16.66% to 22.59% within the five years period. This is due to the Maoist pressure. Shift of media and change in the way of promotion. Mostly manufacturing sectors are located outside the valley, so Government should provide credit facility reward system, bonus facility for such sectors which have shifted their media, like radio, television, etc. There is no facility of electricity in all parts of Nepal, so newspaper is the best way of promotion of products and services.

3. Government should make flexible policy, plans acts, for advertising agencies and publications to encourage such sector.
4. Advertising is any paid form of non-personal communication by an identifies sponsor to promote products. In any society, the effects of advertising is the most powerful force because it affects our lives positively or negatively, so advertising agency should always design ads to inform, remind, persuade and loyalty of products and services. And publications should always publish quality advertising.
5. Advertising is one of the most widely used promotional tools. It is used by business, service institutions, non-government organizations, charities, so it should always carry the most persuasive possible messages to the right customers for products and service. Advertising should be cultural and heart touching.
6. Due to Maoist violence and pressure, Companies operating outside Kathmandu have faced a lot of problems regarding their security and donation. They have to adjust donation amount to

their advertising and promotion expenses. By this manufacturing sectors advertising are lacking in the comparison of service sectors. This has resulted in advertisement of industries like noodle, beverage, watch etc. So the government should solve Maoists and Terai regions problem as soon as possible. This condition has affected the economic and political situation of our country.

7. Sectors like Rod/steel and Cement sector have started to focus on trade promotion. A grow in demand for cement and rod do not actually need any advertisements. So publications like Kantipur and The Himalayan Times have to encourage such sectors by giving credit facility, bonus system, and reward system. etc.
8. Nowadays, different service and manufacturing sectors have given only focus on advertising, but their Quality is found lacking e.g. Education, hotels noodles, garments sectors, etc. So, such sectors should give equal emphasis on advertising and quality products and services.
9. Due to depriving economic and political situation of our country, the major businesses, both in terms of number of consumer and

producers, are situated at capital, Kathmandu, so the government should provide special packages subsidiary, donations and has to create peaceful environment in the country.

10. Messages about products and services Service sectors like, Education and Event management operate totally inside Kathmandu. Their business has no relations with the situation and people outside Kathmandu. In this context, Government should create decentralization policy so that people of different will take advantages from such services.
11. Advertising agencies like Crayons Advertising, Echo Advertising, Ad Avenues, Prisma Advertising have to create real, cultural advertisements for publications which will provide positive.
12. Different publications should not be profit-oriented and be always careful to identify targeted audience with quality advertisements. Advertising lacking manufacturing and service sectors should be encouraged by advertising houses and media houses because advertising is the best promotional tools for products and services.

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