

**A STUDY ON  
MARKETING STRATEGIES OF  
COMMERCIAL BANK OF NEPAL**  
(With Reference to NABIL Bank and Sanima Bank Ltd.)



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RECOMMENDATION

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(With Reference to NABIL Bank and Sanima Bank Ltd.)

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# VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented

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**Entitled:**

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**Master Degree of Business Studies (M.B.S.)**

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## **DECLARATION**

I hereby declare that the work reported in this thesis entitled “**Marketing Strategies of Commercial Banks of Nepal**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master Degree in Business Studies (M.B.S.) under the supervision of **Mr. Ganesh Niraula**, Lecturer of Thakur Ram Multiple Campus, Tribhuvan University.

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**SANJAY KUMAR GUPTA**

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## ABBREVIATION

A/C	Account Current
AD	After Death
BC	Before Christ
BS	Bikram Sambat
CA	Current Assets
CBB	Cash and Bank Balance
CBs	Commercial Banks
CL	Current Liabilities
CS	Cost of services
e.g.	For Example
FD	Fixed Deposit
FY	Fiscal Year
TD	Total Deposit
IE	Interest Earned
JVBs	Joint Venture Banks
L & A	Loan and Advance
LTD	Long Term Debt
Ltd.	Limited
M.B.S.	Master in Business Studies
Misc.	Miscellaneous
NABIL	Nabil Bank Limited
SaBL	Sanima Bank Limited
No.	Number
NP	Net Profit
NRB	Nepal Rastriya Bank
NW	Net Worth
p.	Page Number
PMs	Public Enterprises
QA	Quick Assets
RBB	Rastriya Banijya Bank
ROA	Return on Assets
ROE	Return on Equity
RS	Rupees
SD	Saving Deposit
T.U.	Tribhuvan University
TA	Total Assets

# CHAPTER – I

## INTRODUCTION

### 1.1 Background of the Study

Nepal is popular for the angelic beauties, unique wonder & natural gifted in the world. It is a landlocked country with agro based economy. The country is classified into three parts by geographical nature namely Terai, Mountain & Hills. Nepal is one of the least developed countries with less economy growth. More than 80% people are stay in rural area. The per capita income of Nepalese people is near around \$700.

Marketing and its Strategies can be defined in a simple manner as the activities done by the company to take the product from the place of production to the place of consumption. Similarly, it means the transfer of ownership of a product or service in exchange of same value.

Thus, the essence of marketing is a transaction or exchange. In this broad sense, marketing consists of activities designed to generate and facilitate exchanges intended to satisfy human needs or wants.

Marketing is often dynamic, challenging and rewarding. It can be frustrating even disappointing. But it is never dull. It is changing and interesting.<sup>1</sup>

American Marketing Association defines marketing as “The performance of business activities that direct the flow of goods and services from the producer to consumer or user.”<sup>2</sup> This definition merely stresses marketing function involved in the movement of goods and services from the plant door to the buyer. Later on AMA defines marketing in some broad concept as “Marketing is the process of planning & executing the conception, pricing, promotion & distribution of ideas, goods & services to create exchanges that satisfy individual and organizational objectives.”<sup>3</sup>

This definition focuses on the following aspects of marketing

- It recognizes marketing as a process
- Marketing activities are undertaken to create exchanges that meet individual and organizational goals

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1. Samton, Etzel & Walker (2002), Fundamentals of Marketing (10<sup>th</sup> Edition), New Delhi: McGraw Hill- India, Page 5
  2. Koirala, K.D. (2000), Marketing Management, Kathmandu: M.K. Publishers, Page 5
  3. Bennet, P.D. (Ed.), Dictionary of Marketing Terms, Chicago – USA: AMA, 1995, Page 8

According to Philip Kotler “Marketing is a social Process by which individuals & groups obtain what they need and want through creating offering and freely exchanging products & services of value with others.”<sup>4</sup>

This definition focuses on the following aspects of marketing

- Marketing is a social process performed by individuals and groups.
- Marketing is performed for meeting needs and wants of products.
- Marketing is concerned with creating, offering and exchanging products and services.

Cundiff and Still defines marketing as the business process by which products are matched with markets through which transfers of ownership are affected.<sup>5</sup>

Similarly, E.J. McCarthy defines marketing as a means of performing activities which direct the flow of goods and services from producer to consumer.<sup>6</sup>

Marketing as a social science is a modern development. In this concept, marketing is based on the following four fundamental principles:

- a) Target Market Focus: Defined boundaries for marketing operations and follow of the market by tailored business strategy.
- b) Customer Orientation: Customer satisfaction as the main marketing focus.
- c) Integrated Marketing: Integration and co-ordination of various marketing strategies within the organization.
- d) Profitability: Analysis of every business opportunity from the view point of profitability and survival of the organization.

The new marketing concept assumes that consumers will favor those products that satisfy their needs and wants. The focus therefore is to create products that satisfy the needs of the consumers.

### **Marketing Strategies**

The term strategy originally applied to the art of military generalship. In business, a strategy is a broad plan of action by which an organization intends to reach its objectives.

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4. Kotler, P. (2000), Marketing Management (Millennium Ed.), New Delhi: Prentice Hall – India, Page 9
  5. Cundiff, E.W. & Still, R.R. (1999), Basic Marketing Concepts, Environment and Decisions, New Delhi: Prentice Hall – India, Page 2
  6. McCarthy, E.J. (1975), Basic Marketing (5<sup>th</sup> ed), New Jersey, USA: Prentice Hall Inc., Page 8

The marketing strategy is the game plan for achieving the broad corporate objectives and specific SBU goals. It is based on the marketing goals and is formulated by the marketing department. The strategy formulation involves designing strategies related to product – market scope, product positioning, and product or customer specific marketing mix. The marketing department must specify the financial, social and human resource costs and risk involved in the implementation of strategy.

According to Philip Kotler – “Strategy is a game plan for getting to the goals what a business unit wants to achieve.”<sup>7</sup> Every business must tailor a strategy for achieving its goals, consisting of a marketing strategy and a compatible technology.

## **1.2 Origin and growth of Commercial Bank in Nepal**

### **1.2.1 Meaning of Bank**

Banks are among the most important financial institutions in the economy and essential business in thousands of local towns and cities. In this context, there is much confusion about exactly what a bank is. Certainly, banks must be identified by the function (service and roles) they perform in the economy. The problem is not only that the functions of bank are changing, but the functions of their principal competitors are also changing. Indeed, many financial institutions including securities dealers, brokerage firms and insurance companies are trying to be as similar as possible to banks in services they offer. On the contrary, brokers are challenging these non-banking competitors by lobbying for expanded authority. Hence, the meaning of a bank is better to be precise and clear.

The word bank is derived from the Latin word ‘Bancus’ which refers to the ‘Bench’ on which the bankers would keep its money and their records, some person trace its origin to the French word ‘Banke’ and the Italian word ‘Banco’ which means a ‘Bench’ keeping, lending and exchanging money or coins in the market place by money lenders and money exchangers.

Generally, an institution established by law, which deals with money and credit is called bank. It is obvious that in a common sense, an institution involved in monetary transaction is called bank. A bank simply carries out the work of exchanging money, providing loan, accepting deposit and transferring money. Generally, bank accepts deposits from business institutions and individuals, which is mobilized into productive sectors mainly business and consumer lending. Banks is, therefore known as a dealer of money. At present context, bank is not only confined to accepting deposits and disbursing loan. In addition to this, a bank may be engaged in different types of functions such as remittance, exchange currency, joint venture, under writing, bank guarantee, discounting bills, etc.

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7. Kotler, P. (2000), Marketing Management (Millennium Edition), New Delhi: Prentice Hall- India, Page 80

## 1.2.2 Growth of Commercial Banks in Nepal

In the context of Nepal, our history of banking sector is rather more slow evolution. Even now, the banking system is still in the evolutionary phase. The origin of bank in Nepal and its beginning of growth is controversial. However, stage wise development of banking can be narrated as follows:

### 1. The First Phase of Banking Development-

As far as banking is concerned with debt, we may go back in the Nepalese history, where a merchant namely “Sankhdhar” is recorded. He was the person who alone paid all debts of the people existing in the country at that time. Since then he introduced a new era called “Nepal Sambat”. This record proves the existence of money lending function at that time.

During the courses of development of borrowing, we further come across the term ‘Tanka Dhari’ at the end of the 14<sup>th</sup> century moneylenders. They are one of the 64 castes classified based on occupation.

During the reign of Ranodip Singh, an office named “Tejarath Adda” was established in Kathmandu in 1933 (B.S.) The main purpose of this institution was to provide credit facilities to the government officials and the people against deposit of gold and silver at a minimum interest rate of 5%. It has extended its branches out side Kathmandu valley for giving loan. But this office had no characteristics of modern banks. Nevertheless, we say that the institutional banking system had started from then.

### 2. The Second Phase of Banking Development-

**i. Nepal Rastra Bank (Central Bank):-** Until mid 1940s, metallic coins were used as medium of exchange. Therefore, the H.M.G. felt the need of separate institution to issue national currencies and promote financial organization in the country. Hence under the Nepal Rastra Bank Act 2012 (1956), Nepal Rastra Bank was established in 2013(1957), Baishakh 14th in Nepal. But this Act has been repealed and the Nepal Rastra Bank Act 2058 (2002 has been enacted by the parliament. After its establishment, it issued the Nepali notes on 7th Falgun.

This is the “Bank of Banks” to fulfill the necessity of the financial institutions to achieve the fixed goal of the projects. Under the first 5 years plan - Nepal Industrial Development Corporation 2016, Agricultural Development Bank 2024(1968) and National Insurance Corporation were established under the special considerations of this Bank.

**ii. Nepal Bank Limited:-** Nepal Bank Limited is the first modern bank of Nepal. It is taken as the milestone of modern banking of the country. Nepal Bank Limited was established under the Nepal Bank Act 1994(1938) on 30th Kartik. The Nepal Bank Limited is the oldest bank of Nepal. At, first though this bank was given the authority and

responsibility of central bank, but with the change of time, it was necessary to establish a Central Bank.

**iii. Rastriya Banijya Bank:-** Rastriya Banijya Bank was second commercial bank to be established in Nepal. This bank was established in government sector in 2022 (1966) under the Banijya Bank Act 2021 (1965) according to the recommendation of the Nepal Banijya Bank. After enacting the Commercial Bank Act 2031 (1974), both the Banijya Bank Act 2020 and the National Banijya Bank Act 2021 (1965) were repealed.

**iv. Agricultural Development Bank:-** As the agriculture is the basic occupation of major Nepalese, the development of the sector plays the prime role in the economy. So, under the Agriculture Development Bank Act 2024 (1968, 1967), the Agriculture Development Bank was established on 2024 (1968), 7th Magh. This is the first institution in agricultural financing.

### 3. The Third Phase of Banking Development-

For more than two decades, no more banks had been established in the country. After declaring free economy and privatization policy, H.M.G. encouraged the foreign banks for joint venture in Nepal. Brief accounts of third phase's joint venture banks are as follow:

#### Commercial Banks Established Under Different Act's & Laws

Table No.: 1

S.No.	Name of the Banks	Operation Date
1.	Nepal Bank Ltd.	(1937/11/15) A.D.
2.	Rastriya Banijya Bank	(1966/01/23) A.D.
3.	Agriculture Development Bank Ltd.	(1968/01/02) A.D.
4.	Nabil Bank Ltd.	(1984/07/16) A.D.
5.	Nepal Investment Bank Ltd.	(1986/02/27) A.D.
6.	Standard Chartered Bank Nepal Ltd.	(1987/01/30) A.D.
7.	Himalayan Bank Ltd.	(1993/01/18) A.D.
8.	Nepal Bangladesh Bank Ltd.	(1994/06/05) A.D.
9.	Nepal SBI Bank Ltd.	(1993/07/07) A.D.
10.	Everest Bank Ltd.	(1994/10/18) A.D.
11.	Bank of Kathmandu	(1995/03/12) A.D.
12.	Nepal Credit & Commerce Bank Ltd.	(1996/10/14) A.D.
13.	Lumbini Bank Ltd.	(1998/07/17) A.D.
14.	NIC ASIA Bank Ltd.	(1998/07/21) A.D.
15.	Machhapuchhre Bank Ltd.	(2000/10/03) A.D.
16.	Kumari Bank Ltd.	(2001/04/03) A.D.
17.	Laxmi Bank Ltd.	(2002/04/03) A.D.
18.	Siddhartha Bank Ltd.	(2002/12/24) A.D.
19.	Global IME Bank Ltd.	(2007/01/02) A.D.
20.	Citizen Bank International Ltd.	(2007/06/21) A.D.

21.	Prime Commercial Bank Ltd.	(2007/09/24) A.D.
22.	Sunrise Bank Ltd.	(2007/10/12) A.D.
23.	Grand Bank Ltd.	(2008/05/25) A.D.
24.	NMB Bank Ltd.	(2008/06/05) A.D.
25.	KIST Bank Ltd.	(2009/05/07) A.D.
26.	Janata Bank Ltd.	(2010/04/05) A.D.
27.	Mega Bank Nepal Ltd.	(2010/07/23) A.D.
28.	Commerz and Trust Nepal Bank	(2010/09/20) A.D.
29.	Civil Bank Ltd.	(2010/11/26) A.D.
30.	Century Commercial Bank Ltd.	(2011/03/10) A.D.
31.	Sanima Bank Ltd.	(2012/02/16) A.D.

Sources: From NRB's Banking & Financial Statistics 2013

## **Historical brief of NABIL Bank Limited and Sanima Bank Limited**

### **i Nepal Arab Bank Limited (NABIL Bank Ltd.) :-**

Nabil Bank Limited, the first foreign joint venture bank of Nepal, started operations in July 1984. Nabil was incorporated with the objective of extending international standard modern banking services to various sectors of the society. Pursuing its objective, Nabil provides a full range of commercial banking services through its 47 points of representation across the kingdom and over 170 reputed correspondent banks across the globe.

Nabil, as a pioneer in introducing many innovative products and marketing concepts in the domestic banking sector, representative a milestone in the banking history of Nepal as it started an era of modern banking with customer satisfaction measured as a local objective while doing business.

Operations of the bank including day-to-day operations and risk management are managed by highly qualified and experienced management team. Banks is fully equipped with modern technology which included ATMs, credit cards, state of art, world-renowned software from Infosys Technologies System, Bangalore, India, Internet banking system and Telebanking system.

#### **Share Capital of NABIL Bank Ltd.:-**

- Authorised Capital - Rs.5,10,00,00,000
- Issued Capital - Rs.3,01,60,00,000
- Paid-up Capital - Rs.3,01,60,00,000

#### **Shareholding Pattern of NABIL Bank Ltd.:-**

- Promoters - 80%
- General Public - 20%

## **ii. Sanima Bank Ltd.:-**

Sanima, promoted by prominent and dynamic Non-Resident Nepalese (NRNs) Businessman, commenced its operation in February 2012 as a National Level Development Bank with the vision to mobilize resources for National Development. Sanima received the operating License from Nepal Rastra Bank to function as a “A” Class Commercial Bank and has achieved the triumph to establish itself as a 32nd Commercial Bank of Nepal. In the pursuit of sustainable growth, Sanima has 24 full-fledge branches within and outside the Kathmandu Valley and has further plans to expand its reach in the various part of the country. Sanima provides one window financial solutions to the customers with the wide range of Products and Services. Sanima not only offers readymade products and services, but also offers customize services to better suit the needs of the individual customer. Sanima is committed to exceed customer expectations in all areas of its business through consistent processes, innovations and improvements. Banks is fully equipped with modern technology which included ATMs, credit cards, state of art, world-renowed software from Infosys Technologies System, Its mission to provide banking and financial solutions in a simplified way with customer focus while adding value to stakeholder’s interest.

### **Share Capital of Sanima Bank Ltd.:-**

➤ Authorised Capital	-	Rs.2,10,00,00,000
➤ Issued Capital	-	Rs.2,01,60,00,000
➤ Paid-up Capital	-	Rs.2,01,60,00,000

### **Shareholding Pattern of Sanima Bank Ltd.:-**

➤ Promoters	-	70%
➤ General Public	-	30%

## **4. The Fourth Phase of Banking Development :**

After the restoration of democracy in Nepal, there was tremendous development in banking sector. Rural Development Bank were also established in Nepal. Until now, five rural development banks have been in operation in Nepal. They are as follows:

- i. Eastern Rural Development Bank Limited in Biratnagar.
- ii. Far Western Rural Development Bank Limited in Dhangadhi.
- iii. Western Rural Development Bank Limited in Butwal.
- iv. Mid Western Rural Development Bank Limited in Nepalgunj.
- v. Middle Rural Development Bank Limited in Janakpur.

## **5. The Fifth Phase of Banking Development:**

Banking development in this phase is satisfactory. Before the Development Bank Act 2052 (1995), was enacted; only Nepal Industrial Development Corporation and the Agricultural Development Bank were established. However, after the introduction of the

Development Bank Act, 2052 (1995), more than 16 development banks have been opened in different places of Nepal. Some of the name of these banks with their Head Office is:

- Triveni Bikas Bank Ltd., Narayanghat, Chitwan
- Nirdhan Utthan Bank Ltd., Siddhartha Nagar, Rupandehi
- Malika Development Bank Ltd., Kailali
- Rural Micro Finance Development Centre, Kathmandu
- Siddhartha Development Bank Ltd.
- Cottage & Small Industry Development Bank Ltd., Kathmandu
- Diproska Development Bank Ltd.
- Public Development Bank Ltd., Birgunj
- United Development Bank Ltd., Jeetpur, Bara

### **1.2.3 Types of Banks in Nepal**

Today is the age of specialization, bank differs according to their nature. A bank cannot perform all sorts of functions. So today's banks are opened differently according to their nature, which are briefly explained in the paragraphs it follows:

#### **1. Central Bank :**

Central bank is the supreme bank of a country that controls all the monetary system and banking structure, issues coins and notes, controls the credit of money, performs agency and banking services to the government and manages the foreign currency reserve of the whole country. In the case of Nepal, Nepal Rastra Bank is the central bank, which was established in 2013 (1957) under the Nepal Rastra Bank Act 2013 (1956). It can accept the credit of Nepal Government, Commercial banks, the financial institutions, Government's offices and provides loan to the Nepal Government, Commercial banks, and the financial institutions.

#### **2. Commercial Bank :**

The banks which perform all kinds of banking business, are called commercial banks. In Nepal, there are many commercial banks, which are mentioned above the Nepal Bank Limited, the Rastriya Baniya Bank, the Nabil Bank Limited, the Machhapuchchhre Bank Limited, the Bank of Kathmandu, etc. Now, there are all together 32 commercial banks operating in the country. Generally, commercial banks deal with finance, trade and commerce. These banks normally advance short-term loans to the businesspersons and traders.

#### **3. Development Bank :**

Development Bank is the bank established to promote the development of a particular sector of economy. Generally, it is established by the governmental sector. In context of Nepal, Nepal Industrial Development Bank Corporation is first development bank of the country, which was established in 2018 B.S. In 2048 B.S., Agricultural Development Bank was established as second development bank of the country.

#### **4. Exchange Bank :**

No exchange bank separately is opened in Nepal. Exchange banks deals in foreign exchange of currency. They are specialized in financing foreign trade. They are also known as Export and Import Bank. They facilitate international payment.

#### **5. Saving Bank :**

The main purpose of saving banks is to mobilize the small savings and to promote saving habits among the public in a country. In Nepal, Hulak Bachat Bank (Postal saving bank) was set up in 2019 B.S. to encourage saving habit of the poor people. Now it is operating under Postal Service Department of Nepal Government. However, there are other banks in Nepal, which work in the place of such banks.

#### **6. Co-operative Bank :**

The bank established under Co-operative Act is known as Co-operative Bank. They collect small deposits, mobilize small savings and provide short term and medium term loans to their members. In Nepal, Co-operative Act was introduced in Nepal in 2048 B.S. Under this Act, Navajeevan Co-operative Society Limited was the first such co-operative of Nepal. Since then many co-operative bank have been established in Nepal. Co-operatives provide limited banking services to the customers.

#### **7. Industrial Bank :**

Industrial Banks are those banks, which provide short, medium and long-term loans for the establishment of industries in the country. Nepal Industrial Development Corporation was established in 2016 under the Nepal Industrial Development Corporation Act 2016.

#### **8. Indigenous Bank :**

Indigenous bankers are the traditional form of the modern bank, which practices banking services privately without banking law, rules and regulations. Generally, indigenous bankers charge higher interest rate in loan. In context of Nepal, indigenous bankers are still playing a dominant role in the economy whatever it is urban or rural area.

#### **9. Merchant Bank :**

Any person who is engaged in the business of issue management either by making arrangement regarding selling, buying or subscribing to securities as manager, consultant,

advisor or rendering corporate advisory service in relation to such issue management. Merchant banks also accept time deposits and finance in trade and industry. Nepal Sri Lanka Merchant Bank is an example of merchant bank of Nepal.

#### **10. Pension Funds :**

They accept legitimate deposits from employees of different organization while they provide loans to different financial institutions and sometimes participate in the financing in trade and industry. Employees Provident Fund is a good example of pension fund in Nepal.

#### **11. Housing Bank :**

Housing Banks are those banks who collect deposits in the form of time deposits and selling securities in the capital markets where as they finance in the developments of houses in the country. Nepal Housing Development Finance Company Limited is the example of housing bank in Nepal.

### **1.2.4 Services provided by Banks in Nepal**

At this present era, the role of commercial banks is intensifying very rapidly. It has become a major part of the modern society. The service that commercial banks provide today is more efficient and convenient as compared to services that it used to provide last decades. Commercial banks at this new world of globalization have come up with the wide services like, ATM, Credit Card and Internet banking etc.

The various products and services provide by Commercial Banks are as follows:

#### **A. Business Banking**

- Working & Fixed Capital Loan
- Import Loan
- Bills discounting facility under suppliers credit
- Export Loan
- Hire Purchase
- Project Finance
- Mortgage Loan
- Consortium/ Syndication loan

#### **B. Personal Lending**

- Housing & Auto Financing
- Personal & Education Financing

### **C. Clean Bills**

### **D. Privilege Banking**

The Privilege Banking Unit of the banks is committed to serve customers through their sophisticated and state-of-the-art products and services.

### **E. Remittance**

### **F. E-Banking**

### **G. Bancassurance**

### **H. Trade Finance**

### **I. Others**

- Balance Certificate, Safe Deposit Locker, U.S. Visa Fee, etc.

## **1.2.5 Brief information about Product offer by various Commercial Banks in Nepal.**

<b>Product Name</b>	<b>Bank's Name</b>
<b>Savings Deposit</b>	
1. Lok Bachat	Nabil Bank Limited
2. Student Saving	Nabil Bank Limited
3. Bal Bachat	Nabil Bank Limited
4. Jestha Bachat	Nabil Bank Limited
5. Jestha Mudditi	Nabil Bank Limited
6. Retirement Fund	Nabil Bank Limited
7. Nari Bachat	Nabil Bank Limited
8. Yuba Bachat	Machhapuchchhre Bank Limited
9. Bal Bachat	Nepal Credit & commercial Bank Ltd.
10. Mahil Bachat	Nepal Credit & commercial Bank Ltd.
11. Kopila Bachat	Bank of Kathmandu Limited
12. Sulabh Bachat	Bank of Asia Nepal Ltd.
13. Jumbo Term Deposit	Himalayan Bank Ltd.
14. NMB Advantage Saving A/c	NMB Bank Ltd.
15. NIC Super Deposit	NIC Bank Ltd.
16. Pledge Loan	Everest Bank Limited
17. Nabil Home Loan	Nabil Bank Limited

### 1.3 Objective of the Study :

The present study is trying to focus on the marketing strategies adopted by commercial banks in Nepal. Present day market has become a very competitive market and there is a cut throat competition to meet the said targets. Banks today is not only a place of deposit and withdrawal of cheques but it has become a partner to our life.

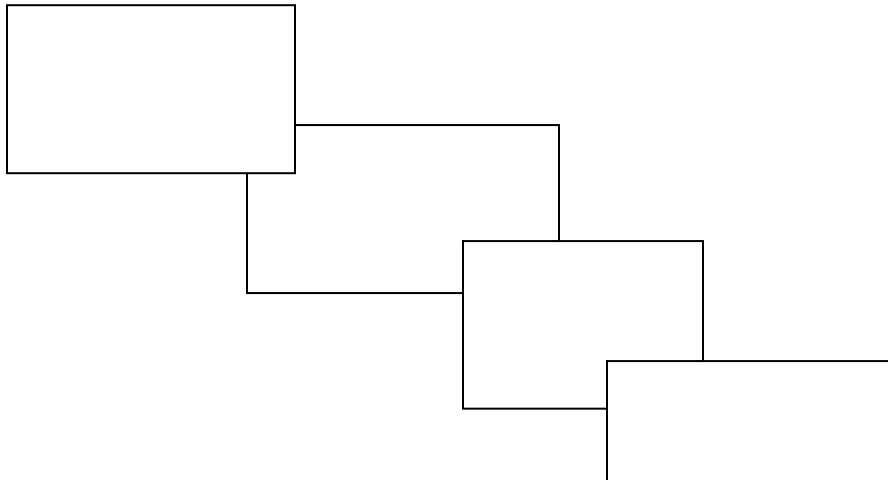
Those days are gone when banks were treated as a financial institution. Today's bank believes in marketing; marketing of their products, their schemes and getting familiar to the public. With the wide range of marketing, the banks of third phase have adopted some of the marketing strategies to attract their customer, entertain them and retain them for long run.

Marketing in its true sense helps to increase effective demand for a product through the reduction of distribution cost and also helps to explore markets for new opportunities. The impact of marketing is deep and far reaching.

It is difficult for any organization to share its marketing strategies because it is an important aspect to survive in the market. Likewise the market for banks has become very competitive. So the objective sounds difficult. However, it has tried to explore the marketing strategies of commercial banks in Nepal; a case study of Nabil Bank Limited as main objective in this study.

**Fig. 1**

The objectives of the study are enumerated as follows:



- i. To survey the current market situation**
  - What is the current market situation of commercial banks in Nepal?
  - What are the factors affecting the business of commercial banks?
  - What is the appropriate advertising media?
  
- ii. To explore & to examine the marketing strategies.**
  - What type of strategies the commercial banks in Nepal are following?
  - What are the future plans for the adopted strategies?
  
- iii Problems and Prospects of Commercial Banks.**
  - What are the problems faced by commercial banks in Nepal?
  - What are the problems of Commercial banks to sustain in the market?
  - What are the problems faced in implementing marketing strategies?
  - What are the prospects of commercial bank in Nepal?
  
- iv. To supply the appropriate recommendation**
  - To recommend the proper marketing strategy through the findings of the study.
  - To recommend the appropriate promotional tools.

#### **1.4 Statement of problem :**

In a financial background like bank, a least focus is made for the marketing. The main problem faced by commercial banks in Nepal is they are lack in developing marketing strategy. Marketing and Marketing strategy are two different things, a very few have realized it. Banks are marketing on collecting deposits but they are not involved in developing strategy to attract the market for deposit and lending as well. Major problem for today's commercial banks is lack of proper marketing strategy, well defined plan and lack of action plans according to the strategy.

Everyone knows today's market is very competitive and there is "cut to throat" competition in this line of business. At present there are numbers of commercial banks providing services to its customer through numbers of branches and there network. Gradually, banks have realized that a marketing strategy is required to develop and attract customer. Where the commercial banks lies and what are the problems faced by commercial banks due to lack of proper marketing strategy are the major statement of problem of this study.

#### **1.5 Research Questions/ Research problem :**

This study raises some issues and problems to be studied which are stated below:

- What are the marketing strategies adopted by the commercial banks in Nepal; while marketing their product?

- What are the advertising media adopted by the commercial banks of Nepal to advertise their products?
- What are the major problems faced by the commercial banks in Nepal while implementing the marketing strategies?

### **1.6 Limitations of the study :**

It is not possible to complete any study without any shortcoming. Almost all works are based on samples, therefore sometimes sample may not represent population. Every researcher try to prepare an error free research and this is not an exception.

Following limitations are considered for this study:

- Though there are various types of banks in Nepal but this study is limited to the commercial banks only.
- The study is based on an individual commercial bank in Nepal and not all the commercial bank, so this might not represent the whole commercial banks in Nepal.
- Even though being 47 points of representation of Nabil Bank in various parts of the nation, this study has been undertaken with Birgunj area as the main area of study considering one of the biggest & major business hub of the country Nepal.
- There may be various types of marketing strategies for e.g. strategy concerned to cover the market after 5 years, strategy to make more profit, strategy to defeat competitors etc. But this study is limited on the marketing strategy concerned to attract customers only.

### **1.7 Significance of the study :**

Because of globalization, today market has become very competitive whether marketers are facing problem of not getting target market share over competition or not achieving the budgeted figures.

This study will provide us the marketing strategy and tools adopted by the commercial banks in Nepal; how banks has been affected by the competitive market; how marketing has played a supreme role to the commercial banks in Nepal. The commercial banks management can use this thesis to analyze the market taste and understand the market trend, its demand and the consumer expectations to develop a better marketing strategy.

### **1.8 Study Plan/ Structure of the study :**

For the systematic presentation and analysis of the study, this study has been organized into five different Chapters. The chapters are further divided under any headings and subheadings, which cover aspects of the study.

**Chapter I – Introduction :**

It includes introduction of the study. General introduction, background, origin and growth of the commercial banks in Nepal, types of banks in Nepal, services provided by banks, banking products, objective of the study, research problems, limitation of the study, significance of the study and organization of the study are the subheadings under this chapter.

**Chapter II – Review of Relative Literature :**

Different books, unpublished literature, journals and web sites are reviewed for this chapter. It is organized by including the subheadings like; Theoretical framework, review of published and unpublished literature, thesis and dissertation etc.

**Chapter III – Research Methodology :**

Methods of conducting research is explained in this chapter in detail. Chapter explains about the meaning of research, research design, methods of data collection, types of data, area of the study, statistical and mathematical tools used etc.

**Chapter IV – Data, Collection, Analysis and Interpretation :**

This chapter presents the collected data and the analysis made on it. This chapter contains the various products, services and the marketing strategy adopted by Nabil Bank Ltd and Sanima Bank Ltd. To present this chapter, questionnaire is prepared, distributed and collected by undertaking field visits. After collecting the data, they are presented and analysed.

**Chapter V – Summary, Conclusion, Findings & Recommendation :**

Based on the above study major findings are highlighted firstly. Thereafter; conclusion and recommendations has been presented in this chapter.

# CHAPTER – II

## REVIEW OF LITERATURE

### 2 Review of Literature :

Review of literature is an essential part of all studies. It is a way to discover what other research in the area of our problem has uncovered. A critical review of literature helps the researcher to develop a thorough understanding and inside into provides research works that relates to the present day.

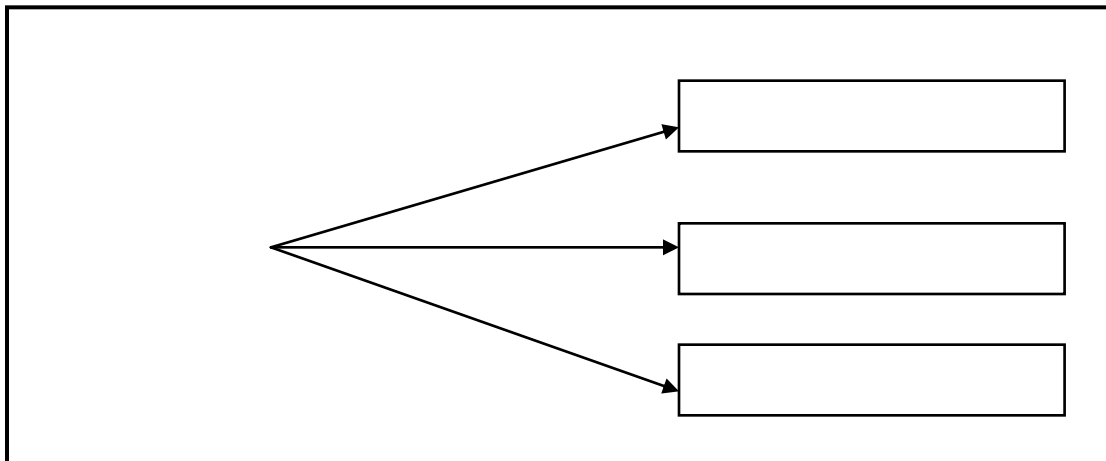
#### 2.1 Theoretical Frame Work

##### 2.1.1 The Market

A market may be defined as a place where buyer and sellers meet, products and services are offered for sales and transfer of possession occur. A market may also be defined as the demand made by a certain group of potential buyers for product or services. “ A market consists of all the potential customers sharing a particular need or want that might be willing and able to engage in exchange to satisfy that need or want.”

**Fig.2**

A market is people or organizations:



“A market represents the aggregate demand of the buyers and potential buyers for a product or services over a specific period of time.”

#### 2.2 Marketing

Marketing can be define in a simple manner as the activities done by the company to take the product from the place of production to the place of consumption. Similarly, it means the transfer of ownership of a product or service in exchange of same value.

Thus, the essence of marketing is a transaction or exchange. In this broad sense, marketing consists of activities designed to generate and facilitate exchanges intended to satisfy human needs or wants.

“Marketing is often dynamic, challenging and rewarding. It can be frustrating even disappointing. But it is never dull. It is changing and interesting”<sup>1</sup>

American Marketing Association defines marketing as “The performance of business activities that direct the flow of goods and services from the producer to consumer or user.”<sup>2</sup> This definition merely stresses marketing function involved in the movement of goods and services from the plant door to the buyer. Later on AA defines marketing in some broad concept as “Marketing is the process of planning & executing the conception, pricing, promotion & distribution of ideas, goods & services to create exchanges that satisfy individual and organizational objectives.”<sup>3</sup>

This definition focuses on the following aspects of marketing

- It recognizes marketing as a process
- Marketing activities are undertaken to create exchanges that meet individual and organizational goals

According to Philip Kotler “Marketing is a social process by which individuals & groups obtain what they need and want through creating offering and freely exchanging products & services of value with others.”<sup>4</sup>

- Marketing is a social process performed by individuals and groups.
- Marketing is performed for meeting needs and wants of products.
- Marketing is concerned with creating, offering and exchanging products and services.

Cundiff and Still defines marketing as the business process by which products are matched with markets through which transfers of ownership are affected.<sup>5</sup>

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<sup>1</sup>Stanton, Etzel & Walker (2002), Fundamentals of Marketing (10<sup>th</sup> Edition), New Delhi: McGraw Hill India, Page5

<sup>2</sup>Koirala, K.D. (2000), Marketing Management, Kathmandu: M.K. Publishers, Page 5

<sup>3</sup>Bennet, P.D. (Ed.), Dictionary of Marketing Terms, Chicago – USA: AMA, 1995, Page 8

<sup>4</sup> Kotler, P. (2000), Marketing Management (millennium Ed.), New Delhi: Prentice Hall – India, Page 9

<sup>5</sup> Cundiff, E.W. & Still, R.R. (1999), Basic Marketing Concepts, Environment and Decisions, New Delhi: Prentice Hall – India, Page 2

Similarly, E.J. McCarthy defines marketing as a means of performing activities which direct the flow of goods and services from producer to consumer.<sup>6</sup>

Marketing as a social science is a modern development. In this concept, marketing is based on the following four fundamental principles:

- a) Target Market Focus: Defined boundaries for marketing operations and follow of the market by tailored business strategy.
- b) Customer Orientation: Customer satisfaction as the main marketing focus.
- c) Integrated Marketing: Integration and co-ordination of various marketing strategies within the organization.
- d) Profitability: Analysis of every business opportunity from the view point of profitability and survival of the organization.

The new marketing concept assumes that consumers will favour those products that satisfy their needs and wants. The focus therefore is to create products that satisfy the needs of the consumers.

### **2.3 Marketing Functions**

Marketing functions are all activities undertaken by the producer to move the goods and services from the place of production to the place of consumption. It may have several transactions involving the flow of ownership and possessions.

According to E. J. McCarthy “Marketing functions are all those business activities which have to be carried out as part of the process of marketing, e.g. buying, selling, storage, transportation, pricing, financing and informing.”<sup>7</sup>

Marketing function is specialized activities performed in marketing. A marketing function is necessary to take the goods and services from the place of origin to place of consumption. Thus it is an act, or operation or services in order to link the original producer and ultimate consumer. The marketing functions are built around the process of marketing involving concentration, equalization and dispersion.<sup>8</sup>

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<sup>6</sup> McCarthy, E.J. (1975), Basic Marketing (5<sup>th</sup> Ed), New Jersey, USA: Prentice Hall Inc., Page 8

<sup>7</sup> McCarthy, E.J. (1975), Basic Marketing (5<sup>th</sup> Ed), New Jersey, USA: Prentice Hall Inc., Page 15

<sup>8</sup> Sherlekar, S.A. (1981), Modern Marketing Principle & Practices (1<sup>st</sup> Ed), New Delhi: Himalayan Publishing House, Page 8

Formulating the marketing mix (4 Ps) and conducting the marketing process is also marketing function. Marketing functions are traditionally classified, as physical distribution function and auxiliary functions. Nowadays different writers have classified it differently. The classifications of marketing functions done by S.A. Sherlaker are as follow:<sup>9</sup>

- a) Con-factual – This function consists of searching the buyers and sellers.
- b) Merchandising – This function refers with matching the product to customer needs and desire.
- c) Pricing – This function refers to settle the pricing objective determine the optimum price and price decision of the company.
- d) Promotion – It refers to inform consumer about the product, place and price.
- e) Physical distribution – It refers to decide over the transportation, warehousing, inventory control and order processing.

## **2.4 Marketing Mix**

The marketing mix is one of the most fundamental concepts associated with the marketing process. It is well understood by most modern marketers and is systematically applied on many industries especially those that deal with physical products. Yet it is easy to assume that, because most managers have heard about it and or/use it, there is no need to mention it again a book on marketing.

The sad truth is that quite often the precise role and scope of the concept and its underlying principles are not fully appreciated by those who tackle about it or use it. Many managers as no more than a theoretical model that helps in understanding the breath of activities encompassed by the marketing task regard it. In many situations it is considered as no more than just ‘selling’ and ‘promoting’. A brief review of the main principles surrounding the marketing mix can help to clarify its true role in the developing amid execution of an effective marketing effort. “The marketing mix is the set of marketing variables which the organization blends to achieve the marketing goal in a defined target market. The marketing mix consists of everything the organization can do influence the demand for its product in the target market.”<sup>10</sup>

As stated earlier the marketing mix represents as assemblage of tasks and subtasks, which ultimately will help to satisfy the customer’s requirements in such a way as to enable the firm to attain its objectives in a optimum fashion. The subtle part of the concept is that different company in the same business may opt to develop different ‘mix’. In fact it is this difference that may provide one company with a competitive advantage over its competitors.

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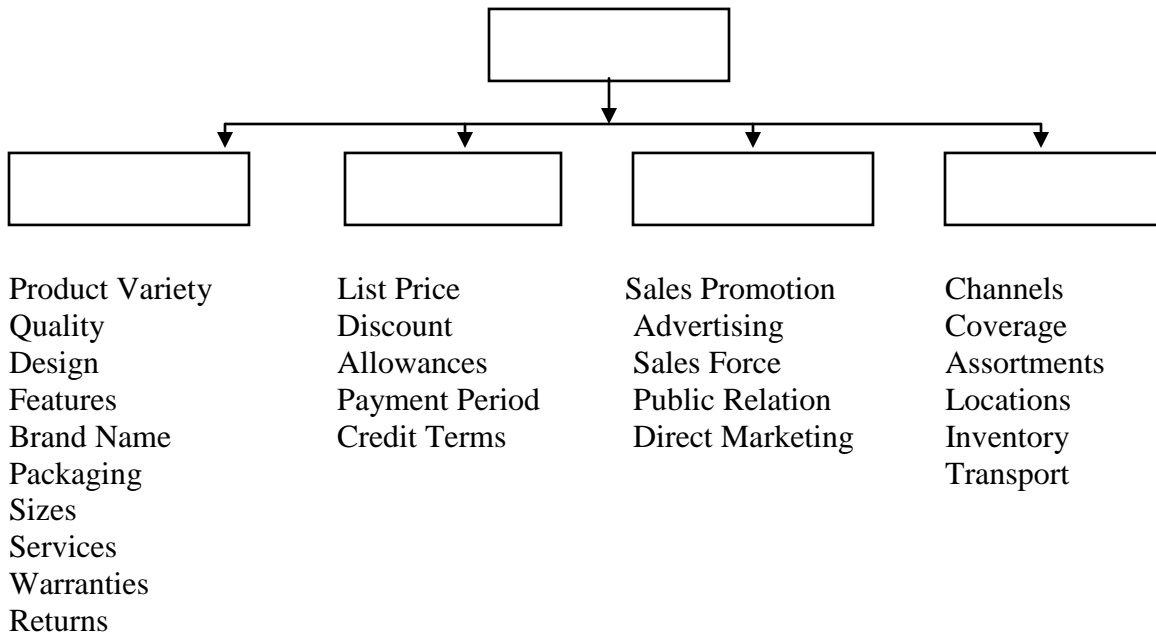
<sup>9</sup> IBID

<sup>10</sup> McCarthy, Op. Cit

The concept of the marketing mix essentially premises that the decision making executive must analyze certain market forces and certain elements of marketing if the executive is ultimately to determine a sound “mix” of marketing elements which promises to be effective and profitable. The “Four Ps Model” of marketing mix has probably gained acceptance because of its elegance rather than its validity in all situations. Regrettably, what has been gained in simplicity has been sacrificed in universal appropriateness. It is easy to find examples of marketing programmers, which do not outset that model is no of universal validity.

The theory underlying the four Ps is that, if one manages to achieve the right product at the right price with the appropriate promotion and in the right place, the marketing program will be effective and successful. However, one must bear in mind that each of the four Ps can be broken down into a number of sub-components. “Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market”.<sup>11</sup>

**Figure -3**



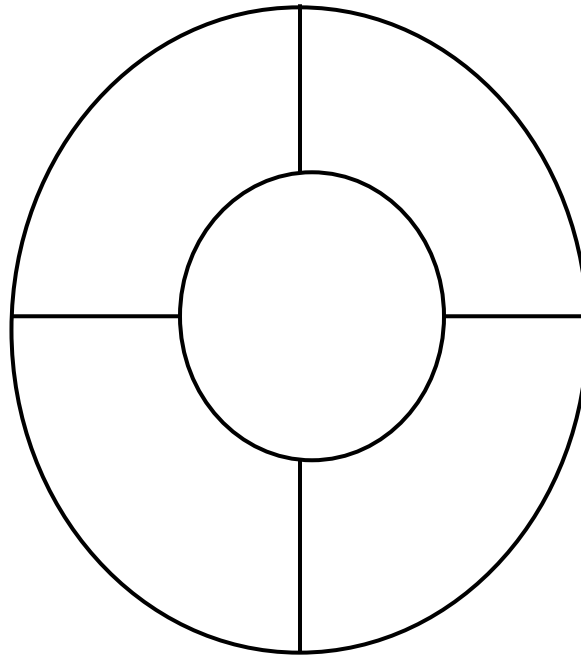
“Marketing mix is one of the key concepts in modern marketing. It refers the set of variables that the business uses to satisfy consumer needs.”<sup>12</sup>“Marketing mix may be considered as consisting of four Ps – product, price, promotion and place.”<sup>13</sup>

<sup>11</sup> Niel H Borden and Martin V. Marshall, Advertising Management, Irwin, Homewood, III 1959 PP-23

<sup>12</sup> Agrawal, Govinda Ram – “Marketing for Small Business” PP-15

<sup>13</sup> Ibid

**Figure -4**



### **Variable of Marketing Mix**

#### **2.4.1 Product**

Product is one of the most important parts of the marketing mix. Without product we cannot sell or buy the things. The product area is concerned with developing the right product for the target market. This product may involve a physical product and/or some combination of services. The crux of the matter in the product area is to develop something, which will satisfy the customers' needs. Most of the text will be concerned with tangible products, but the principles in most cases also apply to services. It is important to keep this in mind, since the service side of our economy is growing. It is also important to overly occupy with producing and selling tangible products. Too many productions – oriented people fall into these trap and neglect important opportunities for satisfying needs in other ways.

“A product is anything that can be offered to a market to satisfy a want or need. Product that is marketed includes physical goods, services, persons, place, organizations and ideas.”<sup>14</sup>

“The product offered by an organization is what the business (or no business) entity is all about, while we tend to think of product as objects. We can see and touch the term product may be used in referring to intangible services and ideas as well. So, product is a market's offering as perceived by the market.”<sup>15</sup>

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<sup>14</sup> Kotler, Op. Cit. PP-430

<sup>15</sup> Buell, Op. Cit. PP-23

“Product mix includes decisions on product line and mix, product quality, variety, design features, branding, packaging, and labeling etc. it also includes important activities such as product planning and development.”<sup>16</sup>

## **2.4.2 Place**

A product is not much good to a customer if it is not available when and where he/she wants it. We must consider where, when and by whom the goods and services are to be offered for sale.

Goods and services do not flow producers to consumers automatically. They move through channels of distribution where a great deal of making work is done. Channel members may or may not handle the goods some may own them and transfer title, while others do neither. Some may provide return and repair services, while also storing and transporting them and others may primarily concerned with transmitting money and information. In other words, a number of things flow through a channel besides goods, in both ways.

“Place or distribution mix includes design of the distribution channels, distribution networks, dealer, promotion and motivation systems and physical distribution of the products.”<sup>17</sup>

Any sequence of marketing institutions from producer to final user or consume, including any number of middlemen is called channels and so our study of place will be very important to marketing strategy planning.

Even though marketing intermediaries are primarily a non controllable environmental factor, a marketing executive has considerable latitude when working with them. Management responsibility is

1. To select and manage the trade channels through which the products will reach the right market at the right time
2. To develop a distribution system for physical handling products and then transporting them through the appropriate channels.<sup>18</sup>

## **2.4.3 Promotion**

Promotion, one of the four major variables with which the marketing manager works, is communicating information between seller and buyer with a view to changing attitudes and behaviour. The marketing manager’s job is to tell target customers that the right product is available at the right place at the right price.

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<sup>16</sup> Koirala, Op. Cit. PP-14

<sup>17</sup> Ibid, PP-15

<sup>18</sup>“Technological Antecedents of the Modern Marketing Mix” – Journal of Macro Marketing Spring PP-17

“Promotion is the ingredient used to inform and persuade the market regarding a company’s product. Advertising personal selling and sales promotion are the major promotional activities.”<sup>19</sup>

The major promotional methods include personal selling, mass selling and sales promotion, personal selling involves direct face to face relationships between sellers and potential customers. Mass selling is designed to communicate with numbers of customers at the same time. Advertising is the main form of mass selling but it also involves publicity. Sales promotion refers to specific activities that complement personal and mass selling such as point of purchase displays booklets, leaflets and direct mailings.

“Companies face the task of distributing the total promotion budget over the five promotional tools advertising, sales promotion, public relations and publicity, sales force and direct marketing. Within the same industry, companies can differ considerably in how they allocate their promotional budget. It is possible to achieve a given sales level with varying promotional mixes.”<sup>20</sup>

“It is the variable that communicates to the consumer about other variable of marketing mix for their need satisfaction. It consists of advertising, publicity, personal selling and sales promotion.”<sup>21</sup>

#### **2.4.4 Price**

Price is also one of the major parts of the marketing mix. While the marketing manager is developing the right product and promotion, he also must decide on the right price. In setting the price, he must consider the nature of competition in this target market as well as the existing practices on markups, discounts and terms of sales. He also must consider legal restriction affecting prices.

“Price mix includes such as analysis of companies’ prices, formulation of pricing objectives, setting the price, determining terms and conditions of sales, discounts and commission etc.”

“In pricing, management must determine the right base price for its products. It must then decide on strategies concerning discounts, freight payments and many other price-related variables.”<sup>22</sup>

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<sup>19</sup> W.J. Stanton & Futrell, Fundamentals of Marketing PP-56

<sup>20</sup> Kotler, Op Cit. PP-622

<sup>21</sup> Agrawal, Op. Cit. PP-16

<sup>22</sup> Stanton, Op. Cit. PP-56

In economic theory, we learn that price, value and utility are related concepts. Utility is the attribute of an item that makes it capable of satisfying human wants. Value is the quantitative measure of the worth of a product to attract other products in exchange. Prices is value expressed in terms if dollars and cents or and other monetary medium of exchange. In pricing, we must consider more that the physical product alone. A seller usually is pricing a combination of the physical product and several services and want-satisfying benefits. Price is the value placed on goods and services. Price is tile amount of money and/or product that is needed to acquire some combination of another product and its accompanying services.<sup>23</sup>

“It is the variables that create sales revenue. Consumers pay prices to buy products for their need satisfaction. It may be fixed on the basis of cost, demand or competition. It may involve discounts, allowances, credit facilities etc. Price has become the second most important variables of marketing mix because of inflationary pressures in recent years.”<sup>24</sup>

## 2.5 Marketing Strategy

The term strategy originally applied to the art of military generalship. In business, a strategy is a broad plan of action by which an organization intends to reach its objectives.

The marketing strategy is the game plan for achieving the broad corporate objectives and specific SBU goals. It is based on the marketing goals and is formulated by the marketing department. The strategy formulation involves designing strategies related to product – market scope, product positioning, and product or customer specific marketing mix. The marketing department must specify the financial, social and human resource costs and risk involved in the implementation of strategy.

According to Philip Kotler – “Strategy is a game plan for getting to the goals what a business unit wants to achieve.”<sup>25</sup> Every business must tailor a strategy for achieving its goals, consisting of a marketing strategy and a compatible technology.

There is the difference between objective and strategy. Two organizations might have the same objective but use different strategies to reach it. For example, two firms might aim to increase their market share by 20% over next 3 years. To do that, one firm might intensify its efforts in household market while other might concentrate on expanding into institutional markets.

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<sup>23</sup> Ibid. PP-260

<sup>24</sup> Agrawal, Op. Cit. PP-16

<sup>25</sup> Kotler, P. (2000), Marketing Management (Millennium Edition), New Delhi: Prentice Hall-India, Page 80

## **There are three types of strategies are available**

**1. Overall cost Leadership:** Here the business works hard to achieve the lower production and distribution cost so that it can price lower than its competitors and win a large market share.

**2. Differentiation:** Here the business concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market. It can strive to be the service leader, the quality leader, the style leader or the technology.

**3. Focus:** Here the business focus on one or more narrow market segments. The firm gets to know these segments intimately and purposively either cost leadership or differentiate within the target segment.

The firm pursuing the same strategy directed the same target market constitute a strategic group. The firm that carries off that strategy best will make the most profits.

Marketing strategy is both unique and commonplace. That might sound like a contradiction of terms but it is no. The term “Strategy” is widely used to describe a seemingly endless number of marketing activities. Today, everything in marketing seems to be “Strategic”. There is strategic pricing, strategic market entry, strategic advertising and may be even strategic strategy. The glut, of competition has focused more attention on performing traditional marketing actions strategically with an eye towards beating the completion. In that sense, marketing strategy is commonplace. In recent years it seems to have been appended to nearly every marketing action.

Marketing strategy is also unique. There is not one unified definition upon which marketers agree. Marketing strategy is a commonly used term, but no one is really sure what it means. “A strategic sector is one in which you can obtain a competitive advantage and exploit strategic sectors are the key to strategy because each sector’s frame of reference is competition. The largest competitor in an industry can be unprofitable if the individual strategic sectors are dominated by smaller competitors.”<sup>26</sup> Boyd and Larreche (1978) had found in the history of marketing strategy that tremendous confusion over just what strategy is. The term “Strategy” as used in marketing, has been applied to at least three types of issues, each at a different level of aggregation.

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26 Jain, Subhash, The Evolution of Strategic Marketing. Page 81

There are product market entry strategies, which include strategies that look at specific marketing decisions. Strategies that call for a firm to built market share, harvest profit (and share) of defend share from competitors. Another widely used definition of strategy

in marketing emphasizes the broader perspective of strategy in management. That definition views strategic market planning as a four-step process.

- i) Defining the business
- ii) Setting a mission
- iii) Selecting functional plans for marketing, production and other areas and
- iv) Budgeting for those plans (A Bell and Hamond (1979). In that sense, marketing strategy is more akin to corporate strategy.<sup>27</sup>

Strategic marketing is a major component of the strategic planning. Its main objective is to establish the product/market scope of a business. Strategic and marketing is the method that concentrates on the market to serve, the competition to be tackled and the timing of market entry/exit and related moves. Formally, strategic marketing deals with the following:

- Where to complete?
- How to complete?
- When to complete?

“Strategic marketing helps to define the market in entering and competing. That may be either an entire market or one or more segments of the entire market. Strategic marketing provides inputs or techniques for solving customer need. That technique may be either an introduction of a new product or existing product with improvements. Similarly, strategic marketing tries to identify an appropriate time for entering to the market defined. The appropriate time to enter the market may be the first in the market or wait until primary demand is established.”<sup>28</sup>

### **2.5.1 Product Strategy**

In a very narrow sense, a product is a set of tangible physical attributes assembled in an identifiable form. Each product carries a commonly understood descriptive name, such as apples, steel or baseball bat.

“A product is a set of tangible and intangible attributes, including packaging, color, price, manufacturer’s prestige, retailer’s prestige and manufacturer’s and retailer’s service.”<sup>29</sup>

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27 Steven P. Seehmars, Marketing Strategy, Page 18

28 Shrestha, Op Cit. Page 176

29 Schnaars, Steven P. – Marketing Strategy, PP-18

“Product is anything that can be offered to a market for attention acquisition, use or consumption and that might satisfy a want or need. Products include more than just tangible goods. Broadly defined, product includes physical objects, service, persons, place, organizations, ideas or mixes of these entities.”<sup>30</sup>

A product is anything that is potentially valued by a target market for the benefits of satisfaction it provides (Crave, Hill and Woodruff). The general principle is that a firm must have a right product that can satisfy the need and wants of the consumers but a product cannot satisfy their needs and wants of the consumers but a product cannot satisfy their needs and wants over the time period, because of several reasons. First, like living creating a product also has a life during which a firm has to reformulate or differentiate or standardize it to maintain its position in the market. Second consumer demand goes on changing over the time period. As such, the same consumer may demand different products over the time period. Finally, the requirement of all consumers is not alike, different consumers may demand for different product attributes (such as quality, product, service, branding, good packing, attractive colour and design prestige, problem solution etc.) at the same time.

“It clearly indicates that the product decision is not only an important decision in the marketing but also a most challenging task for the marketers. To succeed in the competitive markets the marketer must be able to study each and every aspects of the product including product life cycle, new product development, product mix and product line, product positioning, branding and packaging.” “Product is what marketers offer to consumers. They include goods, services ideas and any other things that can be exchanged by a supplier and a buyer or consumer. The term product concept refers to the marketing strategist’s selection and blending of a product’s primary characteristics and auxiliary dimensions into a basic idea or concept emphasizing a particular set of consumer benefits.”<sup>31</sup>

Product strategy is the core of strategic planning for the enterprise and it plays a pivotal role in shaping marketing strategy. Management’s strategic decisions about the product to be offered are among the most important of those affecting the future of a company. No other strategic decision has such widespread impact, cutting across every functional area and affecting all level of an organization. This key strategic role should not come as a surprise since meeting people’s needs and wants with goods and services is what business is all about. A product strategy consists of:

- Decision how to position a business unit’s product offering (specific product line or mix) to serve its target market.
- Setting strategic objectives of the product offering.

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30 Kotler and Armstrong, Op. Cit. PP-238

31 Zikmand and D’Amico – Marketing, PP-213

- Selecting a branding strategy.
- Developing and implementing a management strategy for new and existing products.<sup>32</sup>

### 2.5.2 Pricing Strategy

Price is one of the four major elements that the marketing manager must consider while preparing the marketing program. Price is regarded as backbone on which the success of the marketing program largely depends. No rational product policy, no product design, and no marketing strategy can not be formulated without consideration of price nor is price set in isolation of the total strategy. Since price decisions affect not only the firm's sales and profit but also determines its future prospects, they must be taken into account seriously.

In general, price is value or amount of money sacrificed to obtain a particular product or service. Price may also be defined as the exchange of something of value between parties involved in a transaction. In economic sense, price is value expressed in terms of rupees or dollars, or any other monetary medium of exchange.

Pricing on the other means the determination of proper value to a particular product or service. In broader sense, price settings involve of the exchange to all parties involved in the transaction. Determining the values to base price is a strategic decision. Pricing is a strategic variable in marketing. It should be based on systematic decisions to assign a value to communication the seller's estimated worth of the offering.

Price strategy has many characteristics in common with a bomb! The consequences of pricing decision can be explosive and far-reaching and it may be difficult to alter a strategy once it has been implemented, particularly if the change calls for significant price increases. Price has many possible uses as a strategic instrument in corporate and marketing strategy.

We define a price strategy as “deciding how to position price within the range of feasible prices, establishing whether price shall be used as an active or passive element in the marketing program setting the specific objectives to be accomplished by price and establishing policies and structure for guiding pricing decisions.”<sup>33</sup>

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32 David W. Cravents- Strategic Management, PP-237

33 David W. Cravens, Op. Cit. PP-294

### 2.5.3 Distribution Strategy

Distribution is one of the major marketing functions without its effective and efficient management the whole marketing system may be failed. So that, clever marketing manager should have given due attention towards its better functioning. Simply speaking, distribution is the delivery of the products to the right time, place and consumer. It is not a single element, but it is a mixed of various to consolidate functions. Such as channel of distribution, transportation, warehousing and inventory controls etc.

Most producer work with marketing intermediaries to bring their product to market, they try to forget a distribution channel. A producer should decide how many middlemen he should seek at each level of distribution. He will determine the numbers of retailers, wholesalers, agents and so on.

“Distribution may be defined as an operation or a series of operation which physically bring the goods manufactured or produced by any particular manufactures into the hands of final consumers or users.”<sup>34</sup>

“Distribution channels are major factors in the effective development of the market share, internationally to maintain quality and ensure services; direct distribution is also undertaken by many manufacturers. Also the use of multiple channels will expand and include telemarketing; direct response marketing, mail order and computer assisted buying.”<sup>35</sup>

Distribution is concerned with the activities involved in transferring goods from producers to final buyers and users. It includes not only physical activities, such as transporting and storing goods but also the legal promotional and financial activities performed in the course of transferring ownership. Since a succession of enterprises is generally involved in the distribution process leading to the final sale to the consumer or user to understand distribution one must analyze both the different kind of marketing institutions and the marketing channels in which they operate.

The means of distribution have a very significant effect upon the prices of goods and a single means is not enough due to the geographical diversity where there is single system this has led to the rise in the price of commodities on the one hand and the non-availability of them in time, on the other hand. The problems have pointed to the necessity of a new management in the means of distribution which specially considers the factors like the nature of the commodity, the behavior of the consumers, effectiveness of time, education and social values.

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34 Rustam, S. Daver, Modern Marketing Management, Bombay, Progressive Corporation (P) Ltd. PP-40

35 William Lazer, et.al., Marketing 2000 and beyond, Chicago. American Marketing Association. 1990, PP-164

The distribution channel moves goods from producers to consumers. It overcomes time, place and possession gaps that separate goods and services from those who would use them. The different distribution channels are useful for receiving information, finding and communicating with perspective buyers, attempting can happen.

In today's mass production economy, most producers do not sell their goods directly to the final users. Distribution channels are among the most complete and challenging function of decision making facing a firm in modern business organization.

“The channel and physical distribution programmer are developed to deliver right product at the right place at the right time at lower cost”<sup>36</sup>

“Effective control of distribution costs can give an organization a advantage, if the organization can not control distribution costs profit will be impaired in the short run and survival may be threatened in the long run.”<sup>37</sup>

Most producers do not sell their product directly to the final consumers. That is why; they use a variety of intermediaries. Channels are the medium for taking the goods and services to ultimate buyers. These organization and agencies are grouped in together in various combinations linking particular producing units through the channels distribution.

“In today's economy most of the producers of goods and services do not sell their goods directly to the final users between them and the final user's stands a host of marketing intermediaries performing in a variety of functions and bearing a variety of names. Some middlemen such as wholesalers and retailers buy, take title to, and re-sell the merchandise. They are called merchant middlemen other such as brokers, manufactures and may negotiate on behalf of the producer but do not take title to the goods. They are agent middlemen.”<sup>38</sup>

After the product has been produced, producers must distribute or supply these products to the target markets. In the most of cases, producers use several middlemen or channels of distribution to supply goods and services to the consumption point.

A channel of distribution shall be considered to comprise a set of institutions, which perform all of the activities utilized to move a product and its title from production to consumption (Bucklin). Channels of distribution is an organized network of agencies and institutions which in combination, perform all the activities required to link producers with users and user with producers to accomplish the marketing task (Craven, Hills & Woodroff).

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36 Burr W. Hupp, “Inventory Policy is a Top Mgm Responsibility” in Donald L. Buwersox(ed) Reading in Physical Distribution Management, New York Mac Millan Company, 1969 PP-179

37 Ronald J., Lewis, “Strengthening Control of Physical Distribution Cost” Ibid PP-316

38 Kotler; Op. Cit. PP-175

These intermediaries or channels of distribution tend to be used for several reasons:

1. The number of sellers, buyers and the distance of product movement are relatively large.
2. The frequency of purchase is high.
3. The lot sizes needed by end users are small.
4. Markets are decentralized.

### **Channel Structure**

There are three levels of marketing channels:

- i. Direct Channels
- ii. Indirect Channels
- iii. Mixed Channels

Under direct channel, producer himself distributes goods and services to the end users. No intermediaries are used in this case. Under indirect channel, several intermediaries such as wholesalers, retailers, dealers, agents etc are used to supply goods and services from production point to the consumption point. Under mixed channel, producers use both direct as well as indirect channels at the same time for the purpose.

Here, intermediaries or middlemen can be divided into two categories:

- i. Merchant Middlemen
- ii. Agent

Merchant middlemen purchase outright and actually take title to the goods. Merchant middlemen include wholesalers, retailers etc. Agent acts in an agency capacity on clients and does not take title to the goods which they deal. They usually charge certain commission in tens of percentage or lump sum.

### **Physical Distribution**

Physical distribution is concerned to the management of physical flow of goods from the points of suppliers to the points of purchases.

“Physical distribution management as the process of strategically managing the movement and storage of materials, parts and finished inventory from suppliers between enterprise facilities and to customers.”<sup>39</sup>

“Physical distribution as the activities concerned with the movement of the right amount of the right products to the right place of the right time.”<sup>40</sup>

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39 Kotler; Op. Cit. PP-433

40 Stanton, Op. Cit. PP-379

The main objective of physical distribution is getting the right product safely to the right place at the right time at the least possible cost. More specifically, the objectives of physical distribution are:

- a. To provide customer service
- b. To distribute goods more safely
- c. To minimize the total cost
- d. To supply goods to the right target market function of physical distribution

A physical distribution system consists of a set of interrelated functions with specific boundaries. The interrelated functions include the following elements:

- a. Transportation
- b. Warehousing
- c. Inventory Management and Control
- d. Order Processing
- e. Material Handling

Transportation is the element of the physical distribution system that links geographically separated markets and facilities. There are five models of transportation:

- a. Road Transport
- b. Rail Transport
- c. Water Transport
- d. Air Transport
- e. Pipe-line Transport

Warehousing decision determines the number, size and location of storage facilities needed to serve customers' demand. Developing effective warehousing strategies includes the decisions regarding the following elements:

- a. Location of warehouse.
- b. Determine the type of warehousing i.e. private or public warehousing.
- c. Evaluate developments in warehousing.

Inventory decisions are concerned with balancing the costs of carrying inventory, ordering products from suppliers and controlling other inventory costs to achieve a desired level of consumer satisfaction, inventory accumulation is expensive, yet availability is essential to having satisfied customers.

Order processing constitutes the communication linkage that stimulates a physical distribution system into action. In other words, order processing regards to all those

activities involved in collection, checking and transmitting sales-order information. It is the handling of all paper work associated with the sale of goods and services offered by an organization.

Material handling, also called the physical handling of goods, is an activity that is important in inventory, warehousing and transportation. The characteristics of a product to a large extent how it will be handled.

#### **2.5.4 Promotional Strategy**

Promotional strategy is also one of the most important marketing strategies. There is various type of promotion. These includes advertising, personal selling, sales promotion and various miscellaneous efforts. When management has a message to pass to target consumer's promotion is the proper vehicle.

“Like other marketing tools, both business and non-business organizations use promotion. The state of Louisiana has been promotion family planning since 1965.”<sup>41</sup>

“Promotion can be used to improve the image of police work as a career.”<sup>42</sup>

A company needs to make marketing decisions only in the areas of segmentation, product offering, pricing and distribution but also in the area of promotion.

“Promotion is any marketing effort whose function is to inform or persuade actual or potential consumers about the merits of a (given) product or service for the purpose of including a consumer either to continue or to start purchasing the firm's product or service at some (given) price.”<sup>43</sup>

Promotion is persuasive communication. It is a highly visible element in the marketing mix. It sells the target customers about product, price and place. It is also known as marketing communication. “Promotion is applied communication used by marketers to exchange persuasive messages and information between buyers and sellers.”<sup>44</sup>

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41 Adel L. El – Ansary and Oscar E. Kramer, Jr., “Social Marketing: The Family Planning Experience”, Journal of Marketing PP-37 (July 1973)

42 Richard W. Hansen et, al. “An Application of Marketing Concepts in the Public Sector; Case Study”, 1974 Combined Proceeding American Marketing Association (Chicago: American Marketing Association) PP-252

43 Wroe Alderson and Paul E. Green, Planning and Problem Solving in Marketing, Home Wood II, Richard D. Irwin, Inc., 1964 PP-270

44 Zikmund & d'Amico, Op. Cit. PP-473

“Promotion represents the various communications to inform and persuade people that a firm direct towards its market targets, channel organizations and the public at large. These communications consists of advertising, personal selling and sales promotion

activities. Increasingly marketing management is finding it profitable to combine advertising, personal selling, packaging, point of purchase, direct mail, product sampling, publicity, and public relations decisions into a integrated promotion strategy for communicating with buyers and other involved in marketing purchasing decision. Since each type of promotion has certain strengths and sort coming, the strategy adopted should capitalize upon the advantages of every component in shaping a cost effective communications mix.”<sup>45</sup>

There are various promotion methods:

**Advertising:**

“Unlike personal selling and some sales promotion and public relation techniques, advertising is an impersonal means of communication. Advertising is an impersonal promotion to groups that is paid for by an identified sponsor. It focuses upon group of persons, rather than upon individuals.”<sup>46</sup>

“Advertising can be described as any paid from of non-personal communication by a sponsor.”<sup>47</sup>

“Advertising includes any persuasive message carried by a medium and paid for by a sponsor who sings the message.”<sup>48</sup>

**Personal Selling:**

“Personal selling can be a very intense means of promotion. Personal selling consists of person-to-person communication between sales persons and their prospects. Unlike advertising, it involves personal interaction between the source and the destination.”<sup>49</sup>

“Personal selling refers to oral presentation to one or more customers in a face-to-face situation for stimulating demand for products and services or enhancing company image.”<sup>50</sup>

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45 David W. cravens, Op. Cit. PP-319

46 Robin Peterson, Marketing A Contemporary Introduction, PP-439

47 Dholakia, Khurana, Bhandari & Jain, Marketing Management: Cases and Concepts. PP-353

48 Douglass Johnson, Advertising Today, Chicago III. Science Research Associates, 1978 PP-1

49 Ibid PP-353

50 Ibid PP-353

“Personal selling is a person-to-person dialogue between buyer and seller where the purpose of the interaction, whether face-to-face or over the phone, is to persuade to buyer to accept a point of view or to convince the buyer to take a specific course of action.”<sup>51</sup>

## **Sales Promotion:**

According to the American Marketing Association, sales promotion is “ those marketing activities, other than personal selling, advertising publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration, and various no recurrent selling efforts not in the ordinary routine.”<sup>52</sup>

Sales promotion activities are impersonal and usually nonrecurring, and are directed to ultimate consumers, industrial consumers and middlemen. These activities tend to supplement the advertising and personal selling efforts. Examples of sale promotion are free product samples, trading stamps, store displays, premiums, coupons and trade shows. “Sales promotion can be defined as those promotional activities other than personal selling, advertising and publicity that are intended to stimulate buyer purchases or leader effectiveness in a specific time period.”<sup>53</sup>

## **Publicity**

“Publicity is a means of promoting to the mass market. Publicity is similar to advertising, except that it is free, is found in the editorial portion of new media and pertains to newsworthy events. The most common types of publicity are new release (also called press releases), photographs and feature stories.”<sup>54</sup>

“Publicities are similar to advertising except that it involves an unpaid and unsigned message, even though it may use the same mass media as advertising does.”<sup>55</sup>

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51 Zikmund & d’Amico, Op. Cit. PP-475

52 Committee on Definition, American Marketing Association, Marketing Definition: A Glossary of Marketing, 1960 PP-20

53 Zikmund & d’Amico, Op. Cit. PP-477

54 Rollie Eiliman and C.A. Kirkpatrick, Promotion: Persuasive Communication in Marketing. Homewood, III: Richard D. Irwin Inc. 1968. PP-365

55 Zikmund & d’Amico, Op. Cit. PP-476

## **Public Relation:**

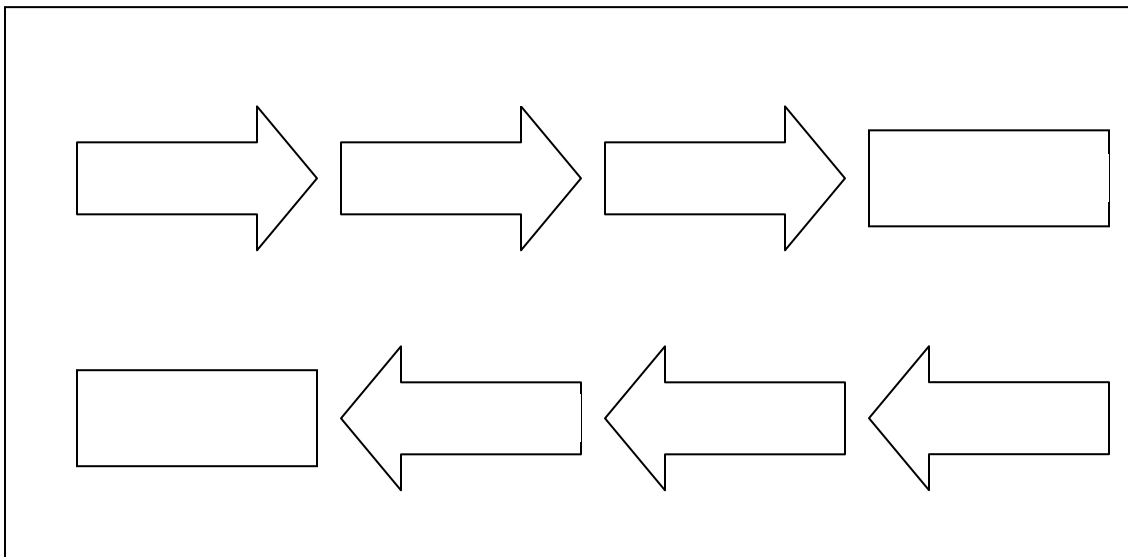
“Marketing engages in public relations in order to develop a favorable image of their organizations and products in the eyes of the public, they direct this activity to parties other than target consumers. These ‘other’ include the public at large union, the press,

and environmentalist groups. Public relations activities include sponsoring floats in parade, lobbying and using promotion messages to persuade members of the public to take a desired position.”<sup>56</sup>

## Promotion Strategies:

### Push and Pull Strategies:

In push strategies, the promotion program is directed at middlemen. The product is “pushed” through the channel. The channel members are persuaded to order, carry and promote product to customers. The manufacturer promotes to wholesale, the wholesale promotes to retailer, the emphasized in push strategy. This strategy is useful where brand loyalty is low and market share is to be protected. In pull strategy, the promotion program is directed at customers. The customers are persuaded to ask to the product from the retailer, the retailers ask the product from the wholesalers and the wholesalers order the product from the manufactures. The product is “pulled” through the channel to increase sales. Aggressive advertising and consumer promotion is emphasized in pull strategy is useful where brand loyalty is high.



### Interpersonal or Mass Communication Strategies:

The interpersonal communication strategy emphasizes personal selling as a tool for face-to-face promotion. The mass communication strategy emphasizes advertising, publicity and sales promotion.

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<sup>56</sup> Robin Peterson, Marketing a Contemporary Introduction, PP-443

## 2.6 Marketing Policy Vs Marketing Strategy

Marketing policies are broad guidelines, which guide the marketing personnel in decision-making. Policies are general statement or understanding, which guide or direct

the thinking in decision making of subordinates. A policy maps out a field of action it limits the area of action. The purpose of a policy is to guide thinking in decision making by making off area of discretion. One might say policies are management's mortality and wisdom contrasted with the craft and shrewdness they should manifest in their strategies.<sup>57</sup>

Strategy is often confused with policy. "Strategy is interpretative planning made in the context of plans of competitors."<sup>58</sup> Marketing strategies refer the conceptual planning that directs the selection of opportunities for subordinates goals. It is addressed to managers placed at higher echelons and involves planning actions aimed at market and competitors. A strategy broadly outlines the marketing responses to competitor's actions and market situations. It lays down the broad marketing principles by which the company may secure an edge and advantage over competitors, be attractive to target consumer, and ensure a full exploitation of the company resources. For example to expand market share, the strategy may be diversify the product line and launch saturation advertising. However, the strategy option have to chosen within the framework of marketing policies.<sup>59</sup>

## **2.7 Review of Related Studies**

### **2.7.1 Pathak, Krishna Prasad, in 1998 conducted the study on "Coffee Marketing System in Nepal" with following objectives.<sup>60</sup>**

- a. To analyze the present phenomena, problems for the farmers engaged in coffee farming.
- b. To assess the existing coffee marketing system
- c. To analyze the challenges problems and profitability of farming, processing and marketing of coffee and professional standards.
- d. To recommend measures for improvement.

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57 Brion, J. M. (1967), Corporate Marketing Planning, New York: John Weldy & Sons, Page 94

58 Gandhi, J.C. (1958), Marketing – A Managerial Introduction, New Delhi. Tata McGraw Hill, Page 463

59 Gandhi, J.C. (1985), Marketing – A Managerial Introduction, New Delhi. Tata McGraw Hill, Page 459

60 Krishna Prasad Pathak, Coffee Marketing in Nepal (1998), unpublished dissertation submitted to Central Department of Management, Tribhuvan University.

From this study, the following conclusions have been deducted. Nepalese farmers are motivated to plant coffee for better yields and they technical support and training for professional farming skills. There is no support to farmers input, supply and sales security were varying weak. Recently emerging community activities show better symptoms in this respect. Pricing to support farmers was effective due to increased competition. Market promotion is weak and packing is the first place to start promotional

campaign. Now, push sales is the only measure and no promotions are done. Distribution system components are assembly transportation, processing and other processing. Through Nepalese domestic production covers only 22.9% of domestic market. Nepalese coffee is worth exporting and Nepalese consumers prefer instant coffee mainly imported from India. It shows that Nepal can develop coffee, as an important cash crop to generate exports which should help in economic growth, employment generation and mitigating the ever-increasing unfavorable balance of trade, for this professional and institutional approach, is warranted for.

The study has recommended that select better seeds appropriate for Nepalese landscape and climate should be conducted. Interest Rate 17% is not appropriate for farming and is very high. Enterprising farmers should be trained so as to make them the bridge between the ordinary farmers and technical exports. Wet pulping should be introduced and farmers should be facilitated to pulp, hull and grade the beans and green beans should be introduced in trade. There should be improved in packing of roasted coffee. Demonstration farms should be developed as the catalysts to incorporate rural people in modern business ethics. Professionalism should be encouraged in coffee marketing.

### **2.7.2 Bhatta, Shree Chandra, in 1998 conducted a study on “Sales Promotion and its Effect on Sales: A Case Study of Beer Market of Nepal”<sup>61</sup>**

A case study of Beer market of Nepal with the objectives of analyzing the sales promotion and its effect on sales is the main focus of the study. Though the concept of sales promotion is relatively new in Nepal, there are lots of things to be researched and find out in the practice of sales promotion. The study had the following specific objectives:

- a. To find out whether the sales promotion dues impact on sales of beer.
- b. To find out what made sales promotion is more acceptable by the Nepalese consumers.
- c. To find out what made is more wisely use by the manufacturers as a sales promotions tools.
- d. To evaluate effectiveness of sales promotion activities in the sales of beer in Nepal.

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61 Shree Chandra Bhatta, Sales Promotion and its Effects on Sales: A case Study of Deer Market of Nepal, (1998), Unpublished dissertation submitted to central Department of Management, Tribhuvan University.

- e. To find out which media is suitable to advertise about the sales promotion.
- f. To predict the sales of coming year if every factors would be the same.

On the basis of analysis of the consumers view point and sales data separately. The following findings are drawn. The people with high income groups highly educated and from business people tend to drink beers more. The people drink beer at restaurants for relaxation rather than other cause. The people prefer San Miguel brand than other beers.

In the case of sales promotion the cash prizes out of all the tools insist people. If the expenses on sales promotion increase, the sales increase in a high speed. From the regression it is clearly seen that if the expenses on the sales promotion increases the sales of the product will be increased. It is concluded that sales promotion increases the sales of the product will be increased. It is concluded that sales promotion works as a starter to the beer drinkers. Most people, who are not so educated, are not loyal towards any particular brand. Due to this, the sales promotions easily quench the attention of those beer drinkers and as a result the sales of the beer will increase.

The people who drink beers accept electronic media most. So far sales promotions purpose, the electronic media is very suitable. The sales promotion is very powerful tools which can easily boost the sales. The study has recommended that low-income group as well as low education group should be launched the beer. In advertising, the electronic media is very popular. So the heavy media coverage should be acquired. People like cash prizes so company should cut down the prize like Motorcycles, Fridge, TV etc. findings proved that the sales promotion have positive impacts on the sales of the beers. But the companies launched the sales promotion programmes for only three months. It is strongly advised that sales promotion programmes should be launched at least for six month. At least, sales promotion is very important if the use would be in a proper way.

### **2.7.3 Adhikari, Krishna Prasad in 2002 conducted a study on “Impact of Sales Promotion Tools on Sales of Cold Drinks: A Case Study of Cold Drinks Market in Chitwan”<sup>62</sup>**

Sales promotion concept is relatively new in Nepal. There is lot of things to be researched and find out on the practice of sales promotion. The following are the main objective of present study:

- a. To find out which promotion tools and media is more acceptable by Nepalese consumer.
- b. To evaluate effectiveness of sales promotional activities in the sales of Cold Drinks in Nepal

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62 Krishn Prasad Adhikari, “Impact of Sales Promotion Tools on Sales of Cold Drinks: A Case Study of Cold Drinks Market in Chitwan (2002), Unpublished dissertation submitted to Central Department of Management, Tribhuvan University.

- c. To evaluate the relationship between sales promotion package and consumer behavior.

The major objective if the present study to see sales promotional tools are effective or not on the sales of the cold drinks. The whole research is sub divided on the basis in interpretation and analysis into two parts i.e. fist effect of sales promotion from the consumer and shopkeepers view point and second effects on sales promotion from the calculation of sales data.

On the basis of analysis of the consumers view point and sales data separately. The major findings are:

- a. The person drinks cold drinks occasionally and prefers Coca-Cola brand more than others.
- b. People are aware about sales promotion activities out of them most people know about item prize than coupon than cash prizes. But cash prizes is effective than others tools.
- c. The sales of cold drinks increasing month by month but the ratio of sale is higher is the months when the companies launched sales promotion program. This indicates that is positive relationship between the sales promotions. If the expenses on sales promotion increases the sales increases in a high speed.
- d. The sales of one brand does not affect negatively to the sales of other brands. As the observation shows that the trend of all two brands are increasing.
- e. The cold drinks drinker's have not particular choice of brands. So the concept of brand loyalty is not founding Nepalese cold drinks market. So they can easily be directed towards one particular brand through proper marketing net.
- f. All media is not popular among the people. Only electronic media (especially TV) is very popular among the people and the people who watch and listen media notice the advertising. The percentage of the people notice advertising for entertainment is higher than for information.
- g. It is found that cold drink distributor generally conduct 3 months special promotion package one time in a year. In this time they achieve 50 percent sales target of year.
- h. From the regression it is clearly seen that if the expenses of the sales promotion increases the sales of the product will be increases.
- i. Large numbers of people are interested on promotional contents that the manufacturer launches various occasions.
- j. Retailers are interested on promotional program. They are aware of cash prizes than other promotional work.
- k. Sales promotion programmed has positive impact on retailers and must of them taken part on contents and win prizes.

The study has recommended that an improvement in the test and quality and fixing reasonable. Price can be helpful measure to increase the volume of sales in the market. The company should increase the incentive to the wholesalers/ distributors so as to motivate and encourage them to focus their transactions cold drinks. The company should diversify its market by penetrating into potential rural areas. It should establish efficient distribution networks and provide reasonable amount of commission at each level.

Although Mr. Hari Lamichhane had conducted a similar study in the same study area, this study has been more focused on studying the consumer's perspective in their consumption behavior of cold drinks. This study has also integrated the retailer level survey in order to examine the distribution system of cold drinks in the study area and find out what the channel members; particularly the retailers give priority in selling cold drinks.

## **CHAPTER – III**

### **RESEARCH METHODOLOGY**

#### **3.1 Meaning of Research:**

Simply research means to search again. We study the social problems again and again to find out something more about the phenomena. The first look may not always be adequate. It may be prone to error. Therefore we look into the phenomenon again and again and study the problem differently and thoroughly each time. This process of searching again and again is known as research as the word ‘research’ itself means ‘re-search’.

Research is a systematic and organized effort to investigate a specific problem that needs a solution. This process of investigation involves a series of well thought out activities of gathering, recording, analyzing and interpreting the data with the purpose of finding answers to the problem. Thus, the entire process by which we attempt to solve problems or search the answer to questions is called research.

The above explanation of research has two important aspects. First, it is sufficiently broad to include all types of investigations requiring solutions to a problem. Second, it explicitly recognizes the systematic nature of the research process in which data is gathered, recorded, analyzed, and interpreted in an orderly manner. We can thus define research as an organized, systematic, data-based, critical, scientific inquiry or investigation into a specific problem, undertaken with the objective of finding answers or solutions to it (Sekaran, 1992).

Let us take a true-to-life situation to explain the meaning of research. When the disease AIDS broke out in the United States, doctors had no clue at all what disease it was, what caused it or how to cure it. They were certain of only one thing: it seemed to attack the immune system of the victim. Given that situation, medical researchers set out to investigate the causes of the disease and to seek a cure. To date, a lot is known about this disease because researchers have spent considerable resources in gathering information through observing patients and conducting experiments. Using this example, we can then take the word research to mean to investigate, repeatedly search or quest in an Endeavour to discover answers to problems through reliance on empirical evidence.

Research is undertaken not only to solve a problem existing in the work setting, but also to add or contribute to the general body of knowledge in a particular area of interest to the researcher. Research is thus a knowledge building process. It generates new knowledge, which can be used for different purposes. It is used to build a theory, develop policies, support decision-making and solve problems. With the opening of new frontiers of knowledge through research, new concepts and theories are developed to explain, verify and analyze the social phenomena.

Human knowledge thus works at two levels. At the primary level, the existing knowledge is applied to solve the social problem. The doctors use their knowledge of medicine to treat the patients. Similarly, business executives apply their knowledge to manage their organizations. Thus, at the primary level, the existing human knowledge is transmitted, disseminated and applied to diagnose and solve the recurring social problems. But what happens when a new social situation emerges which is beyond the preview of the existing knowledge. It is quite natural for the social problems to multiply. Their solution demands proper understanding of their nature and complexities. This requires further knowledge. Hence, knowledge at the incremental level is required to keep pace with the ever-increasing social scientific research. Research, therefore, is the search for knowledge. Research activities are designed to discover knowledge to aid in answering specific questions or issues.

Generally, the following activities are involved in the research process:

- Define the problem and identify the variables causing it or relate with it.
- Get insight into the existing stock of knowledge on the issue or the problem under reference and contribute to the furtherance of knowledge.
- Construct models or formulate research questions, educated conjectures or hypotheses for testing.
- Objectively collect and analyze the facts, evidence or information to identify the interrelationship between or among variables or the multiple effects of factors impinging on situation.
- Build theories to understand and generalize the phenomena or to throw insight into the problem under investigation to analyze, predict and control the situation.

### **3.1.1 Types of Research**

As indicated above, research can be undertaken for two different purposes. The first purpose is to solve a currently existing problem in the work setting. The other purpose is to generate new knowledge in a particular area or to develop a base of knowledge upon which theory can be built. Thus, social science research can be divided into two types relative to its purposes: applied or fundamental.

#### **3.1.1.1 Applied Research**

Applied research is conducted in response to specific problem, which requires a solution. The major purpose of applied research is to answer practical and useful questions about policies, programmes, projects, procedures, or organizations. Business executives, therefore, take interest in applied research. They often hire outside researchers and consultants to study a problem of concern to them in order to find solutions that can be implemented to rectify the problem situation. As applied research is concerned with knowledge that has immediate applications, it is also called decisional research. The attempt to get a cure for AIDS is a case point.

**Example:**

The Janakpur Cigarette Factory has to improve its productivity in order to remain competitive in the market. There are two alternative strategies to improve its productivity. One is to pay attention to all of its existing brands and make continuous improvement; the other is to focus on new brand development. Each of these alternatives has some advantages and disadvantages. The Factory will now have to research into each of these strategies and see which one would best suit the Factory, taking into account its capabilities, know-how, resources and so on.

The above example indicates the need for an applied research to work out the strategy in view of the Factory's strengths and weaknesses. Applied research is thus more concerned with knowledge that has immediate application and would be useful in making decisions and formulating policies.

**3.1.1.2 Fundamental Research**

Fundamental research is undertaken to improve our understandings of certain problems that commonly occur in organizational setting, and how to solve them. It is undertaken for the sole purpose of adding to our knowledge that is fundamental and generalizable. It is also known as pure or basic research. The research works of professors, scholars, and other researchers devoted to generate new knowledge in particular areas of their interest can be called fundamental research. The purpose of fundamental research is not to apply the findings to solve an immediate problem at hand, but rather to understand more about certain phenomena and problems that occur in several organizations and how they can be solved (Sekaran, 1992) It is typically the kind of research that can contribute to theory formation.

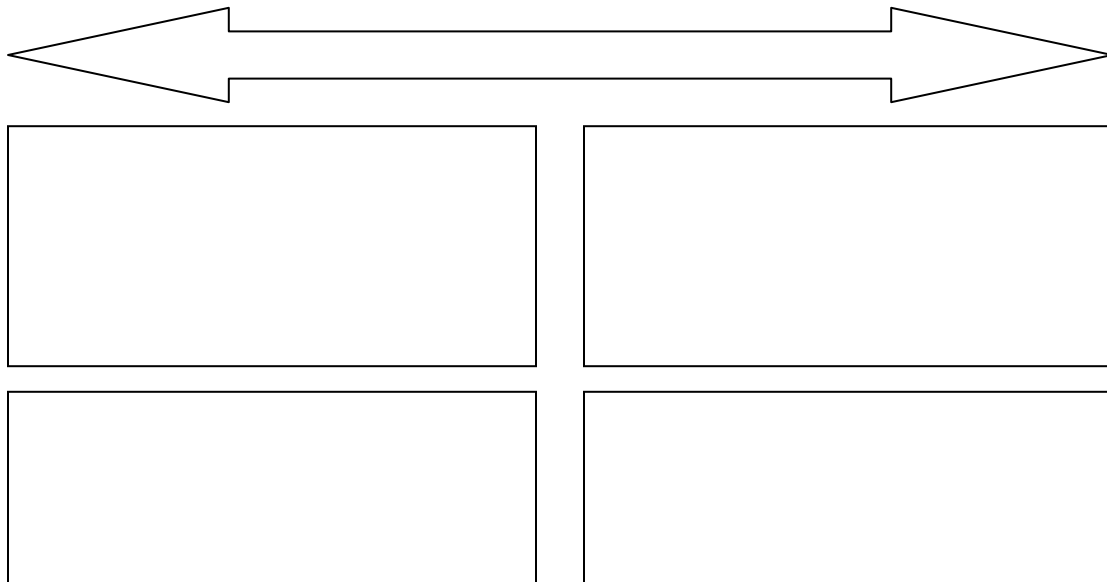
**Example:**

The HRD managers commonly believe that on-the-job training has a great impact on the productivity of the workers. However, they have observed that the productivity of workers over forty years of age does not improve from such training. Why is this so? What factors might be responsible for this phenomenon? What type of training should be given to improve the productivity of such workers?

To answer the questions raised in the example just presented, one has to undertake a basic research. Our existing knowledge is not enough to answer these questions. The researcher, therefore, has to design an investigation and conduct a study observing on-the-job training programmes in different work settings and recording the effects of such training on the productivity of younger and older workers. Several of such experiments conducted in different work situations would give the researcher some idea about the relationship between on-the-job training and productivity of workers belonging to different age groups. The main purpose of conducting basic research is thus to advance the level of scientific knowledge.

Fundamental and applied researches are, however, by no means mutually exclusive. In fact, these two types of research can be placed in a continuum . At one extreme of the

continuum is applied research that is undertaken for practical problem-solving purposes. At the other extreme of the continuum is basic or fundamental research that is undertaken purely to understand and explain the basic social issues and phenomena. Thus, the purposes and contents of fundamental research are different from those encountered in applied research. However, the techniques and the procedures in these two types of research may not be very different. In many instances, the distinction between applied and fundamental research is not clear. Some research areas have both an applied and fundamental flavour. Likewise, the scientific method provides a key to advances in both fundamental and applied research. The features of applied and fundamental research are highlighted in Figure.



Source: Saunders, Lewis & Thornhill (2003)

### 3.2 Research Design:

Research design is a scheme for doing research work. It is the plan, structure, and strategy of investigation conceived so as to obtain answers to research questions and to control variance.

It is always a purposeful scheme of action purposed to be carried out in a sequence during the process of research, focusing on the management problem to be tackled (Michael, 2000)

Research design is the plan, structure, and strategy of investigation conceived so as to obtain answers to research questions and to control variance (Karliger, 1986; 275).

Basically, the research design has two purposes. The first purpose is to answer the research question or test the research hypothesis. The second purpose of a research design is to control variance. Several typologies have been suggested for classifying a wide variety of research designs used in social science research. Mc Grath (1970)

suggested five models of different types of research designs; controlled experiment, study, survey, investigation, and action research. Seltzer and others (1962) suggest three broad categories of research design; formative or exploratory studies, descriptive studies, and studies testing causal hypothesis. Boyd, West, Stasch (1998) suggest two broad categories of research design; exploratory research, and descriptive research design. In this study research design are to be categories according to Boyd, West, and Stasch.

There are mainly two type of research design – exploratory and descriptive. Exploratory design is essential for formulating hypothesis. It is done to investigate possible cause and effect relationship by exposing one or more control group to one or more treatment conditions and comparing the results to one or more control, groups but not receiving the treatment conditions and comparing the results to one or more control groups but not receiving the treatment. Descriptive research design is a type of fact-finding research. It is conducted under respondent's options.

The descriptive research designs will be followed in the study. Such designs provide a description of a specific situation in such a ways as to help the researcher identify cause and effect relationship.

This study is basically based on survey research. To examine the consumption behavior of student, businessman, and service holder on Nabil Bank products is the main objective of the study. Therefore, a survey research design was applied to fulfill this objective.

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

The data have been collected through a self-administrated questionnaire survey at respondents place at mutually convenient time. The respondents were supported by oral explanation at the point where they got confused or unable to understand content of the questionnaire. Sample of the questionnaire is given in annex A. Besides, the researcher had personally observed affect of marketing strategy and product promotion conducted by Nabil Bank Limited time to time.

### **3.4 Types of Data:**

Data are mainly two types, one is primary and another is secondary. Primary data are the first hand data, generated by original research to solve the specific and current research questions the major advantage of primary data is that the information is specific, relevant, and up-to-date. There are two principle methods of collecting primary data; observation and questionnaire.

Secondary data are information that are already collected for other purposes and is readily available. The major advantage of this type is its easy availability. The major advantage of availability & lower cost than primary data.

For this study, both primary and secondary data and information are used. But the research is mainly based on primary data or original data collected direct through questionnaire.

### 3.5 Area of the Study:

After arrival of joint venture and privately managed commercial banks a very high competition has been increased which are enforced and compelled to old commercial banks to adopt systematic working environment. Customers are benefited either high interest on deposit or low interest on loan or credit. Customers are also attracted by fast services, good behaviour and banking products.

Among the 25 commercial banks, the Nabil Bank Ltd. is selected for the study. This study is again confined in Marketing Strategy adopted by commercial banks in Nepal, special reference to Nabil Bank Ltd.

### 3.6 Statistical and Mathematical Tool Used:

Data are collected from various sources and analyzed by the help of financial and statistical tools The result of analysis has been properly tabulated, compared analyzed and interpreted.

Few statistical tools are mentioned below:

#### Mean or Average:

The arithmetic mean or average is a single value which represents a group of values. It can be calculated by the sum of total value to the number of items as mentioned below formula:

$$\bar{X} = \frac{\sum X}{N}$$

#### Standard Deviation:

It measure the absolute variability of a distribution, the greater the amount of variability the greater the standard deviation, for the greater will be the magnitude of the deviations of the values from their mean. The small standard deviation means a high degree of uniformity of the observation as well as homogeneity in the situation. Below mentioned is the formula:

$$\sigma = \sqrt{\frac{\sum X^2}{N} - \left[ \frac{\sum X}{N} \right]^2}$$

**Co-efficient of Variance:**

It is used for comparing the variability and homogeneity of two or more numerical situations. Below mentioned is the formula:

$$c.v. = \frac{\sigma}{\bar{X}} \times 100$$

**Co-efficient of Correlation:**

Correlation analysis is a statistical tools that we can use to describe the degree to which one variable is linearly related to another. Below mentioned is the formula:

$$r = \frac{N \cdot \sum xy - \sum x \sum y}{\sqrt{N \cdot \sum X^2 - [\sum X]^2} \cdot \sqrt{N \cdot \sum y^2 - [\sum y]^2}}$$

**Probable Error:**

It measures the significance of Correlation value. Below mentioned is the formula:

$$P.E. = 0.6745 \frac{1-r^2}{N \sqrt{\frac{X}{100}}}$$

From the above mentioned statistical tools, required tools as per the need of the material has been used in this study. In most of the places Average Mean tools has been used.

## CHAPTER – IV DPRESENTATION AND ANALYSIS OF DATA

This chapter incorporates data presentation and analysis. The data and information collected from the customer and banks have been presented, analyzed and interpreted in this chapter for attaining the stated objectives of the study. This chapter first presents the customer level and banker level surveys, after analysis and interpretation; and then presents findings of the study at the end.

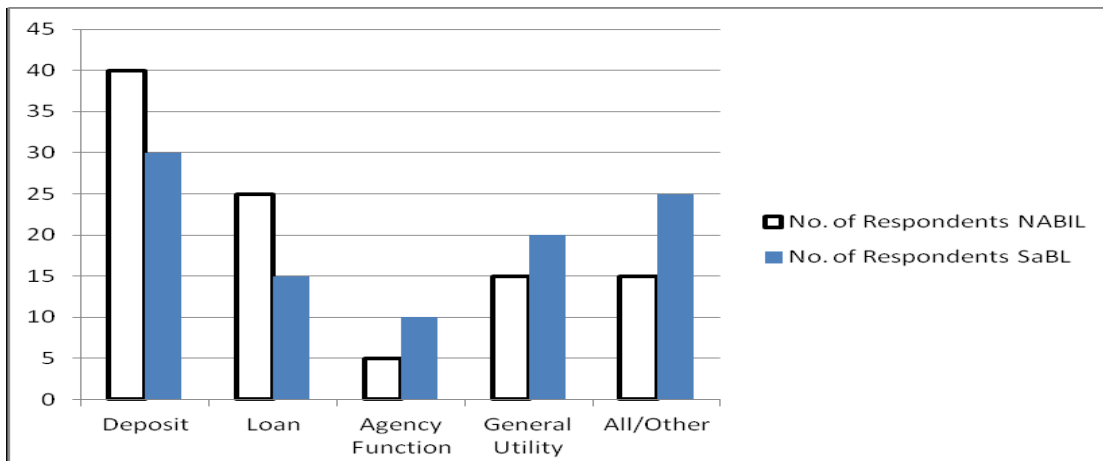
### 4.1 Customer Survey:

**Table - 4.1**  
**Banking Product Useful for Customers**

Product	No. of Respondents	
	NABIL	SaBL
Deposit	40	30
Loan	25	15
Agency Function	5	10
General Utility	15	20
All/Other	15	25
<b>Total</b>	<b>100</b>	<b>100</b>

This survey shows that the utilization or usefulness of Banking Products to its customers. 40% customers use the banking products in the form of Deposit in NABIL and 30% in SaBl, 25% customer uses the product loan in NABIL and 15% in SaBl, 5% & 10% as agency function, 15% & 20% uses general utility and 15% & 25% of the customers enjoy all the facilities in NABIL and SaBL respectively. The above schedule is shown in the figure below:

**Figure - 4.1**  
**Banking Product Useful for Customers**

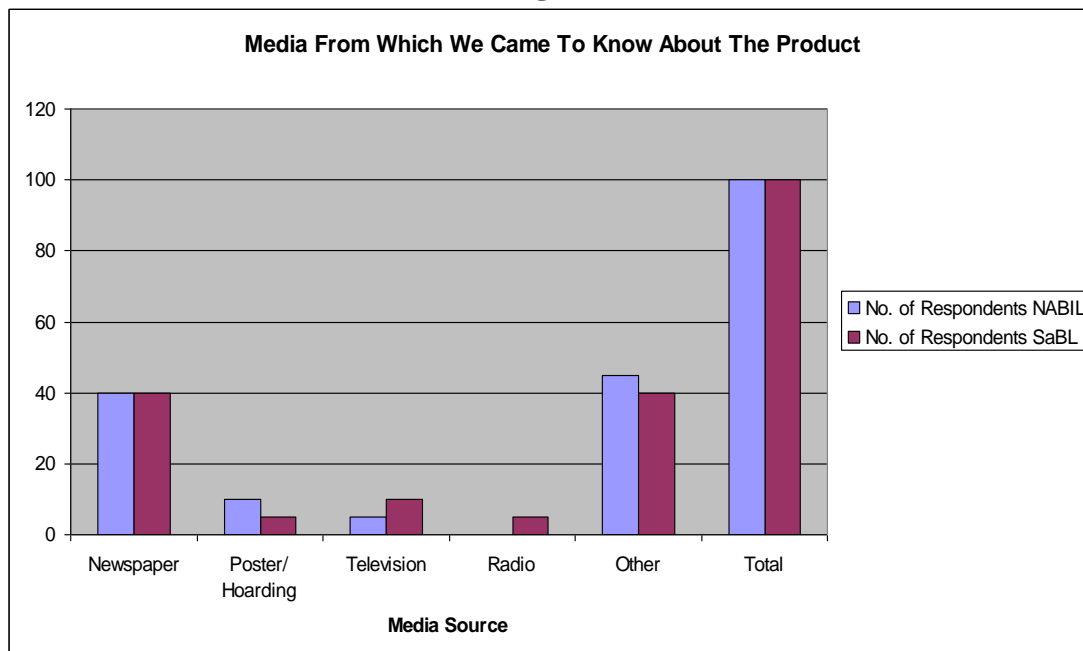


**Table - 4.2**  
**Media From Which We Came to Know About The Product**

Media	No. of Respondents	
	NABIL	SaBL
Newspaper	40	40
Poster/ Hoarding	10	5
Television	5	10
Radio	0	5
Other	45	40
<b>Total</b>	<b>100</b>	<b>100</b>

This survey shows that 40% customer come to know about both of the sample banks and its products by means of newspaper, 10% by poster/hoarding in NABIL and in 5% in SaBL, 5% by television in NABIL and 10% in SaBL, there is no response to radio in NABIL but 5% in SaBL, whereas maximum 45% in NABIL and 40% in SaBL customer come to know by other media like personal relation, friends, personal sales, publicity & so on.

**Figure-4.2**



**Table - 4.3**

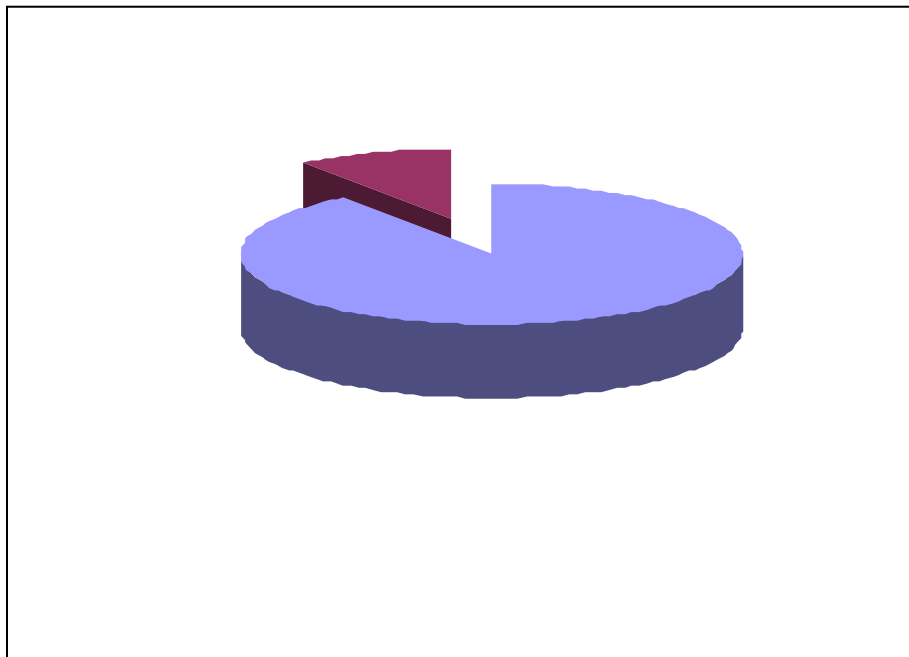
**Advertisement Help Bank to Attract Customers**

<b>Product</b>	<b>No. of</b>	<b>Percentage</b>
Yes	90	90
No	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

With the help of Table No. 4.3 we came to know that 90% respondent believes that advertisement really help the banks to attract customers, where as 10% believe that there is no effect of advertisement.

**Fig-4.3**

**Advertisement Help Bank to Attract Customers**

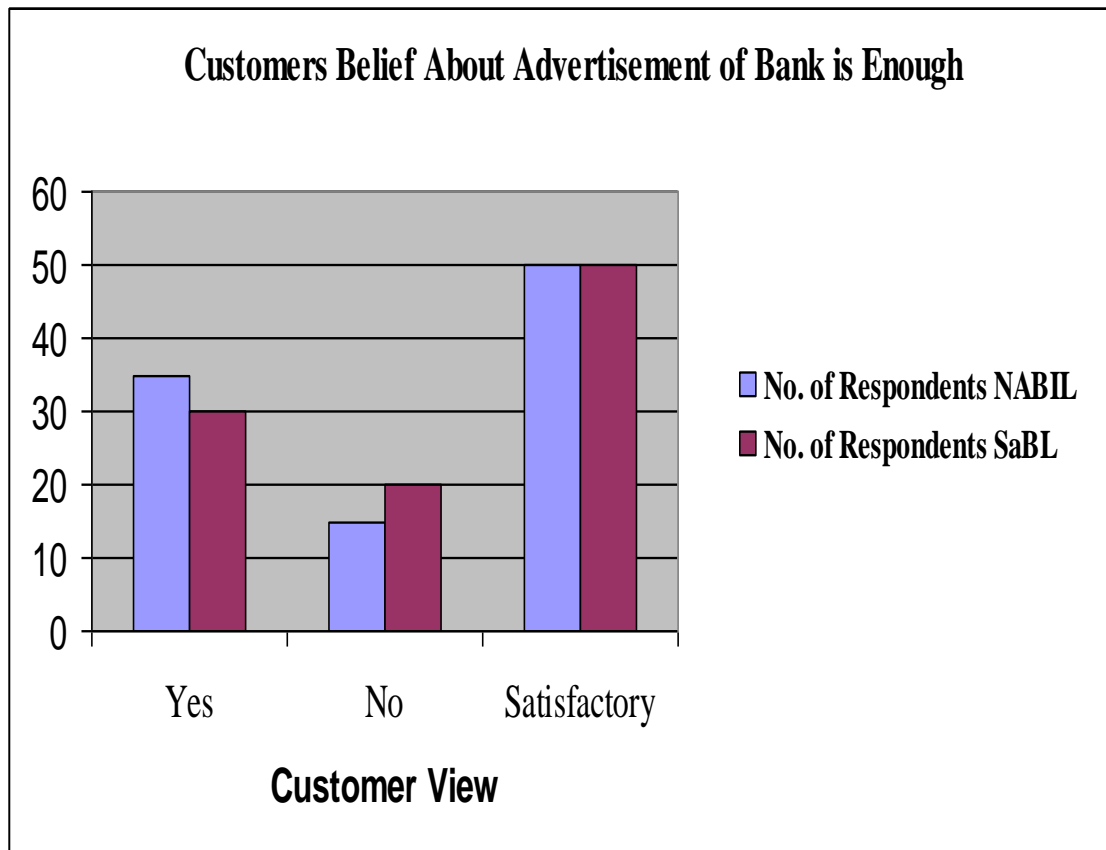


**Table - 4.4**  
**Customers Belief about Advertisement of Bank is enough**

Product	No. of Respondents	
	NABIL	SaBL
Yes	35	30
No	15	20
Satisfactory	50	50
<b>Total</b>	<b>100</b>	<b>100</b>

Table No. 4.4 shows the result of customer belief toward their satisfaction over sample Banks advertisement. 35% of NABIL customers are satisfied with the advertisement campaign, 15% thinks more can be done to make the advertisement better and 50% thinks the advertisement by the Bank is OK. On the contrary 30% of SaBL customers thinks the advertisement of the Bank is good, 20% are not happy with its advertisement campaign and 50% are satisfied customers. The same views of customer is shown in the figure below:

**Fig-4.4**

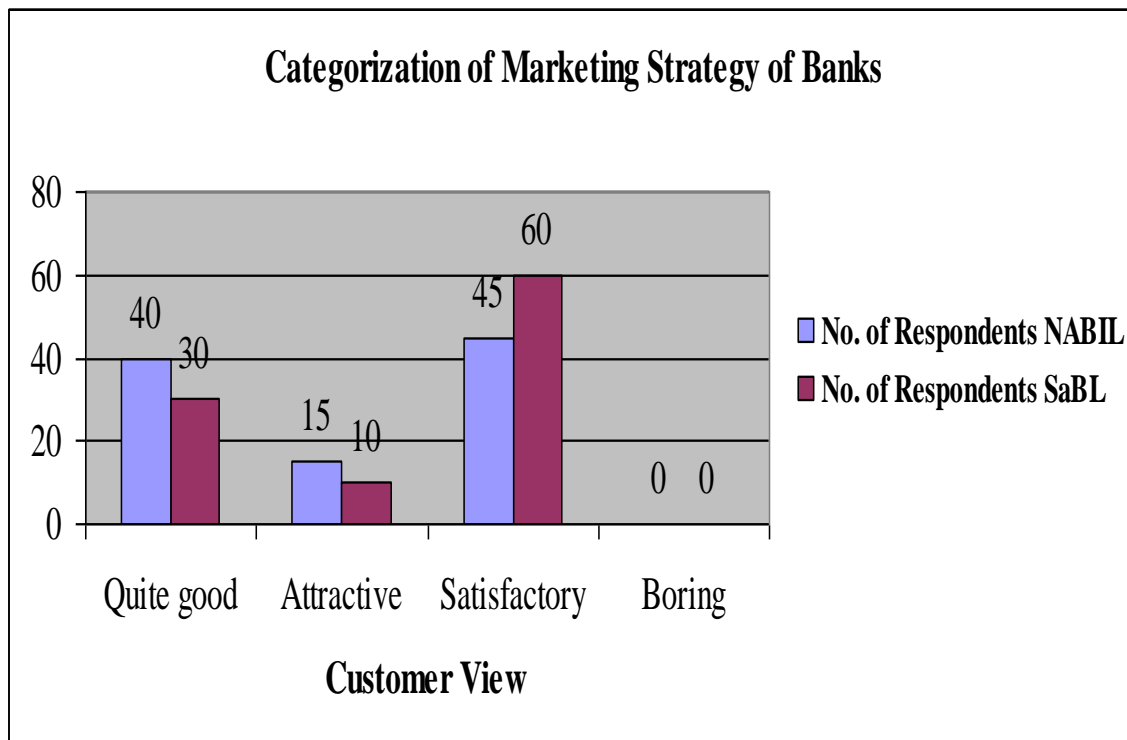


**Table-4.5**  
**Categorization of Marketing Strategy of Banks**

Media	No. of Respondents	
	NABIL	SaBL
Quite good	40	30
Attractive	15	10
Satisfactory	45	60
Boring	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

Table No.4.5 shows the customers view regarding the sample Banks marketing Strategy Majority of respondents of NABIL & SaBL thinks that promotional strategy of banks is satisfactory i.e. 45% & 60%, 40% & 30% of the customers are satisfied by the Banks promotion strategy its products and 15% & 10% believe that the strategy is attractive.

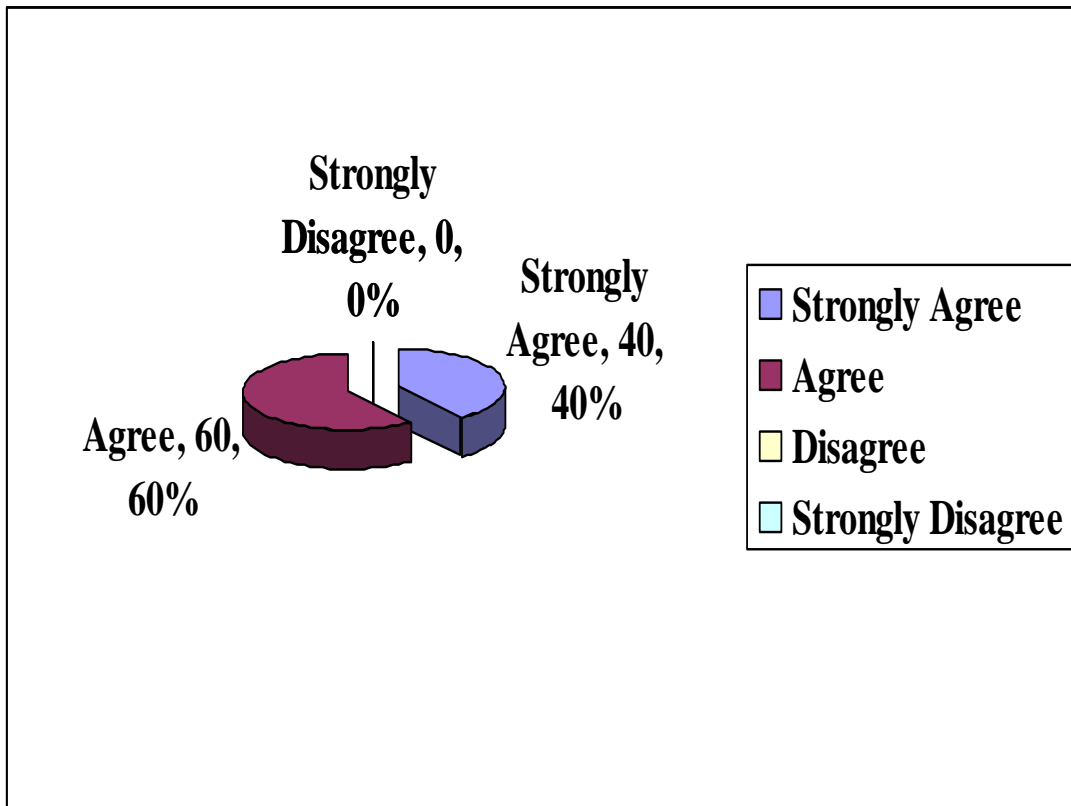
**Fig-4.5**



**Table – 4.6**  
**TV as the Medium for Advertisement**

<b>Medium</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Strongly Agree	40	40
Agree	60	60
Disagree	0	0
Strongly Disagree	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

Table No. 4.6 shows that 40% people are Strongly agree and 60% are agreed that Television is the best medium for the advertising any product. So, the survey shows that 100% people recognize that Television is the most popular medium for advertisement.

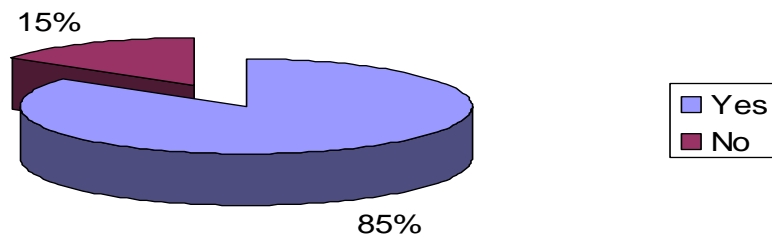


**Table- 4.7**  
**Advertisement Help in Recalling Brand**

<b>Response</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Yes	85	85
No	15	15
<b>Total</b>	<b>100</b>	<b>100</b>

According to the table, Large Majority of the people believes that advertisement helps in recalling brand i.e. 85% people agree where as only 15% people disagree. The same has been shown in the figure below:

**Figure- 4.7**  
**Advertisement Help in Recalling Brand**



## **4.2 Banking Survey**

In order to identify the nature of marketing strategies, the existing status of marketing and their attitude towards market of products, a survey in 2 sample commercial banks situated at Birgunj was made, In each bank, the Bank Manager and Marketing Manager were interviewed using structured questions that are included in the appendix. The result of the survey is presented below.

### **Bank Efforts on Marketing**

In questions that “do” banks market its products, 100% bankers where found with “yes” answer, The assessment of effectiveness of strategies and policies help an enterprise to take necessary steps further to develop or rectify them.

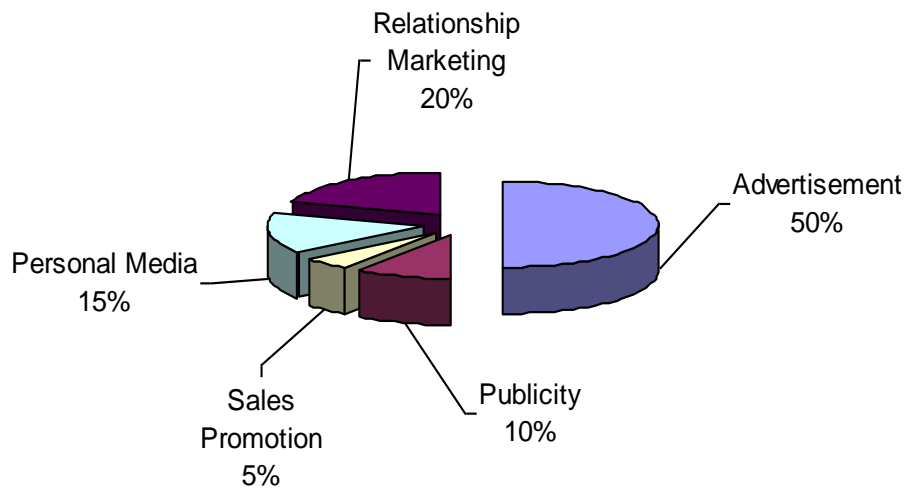
Banks also accept that after marketing people or customers give increased positive response. 100% bankers accepted that marketing of banking policy is effective among people.

**Table-4.8**  
**Media of Preference Given by Bankers**

<b>Media</b>	<b>Percentage</b>
Advertisement	50
Publicity	10
Sales Promotion	5
Personal Media	15
Relationship Marketing	20
<b>Total</b>	<b>100</b>

Both the sample Commercial Banks prefers Advertisement i.e. 50%, where as 2<sup>nd</sup> position has been given to “Relationship Marketing” 20% bankers believe that people come to their bank because of Relationship marketing effect, their attitude about the bank on the other hand 10%, bankers give priority to publicity and 10 on.

**Figure-4.8**  
**Media of Preference Given by Bankers**

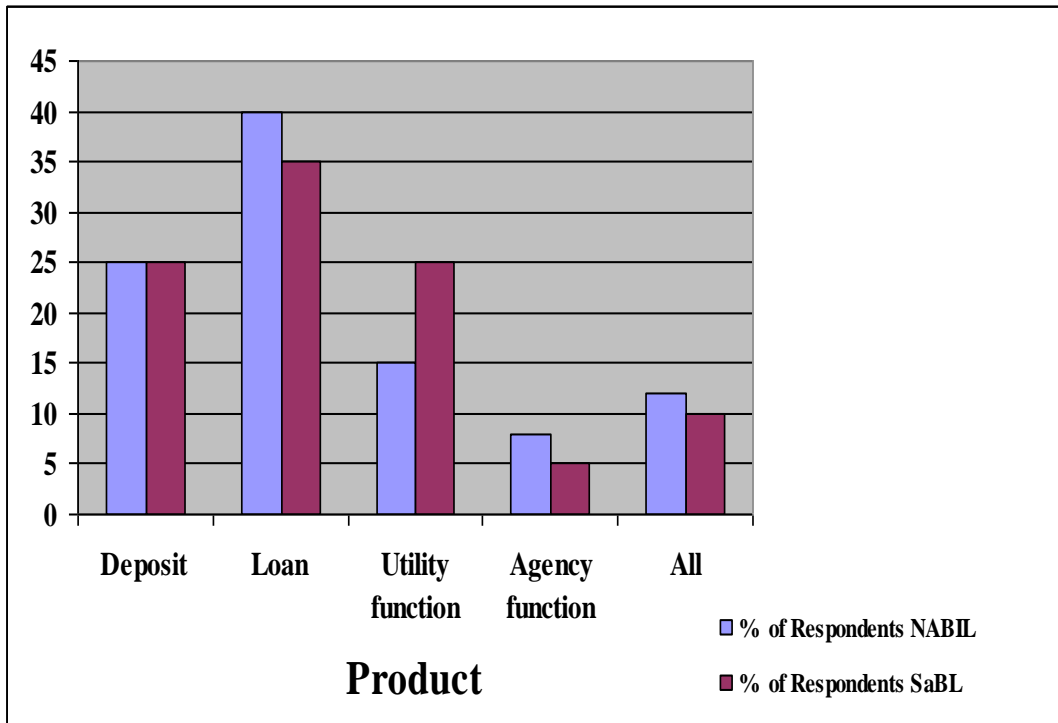


**Table 4.9**  
**Popular Product in Urban Area**

Product	% of Respondents	
	NABIL	SaBL
Deposit	25	25
Loan	40	35
Utility function	15	25
Agency function	8	5
All	12	10
<b>Total</b>	<b>100</b>	<b>100</b>

In Urban areas people enjoy almost all facilities given by the bank but according to the banker's customers give preference mostly to loan facility and deposit function. The table has also been illustrated in the figure below:

**Figure 4.9**  
**Popular Product in Urban Area**

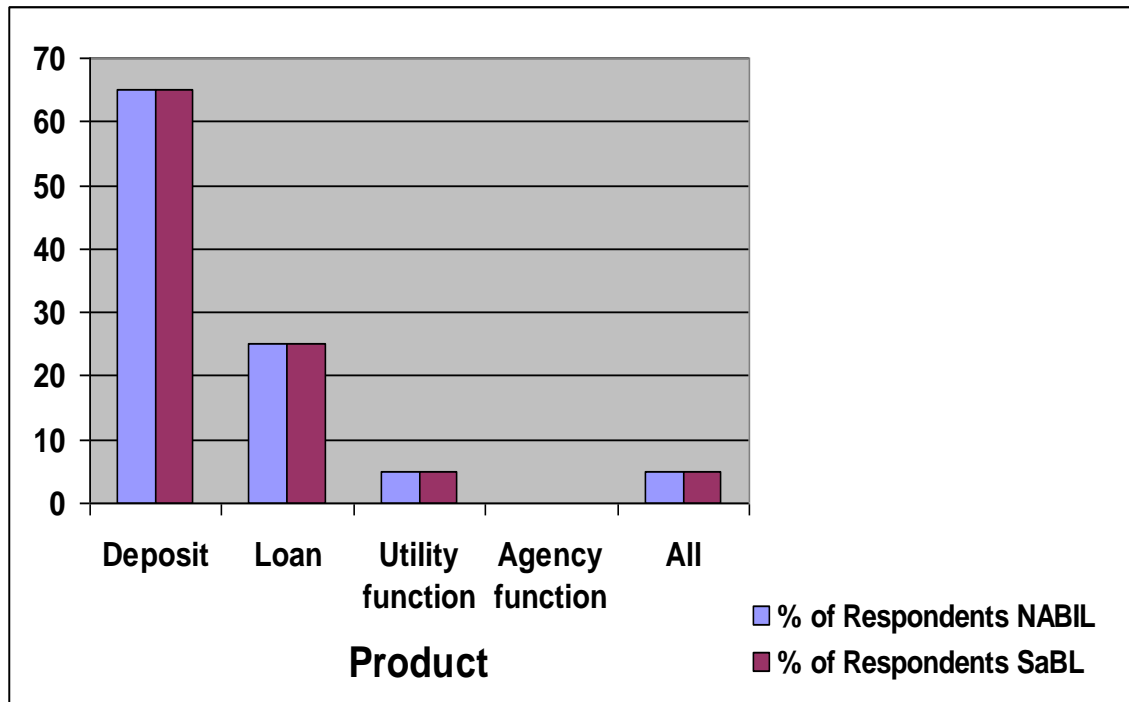


**Table - 4.10**  
**Popular Product in Rural Area**

Product	% of Respondents	
	NABIL	SaBL
Deposit	65	65
Loan	25	25
Utility function	5	5
Agency function	0	0
All	5	5
<b>Total</b>	<b>100</b>	<b>100</b>

From rural areas, majority of people's preference in bank's product in both banks are same. 65% enjoy only deposit function, while only 25% enjoy loan function of the bank. Utility function like ATM is enjoyed by only 5% & remaining 5% bankers believe that rural people are not enjoying any banking facilities.

**Figure - 4.10**  
**Popular Product in Rural Area**

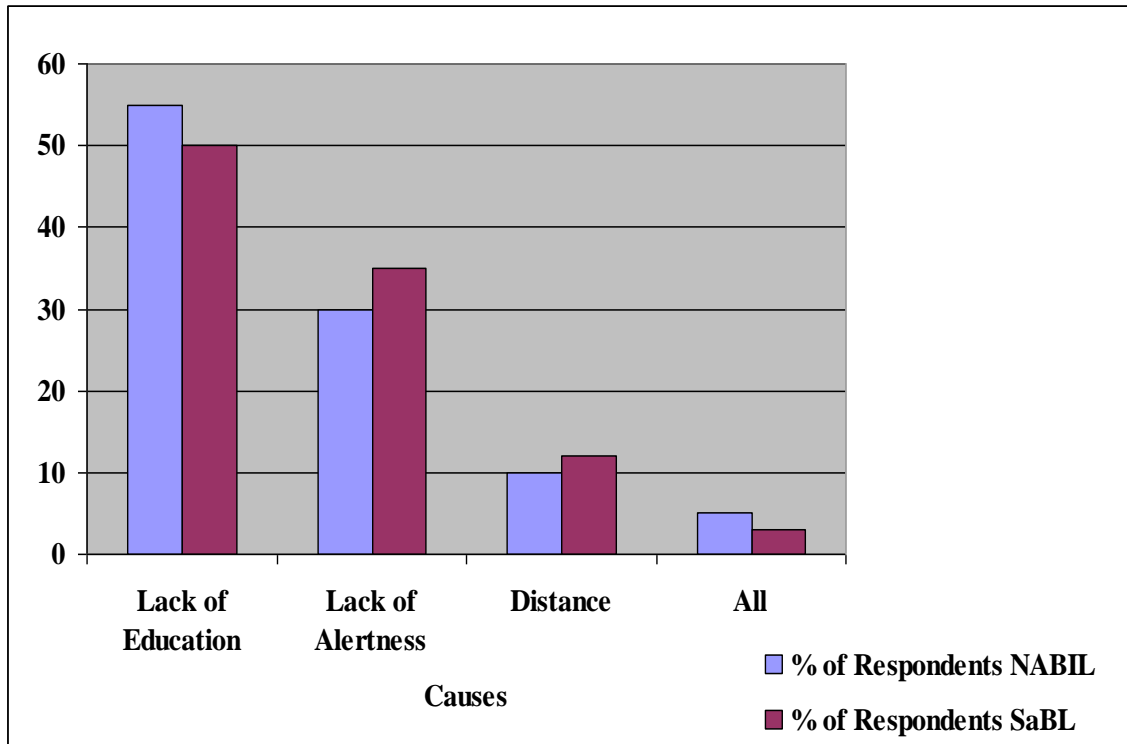


**Table - 4.11**  
**Cause of Customers Being Less from Rural Area**

Cause	% of Respondents	
	NABIL	SaBL
Lack of Education	55	50
Lack of Alertness	30	35
Distance	10	12
All	5	3
<b>Total</b>	<b>100</b>	<b>100</b>

The above table shows the survey result of the customers from rural area being less in number than compared to urban areas. Bankers give first reason for this to Lack of Education i.e. the % in this category are 55% & 50%. Other causes like Lack of Alertness, Distance are also in the category.

**Figure - 4.11**  
**Cause of Customers Being Less from Rural Area**

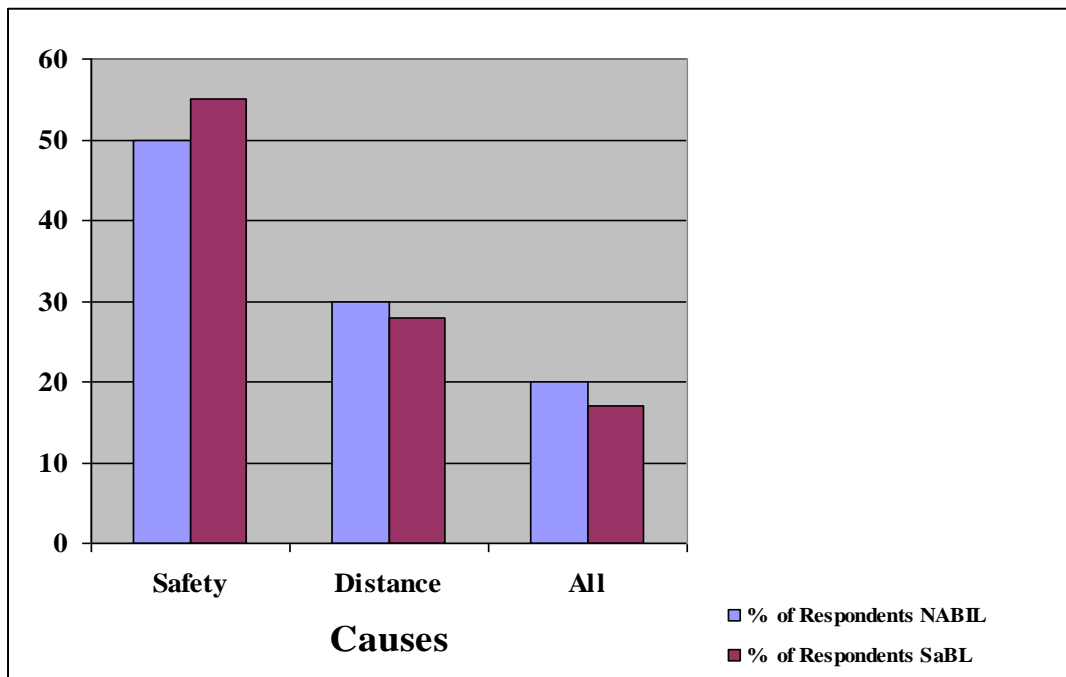


**Table - 4.12**  
**Cause of not Approaching Rural Area**

Cause	% of Respondents	
	NABIL	SaBL
Safety	50	55
Distance	30	28
All	20	17
<b>Total</b>	<b>100</b>	<b>100</b>

Table No. 4.12 shows the view of Banker's regarding not trying to target more on rural Areas. Here the respondents from both the sample commercial banks think Safety as the main cause of not targeting rural areas to promote banking products i.e. 50% from NABIL & 55% from SaBL thinks the same. Similarly Distance is also another main cause according to the Bankers which is in second place by occupying 30% & 28% respectively. Similarly 20% & 17% respondents from NABIL & SaBL consider both the causes responsible. The same survey has also been shown in the figure below.

**Figure - 4.12**  
**Cause of not Approaching Rural Area**

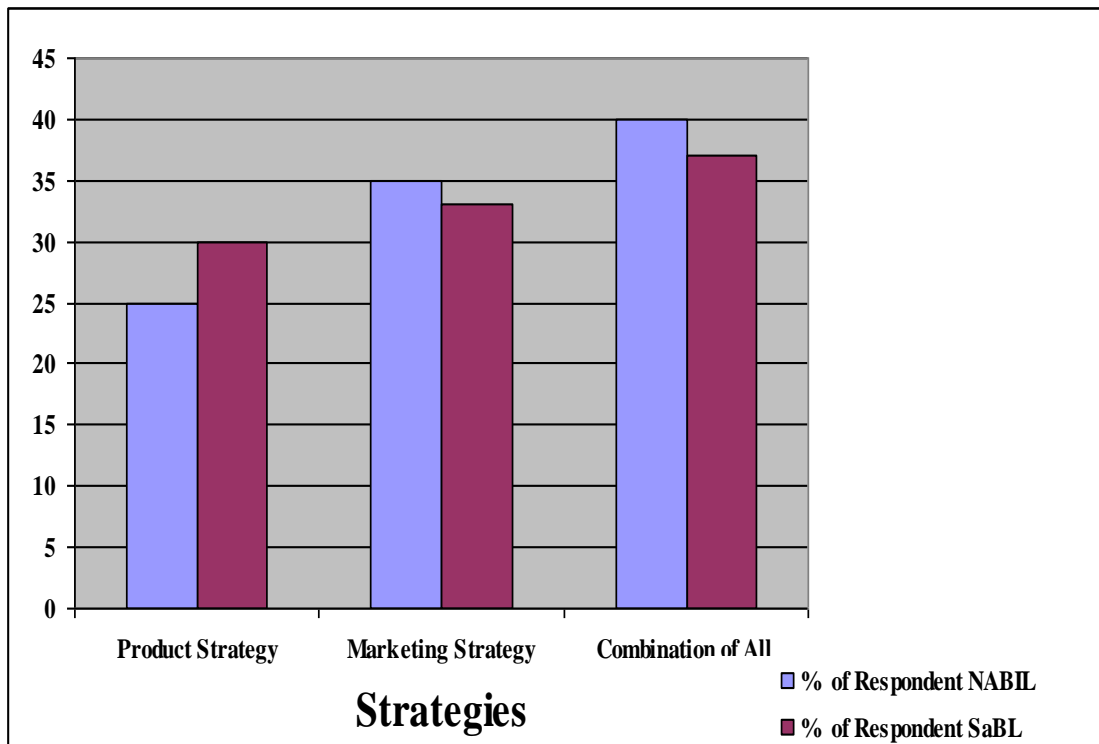


**Table - 4.13**  
**Strategies Adopted by the Banks to Promote its Products**

Strategies	% of Respondents	
	NABIL	SaBL
Product Strategy	25	30
Marketing Strategy	35	33
Combination of All	40	37
<b>Total</b>	<b>100</b>	<b>100</b>

The above table shows the survey conclusion of the Banking Strategies to promote its product in the market. NABIL has given 25% of its focus over Product, 35% in Marketing and 40% in both of the above strategies. Whereas SaBL gives higher priority to Product than Marketing Strategy (i.e. 30% & 33%) because previously it was a development Bank hence it is strong in product strategy. Similarly it has also 37% focuses on both of its strategies. The same has shown in the figure below:

**Figure - 4.13**  
**Strategies Adopted by the Banks to Promote its Products**



### **4.3 Major Findings:**

The major findings going through the report are as follows:

- a) It was found that deposit is the main banking products which are used more by its customers. 40% customers use the banking products in the form of Deposit in NABIL and 30% in SaBL respectively.
- b) Overwhelming majority of the respondents 45% in JBNL & 60% in SaBL has expressed satisfaction confirming suitability of the marketing strategy adopted by the local banks.
- c) Because of the lack of education (55% & 50%) and lack of alertness (30% & 35%) are the main causes due to which Banks are neglecting the rural customers.
- d) The main reason of the Banks not approaching rural customers is found Insecurity by both reference Banks.
- e) Both Sample commercials banks where found adopting Product as well as Marketing Strategy to remain competitive & alive in the market.
- f) During the study it is found that all the commercial banks are functioning well in Birgunj area but not highly interested in its promotion.

## **CHAPTER – V**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 SUMMARY**

Marketing can be defined as the activities done by the company of the people to distribute or supply the product or services to the place of consumption. Thus, marketing is a transaction of exchange. Similarly, marketing consists of activities designed to generate and facilitate exchange intended to satisfy human needs and wants.

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

The concept of strategy is more confusing in management literature. At first the word was used in terms of military science to mean what a manager does to offset actual or potential actions of competitors. The word has entered into the field of management recently.

Dictionary of marketing advertising explains strategy as “guidelines for marketing directional decisions that influence an organization’s long run performances”. Thus strategy is a way in which the firm reaching to its environment deploys its principal resources and marshals its main efforts in pursuit of its purpose. If firm takes actions for achieving objectives in an environment, it must take those, which are in accordance with requirements of the external and internal environment of the firm. Without determining what might be possible actions for achieving firm’s objectives, it cannot set its objectives in concrete terms. As such if strategy is taken actions for achieving objectives in an environment, it must take those, which are in accordance with requirements of the external and internal environment of the firm. Without determining what might be possible actions for achieving firm’s objectives, it cannot set its objectives in concrete terms. As such if strategy is taken broad perspective, determination of objectives falls within scope of strategy.

Bank is an institution which deals with money and credit Commercial banks means those banks which are established not for the purpose of co-operative agriculture, industry or any other specific objective but to exchange money, accept deposits, grant loan and to support commercial activities.

Post restoration of democracy and formation of democratic government, Nepal has taken a giant leap all rounds. This naturally encouraged and boosted the financial sector too. Especially the commercial banks started mushrooming during this period, the fast growing number of branches with poor performance has recently compelled the government to ban on establishment of new branches of the commercial banks. The basic approach of the strategic plan is to maximize resources, minimizing the cost, optimizing performances and setting up a corporate culture within the organization. The strategic approach also focuses on strengthening organizational communication and building up team environment within the bank for optimization of the performance.

## **5.2 CONCLUSION**

The banking business in Nepal is becoming very competitive and would be further more competitive after the year 2011 A.D. Customer satisfaction would be the key to lead and retain in the market. The bank with very effective service mechanism will survive in the market and can face growing competition and challenges.

Marketing strategy is the first and foremost tool to develop a financial institution. It includes a series of well-conceived policy, suitable and sufficient staffing, and development of conducive infrastructure and generation of felt-need based product and services, client friendly approaches.

The success of any financial institution is mainly quality based than simply its number of branches or its size capital investment, although on the national basis, Nepal government has recently asked the banks to emphasize in its service quality than on opening new branches, the respondents of the study area, have highly appreciated the marketing strategies of the banks functioning in Birgunj.

Most probably it is the specialty of the promotional strategies framed and adhered to by the newly established commercial banks like NABIL and SaBL that has earned the distinguished name in commercial market trying and working hard to reach to the customers.

## **5.3 RECOMMENDATIONS**

After the detail analysis and interpretation of the data and information related to marketing strategy adopted by NABIL and SaBL the following recommendation can be done.

1. Bank should focus on developing new products of its own and make a suitable market strategy in the matters concerned.
2. Well suited Training and Orientation programs should be prepared and launched specially to increase rural customers, preferably a trainers group should be recruited by each bank.
3. Pre-marketing survey should be done to identify the felt needs of the rural and urban customers separately and accordingly well suited promotional activities should be developed, be allotted to the field branches.
4. Optimal Promotional budget should be allocated.

5. Money being the foremost search after commodity, the national law and order situation of the country should be restored immediately for the safe functioning of the financial organization.
6. All type of loans should be continued with extra focus on pricing and service for this a new strategy should be formulated to reach in targeted group.
7. Appropriate and adequate trading for marketing staff will be essential to improve the skill and good report of marketing team.
8. A proper channel should be developed for flow information and feedback from the marketing department to other department for improvement in delivery of services as well as the other areas of the bank.
9. The inward remittance has been channeled in as systematic manner through bank counters. It will be fruitful both in terms of commission and foreign exchange earning.
10. Focus should be given of developing online transaction module in Internet Banking and SMS Banking. Hardware system should be kept up the according to the requirement.

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(Official Website of NABIL)

(Official Website of SaBL)

## Annex-A

### **SURVEY QUESTIONNAIRES**

I am Sanjay Kumar Gupta a student of MBS of Thakur Ram Multiple Campus, Birgunj. This is the preparation about the research thesis for the partial fulfillment of Master's Degree Business Studies (MBS). I need your kind support for collecting information regarding my topic "A Study on Product Marketing Strategy of Commercial Bank in Nepal". I have prepared a set of questionnaires and request to you fill up it. I assure that the information provided by you will be kept confidential and will be used only for my research purpose.

**Name:**

**Address:**

**Age:**

- |              |           |              |
|--------------|-----------|--------------|
| (a) below 20 | (b) 20-30 | (c) 31-40    |
| (d) 40-50    | (e) 51-60 | (f) above 60 |

**Gender:**

- |          |            |
|----------|------------|
| (a) Male | (b) Female |
|----------|------------|

**Qualification:**

- |                |               |                    |
|----------------|---------------|--------------------|
| (a) Uneducated | (b) Below SLC | (c) SLC            |
| (d) Above SLC  | (e) Graduate  | (f) Above Graduate |

**Occupation:**

- |                |                   |             |
|----------------|-------------------|-------------|
| (a) Student    | (b) Business man  | (c) Service |
| (d) House wife | (e) Other if any: |             |

## **FOR THE CUSTOMERS**

**Please tick-mark for your choice.**

- Q.No.1 Do you have account in the bank?  
(a) Yes (b) No
- Q.No.2 What type of account you have?  
(a) Saving (b) Current (c) Fixed
- Q. No.3 Which product is more useful for you?  
(a) Deposit function (b) Loans (c) Agency function  
(d) General Utility service (e) All
- Q.No.4 How do you come to know about the product?  
(a) News Paper (b) TV (c) Posters/Hoardings  
(d) Radio (e) Other
- Q.No.5 Does advertisement help the bank to attract customer?  
(a) Yes (b) No
- Q.No.6 Do you think that the advertisement of banks is enough to attract customers?  
(a) Yes (b) No (c) Satisfactory
- Q.No.7 Which product do you prefer to buy?  
(a) Frequently advertised (b) Not advertised
- Q.No.8 Does repetition of an advertisement of a particular product attract your attention?  
(a) Yes (b) No
- Q.No.9 Do you use the product because?  
(a) Advertisement induces you (b) You need it (c) Both
- Q.No.10 Which media of market do you prefer? Please rank according to our preference  
1 for most preferred 2 for second and so on  
(a) Personal media (b) Advertisement (c) Publicity  
(d) Sales Promotion (e) Relationship Marketing
- Q.No.11 How do you categorize most of the market strategies of banks as:  
(a) Satisfactory (b) Attractive (c) Boring

- Q.No.12 TV is the best medium for advertising product.  
(a) Agree (b) Disagree
- Q.No.13 Does advertisement help in recalling brand or choosing a particular bank?  
(a) Yes (b) No

### **TO THE BANKERS**

- Q.No.1 Do you bank markets its Product?  
(a) Yes (b) No
- Q.No.2 Do people response after your marketing effort?  
(a) Yes (b) No
- Q.No.3 Which media do you prefer? According to our, preference please rank the following  
(a) Personal media (b) Advertisement (c) Publicity  
(d) Sales promotion (e) Relationship marketing
- Q.No.4 Which product is most popular in urban area?  
(a) Deposits (b) Loan (c) Agency function  
(d) Utility function
- Q.No.5 Which Product is most popular in rural area?  
(a) Deposits (b) Loan (c) General utility  
(d) Agency function
- Q.No.6 Do you think that the marketing budget should be increased?  
(a) Yes (b) No
- Q.No.7 Radio and TV should be used to advertise products?  
(a) Agree (b) Strongly agree (c) Disagree.  
(d) Strongly disagree
- Q.No.8 The actual cause of customers from rural areas are less than urban areas.  
(a) Lack of education (b) Lack of alertness (c) Distance
- Q.No.9 Do the bank educate people about the products in rural areas?  
(a) Yes (b) No (c) Sometimes
- Q.No.10 Do your bank has segregated budget for the promotional activities?  
(a) Yes (b) No

Q.No.11 What strategies are adopted by your bank to market banking products?

(a) Product strategy (b) Price strategy (c) Marketing strategy

Q.No.12 What is the cause that that you do not approach in rural areas?

(a) Safety cause (b) People's interest (c) All

(d) Non

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