

## CHAPTER-1

### INTRODUCTION

#### 1.1 Background

The Himalayan kingdom of Nepal's geographical wonder will fascinate any explorer longing to quench their thirst of a real adventure. Nepal is a small landlocked country in South Asia wedged between India and China covering 147,000 sq. km. Its population is 23.2 million with an annual growth rate of 2.3%. 45% of its population is literate and it is one of the backward countries in the world. 14% people live in urban and semi-urban areas with approach of modern living and rest are spread in rural areas (Plain 17% and Mountains 83%), of which 32% are below poverty line where basic needs are still far beyond their reach. (Vyas A. (1999).

Nepal has the richest and most diverse cultural landscapes. Nepal is the holy land of Lord Pasupatinath and Gautam Buddha, where the Hindus and Buddhists have lived together in great harmony for the centuries. The temple of Pasupatinath is Nepal's most sacred Hindu shrine and one of the four most important cities in the world for Shiva worshippers. Lord Buddha, the light of Asia, was born in Lumbini, which makes Nepal a sacred pilgrimage destination.

Moreover, small portion of Muslims and Christians are also living in Nepal from the centuries without any religious riots that have made Nepal a best place for religious norms and values. Consequently, Nepal is the final destination for religious tourism for all particularly Hindus and Buddhas. The rich tapestry of the cultural heritage of Nepal is synthesized in Kathmandu valley. The three ancient cities of the valley viz. Patan, Kathmandu and Bhaktapur represent an essence of harmony in urban design, stylish architecture and religious monuments unequalled in any other country. The ten monument zones of Nepal have been named as the *world heritage sites* by UNESCO and all of them are situated within the small confines of the valley.

The first ascent of Mt. Everest (Sagarmatha) catapulted this small nation to the world fame in 1953. Amazing altitudinal diversities results different climates in the country. Especially higher hills including capital city receives a weather pattern closely the same as middle Europeans. 35<sup>0</sup>c in plains and 20<sup>0</sup>c in mountains are the warmest temperature throughout the year in Nepal.

Nepal, the mystical Himalayan mountain kingdom on the roof of the world, has held a very powerful appeal as a tourist destination. Put simply, it is somewhere, where many people from a several countries, would like to visit. Even more powerfully, once people have visited Nepal, research in the past has shown that, a high percentage of these visitors wish to return again and again. Why is this? Nepal offers tourists a breath-taking experience of nature and ever-present mountain scenery, including Everest, the world's highest peak.

Nepal is mysterious kingdom once cut off from the world and it has an incredibly rich cultural heritage, both built and living. This includes fascinating historic living cities, overflowing with monuments some of which are of great antiquity. It has many styles of traditional settlement, all set against some of the world's most dramatic mountain scenery. Festivals, often dating from pre-history, still flourish and are filled with vitality and color. Nepal's *flora* and *fauna* are truly amazing, both in terms of their variety and, in some cases, their rarity.

The country is blessed by a pleasant year-round climate, affording eye-catching mountain views for around the year. In addition to this, country is peopled by a reliably friendly population who are generally happy to share their intrinsic hospitality as well as their customs and traditions with visitors. Nepal has an immense amount to offer both the general and special interest visitor and it developed as one of the world's most fashionable foreign destinations through 1970s, '80s and '90s. During this period, visitor numbers grew from a meager 45,000 to just under half a million and country largely pioneered concept of trekking tourism. *Shangri-La (2001)*.

However, tourism's potential can only truly be realized in a climate of peace and stability. What has been achieved in Nepal against a background of instability is remarkable: What could be achieved in terms of employment and wealth creation, however, if the country were to achieve a lasting peaceful settlement, is a goal, which needs to be constantly attempt for in a country where extreme poverty and social deprivation are at the roots of political unrest.

Despite its considerable successes achieved against the long-term background of the political uncertainty, in growing tourism economy, Nepal is under-performing. It is losing market share in an increasingly competitive world tourism economy so that it has to be seriously addressed.

However, massive international publicity for fiftieth anniversary of the first conquest of Mount Everest by Sir Edmund Hillary and Tensing Sherpa, extensively promoted by Nepal Tourism Board helped for tourism promotion and the recovery has been continued in 2004-05.

Tourism is, obviously, related to traveling which is naturally a human character. People expect change that can be obtained from the travel. The basic concept of tourism *pleasure leisure* was started from ancient time of human civilization even though people cannot enjoy in a disturbed environment so that peace in tourism business is the vital requirement for market promotion.

Tourism is the movement of people from one place to another during leisure time for the purpose of getting pleasure and that is a long lasting social, human, economic and cultural fact. A tourist spends hours for a favorable destination where they can emotionally, mentally, economically and psychologically feel inner satisfaction. It includes following characteristics:

- Religion
- Painting, carving, architecture
- Handicrafts
- Music and dance
- Literacy tradition
- Language

## **1.2 Focus of the Study**

At the moment, Nepal's capacity to benefit fully from socio-economic opportunities of tourism is optimum. To promote tourism, the distribution of the tourism earnings within tourism sites in the country must be considered, as local people deserve the rights to benefit from this resource.

After establishment of the Nepal Tourism Board (NTB) as a National Tourism Organization, is promoting and networking different non-governmental and private sector organizations for tourism promotion. For example-World Conservation Union (IUCN), Netherlands Development Organization (SNV), WWF and International Center For Integrated Mountain Development (ICIMOD) are involved in promotion of the tourism in the different parts of the country.

"Tourism development meets the needs of present tourists and the host regions while protecting and enhancing an opportunity for the future. It is envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining the cultural integrity, essential ecological processes, biological diversity and life support system." (*World Tourism Organization-WTO*).

The tourism-based economy, therefore, should strictly maintain and retain the sustainability of the tourism business. Sustainable tourism is based on unique characters of natural, cultural and social environments and interests of certain groups of tourists in these environments.

Planners and promoters of the tourism sector should aim for improving sustainable tourism and minimizing negative impacts on the natural, cultural and social environments caused by the maximum mobility as there is intense environmental threats in the tourism industry.

Sustainable tourism, therefore, must be based on the rational use of natural resources so as not to destroy the environment, which is sought after by the tourists (destruction that is often caused by mass tourism). Tourism cooperative, whether cooperatively-owned travel agencies, developers, or tour operators, aim to provide adequate low cost tourist opportunities to cooperative members.

Essentially, they have same concerns as the private sector of tourism industry; however, tourism cooperatives can be influenced by members to make sustainable development and environment issues high priorities. The sustainable tourism should mainly focus for overall prioritized areas:

- Promoting environmentally safe tourism;
- Promoting plastic free environment in the target areas;
- Involving members in tourist activities by providing information about safe and hygienic environment at home; and
- Promoting eco-tourism in the target area.

### **1.3 Statement of the Problem**

It is attempted to critically examine the tourism promotion strategy adopted by Nepal, which is beneficial mostly to central tour operators but at what social cost? More research is necessary to clarify the fact that who are the actual beneficiaries of the tourism-based economy in Nepal?

Concerned tourism entrepreneurs complain about the lack of long-term strategy for the tourism industry promotion but who are responsible for this?

The local communities or power centers? Plans, policies and marketing strategies are essential to be maintained by the ministries to meet the long-term goals or change the tourism promotion marketing objectives, which might not be in their interest. The tourism industry is also uninterested in gathering too much data; not only is there a cost, but also the data might reveal unpleasant patterns exercised by concerned players.

Improving the collection and dissemination of data would be good initial efforts of the GoN, private sector and civil societies who are the major game players in the tourism based economy of Nepal. However, tourism industry in Nepal has been taken only as a golden egg-giving hen but at the same time we are killing the hen in the name of tourism industry.

The core issue is: should we protect the golden egg-giving hen or kill it at once? But how? Further topics in this thesis include: tourists' willingness to pay and reason to visit Nepal; a thorough analysis of the tourism marketing promotion strategy adopted by the GoN and outcomes as recommendation has been presented in this thesis.

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

- To sketch out the importance of the tourism sector;
- To highlight mobility of the tourist in Nepal for the promotion of tourism sector;
- To emphasize on the potentiality of the tourism sector for poverty alleviation; and
- To explore the tourism promotion marketing strategy of Nepal.

## 1.5 Significance of the Study

Tourism is the world's largest industry today, a total of 625 million arrivals were recorded in 1998 contributing total US\$ 444 billion in receipts. (*World Tourism Organization-WTO*). In the context of Nepal, beginning of the tourism industry dates back to the later fifties and early sixties. The recorded numbers we got is only 6,000 in 1962 which to 156,000 in 1976, 266,000 in 1988 and 491,000 in 1999. Tourism continued to be one of the important aspects of the Nepalese economy in 1999. Among the tourist visited in 1999, 54% were from Asia, 36% from Western Europe, 10% from North America and 3% from Australia and the Pacific. Tourism contributes 3.6% to GDP and 16% of total foreign exchange earnings of the country. It gave direct or indirect employment to 257,000 people in 1998. (*Nepal Economic Survey 89/99*).

**Economic Implication of Tourism in General:** The rewards gained both financial and socio-economic are immense in the tourism. The contribution of tourism to the economy exceeds that of other sectors in several countries, to the extent, it appears as one of the essential elements in the trade balance. Tourism provides direct employment to the millions of people in the hotel industry, transport, travels, trekking and mountaineering, entertainment and also the indirect employment generating out of them. Tourism is the only export industry that earns large amount of foreign exchange without exploiting natural resources and without exporting manufactured or raw materials in balancing the adverse balance of trade with the other several countries.

**Sustainable Tourism in Nepal:** Many tourists visit Nepal for its unique natural and cultural resources. In 1995 over 363,000 tourists visited the country, they spent more than 117 million US dollar from which half was generated by the trekking tourists. But only less than 1% of the tourism generated revenue reaches to the rural areas where tourism attractions actually belongs. More than 90% people and most of the tourism attractions are in rural areas of Nepal. Therefore tourism can be of helpful to them economically and socially if they directly benefited from it. For this purpose, the GoN has to formulate plans, policies and strategies to attract the tourists from global market. The rural based tourism packages such as home stay, village, cultural, fair trade, sustainable and eco-tourism etc. to be seriously designed and implemented. (*Salvia, Naomi M. (2001). Practical Strategy for Pro-poor Tourism. SNV-Nepal. Kathmandu. Nepal*).

## **1.6 Limitations of the Study**

Very little information is available regarding the arrival of the tourists in Nepal. However, most of the contents of this thesis are based on secondary data. Limited time and resources available to conduct the necessary surveys to collect all primary data is another constraint of this thesis. I found several problems while conducting survey to collect the primary data from the concerned government authorities, local communities and the tourism-based industries since they were not cooperative to provide the required information that I needed to conduct for study. Moreover, lack of co-operation from private sector was also found while collecting information and I am also unable to collect the photographs of the heritage sites of Nepal.

## **1.7 Scope of Study**

This thesis contains information regarding the arrival of tourists from different nations, its socio-cultural and socio-economic impacts in the macro economy of Nepal and contribution of tourism sector for the alleviation of the poverty. Moreover, it also gives a short picture of the tourism potentiality of Nepal in international competitive market. The thesis also discusses the tourism promotion marketing strategies to attract the global tourists. The detailed discussion has been explained in the proceeding chapters of this thesis, which is not sufficient to understand the positive and negative socio-economic implications of the tourism sector in Nepal.

On the other hand, the thesis mainly focuses on the marketing strategies of Nepal in promotion of the tourism from the main potential source countries. However, this thesis is totally silent about the new market development possibilities. On the other hand, this thesis has been prepared on the basis of current trend in the market but it has not included the possible threats and challenges that Nepalese tourism industry may have to tackle in the day to come.

Similarly, the study has also not covered the impacts of the tourism sector in the socio-economic and socio-cultural aspect of Nepal. The positive and negative impacts in environment, economy, cultural and social issues particularly social mobility, gender and children are the huge field for study so they to be seriously taken into account while formulating tourism related plans.

## CHAPTER-II REVIEW OF LITERATURES

### 2.1 Conceptual Review of the Term “Marketing Strategy”

This is vital to understand theoretical and conceptual meaning of the widely used term strategy. The word strategy is broadly used in terms of tactics and changing working procedures in accordance with the rivals with an objective of winning in the battlefield. At present, the word strategy is frequently used even in management science particularly in marketing, advertisement, campaign, market promotion, production and distribution fields. We are using the same term in the context of tourism marketing strategy adopted by Nepal for global tourist attractions purpose.

Greek word strategy actually refers to *general* that means art of general in the ordinary sense. In the very inception, this terminology was entered in the military science that means what a chief of the army does to offset actual or potential actions of competitors. Generally, this term is frequently used in war for defeating the rivals in the battlefield.

Strategy implies to actions that can be taken in the light and art but be marshalling of resources, which provides the best opportunity for subsequent tactics. For this purpose, every possible action can be implemented as strategy for winning over desired actions. However, management strategy is some how different than army strategy because it is used as interrelationship among the different management requisites especially for the marketing promotion activities.

Strategy is a comprehensive master plan, which directs the way to achieve missions, visions and objectives. It helps to maximize competitive advantages and minimizes disadvantages. It is a pattern of actions for achieving objectives and goals in accordance with the requirements of the external and internal environment after successfully implementation. Strategy is concerned with making strategic decisions about the future direction and implementation of plans. Alfred D. Candler defines: “Strategy is the determination of the basic long term goals and objectives of an enterprise and adoption of the course of action and the allocation of resources necessary for carrying out these goals.”

## 2.2 Review of the Related Studies

There is a very limited study regarding the tourism sector of Nepal particularly on the tourism market promotion activities. A study was conducted and its findings were presented to the ICA Business Forum, by Prof. Dr. Michel Seddon, entitled *Sustainable Tourism in Nepal*. According to him, tourism has significantly influenced to most of the communities. The study explains that:

.... Tourism is a most complex functional system comprised of five components viz. tourists, attractions, service facilities, transportation and information direction. Tourism is a series of activities of the people for the development of tourist movement. This is a practice of traveling for recreation, pleasure or culture, exploration, promotion or encouragement of touring and accommodation of tourists. Tourism is the world's largest industry in these days. This has made leading contribution in improving the economy of many countries including Nepal....

"Travel is a strong influence in the development of human potentials and a vital link in the world communication. By visiting other lands, exchanging ideas and making new friendship, we can help to build goodwill and peace full intercourse among all people." (*Former President Jimmy Carter, Speech on Travel Agents Congress in USA*). This gives a high vision in the value system of world tourism to make it sustainable and highlights the importance of tourism sector.

Another joint research was carried out by Prof. Alberto Baroni, Dr. Anna Milvia Boselli, Prof. Gianumberto Caravello, Dr. Cristina Bresoline, Dr. Federico Giacomini for the National Research Council, entitled "*Tourist impact on environmental and anthropic matrix in the Everest National Park-Nepal*" that mainly focuses on the socio-economic and environmental aspects caused by the massive mobility of tourist around the Everest National Park of Nepal. *Caspari H. (1995)*.

.... Over the last decades, we registered a profound socio-economic transformation in Nepal due to tourism sector connected with ever greater abandoning of traditional economy such as agroforestry, mercantile, breeding, etc. totally to mass tourism and commerce (expeditions, trekking, souvenirs, etc.). This has not only modified the economical activities, but it has also, heavily undermined local customs and social organization. *Fieffel, R. (2000)*.

.... Along all the main trekking routes, many dwellings have been converted into lodges, and many small shops, often in front of hotels and lodges, have been opened. This has produced wealth for local with property in these villages. Most of the local population has been driven towards tourist activities, both at home and away, with its strong attraction of paid labor from the poorer areas. The results being a marked increase in building without any evident planning criteria and marked increase in the level of education both among the male and female members of the population, following a tradition of sexual equality....

.... However, the increase in tourists has also produced negative effects in civil society and natural environment. Environmental degradation is being caused by overcrowded camping sites and lodges and incorrect waste disposal, which, linked to the limited personal hygiene of both local population and tourists that provokes health problems....

.... Our observations of waters showed a certain degree of alteration in the hydrological quality, above all in correspondence with greater anthropic pressure (villages, tourist tracks, lodges, etc.), possibly caused by organic contamination presumably of faecal origin. The qualitative recovery proved to be rapid because of the strong flow of water, which provides rapid oxygenation....

.... The situation is different for waters destined for human use, although originally they were probably uncontaminated, they all proved to run a high pollution risk, because of the superficial nature of water used for such purpose. In fact, gathering points for water (spring, piping, fountains, etc.) for human use are inevitably contaminated with bacteria of faecal origin....

.... It was also noticed that the systems of collecting, distribution and conservation of these waters was totally unsuitable for protecting them from eventual further and even greater risks of microbiological contamination as public, domestic and personal hygienic habits are insufficient to guarantee their protection. The effects of these inadequacies are in some way mitigated by the fact that water for nutrition is nearly always boiled for a certain period (tea, soups, etc.)....

.... Moreover, the tourist flux is influencing local customs and provoking social problems in traditional societies and often pushing the young to urbanization and emigration....

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

Researcher has combined different research designs in preparing this thesis such as historical, experimental, exploratory, explanatory, descriptive, correlation design, criterion-group design, case study, field survey, observational, etc. as while conducting survey all designs were equally important for better output. However, historical, exploratory, explanatory and descriptive research design was found vital for this study so that it is based on these research designs.

#### **3.2 Source of Data**

Primary qualitative data was collected through a small survey that is based on sampling around the tourist hub of the valley. Several tourists were formally and informally interviewed and some concerned experts, officials, businessman, etc. on the tourism sector were visited and discussed about the issues. Moreover, reference library and publications of the related organizations were main source for secondary data, which proved quite helpful to prepare this thesis.

#### **3.3 Population and Sample**

The smallest set of values as sampling was selected from the population of the tourists who visit Nepal. The main purpose of selecting the sample respondents was to lower the cost, accuracy, resource scarcity. Some sampling methods such as simple random were used with combination of non-probability sampling such as quota to conduct this survey.

#### **3.4 Primary Data**

The primary data was gathered through direct personal interview with the visitors, experts and officials followed by the indirect interviews like phone calls, e-mails, etc. The data was gathered through planned basis interviews and focus group discussions with the tourists.

### **3.5 Secondary Data**

Moreover, secondary data was collected from NTB, GoN's concerned ministries/departments, donors, projects, private and public sectors. Literatures of the different writers and organizations' publications were widely reviewed to get the facts and figures about tourism and its strategies.

### **3.6 Data Collection Techniques**

Due to nature, scope and objectives of the inquiry and also limitations of the time and resources, the researcher used secondary data. However, to some extent, researcher collected qualitative primary data from 8 visitors, concerned experts, tour operators and officials, representing government and private sectors, who are involving for tourism market promotion activities in Nepal. For this purpose, direct personal observation at tourist hubs, indirect oral investigation like phone and e-mail, scheduled based interviews and focus group discussions, etc. were used.

### **3.7 Data Analysis Tools**

In order to exclude irrelevant data and process them as per requirement, data was edited, coded, categorized and properly tabulated. The data was rationally arranged, grouped and accordingly entered into an appropriate tabular form. Moreover, simple one-way table has been used to present data, which is flowed by in-depth interpretation as necessary.

### **3.8 Limitations of the Methodology**

As all research has limitations and so does this thesis in implementing the research design in the practical filed work. This thesis mainly focuses about potentiality of Nepalese tourism business in the international tourism market and has reviewed the existing government plans, policies and strategies in promoting tourism industry. However, this thesis is totally silent about implications of the tourism industry and its remedies. Moreover, the thesis ignores possible opportunity, threat, weakness and strength caused by environmental, socio-economic, socio-cultural impacts to the communities of Nepal who deserves the right of benefits from the tourism based industry.

**CHAPTER-IV**  
**DATA PRESENTATION AND ANALYSIS**

**4.1 Nepal's Present Tourism Performance**

**4.1.1 Visitor numbers**

Nepal received just over 330,000 visitors from outside the country in 2003. This figure is very disappointing which is result of internal and external causes, although it is an improvement on 2002. It is only three fifths of the 1999 peak of just under half a million visitors. Table 1 shows this collapse, and where Nepal's main source nations currently are in the global market.

TABLE 1: Top arrival-generating countries to Nepal 2003 and historic growth

Country	1998	1999	2000	2001	2002	2003	Rank 2003
India	143,229	140,661	95,915	64,320	66,777	88,813	1
Japan	37,386	38,893	41,070	28,830	23,223	25,313	2
UK	35,499	36,852	37,765	33,533	21,007	23,318	3
USA	35,902	39,332	40,442	32,052	17,518	18,919	4
France	21,992	24,490	24,506	21,187	13,376	16,854	5
Germany	23,862	26,378	26,263	21,577	15,774	15,932	6
China	n/a	5,638	7,139	8,738	8,715	11,068	7
S Korea	2,786	5,370	8,880	11,568	8,798	10,822	8
Sri Lanka	11,031	12,432	16,648	9,844	9,805	9,903	9
Spain	8,832	9,370	8,874	5,897	5,267	9,481	10
Total	463,484	491,504	463,646	361,237	275,468	330,000	

*Source: Nepal Tourism Board's Research Department*

The following initial points are, however, worth noting in relation to the recent performance by market. India, in terms of numbers, is by far, Nepal's important source market. It is consistently the country's biggest producer of international visitor arrivals. Access to Nepal is very easy and there are no visa restrictions to visit as well as Hindu pilgrimage tourism is another reason to visit Nepal since most of the Indian are Hindu by religion.

Japan is Nepal's second most important market in terms of numbers. The United Kingdom, France and Germany are consistent producers of long haul traffic, and long haul access is a critical issue for the future of Nepal's tourism. The United Kingdom is currently more balanced (or less affected by recent events in Nepal) than its European neighbors. Switzerland and Austria can be consolidated into these markets. □ North America (the United States and Canada) remains an important market for Nepal, although the United States relative importance declined in 2003. Traffic from China and South Korea has shown rapid growth from a small base. China is our other neighbor and is forecast to be the world's biggest generator of outbound tourists by 2020.

It is estimated, based on research undertaken in 2001 for NTB, that 25% of visitors come on a package, whereas 75% come to Nepal independently. In addition, domestic tourism within Nepal should not be ignored. There is a relatively wealthy expatriate community based in Kathmandu. In difficult times, it is extensively relied on by many hotels, especially those based outside the cities of Kathmandu and Lalipur. There is a growing category of wealthy among Nepalese who can afford to take short breaks. On largely unquantified Marketing, Nepal scale, the immense difficulties of time-consuming internal surface travel have resulted extensive tradition of traditional rest houses, teahouses, basic home stay and hospitality throughout Nepal.

#### **4.1.2 Visitor expenditure**

Lack of up-to-date data on visitor expenditure is a major planning weakness in Nepal. At present, the NTB does not undertake an annual visitor expenditure survey, although there are plans to undertake one in future with assistance from Tourism for Rural Poverty Alleviation Programme.

On the other hand, there is very difference in terms of expenditures and night stay durations of the tourists. Tourist from some countries arrive to Nepal for short term visits and their expenditures are comparatively high but other tourist they spend several nights in Nepal but their expenditure pattern is comparatively low. This a big challenge for Nepal to attract the quality tourist from the global market since we only do not need mobility of large volume of tourists but also expect economic outputs from them. Nepal has to properly work out in attracting the high-class tourists and provide them the necessary facilities, which they can afford without any financial hesitation.

TABLE 2: Estimated visitor expenditure by market 2001

Country	NRs	US\$
India	41904	582
Japan	51768	719
UK	70992	986
USA	95832	1331
France	61848	859
Germany	48960	680
China	46080	640
Sri Lanka	Na	Na
S Korea	37584	522
Spain	83232	1156

*Source: Nepal Tourism Board's Research Department (Based on Departing Visitor's Survey 2001)*

Average spending per day was \$ 31 or \$ 727 per trip in 2001. It should be treated with caution to the small sample size for some countries, however, it clearly shows that India, the largest volume market, has relatively low per capita expenditure and raising this is a challenge for the future.

#### **4.1.3 Length of stay**

The average length of stay of people visiting Nepal was 7.9 days in 2002. This is considerably shorter than in previous years. Length of stay right through the 1990s had been 10-13 days. The drop to 7.9 days for 2002 is mostly due to large fall in non-Indian arrivals, whereas arrivals from India went up. People coming from India have shorter stays than from North America or Europe. As shown in table 3, the longest staying market for 2001 was: Australia (17.2 days). India, although the biggest inbound market has much shorter average length of stay at 7.2 days.

This is not surprising due to proximity of the market and the ease of access. Research conducted in 2001 also shows that independent visitors on average spend seven or eight days longer than packaged visitors, and those who stay longest are those coming for 'adventure' (up to 31 days for independent visitors) so that we should focus in adventurous tourist attraction strategies.

TABLE 3: Estimated length of stay by market 2001

Country	Average number of days 2001
Australia	17.2
Israel	17
Canada	16.5
Netherlands	16.5
Germany	16.2
USA	15.5
Thailand	13.5
France	12.9
UK	12.9
China	11.5
Italy	10.6
Republic of Korea	10.5
Japan	10.3
Bangladesh	10
Spain	9.8
Sri Lanka	8
India	7.2
Total	11.9

*Source: Nepal Tourism Board's Research Department*

#### **4.1.4 Reasons for visiting Nepal**

Visitor arrivals by purpose in the early 1960s shows that about 87% of the total visitors came for holiday or pleasure purposes, followed by official reasons 7.2%, business 2.6%. Trekking and mountaineering only accounted for a tiny 0.1%. In 2001, however, 52% of visitors came for holiday or pleasure followed by trekking and mountaineering at 28%, business accounts for 5%, and pilgrimage 3.8% and official reasons make up 5.2%. The trend illustrates substantial growth of trekking and mountaineering and it clearly indicates that a large chunk of tourists come to Nepal for holidays or pleasures seeking purpose.

On the one hand, it is a considerable achievement and points us to where Nepal's current image in the marketplace lies. On the other hand, trekking in Nepal, is a product which is largely restricted to the October-May period, almost entirely reliant on long haul markets (the British, Australian, Danish and Canadian visitors come mainly for trekking and mountaineering followed by holiday purposes), and increasingly coming under pressure from new, exotic and (in some cases) better managed and more stable tourism destinations, such as China and New Zealand. Tourist arrivals by purpose of visit and major nationalities (from 1997) indicate that Indian arrivals dominate in what is still the largest motivator, coming for holiday or pleasure purposes.

They are also vital for official travel, business, conventions and pilgrimage. Japanese, American, German, French, Spanish, Swiss and Italian tourists have holiday or pleasure as their major motivating factor to visit Nepal, followed by trekking and mountaineering. Holiday and pleasure and trekking and mountaineering have seen the biggest decline between 2001 and 2002 (both at minus 41%). In 2001, these two categories made up 80% of all visitors to Nepal, but this dropped to 40% in 2002. The categories of business, pilgrimage and official only had minor declines.

TABLE 4: Purpose of Visit 2001-2002

<b>Purpose</b>	<b>2001</b>	<b>Percent</b>	<b>2002</b>	<b>Percent</b>	<b>% ^ in 2001-2</b>
Holiday/Pleasure	187022	52%	110143	40%	-41.1
Trekking/Mountaineering	100828	28%	59279	22%	-41.2
Business	18528	5%	16990	6%	-8.3
Pilgrim	12836	4%	12366	4%	-3.7
Official	198727	5%	17783	6%	-5.0
Other	23296	6%	58907	21%	+152.9
Total	361237	100%	275468	100%	-23.7

*Source: Nepal Tourism Board's Research Department*

Limited consumer survey data is available and this is a major weakness. The latest information available indicates the following reasons for visiting the Kingdom and is outlined in table 5. It is unfortunate that 'heritage' and 'wildlife' were not probed separately as motivators, because they can appeal to different segments.

The important category ‘visiting friends and relatives’ was not being recorded in mainstream NTB research until recently, however, another survey conducted in 2001 gives slightly different analysis, showing that 42% of visitors come for a holiday; 27% come for adventure; 15% for business or conventions; 6% come to visit friends or relations; 5% come on pilgrimage; 3% come as volunteers; and 3% for other reasons.

TABLE 5: Reason for visiting Nepal 2001 (top counties)

Country	Holiday/Pleasure %	Mountaineering Trekking (%)	Business/Official %	Pilgrim %	Others %	Total %
India	64	-	24	2	10	100
Japan	59	30	5	3	3	100
UK	43	47	7	-	3	100
USA	45	40	8	-	7	100
France	52	43	3	-	2	100
Germany	46	45	6	-	3	100
Sri Lanka	5	2	3	85	5	100
Spain	75	21	2	2	-	100
All Visitors	52	28	10	4	6	100

*Source: Nepal Tourism Board’s Research Department*

It is important to note the strong interest in trekking or mountaineering in the largest European markets (Germany, France and the UK). In the smaller European markets, however, holiday and pleasure are the main motivators, as they are in the USA and Japan. India, the largest volume market, has little interest in trekking at present, and pilgrimage as a motivator, seems weak. Holiday and business are the main motivators of travel to Nepal. On the other hand, pilgrimage from Buddhist Sri Lanka is a very important motivator.

Moreover, we can develop some basic infrastructures particularly in Kathmandu and Pokhara and develop these cities as a hub for international level seminar and meeting venues. Nepal can emerge as an official center for the world and educated tourists will be our guests they not only positively brand the Nepal but also widen our friendly image at the international level.

#### **4.1.5 Seasonality**

Nepal enjoys a long tourism season and there is no time of the year when visitors cease to come. For the largest volume market, India, tourism distribution is quite evenly spread, with May, June and December being the peak months. For higher spending and longer staying, long haul markets however, October is the peak, followed by March and April. This indicates a need for a two-pronged marketing approach, one aimed at India that can be price competitive when higher spending markets are absent, and other aimed at other markets. If overall tourism distribution, as illustrated historically, can be made more evenly spread through effective tactical marketing of summertime product (such as city breaks, conferences, hill station resorts and spas) then Nepal's tourism industry can improve its overall occupancy and efficiency.

#### **4.1.6 Demography**

The demographics of visitors to Nepal have shown a slight male bias (60% of visitors were male in 2002). This is consistent with a country whose image has been built on the trekking and mountaineering. Younger age group also predominates but market is ageing. Almost 60% of visitors to Nepal were under 45 in 2001, but worldwide, older age groups are traveling more. Nepal also attracts very small numbers of children (only 4% of visitors were under fifteen in 2001). In a country, which is so obviously child-friendly, this is indicative of an image and product deficiency that Nepal could easily capitalize from the child based tourism.

Nepal has not invested enough in family-friendly product such as picnic areas, playgrounds, and child-friendly museums and other leisure-learning facilities, nor has it marketed itself as a family destination to tourism markets like India where large families will travel together. Moreover, we already have some infrastructures for these purpose but we are only lacking proper marketing.

A surprisingly high proportion of independent visitors at present travel alone (57 % according to a 2001 survey carried out for NTB). A high proportion (23%) of packaged visitors travel with friends. The vast majority of 'groups' to Nepal are very small, five persons or less. In many other countries, this number would not be large enough to comprise a group.

#### **4.1.7 Sources of information on Nepal**

Nepal has been mainly marketed at the international level through person-to-person approach that is effective marketing tool but it is not sufficient at the time of competitive globalization. The sources of information on Nepal, according to research carried out for NTB in 2001, are:

Overall, word of mouth and personal recommendations from friends are the main sources of information. Guidebooks are also important. Less important are travel agents and (at present) the Internet. □For independent visitors, the same sources are used, but there is less reliance on travel agents and more on the Internet. □For packaged visitors in contrast, travel agents are hugely important, more so than any other source. This sharp divide indicates a need to concentrate our marketing activities in two areas: 1) public relations; and 2) travel trade marketing. It is important to note that holiday is not an important source of information for visitors to Nepal.

#### **4.1.8 Access to Nepal**

According to NTB statistics, four fifths of tourist arrivals come by air, but only one fifth by land. Given the open nature of Nepal's land border with India, these figures must be treated with some caution. None-the-less, efficient, cost-effective air access is vital to Nepal's tourism industry, and in a period of declining visitor numbers, the loss of key access routes is a major threat. Indeed, a number of airlines have already withdrawn direct services to Kathmandu. In 2002, the main carriers to Nepal in volume terms were the following, in order of importance:

- RNAC;
- Indian Airlines;
- Royal Thai Airways;
- Qatar Airlines
- Gulf Air;
- Austrian Air;
- Biman Bangladesh; and
- China Southwest.

Singapore Airlines, Druk Airlines and a number of others also carried small volumes. Martinair commenced an additional European service in October 2003 and Singapore has ceased operating to Nepal. In 2004, Jet Airways connected Kathmandu to its extensive Indian network. This represents a significant marketing opportunity for us. Qatar Airlines and Gulf Air are particularly important for European access at present.

Thai is the most important carrier for North America and Japan. The operation of a low cost air corridor between Delhi and Kathmandu would be a huge step forward for tourism. Cities from which passengers arrive in Nepal, in order of importance, in 2001 were: Delhi, Bangkok, Banares, Doha, Lhasa, Singapore and Abu Dhabi. Singapore's figure declined dramatically in 2002 as the airline withdrew its service. Lhasa is an indication of the importance of Nepal-Tibet joint destination holidays: The routing is usually Kathmandu-Lhasa-Kathmandu.

#### **4.1.9 Distribution of visitors within Nepal**

The popular tourism areas within Nepal are Kathmandu, Patan and Bhaktapur, the three historic cultural cities. Outside Kathmandu, Pokhara is the most popular destination. Thereafter (in order of importance recorded through a survey) are:

- Nagarkot;
- Annapurna;
- Chitwan;
- Everest;
- Dhulikhel;
- Lukla;
- Langtang; and
- Lumbini.

For adventure tourist, however, the top three regions are Kathmandu, Pokhara and Annapurna, followed by Patan and Bhaktapur. Of other regions, Everest is the next most popular and surprisingly few adventure tourists mentioned Chitwan or other areas in this survey.

#### **4.1.10 Occupancy**

There is no comprehensive data available on hotel or guesthouse/lodge occupancy in Nepal. NTB has estimated occupancy in 2003 at 34% overall, however this calculation was arrived at by comparing arrivals to bed stock. It assumes that all overseas arrivals use certified serviced accommodation, but this assumption is not proven. Also not all accommodation is certified and the calculation does not consider bed occupancy. It is, therefore, seriously flawed. Discussions with the Hotel Association of Nepal (HAN) indicates that actual overall annual bed occupancy is likely to be below 25% with considerable implications in terms of operating efficiency of the country's bedstock and inability to re-invest. (*Nepal Travel Trade Report, 2004*).

#### **4.1.11 Key issues arising in the review of tourism performance**

- Growth is possible, despite political unrest. However, exploiting full potential of Nepal's strong tourism product does require peace and stability.
- There is an urgent need to market Nepal in a professional and concentrated way in order to impact an increasingly competitive market and re-capture lost business.
- There are significant gaps in research data on Nepal's tourism performance.
- India is our most important source market in terms of numbers and the ability to address uneven seasonality.
- Japan is our second most important market in terms of numbers, and importantly attracts higher spending tourists.
- The UK, France and Germany are consistent producers of high spending tourism.
- China and South Korea have long term potential.
- Declining length of stay is an issue of concern.
- Business and pilgrimage tourism are less affected by the recent downturn in tourism.
- Uneven seasonal distribution of tourism is a challenge which marketing and product development must address.
- Developing better access both internally and externally needed for tourism promotion.
- Very low levels of occupancy are a major concern.
- We are ignoring the potentiality of Gulf countries as there are sufficient petrol-dollars.

## **4.2 How Nepal Has Been Marketed**

### **4.2.1 The image of Nepal**

The image of Nepal as tourism destination has never been centrally marketed in a strategic way. Tourism has grown here largely because Nepal was fashionable, due to high profile celebrity visits to places like Chitwan and Kathmandu and the country's opening up after hundreds of years of isolation. Private sector individual entrepreneurs, both Nepali and foreign, seized the opportunities which tourism presented and as a result a vibrant Nepali tourism industry developed in a way which, at the time, was market-led. Good personal relationships were established between Nepalese ground operators and tour operators overseas, and these became the key component of Nepal's marketing effort.

Nepal in the 1970s and '80s was at the forefront of environmentally based tourism and initiatives like the Sagarmartha Project helped to develop this into practical sustainable tourism. The international travel trade, attracted by pioneering individual entrepreneurs with support from the newly created Tourism Ministry, succeeded in attracting a wide range of tour operators (primarily) from America and Europe to feature Nepal. Very positive word-of-mouth reports, evidenced by high numbers of repeat visitors, helped to market the country and achieve growth. It became fashionable to trek in Nepal and even today this perception remains.

The establishment of Nepal Tourism Board, bringing together the government and private sector, has been a major step forward. The Board has achieved much in these years. It has established a strong coordinating role despite modest resources. This critical central role now needs to be given strategic direction for growth. There remain, however, a number of inherent weaknesses in the marketing of the destination, which need to be addressed, are as:

- Short-term and varying tactical initiatives have been undertaken in the absence of any coordinating long-term strategy or detailed market research. (A similar problem exists in relation to regional tourism development where initiatives by various aid agencies are not coordinated by a national tourism development plan).

- Regularly changing marketing messages are creating a blurred image in the marketplace.
- There is insufficient contact with the international travel trade in main markets, especially at national tourist board level.
- There is a need to expand professional public relations representation for Nepal's tourism product in key markets.
- An uncertain and inadequate national tourism-marketing budget is a key weakness.
- The demise of non-stop direct air access from Europe has significantly weakened Nepal's competitive position and market profile.
- Intense competition between Nepalese ground operators for overseas business has resulted in an unwillingness to market jointly overseas, and a failure on the part of the travel trade to join forces to address competition which lies outside Nepal, not within it.
- There has been a long-term failure to invest in market research to inform marketing strategy and to guide product development initiatives as to future market needs.

Nepal's tourism image was created by those who were introducing new product, not through a concerted national spatial strategy. Some aspects of the product, such as the country's incredible cultural riches and ethnic diversity are under-protected and almost taken for granted. UNESCO placed the World Heritage Sites of the Kathmandu Valley on its endangered list sadly illustrates this point. Regenerating practical national pride in these assets will be a strategic necessity for the future of tourism, as there is a clear need to broaden Nepal's appeal if it is to win back high volumes of visitors from the international communities in the long run.

In the absence of detailed consumer research into consumer satisfaction or perceptions of Nepal, an internet-based survey of 118 tour operators was undertaken in 2004 through TRPAP. This shows that Nepal's main selling points are by tour operators as mountains (40%); beautiful nature (40%); friendly people (39%) cultural diversity (37%) and adventure tourism (22%). Nepal's strengths are seen as scenic beauty, friendly people, mountains, culture and low cost. However, weaknesses identified by tour operators include political instability, poor air connectivity, and unprofessional behavior by some involved in tourism, poor infrastructure and failure to preserve nature. Most tour operators surveyed identified an urgent need to market Nepal both to the consumer and through closer ties with tour operators.

#### **4.2.2 Nepal Tourism Board Marketing**

The Nepal Tourist Board Act of 2053 (1997) and the establishment of the Nepal Tourism Board (NTB) in 1999 was a considerable step forward for Nepal's tourism industry. Although it has inherited a deteriorating market environment, with enthusiastic staff. NTB is actually quite well placed to address many of the weaknesses outlined above. The purpose of NTB is to facilitate, in partnership with Nepal's private sector tourism industry, in increase the number of visitors.

NTB publishes its operational plan on a year-by-year basis. The following points are important to note as future marketing strategy as planned:

- NTB has developed a highly commendable partnership approach to decision making, extensively involving industry representative associations and the private sector generally in planning marketing activity. This is an important achievement and needs to be built upon, and expanded beyond Nepal, to include international tour operators and main market carriers. It is also desirable that somewhat unwieldy consultation structures be rationalized to reflect a more focused marketing approach.
- A Nepal tourism brand needs to be developed and consistently applied across all NTB activity. The brand will need to be adopted by the tourism industry.
- NTB has run some well designed joint trade-tourist board initiatives, such as in the USA in 2001. This type of activity needs to be further developed in other key markets.
- NTB needs to further expand its knowledge of current developments in tourism industry in Nepal's main source markets. This means developing stronger relationships with the key tour operators in each market and monitoring outbound tourism trends and tourism related media in them through a stronger research department.
- NTB needs to become more outward-looking (looking to the overseas tourist trade and, through them, to the consumer) and less inward-looking (reliant on the tourism industry within Nepal for guidance). Such a shift is essential so that NTB will be able to lead the industry in Nepal, not simply follow it.
- More joint NTB-carrier marketing activity is needed, especially with those airlines, which have the most extensive marketing reach.

- NTB needs to study how other national tourist boards market. Much can be learned from highly successful Asian tourism initiatives such as Thailand, Malaysia, India and Sri Lanka. Training for NTB staff in other national tourist boards should be sought.
- NTB can also teach much to other countries, in particular in relation to public-private partnerships and rural tourism development. □ A national destination marketing website needs to be developed. This is a marketing tool for the future and should not be confused with a corporate NTB website, such as *www.welcomenepal.com*. Investment in Internet marketing, the fastest growing tourist board marketing activity worldwide, has been low.
- At present, NTB uses a range of organizations to 'represent it', or at least to service enquiries, in overseas markets. There are at present, over fifty such organizations, ranging from Royal Nepal Embassies to volunteers. Only those organizations that can present a professional image should be used in this way. The main partners in consumer markets for disseminating information on Nepal should be tour operators, not Embassies.

Since 1999, the NTB has built its marketing around two advertising slogans. These were: *Mount Everest and more*; and □ *Mystical Kingdom: Destination Nepal*

The first of these slogans was timely in that it helped to capitalize on the fiftieth anniversary of the first successful ascent of Mount Everest, and Everest is certainly an icon image for Nepal. It reinforces an inspiring and well-known image of the destination and would seem to have been quite effective in markets like Britain (where some national pride, despite Hillary being from New Zealand, and nostalgia were evoked). In Germany also, very useful market research commissioned for NTB through German aid, has also supported this campaign slogan. But the Everest image can also be considered *macho*, adventure-orientated, snow-bound, and likely to stimulate mostly mountaineering and trekking. Developing single image destinations is high risk, and there is need to broaden Nepal's appeal if high growth is to be achieved in the future. Second slogan, *Mystical Kingdom*, was developed for Destination Nepal campaign and continues to be used. It is softer and also evocative. As noted above, joint marketing activity with tour operators and airlines is seriously under-developed. NTB has a good relationship with the national carrier RNAC, but regular marketing partnerships with other carriers, in particular those serving the high value markets of Europe and North America, need to be developed further.

The potential of joint marketing with private sector airlines commencing operations from India is a significant current opportunity. NIB's marketing mix is currently unbalanced and too heavily focused on attending trade and consumer shows. In sufficient attention is being paid to generating positive public relations through professional agencies: A concentration on public relations is essential for national tourist boards with modest budgets. Table 6 outlines the NTB's current marketing mix. For most tourist boards, however, there is a more even spread of expenditure and increasing attention is being paid to the Internet as a marketing tool.

TABLE 6: NTB marketing mix 2003-4

<b>Activity</b>	<b>2003-2004 (Regular Budget + Regional Marketing Fund in NRs.)</b>	<b>Percentage</b>
Internet Development	480,000	1.7
Market Research	195,296	0.5
Publications	7,288,743	24
Exhibitions	15,065,471	49
Media Support and PR	4,840,641	16
Advertising	2,261,390	7
Tour Operating Support	525,297	1.8
<b>Total</b>	<b>30,656,838</b>	<b>100</b>

*Source: Nepal Tourism Board's Research Department*

Table 6 shows that NTB's marketing mix is unbalanced towards exhibitions and tradeshow, the effectiveness of which is very difficult to monitor. It is not acceptable marketing policy for a national tourist board to spend almost 50% of its marketing budget attending fairs and exhibitions. Lack of Nepal tourism industry support at some trade shows (where there are only one or two private sector partners) is a strong indicator of how effective the private sector sees these events. It is, however, not a question of cutting the exhibitions budget, which in national tourist board terms is very small, but if using it more effectively to attend those shows which the private sector will support in stronger way, backed up by other elements of in-country marketing. The need it to increase expenditure in all the areas of the marketing mix.

### 4.2.3 Key Concerned Issues

- Lack of sufficient investment in Internet marketing, the fastest growing national tourist board marketing activity;
- A totally under-resourced research department;
- Clear evidence that the Board is not initiating joint marketing activity with tour operators.

A survey of 28 national tourist boards from Europe, Asia, Africa, North and Latin America has indicated that tourist boards generally between 2001 and 2003 have increased their expenditure that are bulleted as follows:

- Internet up by 61 per cent;
- Brochures and direct mail up by 47 per cent;
- Exhibitions up by 34 per cent
- Media support up by 30 per cent;
- Public relations up by 17 per cent; and
- Tour operator support by 14 per cent.

The Internet is expected to show the fastest continued growth in terms of national tourist board expenditure. During same period, NTB's marketing budget has declined 30%. Since 1999-2000 it has declined by 52%. NTB is primarily funded by 2% tourist service tax. Falling visitor numbers until 2004 (and more importantly, the continuing fall in tourism revenues and shortening length of stay) have resulted in significant erosion in NTB's resources, and in particular its resources for marketing. In the first year of the Board's existence, 90% of its own revenue was spent on marketing, however, by 2004 this figure has slipped to 61%.

In 2003, in recognition of the Board's funding shortfall for marketing, and in the light of falling visitor numbers in the key markets, Government of Nepal (GoN) provided additional resources. Tourism Marketing in 2003, firstly, for the Destination Nepal campaign and secondly for marketing in near Asian markets. Table 7 illustrates NTB's declining overall resources for marketing at the very time when Nepal needs aggressive marketing to recover lost ground.

TABLE 7: Visitor numbers and NTB revenue 2000 versus 2003-4

NTB Accounting Year	1999-00	2002-03	2003-04
Visitor Number	491,504	330,000	420,000
Tourist Service Fees (NRs'000s)	100,728	.50,000	70,000
Fee Per Visitor (NRs)	205	152	167
Marketing Budget (NRs '000s)	90,660	.25,974	26,059
Additional Government Funding (NRs '000s)	-	29,000	23,100
Total NTB Marketing Funds (NRs '000s)	90,660 (1,269)	54,974 (\$ 763)	43,159 (\$ 599)
Marketing Expenditure Per Visitor (NRs)	184	166	103

Source: Nepal Tourism Board's Research Department

Lack of financial resources has resulted in the NTB not being able to appoint professional public relations agents in key markets such as Japan, the UK, Germany and France. The Board is at present, unable to afford to amount any effective marketing in key high value markets such as France, the US and Australia. This will continue to result in significant loss of market share as better-resourced national tourist boards target these key high value markets for Nepal.

#### 4.2.4 Regional Marketing of Nepal

Local authorities, even those within Kathmandu valley, do not have visible tourism marketing programs. Small-scale initiatives, often centered on festivals are undertaken, and quite successful websites have been developed by tourism associations such as in Thamel and Pokhara and by the laudable *Destination Manang* campaign. However, a country which is so rich in cultural sites, ethnic variety and scenic beauty will need in the future to develop an integrated regional tourism strategy if Nepal is to realistically address the challenge to extend the length of stay and regional dispersal of visitors, by offering them more to see and do.

Plans for rural tourism development are being progressed by initiatives like TRPAP and through NTB's tourism product development department. Marketing these initiatives is at an early stage and is being hampered by political difficulties in rural areas at present. The establishment of a Sustainable Tourism Development Unit within the NTB is a welcome coordinating step.

There is, however, a need for an overall national tourism dispersal strategy based on a proper tourism audit of potential attractions, regional accommodation stock, growth projections and future national infrastructure development plans.

#### **4.2.5 International Co-operative Marketing of Nepal**

Nepal is often combined by the long haul consumer with holiday destinations such as India and Tibet. To some extent, it is sometimes combined with Bhutan. The possibilities for international partnerships in marketing the Himalayan region are at present being explored and the ideal partnership would include Tibet. (*Nepal Tourism Board*).

A recent study commissioned by the Asian Development Bank on South Asian Sub-Regional Co-operation (SASEC) has identified opportunities to jointly promote eco-tourism and Buddhist circuits in Bangladesh, Bhutan, north and north-east India and Nepal. Whilst the Board's priority must remain marketing of Nepal itself, initiatives like SASEC can offer potential. The following guidelines should be considered by the NTB in relation to joint marketing:

- The board's primary responsibility is to market Nepal: Only initiatives, which can clearly demonstrate potential business and value for money should be supported.
- Opportunities for joint in-market promotion should be welcomed, provided they are in line with the NTB's own product development and marketing strategies.

#### **4.2.6 Key Issues Arising in the Review of Marketing**

- The establishment and maturing of the NTB creates an opportunity to strategically direct the marketing of Nepal as a tourist destination.
- There is a need to create and apply a branded approach to destination marketing.
- NTB needs to become more outward looking in its marketing and planning of marketing.
- NTB needs to develop marketing partnerships with international tour operators.
- A spirit of co-operation and joint marketing needs to be developed in the private sector.
- The adoption of a Nepal brand can create an opportunity for all stakeholders.

## **4.3 Target Strategy For Future Growth**

### **4.3.1 Targets For Seasonality**

Tourism to Nepal is at present, peaked in the March-April and September-October periods, when the weather is most pleasant and best for trekking. June-July-August is the low season due to the annual monsoon. This has significant implications for the efficiency of tourism operations and the provision of full time employment.

Changing this overall pattern is a key challenge, and the message about Nepal's cooler summer weather needs to be communicated to key target segments such as the hot and dusty cities of India's great plain, and eventually to the sweltering heat of Beijing and other Chinese cities. Achieving a more even seasonal spread is, therefore, a very important consideration for the marketing strategy.

### **4.3.2 Targets For Visitor Distribution**

At present, visitors are concentrated in Kathmandu, Chitwan and Pokhara areas, with secondary areas being trekking districts like Annapurna and Sagarmartha. Although Kathmandu will remain the hub of visitors to Nepal, the one of the objectives of a poverty-alleviation based strategy must be to spread tourism across the country in a more widely dispersed way. This can be remarkably difficult, and is of course dependent on peaceful conditions in new areas and the development of access infrastructure to them.

The marketing focus can help to achieve spatial spread by emphasizing the selected districts' product strengths, provided they have product that is likely to meet the needs of the market. Pilot areas for tourism distribution have been identified by the NTB, but a long term strategic visitor distribution plan based on future road and air transport development policy, a comprehensive county-wide audit of potential new product and taking into account future accommodation needs will be needed in the medium term. (*NTB. (2004) Calendar of Events. Kathmandu. Nepal.*)

### **4.3.3 Inter-Himalayan Tourism**

A hidden tourism export for Nepal is income earned by Nepal's handling agents for packages to neighboring Himalayan countries. This business should be fostered, and the length of time spent in Nepal in route to other countries expanded. This must also be addressed in the marketing strategy. There is, however, a serious research gap in estimating value of these earnings to Nepal's economy, which the NTB research department should address in co-operation with trekking and other travel agents in the days to come.

Moreover, internal tourism promotion activities are also vital as they may be one of the best sources in contributing the national income. As income level of the Nepalese are increasing and they have also started to spend in traveling so that the NTB should not ignore internal mobility.

### **4.3.4 Visitor Bed Night and Occupancy Targets**

Lack of research into this vital aspect of tourism development planning nationally and regionally has hampered the development of targets in this regard. It is assumed, however, that occupancy nationally are in region of 25%, indicating that future accommodation development in Nepal would be highly speculative until visitor numbers recover. This low occupancy figure underlines the need for a more focused and better-funded national tourism marketing strategy in the future.

It is recommended that the NTB research department in partnership with the Hotel Association of Nepal initiate an ongoing monthly occupancy survey by region as a matter of urgency.

### **4.3.5 Visitor Spend Targets**

Owing to a lack of reliable baseline trend data relating to visitor expenditure by market within Nepal, projections for changes in visitor expenditure have also not been made. The *Nepal's Tourism Industry Strategic Plan* highlights the importance of preparing tourism satellite accounts for Nepal and the NTB is planning to assist a comprehensive visitor expenditure survey in 2005. (*Nepal Tourism Board. (2004) Calendar of Events. Kathmandu. Nepal.*)

#### **4.3.6 Monitoring and Review**

The method adopted is based on multiple assumptions regarding future growth rates, source markets their economic prosperity, their propensity to visit Nepal and their ability to be targeted successfully through NTB marketing. Because of this, it is essential that a periodic monitoring and review process is put in place by the NTB and communicate its results to the government to ensure that targets set remain relevant and realistic.

On the other hand, tourism is a very dynamic and mobile service business so that the NTB must regularly scan the international marketing environments particularly the mobility trends at the global tourism market. Similarly, NTB should invite internationally recognized media and carry on the advertisement and camping activities in enhancing the positive image of Nepal. For this, the NTB can closely work in a partnership basis with the private agencies and embassies.

#### **4.3.7 Key Issues Relating to Tourism Growth**

- The marketing strategy aims to meet the government's target of achieving over half a million visitors by 2006.
- The marketing strategy aims to double visitor numbers by 2009 and the higher growth projection option outlined in *Nepal's Tourism Industry Strategic Plan* will be achieved.
- A key objective is to improve the seasonal and geographic spread of tourism and to highlight pro-poor tourism product, where marketable.
- After 2010, visitor projections are highly speculative and the need for a comprehensive spatial tourism development and investment strategy is highlighted.
- Need for ongoing research into visitor expenditure and regional occupancy is highlighted.
- It is estimated that 3.7 million jobs could be supported through tourism by 2020.

## **4.4 Marketing Strategy For Nepal's Tourism Industry**

### **4.4.1 General Principles**

This strategy is based on a phase wise approach to growth taking into account the time required to create a fresh destination image, brand and a recognition that our infrastructure and tourism product will require development as visitor numbers grow.

Initial concentration is placed on the Indian and developing near Asian markets where there is less sensitivity to current political difficulties in Nepal. Asian markets are also seen as important in laying the foundations for more expansive marketing programmes in due course. It is vital however to win back lost business from long haul markets and the difficulty of doing this should not be underestimated as many new trekking destinations offer strong competition.

Promotions and packages will be built upon product, which can be reliably delivered to specific target markets. The tourism scenario envisaged in this marketing strategy is built upon the commencement of recovery in 2005. The immediate objective is continued recovery and consolidation, as Nepal re-establishes contact with lost markets and adopts a coordinated approach to marketing. Renewed personal contact will be required with key deliverers of business to Nepal, especially the trekking operators and group tourism providers.

A significant increase in marketing effort is needed to make the industry more viable. Nepal must create a tourism brand whose values attract a much wider clientele than at present. Whilst the Indian market will remain the most important numerical or volume market for Nepal, efforts must be made to genuinely research the needs of Nepal's other large neighbor, China, so that product can be put in place to capitalize on the anticipated significant outbound tourism growth from this market. South Korea likewise offers some potential. Selected long haul markets must also be targeted, as priority must be given to these segments, which are likely to give the best returns through spend and length of stay, and thus added value to the economy. After 2010, it is difficult to forecast trends, but it is envisaged that Nepal, with continued well-planned marketing and peace, can recapture its former profile of long term, steady tourism growth.

#### 4.4.2 Overall Marketing Objectives

At present, Nepal's image as a holiday destination is under pressure due to violence and political unrest and from competition due to better-resourced marketing of other destinations in Nepal's key markets. Nepal is under performing as a tourist destination. Influencing the image of Nepal through more effective marketing is therefore critical.

The following three objectives summarize what the NTB intends to achieve through marketing in partnership with the industry.

- To recover and expand overall volume and value of tourism to Nepal by concentrating on country's inherent product strengths, its Himalayan location, unique culture, climate, history, natural environment and friendly peoples.
- To reposition Nepal firmly as a varied and multi-faceted destination, with world class cultural tourism and special interest tourism products, in addition to reclaiming Nepal's position as one of the world's leading destination for nature and adventure; and
- To improve the spatial distribution of visitors and foster the growth of new tourism areas.

Achieving these objectives will involve restoring Nepal's image as a peaceful place which is a fashionable "must see" destination, and achieve positive growth in visitors from higher-spending long haul markets. It will involve recovering lost ground in main value markets, and achieving a significant growth in visitors from near Asian and Australasian markets.

It will involve fostering referrals and encouraging repeat visits to Nepal, both amongst current visitors and former. It will involve targeting new growth from pilgrimage, business and sports tourists. Moreover, it will involve improving spatial distribution of visitors within Nepal through marketing exposure, and fostering the growth of new tourism areas, such as those being developed by the NTB. When these objectives are achieved, Nepal will have a better-balanced tourism product, a less peaked tourism season, and a significantly more viable, multi-faceted tourism industry, which will support greater employment. *(Travers, R. (2004). Tourism Marketing Strategy for Nepal. UNDP. Kathmandu. Nepal.)*

#### 4.4.3 Positioning Nepal

According to initial market research undertaken by the NTB, Nepal's main competitors are those countries, which can offer a similar mountain and cultural product. Most of these are either in or beyond the great Himalayan mountain range: Bhutan, China (Tibet and Yunnan) North India and Pakistan. Other long haul options are also emerging as serious competition for the adventurous traveler who traditionally came to Nepal. Destinations in the Andes such as Bolivia and Peru are emerging. South Africa and New Zealand are also making rapid inroads into the adventure tourism market. China and Central Asian republics are beginning to target it.

Market research carried out in 2001 on Nepal's competitive positioning compared Nepal with a range of mountainous destinations (Switzerland, Austria, Bolivia, New Zealand, Chile) and Asian ones (Singapore, Malaysia, Tibet, Bhutan, Nepal and India). Key findings were that Nepal compares more favorably than all of these destinations due to:

- Friendly people;
- Good facilities;
- Adventure travel destination;
- Wildlife destination;
- Adventure tourism;
- Culture (except for Switzerland, which gets an equal ranking);
- Pilgrimage;
- Value for money; and
- Overall experience.

However, Nepal does not appear to have that much advantage over these destinations in terms of:

- Entertainment;
- Shopping (Singapore is the market-leader here);
- Exoticism (Thailand is considered more exotic);
- Nature; and
- Relaxation.

It is important to note that this was a survey of visitors to Nepal who are therefore biased by recent experience. Market research of consumer perceptions of Nepal in potential markets has not been carried out. However, in 2004, TRPAP assisted a significant survey of tour operators who feature Nepal to the visitors. Key findings in relation to Nepal's competitive position were that county's unique selling proposition is seen as a combination of mountains, nature, friendly people, cultural diversity and adventure.

#### **4.4.4 Branding Nepal**

Nepal must be distinguished from other exotic, mountainous destinations in order for it to stand out on a very competitive market place. This will require the creation of a "Nepal Brand" and its consistent use by all key players over time. The brand must reflect the kingdom's core product strengths, and these strengths must be protected through product development. A brand is not just a consistent approach to marketing; critically it must also involve a consistent commitment to product delivery. Nepal's core product strengths are seen as the following:

- Rich ethnic cultures with world heritage sites still in actual daily use;
- Spectacular Himalayan landscapes including Mount Everest;
- Pleasant year-round climate;
- Unique religious traditions;
- Fine natural attractions including world heritage sites; and its
- Welcoming and friendly people.

The brand will incorporate all of these key strengths, but in order to change Nepal's image from a perceived trekking and adventure-dominated destination, to the reality of a living cultural experience, more emphasis needs to be given to the cultural richness of Nepal. The brand will also need to recover the image of peace and calm which Nepal once had.

The actual development of the brand, logo and slogan for Nepal will require professional design and research assistance and this has been initiated by the NTB with financial support from the TRPAP that is being funded by the UNDP and other donor agencies based in Nepal.

#### 4.4.5 Clustering the product

#### 4.4.6 Marketing starts with the product

Nepal has undoubtedly most scenic mountainous terrain in the world and is inhabited by warm and friendly people. It has a pleasant climate and an abundance of fascinating historical sites of incredible quality. It can, therefore, offer an abundance of products, which will attract general and special interest holidaymakers. Marketing starts with the product and in order to effectively market so rich and diverse a product-base to the world, it is necessary to cluster it. Each product cluster should then be marketed by Nepal through a range of marketing activities including:

- Public relations;
- Identification and targeting of relevant tour operators in key markets;
- Advertising;
- Travel trade and press familiarization visitors; and
- Internet marketing.

NTB has identified the following primary product clusters, which can enhance positive image of Nepal and as a result the tourism sector can be more optimistic to recover its global market.

**Culture, traditions and people cluster:** The role of people and culture in enhancing tourist experiences in destinations is assuming greater and greater importance in destination choice. There is evidence to suggest that 'new' traveler seeks experience, more cultural contacts and that the actual destination itself is becoming less important in choosing where to go on holiday.

The peoples of Nepal have many, varied and fascinating traditions and cultural festivals. The product cluster will give emphasize to spatial distribution and ethnic diversity. Pro-poor tourism options including special interest product such as study tours, festivals, handicrafts, village tourism and quality home stay required to be featured.

**Cities and leisure cluster:** City breaks and leisure, relaxation and well-being products will be clustered together. The basis of product will be the historic cities of Kathmandu valley, Pokhara, Janakpur, resorts, health spas, casinos and other product of specific market appeal like shopping, festivals and handicrafts will also be featured.

**Outdoors and adventure cluster:** This product cluster is trekking, rambling, mountaineering, rafting and wide range of world-class adventure product, which Nepal can offer. It will include a significant effort to disperse tourism through regional coverage of emerging tourist areas.

**Religion and pilgrimage cluster:** Religion and pilgrimage product cluster will feature Nepal's flagship religious sites, such as Lumbini, Pashupati, Swayambu and Boudha. It will also however have a strong element of regional dispersal and include reference to the ancient religions of Bon, festivals, sacred mountains, animist beliefs and Nepal's small Moslem community. There is an ancient tradition of pilgrimage in Nepal, which saw people moving not only to numerous pilgrimage sites throughout the country, but also between Tibet and India, usually via the ancient places in Kathmandu. The product cluster will target high-end pilgrimage visitors and those who are disposed to staying longer in Nepal and who will combine leisure activities in their visit.

**Nature and wildlife cluster:** Wildlife and nature tourism has been, and continues to be, a major driver of inbound tourism and this has created a very large consumer base of potential travelers seeking out this style of travel. People are always on the constant lookout for new, exciting and rewarding experiences so that NTB will target specialist operators through this product cluster.

The combination of nature, wildlife and culture when linked with the iconic status of Kathmandu and Mt. Everest makes an opportunity for this niche to be marketed compelling. Horticultural groups from main value markets for example are quite willing to travel long distances and can be high spending. There are nine National Parks, three Wildlife Reserves, three Conservation Areas and one Hunting Reserve in Nepal covering some 24,000 square kilometres, approximately 16% of the country area of Nepal. This product cluster has potential to address the distribution of tourism within Nepal very effectively.

#### **4.4.7 Special Interest Product Marketing**

In addition cluster areas identified above, NTB will lead the industry in specific product based marketing initiatives designed to increase economic contribution of tourism to Nepal's economy and address seasonality. These will include the following:

**Meetings, incentives, conferences and events:** Targeting the foreign market, it involves highly specialized marketing techniques and commitment from specialist incentive agents. There is, however, potential to promote Kathmandu and Pokhara (if direct air access is developed) as conference and event venues to the near Asian markets. Marketing activity will require the establishment of a Nepal Convention Bureau (NCB) under the NTB, who's function would be to track and target conventions happening in other conference destinations primarily in India, Thailand, Singapore and Malaysia, and attract them to Kathmandu.

The Bureau would also track and target international incentive organizers. It would involve the development of a 'Nepal Conference Ambassador' scheme to encourage Nepalese academics, senior medical staff and other conference attenders to invite conferences to Nepal. Special sales material relating to meeting facilities in the Convention Center and four and five star hotels would also be needed. The establishment of NCB would require NTB to commission a feasibility study to identify partners who would be prepared to fund the establishment of NCB.

**Sports tourism marketing:** Sports tourism and golf have been identified as having potential for Nepal. Each sport will require dedicated marketing efforts to target organizers and specialists and attract them to consider Nepal as a destination for inter-regional events. A parallel events support budget will be needed and estimate of this marketing on spend and length of stay is needed.

**Niche product marketing:** There is a wealth of special interest product that Nepal can offer and NTB can play a significant role in helping the private sector to capitalize on these opportunities. Special interest niche products for which special interest groups and societies can be targeted in main markets include as following bulleted points:

- Architecture and yoga;
- Ayurvedic spas;
- Astrology;
- Bird watching
- Buddhist studies;
- Casinos;
- Crafts;
- Ecology studies.
- Folklore;
- Hinduism;
- Homeopathy, health springs and traditional Tibetan medicines;
- Language schools;
- Local customs and festivals;
- Meditation;
- Museum studies;
- Music and dance;
- Painting and art;
- Photography;
- Sculpture; and
- Traditional cooking.

#### **4.4.8 Key Source Markets For Nepal**

This section outlines summarizes information relating to current and potential source markets for Nepal. Current market conditions are examined in detail in short term marketing plan contained in NTB's *Operational Plan 2061-2062*.

Nepal needs to sharply focus its marketing efforts to be successful. In the past, limited marketing efforts have been spread far too thinly over too many markets. Table 8 summarizes key market areas and also illustrates that primary and secondary markets will change over time.

TABLE 8 Volume, value and developing markets for Nepal in the short and long term

<b>Plans Strategy</b>	<b>Volume Markets</b>	<b>Value Market</b>	<b>Developing Market</b>
Short Term (2005-09)	India	UK, Japan, Germany-Australia, Switzerland, France, Netherlands, North America	China, Malaysia, Thailand, Singapore, South Korea, Rest of the Europe, Australia, New Zealand, Middle East
Long Term (2010-15)	India, China	UK, Japan, Europe, North America, Australia-New Zealand, South East Asia, Middle East	Russia

*Source: Nepal Tourism Board's Research Department*

The methodology for addressing these markets has been agreed with key industry partners as part of the NTB's market planning process in 2004. Year one market approaches are outlined in the NTB's *Operational Plan 2061-2062*.

#### **4.4.9 Main Volume Markets For Nepal**

India is our most important volume market. Critically also, Indians come to Nepal in the summer months when traditionally other markets do not. At present, most visitors come for business, religious or other multi-purpose reasons. The business element of travel is often exaggerated, however, as many trips are classified by Indians as business expenses. Nepal's casinos in a larger extent entirely rely on Indian business.

The main generating areas are the cities of Mumbai, Delhi, Kolkatta, Bangalore and Chennai. Initial market research carried out amongst the Indian travel trade shows that this market has considerable potential for growth.

Value for money, special offers and price-led marketing will work best here. Access must be improved, however, NTB must work with Sahara, Jet and Indian Airlines in addition to national flag carrier Royal Nepal Airlines Corporation (RNAC)

The market appears to have good awareness of Nepal so awareness does not have to be created rather it needs to be maintained, the opportunities to actually buy product must be provided in the shop window, be that window electronic, in tour operator brochure form or real.

It is critical that the numbers of agents selling Nepal be significantly increased and it is suggested that the NTB marketing actions be addressed at the travel trade, not the consumer. A network of Nepal specialist travel agents should be branded and given training and support, in partnership with airlines offering familiarization trips. (*Nepal Tourism Board*).

Meetings, incentives, conferences and exhibitions and sports tourism are seen as having potential as access improves. A programme of familiarization visits in partnership with agents and hotels in Kathmandu and Pokhara is needed. Similarly, Sri Lanka is beginning to emerge from the economic depression as a result of a bitter civil war. It has a predominantly Buddhist population which may have potential to be attracted to Nepal in greater numbers. (*Nepal Tourism Board*).

#### **4.4.10 Main Value Markets For Nepal**

Japan has a population of 127 million and is presently Asia's leading outbound market. Over 17 million overseas holidays were taken in 2000 and this is predicted to rise to 141.5 million by 2020. The long haul markets of Europe and North America are important to Nepal because they are high value (long staying and high spending) markets. In Europe, UK, Germany and France are the largest sources holiday-takers. The US traditionally has been a key source of tourism for Nepal, but events at home and also in Iraq has discouraged Americans from traveling Nepal.

#### **4.4.11 Developing Markets For Nepal**

China, with a growing middle class of some 250 million, is experiencing a rapid expansion in domestic and outbound tourism. This has resulted from economic reform and greater prosperity, and an easing of travel restrictions. The opportunity to travel and learn more of the world has resulted in significant demand for touring and sightseeing, initially within China itself.

As urbanization continues and population becomes more exposed to western influences, media changes in consumer patterns are taking place. Moreover, major tourist arrival to Nepal may be from Beijing, Shanghai and Guangzhou, where there are significantly higher levels of disposable income. Future trends are likely to see:

- The steady growth of holiday taking by younger professionals and their families;
- A lengthening of holiday concentrated on the “golden weeks”;
- Hard competition from overseas destinations, particularly near-Asian destinations; and
- Increasing competition from within China for domestic holidays.

Hong Kong/Macao has a population of 7.5 million, with high disposable incomes and a strong propensity to travel away from the confined conditions of its urban environment. Regular short breaks are a feature of holiday-taking here. Hong Kong residents have a keen eye for value for money. Direct air links are critical and improved access from China via Chengdu is welcome.

The countries of South East Asia with whom Nepal has reasonable access are potential short break and main holiday markets. To date, there has been little penetration into these growing markets and there is an urgent need to research them. Other European countries such as Spain and Italy and Scandinavia are developing markets for Nepal. The Middle East has excellent access to Nepal and large expatriate populations can be targeted for short breaks. Australia and New Zealand have not been effectively targeted by Nepal in the past, but offer potential.

#### **4.4.12 Medium Term Marketing Strategy 2005-2009**

The initial years of the marketing strategy are important. Over-promising a holiday experience, which cannot be delivered upon, will have long-term damage, which must be avoided. The short-term strategy is, therefore, to take a cautious approach, focusing on India, initial exploration of developing markets and on regaining long haul markets and broadening their experience of the product to build the foundations of a long term Nepal brand particular attention will be given to promoting product, which can ‘fill’ the summer monsoon months. This will involve targeting relaxation and well-being products, such as resorts, spas and hill resorts, to India and other Asian countries with hot summers. The specific short-term marketing actions are:

- To develop a “Nepal Tourism Brand” to apply to all cooperative marketing activity with quality industry partners;
- To develop an appropriate suite of collateral materials such as visitor-friendly literature, high quality destination website, and advertising materials to roll-out the brand and based around the following five key strategic themes:
  - 1) Culture, traditions and people;
  - 2) Cities and leisure;
  - 3) Outdoors and adventure;
  - 4) Religion and pilgrimage; and
  - 5) Weather and well-being
- To create awareness of Nepal’s cultural richness as a potential multi-faceted destination in high volume and high value markets by a comprehensive public relations campaign centered on the product clusters identified;
- To use public relations to help to make Nepal fashionable again, by the use of celebrity-led endorsement and events including attracting conferences and conventions;
- To initiate segmented promotional campaign primarily, focused on the travel trade;
- To develop partnerships with carriers and tour operators from all primary markets.
- To make initial contact with special interest tour operators particularly, to begin to foster awareness of Nepal as a potential special interest, festival and cultural destination; and
- To develop an expand Hindu pilgrimage package including accommodation and more than one airline partner aimed at India; and to create a new Buddhist package, aimed at the main Buddhist countries of the world (Sri Lanka, Thailand, Korea, Japan and China) and involving multiple airline partners.

#### **4.4.13 County By Country Strategy 2005-2009**

##### **Introduction**

Further detail in relation to market-by-market activity is contained in NTB's Operational Plan 2061-2062. The NTB has planned as flowing strategies for the country-by-country basis, which are developed in accordance with the marketing potentiality of the individual countries.

##### **High volume markets**

###### *India and Sri Lanka*

- Build awareness of Nepal as a convenient, easily accessed, familiar, beautiful, welcoming and value for money leisure tourism destination with a pleasant climate.
- Work with airlines to encourage a substantial improvement in air access from India, and to champion the development of a low cost, frequent service shuttle air corridor.
- Build up a network of trained Nepal-specialist tour operators who will market Nepal.
- Promote Nepal as a key destination for pilgrimage plus leisure, and build relationships with specialist tour operators offering either Buddhist or Hindu packages.
- Stimulate group and individual business through specialist tour operators (casinos, soft adventure, pilgrimage, sport, well-being, etc).
- Target overseas long stay visitors or stimulate them to visit Nepal.
- Develop a Nepal destination website and target India's rapidly growing visitors.

###### *United Kingdom*

- Build relationships with the travel trade especially in the greater London area.
- Create awareness for special interest groups (trekking, horticulture, rafting, heritage, etc).
- Work closely with access providers from the UK.
- Identify and work closely with tour operators who deliver larger volumes of visitors from the UK, including special interest operators (trekking, non-resident Indians etc.).

### ***Japan***

- Work to create awareness as a culturally rich destination suitable for the special interest groups, educational groups and retired people to visit.
- Create awareness of trekking in Nepal amongst educational and active retired groups.
- Assist selected specialist tour operators who will actively market Nepal's product through the agents' familiarization visits.
- Work with partners to encourage access from Japan including linkages via China.

### ***France***

- Build relationships with the travel trade.
- Create awareness of Nepal as a destination for culture, festivals and soft adventure.
- To work closely with those access providers who can sell Nepal in France.

### ***German-speaking markets (Germany, Austria and Switzerland)***

- Build relationships with the travel trade in selected cities.
- Create awareness of new product and environmentally sound initiatives.
- Work closely with access providers from German-speaking markets.
- Stimulate repeat visitation.

### ***Benelux: (Belgium and the Netherlands)***

- Stimulate awareness of Nepal through the press and travel trade.
- To promote Nepal as the ultimate special interest destination.
- To continue to foster both new and repeat trips to Nepal.
- To rebuild contacts with mainstream tour operators.

### *North America*

- Assist specialist tour operators in North America who will actively market Nepal's product in partnership with the Thai Airways.
- Encourage press and Internet coverage of Nepal and thus create awareness of Nepal as a culturally rich destination suitable for action orientated young people to visit.
- Work with partners to improve access from North America and link via Europe.
- Stimulate repeat visitation, offering product suitable for visitors who are getting older.
- Target Asian origin communities and encourage including Nepal in their travel plans.

### **Developing Markets**

#### *China*

- Building awareness of Nepal as a value for money tourism destination.
- Encouraging increased access to Nepal from China (principally increased access from Hong Kong and Shanghai and opening up direct access from Beijing).
- Foster marketing partnerships with carriers and China-based travel agencies.

#### *Malaysia and Singapore*

- Create awareness of Nepal as a quality and value for money tourism destination.
- Foster marketing partnerships with carriers serving and their partner travel agents.
- Stimulate group business by specialist tour operators (golf, casinos, pilgrimage).
- Build a network of trained Nepal-specialist tour operators in Malaysia to market Nepal.

### ***Thailand***

- Create awareness of Nepal as a quality, value for money tourism destination in the world and the birthplace of the Lord Buddha.
- Foster marketing partnerships with Thai Airways and its international network.
- Stimulate group business by specialist tour operators (golf, casinos, pilgrimage, etc.).
- Build network of trained Nepal-specialist tour operators who will market Nepal.

### ***Middle East***

- Foster marketing partnerships with the Qatar and Gulf Airways and their international holiday sales network.
- Stimulate golf and leisure business targeting the expatriate and high-end local market.

### ***Korea***

- Create awareness of Nepal as a quality, value for money tourism destination in the world and the birthplace of the Lord Buddha.
- Foster marketing partnerships with carriers serving and their partner travel agents.

### ***Other European Markets (Spain, Italy and Scandanavia)***

- Stimulate awareness of Nepal through the press and travel trade.
- To promote Nepal as the ultimate special interest destination.
- To continue to foster both new and repeat trips to Nepal.
- Build contacts with mainstream tour operators.

### ***Australia-New Zealand***

- Build awareness of Nepal as a holiday destination with a pleasant year-round climate, particularly during the hot Australian summer.

#### **4.4.14 Long Term Marketing Strategy 2010-2015**

With improvements to infrastructure and product, it will become practical to encourage visitors to explore more to Nepal and stay longer. The opening of better regional airports will be important in this regard, as will improvements to the road network. The successful creation of a new Nepal brand, and growing awareness of Nepal as more than just a trekking destination, and an on-going commitment to market research will enable the NTB to launch a more aggressive marketing campaign and to penetrate new markets, in particular, China. The level of marketing will be stepped up, exploiting more fully the closer Asian and capitalizing on awareness already created in all primary markets. Secondary markets will also be targeted, and the designation of primary and secondary markets reviewed. The marketing objectives for the long-term marketing strategy (2010-2015) as developed by the NTB are as follows:

- To expand marketing activity in China and South Korea;
- To build awareness of Nepal as a “must see” destination in primary markets and to target additional public relations to keep it fashionable;
- To expand the potential of pilgrimage tourism;
- To position Nepal as the ultimate “special interest” destination, targeting selected special interest tour operators and specialist societies in both primary and secondary markets and giving attention to marketable events;
- To expand the menu of potential destinations within Nepal as access improves; and
- To expand partnerships with carriers and tour operators from all primary markets.

The strategy to achieve these objectives will need to be expanded with the industry partners, in particular industry partners in the markets themselves.

#### **4.4.15 Key Issues in the Marketing Strategy for Nepal's Tourism Industry**

- A significant increase in marketing effort is needed to make Nepal's tourism industry more viable and increase its economic contribution to the economy.
- There are some overall marketing objectives as following:

- To recover and expand overall volume and value of tourism to Nepal by concentrating on country's inherent product strengths, its Himalayan location, unique culture, climate, history, natural environment and friendly peoples.
- To reposition Nepal as a varied and multi-faceted destination, with world class cultural tourism and special interest tourism products, in addition to reclaiming Nepal's position as one of the world's leading destination for nature and adventure; and
- To improve the spatial distribution of visitors and foster the growth of new tourism areas.
- Nepal's positioning will be based around the product, which it can offer in the Himalayas.
- A strong Nepal tourism brand will be developed.

*The marketing strategy will focus on product clusters as follows:*

- 1) Culture, traditions and people;
- 2) Cities and leisure;
- 3) Outdoors and adventure;
- 4) Religion and pilgrimage; and
- 5) Weather and well being.

#### **4.4.16 The Marketing Mix Will Include Following:**

- Public relations and advertising;
- Identification and targeting of relevant tour operators in key markets;
- Travel trade and press familiarization visitors;
- Internet marketing and direct mail;
- Special interest marketing will be introduced targeting meetings, conventions, incentives and events, niche products and sport; and
- Key markets to be targeted have been categorized as main volume markets, main value markets and developing markets.

For detailed long term marketing promotion strategy, see Annex-1 and for necessary required resources and role of the NTB to effectively implement the plan, see Annex-2.

#### **4.5 Major Findings of the Study**

1. Tourism market structure and tourism strategy in Nepal can be visualized as a series of markets within the several international markets. If there are changes in the time to arrive or cost to stay or any other socio-political environments at that location, the location's attractiveness changes possibly changing tourist's choice. If a number of tourists decide against a location, the demand of tourists for that location will temporally shift.
2. The tourism industry gives both types of results to the societies. The impacts of tourists in Lumbini (western Terai), Langtang (north of Kathmandu), Upper Mustang (a very remote region near Tibet) and other less-visited areas fall into a similar pattern of excessive resource consumption with the visible and measurable degradation of the environment.
3. The GoN and the tourism industry are anxious to maintain the image of Nepal as a Shangri-La. The tourism industry in Nepal has caused significant impacts in terms of several sectors such as socio-economic, socio-cultural, socio-political and environmental.
4. GoN policies are dictated by the strong need to earn foreign exchange; sustainability of its resources (natural, cultural and human) has been largely ignored. None of the destination areas have appropriate management plans except few by the ESCAP.
5. The irony is that many uncontrollable events have given an adverse shock to Nepal's reputation and arrivals have dropped sharply. Nepal has had success with tourism, but the market structure is changing due to several internal problems, which is beyond control.

6. The drop in the number of tourist visits by about half, as a result of 9/11, royal family assassination, unstable government, lockout, political disturbance and Maoist movement proved destructive for the tourism sector in the previous years and even for present.
7. The actual and planned marketing strategies for the tourist arrivals claims that the GoN is opening new areas to maintain the revenue growth in several international markets. The GoN claims that its goal is development of the backward regions through the effective implementation of the tourism plans, policies and strategies. However, these reasons are very weak compared to the numbers in consideration to help above justifications.
8. The GoN is planning for 1.25 million annual arrivals in 2015. This number is quite large then current level, over twice-current facility, capacity and way beyond the carrying capacity. To understand how puny these reasons are, consider one recently opened region (Upper Mustang), which has about a thousand annual visitors from the world, with each spending \$ 1,000 on their visit to Mustang but it is a high pressure and beyond control.
9. Given that backward regions are rare and opening slowly, the GoN has not found a proper solution. Potentially, the reason that these regions are being opened is to either create news events for tourism publications as marketing promotion strategy or to please development advocates who want to see the tourism industry expand in rural areas.
10. If newly opened regions are not going to handle the increase, why are they coming and where are they going to go? The answer is easy: foreign exchange, which is valuable to all actors of the industry who are also the main players of the tourism based economy however its only small part goes to the marginalized communities in rural Nepal.

## CHAPTER-V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary

Tourism, even in Nepal, not only has modified economical activities, but it has also undermined the local customs and social organizations. Many traditional houses and dwellings have been converted into the lodges and curio shops, even in front of the temples, which has somehow disturbed our culture values. This has produced wealth for those who are making tourism as a profession but culture is for all communities since it is a common property of the nation.

The mixture of the socio-cultural values in tourism industry as a marketing mix and promotion strategy in a commercial manner may change the socio-economy of a nation in general but it can also promote unsocial activities such as sex and gambling in particular. Such trend can exploit women and children, if we do not timely manage it, as we have seen similar experience of the Southeast Asian countries where 'sex tourism' once was flourished.

Moreover, the increase in tourists has also produced negative effects both in civil society and the natural environment. Environmental degradation is being caused by overcrowded camping sites and lodges, and incorrect waste disposal, which, linked to the limited personal hygiene of both local population and tourists, provoke health problems. Furthermore, tourist flux is influencing local customs and provoking social problems in traditional societies and often pushing the young to urbanization and emigration, which may contribute for the social transformation process.

Furthermore, exciting adventurous activities combined with collection of cultural attraction make Nepal unique and interesting destination. Maximize the benefits of tourism by promoting Nepal, as a premier holiday destination with a definite brand image is the most essential work of Nepal. During the period of my survey, I experienced few happenings about culture and its value and tourism, which is highest revenue generating industry for Nepal. It also helps in strengthening families and societal ties by way of gathering merry-making and socializing. As a conclusion, the traditional culture and festivals of Nepal can be used, as weapon of tourism marketing promotion strategy but the tourism industry should not pollute our traditional cultural values.

## 5.2 Conclusion

Nepalese traditional culture and festivals are not only important for the Nepalese people but it is also equally significant for the promotion of nation's image in the international arena as it reflects the common behavior of the citizen. Most of the Nepalese cultures and festivals are derived from religions so they are interrelated with each-others. We can hardly separate our cultural values and festivals from daily life. Nepal is Hindu nation, and Hinduism influences our cultures. Similarly, some sections of the population are follower of the Buddhism, Islam and Christianity. These socio-cultural values can be used to promote and strengthen the tourism industry in Nepal that can enhance for socio-economic development and ultimately poverty alleviation in Nepal.

Tourism department should disseminate sufficient information of the culture and festivals to promote the global tourists. The concerned authorities should regularly act for awareness raising activities to preserve and conserve the ancient heritage sites, which are matter of pride for Nepal, and can be used as the tourism marketing promotion strategy. The authority should give equal emphasis for promotion of local, regional, national and internal and external tourism for Nepal.

GoN should organize frequent events such as exposure of the different cultural programs to the international market and actively involve in promoting positive image of Nepal in the global arena with other effective marketing strategies in attracting the attention of the world.

However, commercialization, internationalization and globalization of a nation's cultural values can also have both negative and positive impacts in a long run for local. The rapid development of tourism in Nepal produced both effects. This development increased income level but it has also caused several social, cultural and environmental modifications, too. Over the last decades, we have observed a profound socio-economic transformation connected with abandoning of traditional economy totally for the mass tourism and commerce activities (expeditions, trekking, souvenirs, etc). It is because of international exposures but it can alter the existing social values of the nation in general and community in particular. Hence, effective strategies and plans are essential to address these challenges and get maximum benefits from the existing opportunities generated through global tourism market economy in the twenty-first century's competition.

### 5.3 Recommendations

- Tourism should be developed by a proper planning process so that local residents will have sufficient time in adapting and understanding the government plans, policies and strategies in order to monitor the tourism development in Nepal.
- The tourist attraction places, facilities and service centers should have easy access to the general local community people to exploit the benefits from it.
- The concerned authorities should maintain authenticity of the roster of the dances, music and drama performances as well as arts and handicrafts of the nation through establishing quality standards and conducting training programs.
- The concerned authorities should properly educate local residents about tourism concepts and its benefits along with problems. The customs, behavioral patterns and values of the systems of the tourists do's and don'ts for the tourists should also publish to avoid the misunderstanding with local community people and employees at the tourism sector.
- Government and private sector should increase the tourist facilities to reflect the local architectural and traditional cultural types.
- Training programs and learning opportunities should be provided to the local community people including managerial and technical positions who are involved in tourism.
- The ownership, management and operation of local natural sites, parks and conservation areas should be handed over to the local communities for proper management and fund raising purpose so that they can directly benefit from the tourism industry.
- To develop Nepal as an attractive destination in the international arena, the government in a partnership basis with the private sector and civil societies, should widely conduct the promotional and marketing strategies in the global tourism market.
- To develop and expand tourism-based enterprises, the concerned government authorities and stakeholders should focus in maintaining and promoting the natural beauty, cultural heritages, indigenous knowledge and skills and environmental aspect of Nepal.
- To earn foreign currency and trade balance by promoting tourism based enterprise, the government should accordingly develop the long-term strategies, plans and policies that can address the interest of the tourist and also beneficial to cottage based industry.
- GoN and private sector should have close coordination to implement the strategy.

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## ANNEX-1:

### TARGET STRATEGY FOR FUTURE GROWTH

#### Approach to growth

Because of the need to remedy constraints identified in earlier in this report, the current unstable political climate, growth projections for tourism to Nepal are initially quite conservative. They must take into account the need to remedy product deficiencies identified in *Nepal's Tourism Industry Strategic Plan*. The projected growth scenario must also take into account the time needed to create a brand image for the destination and the need for NTB to adapt its marketing approach in partnership with industry and overseas tour operators and carriers. Tour operators have long pre-planning lead in times and will need to be persuaded to return to featuring Nepal.

As a result, this marketing strategy is built upon the following assumptions regarding NTB's marketing focus (i) The initial scenario is recovery: Nepal's tourism will build back to its 2000 peak and meeting the targets set for 2006. Special emphasis will be given to India.

The foundations laid for future growth in Asia. The Board will give emphasis to re-establishing contact with mainstream high value markets in Europe, North America and Japan. It will seek new high value business from Australia. In these markets, emphasis will also be given to marketable product with a strong poverty reduction agenda. During these years, the foundations will be laid for an expansion of tourism product spatially as pilot areas developed.

(ii) From 2010, it is virtually impossible to make accurate predictions for growth trends, but the underlying product strengths of Nepal and the predicted emergence of its neighbor China as the world's number one generator and receiver of tourism by 2020, allow continued positive growth to be anticipated, provided this market is accurately researched. Tourism from its neighbor India is, and will remain, by far the most important source of visitors to Nepal. Within this vast market increasing wealth, mobility and the desire to travel initially to nearby places, allow steady growth to be predicted. The other great Asian giant, China, is Nepal's northern neighbor.

Here the predictions for tourism outbound growth are bullish, but competition for a share of this emerging market is intense in the long run marketing promotion of Nepal. The fastest growing tourism region in the world is the East-Asia/Pacific region, with a recent growth rate of 8.4% and a market share rising to 15%. (Europe remains the world's most popular tourism region, but its share is steadily falling and is now below 60%). Strong growth in tourism between Asian countries is likely to continue, especially in the East-Asia region. Nepal has already seen rapid growth from a small base from China, Korea and, to a lesser extent, Thailand. Indeed, visitor numbers from China actually rose slightly in 2002. It is a strategic priority to investigate how Nepal can capitalize on this growing interest.

Australia and New Zealand are important markets and have particular potential during their hot summer months. Attention is needed for them if growth is to be optimized. Recovering tourism growth from foreign markets further a field (Europe, North America) is a major challenge. Nepal had a good foothold in these markets but this has been lost in recent years.

However, because of the importance of long haul in terms of potential visitor spend, these markets need to become the particular focus of marketing activity. The challenge and cost of creating new relationships in the face of cutthroat competition from other foreign destinations should not be under-estimated.

### **Projections of visitor arrivals and subsequent employment**

First projected milestone for visitor growth is to meet the NTB target for 2006 by getting visitor numbers back to 1999 levels. It is envisaged that the driver for this growth will be India, which provided 27% of all visitors in 2003. Nepal's traditional high value markets are the United Kingdom, Japan, France, German-speaking Europe, Benelux, North America and Australia, New Zealand and these provided 40% of arrivals in 2003.

Developing markets (China, South East Asia, Southern Europe and Scandinavia) provided 16% of arrivals in 2003. By 2009, visitor numbers will have doubled from there 2003 levels, to over 680,000 arrivals, and by 2010 Nepal will have over a quarter of a million visitors.

The Marketing Strategy is, therefore, aiming to achieve higher growth projection target outlined in the *Nepal's Tourism Industry Strategic Plan 2004-2009*.

After this target is reached, there are significant implications in terms of carrying capacity of product and spatial development, which will require strategic development planning. The targets for 2015 are to achieve over a million visitors and 1.5 million by 2020. A recent study estimates that each tourist to South Asia supports 3.5 jobs directly and 1.5 jobs indirectly. Based on this conservative estimate, tourism in Nepal will support 3.7 million jobs by 2010 and 7.4 million jobs by 2020 as estimated by the NTB that seems to be more ambitious plans.

### **Market growth assumptions**

The NTB has planned for long-term marketing strategies, which are more ambitious in nature to increase the visitors. According to the NTB's plans and strategies, following projection has been revealed and expectations are presented in this fieldwork report. However, these facts and figures are based on some assumptions, which are subjective so that they should be treated with caution.

#### ***Volume markets:***

**India:** By 2020, India will be supplying almost half a million visitors (24% of Nepal's total), a drop in current market share as other Asian markets emerge. The average annual growth rate of visitors from India historically between 1988 and 2002 has been 2%. It is assumed that with better access and targeted marketing this can be increased to 9% for 2005-2007. This growth rate will further accelerate to 12% between 2008 and 2010.

As 'open skies' policies reach the region and the Indian economy continues to prosper. Similar rates will apply to Sri Lanka. After 2010, it is very difficult to project growth, but a more modest 5% growth rate is assumed from Nepal's biggest market if Nepal effectively implemented long-term marketing strategies.

### ***High Value Markets:***

By 2020, Nepal's high value tourist generating markets (UK, Japan, France, and German-speaking Europe, Benelux, North America and Australia-New Zealand) will be providing one third of all visitors, increasing from 130,000 visitors to half a million.

**Japan:** The historical annual average growth rate from Japan to Nepal between 1988 and 2002 is 6%. The high cost of marketing in Japan is a barrier, but it is projected that this growth.

**SASEC Tourism Plan 2004:** covering Bangladesh, Bhutan, North East India and Nepal rate can be increased to 8% in 2005-6, and to 9% to 2010. After 2010, Japan's ageing population will have more leisure time, and a long-term growth rate of 7% per annum is assumed to 2020. Nepal will be attracting 94,000 visitors from Japan by 2020 as per projection of the NTB.

**Europe:** The UK has historically grown at an average annual rate of 4% over the past 14 years. It is projected that with more focused marketing, this can be increased to 8 % to 2006 and by 9% between 2007-10. Hence, annual growth rate of 7% is assumed, giving 94,000 visitors by 2020.

Through better marketing, France is expected to increase its growth rate from a long-term historical rate of 3% to 5% by 2006. 6 % growth is expected by 2010 and thereafter an annual rate of 7 % is assumed, giving 69,000 visitors by 2020.

Moreover, German-speaking markets of Germany, Austria and Switzerland have shown slowing growth rates with an average annual growth rate of 2% between 1988 and 2002. NTB is targeting activity in 2004 there and it is assumed the growth rate can be increased to 4 % by 2006 and 7 % thereafter. NTB expects that these markets will be providing 74,000 visitors by 2020.

The Benelux countries and the Netherlands in particular have a strong affinity for Nepal and have historically grown at a long-term rate of 8% per annum. This rate is expected to continue until 2010 after which 7 % annual growth is assumed, giving 47,000 visitors by 2020.

North America has a long-term growth trend of 3.5%. Owing to negative travel warnings this growth is assumed to slow to 2% until 2006. From 2007 a recovery to 5% is assumed, based on NTB resuming marketing activity. The overall assumed average growth rate of 7% would apply after 2010 resulting in 76,000 visitors by 2020.

**Australia and New Zealand:** Little marketing activity has been undertaken in Australia by NTB. The long-term growth rate over the past 14 years to 2002 has been just 1%. Australia is seen as having potential for Nepal and, if marketing activity can be stimulated with partners, a growth rate of 4% is predicted by 2006, increasing to 6% by 2010. Thereafter, the overall assumed average growth rate of 7% would apply after 2010, giving 33,000 visitors by 2020.

***Developing markets:***

Developing markets for Nepal is defined as Mainland China, South Korea, East Asian markets of Malaysia, Singapore, Thailand and emerging markets of Europe (Spain, Italy and Scandinavia). In 2003, these markets provided 16% of visitors, but this is projected to increase 22% by 2010.

**China:** will be the main driver of growth from our developing markets. It will give strong growth of 20% per annum from a very small base of 11,000 visitors in 2003. The growth rate will accelerate to 30% per annum after 2006 as the vast Chinese middle class travels more. By 2010, China will be providing us 68,000 visitors. By 2020, this will have increased to 212,000.

**South Korea:** The Republic of Korea is expected to give Nepal strong growth of 7% expected by 2006, increasing to 12% by 2010. Thereafter, a rate of 7% is assumed resulting in 50,000 visitors by 2020 as NTB has pessimistically projected from South Korea for the long-term visitors.

**Southeast Asia:** Malaysia is expected to grow at a rate of 7% until 2006. From 2007 to 2010 much growth is expected as Nepal penetrates this prosperous market with continuing access. From 2010, annual growth rate will be 7% visitors. Singaporeans are cautious of travel to areas with political difficulties, so a low growth rate of 2% is projected until 2006. Thereafter, a stronger rate of 10% is assumed, falling back to 7% after 2010, resulting in 12,000 visitors.

Moreover, a low growth rate of 5% until 2006 is also projected from Thailand for similar reasons to Singapore. From 2007, more growth of 10% per annum is predicted; particularly relating to Buddhist pilgrimage and leisure, from 2010, general annual rate of 7%, giving 39,000 visitors.

***Other Europe Countries:*** Spain, Italy, Sweden and Finland are expected to grow at a rate of 4% until 2006, 6% until 2010 and 7% thereafter. There are no reliable estimates of internal domestic overnight tourism in Nepal (i.e. bed nights created by residents within Nepal), although these are growing in importance to Nepal's hotel industry. In these circumstances, it is not possible to project future growth, and it is recommended that NTB carry out research into this segment.

It should be noted and keep in mind that projections are vulnerable on multiple variants such as economic conditions, political developments within and outside Nepal and access: Beyond 2010 they are speculative. It is therefore essential that figures are treated with caution, and targets reviewed each year by concerned stakeholders, government agencies, particularly the NTB.

## ANNEX-2:

### REQUIRED RESOURCES FOR MARKETING AND ROLE OF THE NTB

#### Resource needs

**Financial resources:** Unless adequate and regular resources are secured for marketing Nepal, this strategy will fail. The extent of the marketing challenge facing Nepal should not be underestimated. Recovering lost ground is never easy. Other destinations gain market share as Nepal's former customers choose other places to holiday in, and they are all working to keep that market share. The review of current marketing activity clearly illustrates how unbalanced the national marketing mix is, and only additional funding can make it more effective.

Substantial resources are required to shift and inform current perceptions of Nepal amongst consumers and the travel trade through launching a Nepal tourism brand. NTB and the industry must convince the overseas travel trade of the reality of the safe, fascinating, friendly and culturally rich place that Nepal is. Only when this is done, and the product is improved to meet market expectations, tourism will once again prosper in Nepal.

A ring-fenced budget for marketing of NRs 360 million (\$5 million) per annum will be required until 2009 to establish the Nepal brand and re-launch the country as a viable tourism destination. This requires a review of how NTB is funded, and should be undertaken in the context of preparing tourism satellite accounts, which will reflect the true value of tourism's contribution to Nepal's economy. It is clear that current tourism tax method of funding tourism is not sufficient to deliver the potential of tourism as a generator of economic growth, especially in times of declining numbers when Nepal needs to market most.

Funding needs for future required to be reviewed at the time in the context of competition and a revised marketing strategy. With greater financial resources, the geographical emphasis of the NTB's marketing strategy can also be shifted to face newly emerged challenges in the market.

**Human resources:** If the feasibility study recommended for a Nepal Convention Bureau proves positive, this office would involve creating manager and marketing executive posts. A Director of Research should however be recruited. Professional public relations representation is required in Europe in addition to present provisions in India and China. Such resources should continue to be purchased on a contract basis, and contract ToR should be regularly reviewed.

Staff training in changing marketing issues is always required, and priority should be given to finding short-term placements in well-established national tourist boards, such as Visit Britain overseas offices in Asia. Moreover, staff turnover needs to be avoided and present rates of pay should be reviewed to bring them into line with private sector marketing executive's salaries.

Future recruitment for marketing staff needs to give strong preference to practical experience of private sector marketing, ideally in Nepal's main markets. Job specifications should be highly specific, seeking staff with precise experience of the work required by their specific marketing posts. In order to ensure that the NTB always has the best candidates available to lead Nepal's tourism industry, posts at manager level and above should always be externally advertised.

Junior positions should be internally recruited from within the entire NTB organization, before being externally advertised should no suitable internal candidate be found. Recruitment at Director level should be handled by a professional recruitment agency and target candidates with significant experience of consumer marketing, not necessarily in tourism.

**Leadership and consultation:** As NTB matures and places more emphasis on research-based decision marketing; its leadership role in Nepal's tourism industry will grow stronger. At present, however, the system has effectively ceased to function properly owing to the lack of marketing resources available for most markets. Critically marketing advisory committees do not involve overseas partners, who are the key agents for joint marketing overseas. It is recommended that the consultation process be rationalized as follows:

- NTB research and marketing department staff should formulate a draft annual plan in consultation with overseas PR representatives, the Board's advertising agency, overseas tour operators. The plan must as per principals of the long-term marketing strategy.
- A series of industry consultations should then take place, and the draft plan should be presented to the NTB Board for approval.
- The annual marketing plan should then be presented to the industry at which participation in key marketing initiatives proposed should be canvassed.
- The private sector needs to plan its marketing expenditure just as NTB does, so detailed information on the cost of participation in NTB activities should be clearly worked out at the earliest. Events and promotions that do not receive sufficient private sector financial support should be reviewed and the plan needs to be sufficiently flexible to allow for this.

**Marketing department structure:** Some re-organization of the Board's marketing department is required to deliver this strategy in an efficient way. It is recommended that one post be upgraded to give an additional manger post within marketing department. The marketing department currently runs airport and information offices within Nepal. They are, however, not a marketing function. They are a visitor servicing function, so the Board's tourism product and resources department should thus handle them.

**Research department:** Accurate statistical information and research is essential in order to judge performance of Nepal's tourism industry, attract investment and guide future marketing activity. At present, NTB's statistics gathering function is under-resourced and its output targets, in terms of analytical reports on different aspects of Nepal's tourism, needs to be improved.

**Expectation and satisfaction surveys:** Visitor expectation (arrival) and a visitor satisfaction (departure) surveys should be carried out on an ongoing basis as a matter of course.

**Tourism facts:** The following information should be gathered by NTB research department and published them annually in a more comprehensive Tourism Facts Booklet that may content:

- Monthly arrivals data by source market;
- Distribution of accommodation by district;
- Average occupancy by district;
- Distribution of bed nights by district; average length of stay by source market;
- Average daily spend of tourists by source market; estimated tourism spend by district.

**Annual hotel survey:** As in almost every country with a sizeable tourism industry, a hotel performance survey should be initiated in a very closed co-operation with hotel association and published them annually. The annual hotel survey should at least include:

- Registered accommodation stock by district;
- Average room occupancy by grade and month;
- Average daily room rate by grade;
- Average bed occupancy by grade;
- Average expenditure per visitor, per cost center (accommodation, food and beverage);
- Average number of employees by grade; and
- Average rates of employees to visitor by grade.

This may need to be commissioned in co-operation with an accountancy firm familiar with hotel cost center economics in Nepal. In the main time, other aspects of tourism performance should be examined e.g. trekking agency performance, adventure tourism performance etc.

A visitor attractions survey should be undertaken annually and published. This should show:

- A listing of main attractions for Nepal by district;
- Actual annual attendances by attraction;
- Number of attractions by district;
- Average admission cost by district; and
- Average number of employees per attractions by district.

**ANNEX- 3A:**

**LIST OF QUESTIONERS: FOR THE TOURISTS WHO ARE VISITORS OF NEPAL**

*This questionnaire is prepared to collect the data for a research to undertake in the partial fulfillment of the MA RD under the Tribhuvan University. The data collected from this questionnaire will be kept strictly confidential and will be used only for research purpose, as it does not have any commercial purpose.*

<b>How you decided to visit Nepal? Who recommended you to visit Nepal?</b>				
<b>Internet</b>		<b>Travel agency</b>	<b>Friends</b>	<b>Newspapers</b>
<b>Television</b>		<b>Radio</b>	<b>Magazines</b>	<b>Tour operators</b>
<b>Embassies</b>		<b>Trade fair</b>	<b>Colleagues</b>	<b>Relatives</b>

<b>Why do you think that Nepal is a good place for visit?</b>				
<b>Religion</b>		<b>Painting</b>	<b>Handicraft</b>	<b>Music/Dance</b>
<b>Adventures</b>		<b>Mountaineering</b>	<b>Culture</b>	<b>Travel/Tours</b>
<b>Language</b>		<b>People</b>	<b>Business</b>	<b>Others</b>

<b>Which airline service did you use to visit Nepal?</b>				
<b>RNAC</b>		<b>Indian Airlines</b>	<b>Royal Thai</b>	<b>Gulf Air</b>
<b>Qatar</b>		<b>China Southwest</b>	<b>Austrian</b>	<b>Biman Bangladesh</b>
<b>Druck Air</b>		<b>Jet Air</b>	<b>Luthfanca</b>	<b>Others</b>

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What do you expect to get in Nepal during your stay?						
<b>Entertainment</b>		<b>Adventures</b>		<b>Shopping</b>		<b>Relaxation</b>
<b>Religion</b>		<b>Business deal</b>		<b>Satisfaction</b>		<b>Excitement</b>
<b>Knowledge</b>		<b>Experience</b>		<b>Information</b>		<b>Others</b>

Which part of Nepal did you visit or planning to visit?						
<b>Nagarkot</b>		<b>Annapurna</b>		<b>Chitwan</b>		<b>Mt. Everest</b>
<b>Dhulikhel</b>		<b>Lukla</b>		<b>Langtang</b>		<b>Lumbini</b>
<b>Jomsom</b>		<b>Pokhara</b>		<b>Jiri</b>		<b>Others</b>

Which tourism 'center' have you visited during your stay in Nepal?						
<b>Yoga</b>		<b>Casino</b>		<b>Meditation</b>		<b>Museum</b>
<b>Temple</b>		<b>Paintings</b>		<b>Zoo</b>		<b>Mountains</b>
<b>Himalaya</b>		<b>National park</b>		<b>Villages</b>		<b>Others</b>

What factors do you like most in Nepal, which satisfied you very much?						
<b>Facilities</b>		<b>Adventures</b>		<b>Low cost</b>		<b>Diverse cultural</b>
<b>Pilgrim</b>		<b>Official/Business</b>		<b>Peace</b>		<b>Friendly people</b>

<b>Mountains</b>		<b>Climate</b>		<b>Himalaya</b>		<b>Others</b>	
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**Are you satisfied with your visit to Nepal? Please give the reasons in detail.**

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**Will you repeat your visit to Nepal again? Why do you like to repeat?**

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**What does Nepal need to improve for the tourism promotion activities?**

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**Do you have any experience about your visit to Nepal that you want to share with me?**

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.....

**Will you recommend others to visit Nepal? How?**

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.....

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**Do you like to suggest anything to us to strengthen the tourism industry of Nepal?**

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.....  
.....

*Thank you!*

**ANNEX-3B:**

**LIST OF THE QUESTIONERS: DISCUSSED WITH THE CONCERNED OFFICIALS**

- Could you please tell me about history of tourist arrival to Nepal? What factors pushed them to visit Nepal? How Nepalese tourism industry was developed at the very inception phase? Were there sufficient infrastructures and facilities to accommodate visitors?
  
- What does tourism mean in the context of Nepal? What main factors indicate to the tourism industry? What are the major attributes of the tourism? Why they want to travel?
  
- Please tell me about the present performance of the tourism industry in Nepal? What is the number of visitors in comparison with the past and present? What factors play main role to change the arrival rates of tourists? How can we retain and increase their arrival?
  
- What are the visitors' expenditure patterns and what is their length of stay in Nepal? How can we increase their expenditures and staying rate? What things mainly they seek in Nepal? Are we able to fulfill their necessities? Why not? How can we make them happy?

- What are the main reasons and attractions that tourists want to visit Nepal? What is the rate of repeated visit? Why they repeat their visit? What makes them unsatisfied?
- Which seasons in Nepal is considered most favorable for tourist arrival? Why? How can we market those particular seasons to their homeland? What strategies are needed? How?
- What is the demographic rate tourists who visit Nepal in terms of sex, age, income, profession, reasons of visiting our nation and what motivates them to visit Nepal?
- How Nepal has been marketed internationally? What are the main marketing strategies of Nepal? Is there any successful marketing promotion strategy that Nepal adopted so far?
- What is the main mode of transport that majority of tourists use to arrive Nepal? Which major airlines services are being use and which sector is attractive for Nepal?
- Which part of Nepal is widely preferred by tourists to travel? What are the major motives of visiting that particular place? What attractions are there? Are there enough facilities?
- How Nepal has been marketed? What are the main market promotion tools? What kind of slogans and brands are being used by Nepal to promote its tourism industry?
- What are the major roles and responsibilities of Nepal Tourism Board (NTB) and private sectors? Are their efforts sufficient? How can they influence global tourism market? How they attract the global tourist to Nepal? What are their major problems? Any solutions?

- What are the targets for future growth? Are there any joint regional efforts? Which are main tourist source markets or countries for Nepal? Is there any especial tool to capitalize these markets? What strategies are being adopted for the market promotion?

Thank You!