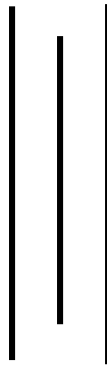


**TOURISM MARKETING: A BASIS FOR TOURISM INDUSTRY
OF NEPAL (WITH SPECIAL REFERENCE TO
NEPAL TOURISM BOARD)**

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A Thesis Submitted to:
Office of the Dean
Faculty of Management
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*In partial fulfillment of the requirement for the Degree of
Master of Business Studies (M.B.S)*

Kathmandu, Nepal
March, 2010

RECOMMENDATION

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ABBREVIATIONS

B2B	Business to Business
B2C	Business to Consumer
DDC	District Development Committee
FAM	Familiarization
GDI	Gross Domestic Income
GDP	Gross Domestic Product
HRD	Human Resource Department
IT	Information Technology
ITB	International Tourism Board
KNP	Khaptad National Park
MOTCA	Ministry of Tourism and Civil Aviation
NAC	Nepal Airlines Corporation
NGO	Non Government Office
NRN	Non Residential Nepalese
NTB	Nepal Tourism Board
NTO	National Tourism Organization
PR	Public Relation
R/T	Recreation/ Tourism
RNAC	Royal Nepal Airlines Corporation
SAARC	South Asian Association for Regional Cooperation
TSC	Tourism Service Center
USD	United State Dollar
VDC	Village Development Committee
WTO	World Trade Organization

CHAPTER - I

INTRODUCTION

1.1 General Background

Tourism today is the world's largest Industry. According to the World's Travel and Tourism Council, tourism directly and indirectly generates and supports 204 million jobs, which is equivalent to more than 10 percent of the world's workforce. It is expected to provide 328 million jobs by 2010. Tourism is also responsible for over 11 percent of global gross domestic product, which is expected to increase to 12.5 percent in 2010. Tourism is therefore, a major force in the economy of the world. It is an activity of global importance and significance.

Tourism has grown and will continue to grow to be an activity of worldwide importance and significance. For a number of countries, tourism is the largest commodity in international trade. Tourism has grown rapidly to become a major social and economic force in the world and Nepal is no exception.

Tourism today offers immense opportunities to all involve in it. International tourism has become more important since the equivalent of a quarter of the world population has travelled abroad. Its impact may be seen from the development of airports, hotels and resorts in most of the countries of the world providing employment and income to many people. Managed sensitively, tourism can be less destructive than alternative industries such as mining, while it has a potential to increase the wealth of population in the destination areas.

“The benefits of tourism development have largely been seen in economic terms, as in tourism's ability to generate income, jobs and corporate profits, bring in foreign exchange, boost tax revenue, diversify the economy and aid regional development” (*Pearce and Butler; 1999: 4*).

Social and environmental benefits have also been recognized. As more traditional sector of the economy, first agriculture and then manufacturing, have come under the pressure regarding their ability to deliver in this term, tourism has been increasingly targeted as a potential alternative or complement to development.

Tourism has become the most important earner of foreign currency in most developing countries. The arguments condoning mass tourism in developing countries emphasize that money spend by tourist there is benefiting the economic and bringing some wealth to the people. However, there is ample evidence that although some of the most fortunate sections of the society, ruling elites, landowners, government officials or private businesses might benefit, the poor, landless, rural societies are getting poorer, not just maternally but also in terms of their culture and resources.

It is considered that destination elements can and in many cases do, make up the core of the environmental effect on visitors. Physical elements of the destination could include features like or facility, natural resources such as scenic landforms, flora and fauna, or physical conditions such as the weather. Social factors like the friendliness of the local people, the language spoken, family structures, occupation, urban layout and population density, are also attributes of the destination that can form part of the macro –environment. The level, use, or lack of infrastructure and technology in a destination (e.g. water and power supply, use of computer technology and communications etc.) are also visible features of developed and under developed tourism products that can factor into the visitors’ trip experience.

The economic conditions and structural features that characterized a country, such as currency exchange, market behavior and pricing are further attributes of the product that can influence traveler experience and thought about a destination. Culture is another important factor shaping many tourist experiences. Authentic local culture, its history, institutions and customs can provide a rich experiential tapestry for the visiting tourist.

The political dimension is another key factor that contributes to the nature of the destination product. For example the political stability, foreign policy, or government policy on important issues such as human rights or democratic elections can determine tourist perceptions and behavior.

Furthermore, government control, responsiveness to tourism, and the treatment of tourists e.g. Visa applications, port of entry, industry support, specify entry conditions, etc. can also affect the destination environment that tourists experience. All these factors taken together determine the quality and value of tourism.

1.2 Evolution of Tourism

The word “tourism” of the present day is derived from the French word “Tourisme” which originated in the 19th century and cited for the first time in Oxford English Dictionary in 1811, meaning “the business of providing accommodation and services for people visiting a place”.

The term “tourist” which means “an individual who travels for the pleasure of travelling out of curiosity” made its appearance around 1800.

Tourism, in general, denotes the movement or journey of human beings from one place to another whether it may be within own country or second countries for various purpose.

Humankind has always had the desire to travel, to visit exotic places and to encounter different cultures since time immemorial. Even in the time of the ancient Greeks, travelers such as Herodotus (425-484 BC) visited countries and places other than their own and reported their experiences. Similarly, wealthy Romans traveled to Egypt and Greece, to visit sanctuaries, to have thermal baths, and generally relax.

Much later, during the middle ages, people traveled mainly for religious purposes. It was not until after the renaissance that people began to travel in greater numbers for pleasure, education and knowledge. In the 18th and 19th Centuries, the “Grand Tour” became extremely fashionable among European aristocrats.

“However, tourism did not become more accessible to the population in general until the time of the Industrial Revolution. During this era, the first paid annual holidays, combined with the opportunities for cheap travel provided by the railways began to generate mass exodus to newly created seaside resorts began inn, for example, France, England and New York State, moreover, widespread social and technological developments helped to create a new middle class that could afford to travel for pleasure” (*Lascurain; 1996: 1*).

By 1856 Thomas Cook, who is considered to be the first travel organizer of this age, was advertising railway excursions, including a “grand circular tour of the continent”, aboard his “wagon-lits”. Englishmen discovered Switzerland around 1850, and the Germans followed

soon after. During this time a considerable amount of travel for pleasure was essentially a quest for spectacular scenery. This period also witnessed the first serious environmental impacts attributable to tourism.

For those living in the industrializing countries, tourism was also stimulated as a result of the increased awareness of a world beyond Europe. Early 20th century – by which time summer holidays were taken regularly by Europeans and Americans – the motorcar provided for greater mobility, thereby stimulation yet further tourism activity. Commercial flights also played a decisive role, especially after the end of World War II. Soon Western tourists were traveling to previously remote destinations. But it was not until the middle of the 20th century when air travel became widespread and commercially and economically feasible, that tourism really ‘took off’.

1.2.1 Tourism after Second War Period

Tourism, although it has its roots in the ancient past, is the modern phenomenon, as far as its development is concerned. The development of modern tourism started in late 1940 after the end of World War II.

The post Second War period brought in a rapid development of tourism. In 1950, there were only 25 million tourists, the number reached to 50 million in 1955 and crossed 69 million marks by 1960 which is nearly 3 folds to that of 1950, the number of international visitor reached 113 million by 1965. During the period 1955 to 75 there was fivefold increment in the number of tourism. This period gave birth to mass international travel which today is known as mass tourism.

The mass international travel, which started in late 40s, reached a new height by 1958 when the air travel entered the jet age. It is the jet age, which brought revolutionary change in the international travel. The beginning of jet travel, actually added new dimension to the tourism industry. In fact, it is the jet travel that caused the rapid growth of tourism. The jet age, particularly development of the supersonic air crafts (like concord) catalyzed the air travel and contributed to shape the tourism in the form what we see today. Besides the Jet aircrafts other factors also played significant role for the growth of tourism during this period that include; the new technologies in the mode of transports and communications, motor cars,

paid holidays, increase in per capita income and living standards of middle class in America and Europe and changing attitudes of people toward travel.

However, the reason, which played key role in the vigorous growth of tourism during two decades (1950s and 60s) have been categorized in 3 categories; as technological, social and economic. In which, advancement in transport and communication systems, modern aviation technologies (concord) envisage the technological reason while opening up of new travel destinations, package tour, paid holidays, increasing tourism promotion and marketing efforts by tourist services enterprises are categorized as the economic reasons. Similarly, the economic reason also involve, rising per capita income, an increase in the discretionary income to a large majority of people, a large proportion of people being able to afford annual holiday (in Europe and North America) and rising standards of living. The social reasons, on the other hand, include new attitude towards travel. Travel being indispensable parts of life style rather than luxury, consumption pattern of large majority of people and leisure.

Europe and America remained main tourism generating and receiving market during this period. These features, thus make 1950s and 60s different from other period.

1.2.2 New Dimension in Tourism

A new dimension took birth in tourism by late 60s that is environment. It is due to the reason that by about this time, tourism started to earn itself a very bad name due to thoughtless development, and disruption of local cultures, values and economies. During the mass international travel beginning in the late 1940s, and continuing through most of the 1960s, tourism was often regarded as panacea for developing countries that is as a “smokeless” industry that could raise foreign exchange earnings and tax revenue, and could also increase employment. But growth in public concern about it (mainly in the industrialized countries) about the environment, and the negative impact of mass tourism, ultimately led to re-examination of this notion. Purported economic benefits from tourism led to increased analysis of its costs. At the same time, conservation organizations were formed to lobby government to set aside land not just for the enjoyment of tourists, or for the sake of showy animals, but to preserve the natural integrity of whole ecosystem.

Thus, a new dimension took birth in tourism by late 60s; the environmental concern got the significant place on tourism arena and several environmental issues became the focus of tourism activities.

1.2.3 Economic Value of Tourism

Tourism, no doubt, is high value economic activity. The economic value of tourism could be best understood with the terminologies used for modern tourism phenomenon. Following terminologies used for modern tourism, in short depict its economic value.

“Smokeless industry”, “medium of foreign exchange earnings”, “increasing employment, tax revenue for developing countries”, “distribution of wealth from developed to developing countries, from north to south”. All these terminologies, they depict the economic importance (value) of tourism. In other word, it can be said that all the above features demonstrate the economic value of tourism. These are self explaining and do not need further elaboration to explain what actually the economic importance of tourism is?

The above feature makes tourism different from other industry too. Since tourism today is consider to be premier service industry and one of the fast growing industries in the world, comprising 6.5 percent of the total global work force. The economic value of tourism for the developing countries is of more importance as it is a means of redistributing wealth from north to south, since a large number of visitors are from industrialized countries to developing world while a small number is true for vice versa. Similarly, significant infrastructures (air ports, roads and accommodation facilities) in the developing world are created due to tourism activities.

Therefore, it can be said that tourism is boon (little curse since it destroys environment and culture to some extent) particularly to the developing world and having also of considerable importance for developed countries too. It is also a reliable industry for those countries which can properly market its tourism product and develop strong tourism infrastructure. Tourism Brand is also important factor in tourism industry.

1.3 Events organized for the Promotion of Tourism by NTB

1.3.1 Visit Nepal 1998

On April 12, 1996, the Government declared the year 1998 as Visit Nepal '98 in order to further enhance the image of Nepal as a special destination for the visitors. To accomplish the program objectives, various organizations and agencies both within and outside the tourism industry, have come together hand in hand to formulate a strategy to make Visit Nepal '98, a success.

The program strategy has been formed taking into consideration that:

1. More airlines will operate more international flights by 1998 and more airline seat capacity will be available
2. There will be an atmosphere conducive for traveling internationally
3. There will not be major socio-political instability in the region
4. There will be political stability and current tourism policies will continue its direction
5. Programs and activities so designed shall have an infrastructure to handle the expected number of visitor arrivals

Specific Objectives

The objectives are:

1. Nepal by repositioning it as a unique visitor destination.
2. Develop diverse eco-friendly and value based tourism products.
3. Improve and awareness of the benefits of tourism.
4. Increase the number of visitor arrivals and lengthen the duration of stay.
5. Create intense development through tourism

1.3.2 Destination Nepal Campaign –DNC 2002-2004

Destination Nepal started from December 2002 and ended on December 2004, a two year program. The international year of mountain 2002, International year of eco-tourism 2002 and visit south Asia 2003 were also integrated under this campaign. It was implemented with the partnership between the government and private sector to promote tourism industry and create awareness among the people.

The main objectives of DNC 2002-04 were:

1. To promote public awareness among people about tourism.
2. To promote and maintain Nepal as a reliable attractive and secured destination with wide international publicity.

1.3.3 Nepal Tourism Year 2011

Prospectus of Nepal Tourism year 2011

The natural scenery, high mountains, incomparable cultural heritage and numerous specialties have made Nepal a well-known destination in the world tourism map with a distinct image of its own. However, the development of tourism is limited in number and within the certain areas of the country only. The government has shown greater concerns about the real value of tourism and its role in contributing to economic growth, poverty alleviation, equity and overall tourism development in the country.

Therefore, the government is placing high priority on the tourism sector in its new economic development policy. As there is a favorable political situation in the country, the government is all geared towards economic revolution in next 10 years for the up-liftmen of the masses. In this connection, government of Nepal in consultation with Nepalese Tourism Industry, concerned organization and experts decided to launch a national tourism campaign “ Nepal Tourism Year 2011”. This announcement reflects the government’s anticipation to bring into at least one million international tourists in Nepal by the year 2011 and spread the benefits of tourism to the people at large. The national campaign also indicates the tourism industry’s exigency to organize a tourism promotion campaign having wider impact.

Objectives of Campaign

1. Establish Nepal as a choice of premier holiday destination with a definite brand image.
2. Improve and extend tourism related infrastructures in existing and new tourism sites.
3. Enhance the capacity of service renders.
4. Build community capacity in the new areas to cater the need of the tourists.
5. Promote domestic tourism for sustainability of the industry.

Quantified Targets

1. One million annual international arrivals.
2. Encourage additional investment on tourism infrastructures.
3. Develop mechanism to record domestic tourism activities.

1.4 Statement of the Problem

Tourism industry is one of the strong financial sources of foreign currency for Nepal. It is providing various benefits from different aspects. Employment opportunities have been created in Hotels, Restaurants. At the same time, tourism entrepreneurs have been growing in rafting, trekking, mountaineering sectors.

Tourism industry is considered as a reliable industry for Nepal. The country consists necessary infrastructure for establishing, expanding this industry. It has numerous tourism products to offer the tourist. The country is also rich in art and culture. “Marketing of Tourism” in global market is an important issue. In order to carry out marketing approach, target market should be identified and marketing tools are to be developed.

Although Nepal has necessary infrastructure for tourism industry, the inflow of tourist is not in satisfactory level. The inflow of tourist and its average length of stay is important part of tourism industry. The scope in this field is big. It has direct impact in the national economy. Hence, appropriate marketing strategy should be made to attract more and more tourist. Government should make clear vision and develop long term plan for the sustainable growth of tourism industry.

Nepal Tourism Board (NTB), National Tourism Organization (NTO) is undertaking different marketing programs in different segments but due to very limited marketing and promotional budgets, it is not effective. NTB’s marketing program has to compete with competitor country like India, China, Malaysia, Thailand who spend huge amount of money for marketing and promotion.

Nepal Tourism Board is the authorized office of Nepal government which specially works for the tourism industry. It is responsible for developing and implementing program for the establishment, reform, development, expansion, promotion and protection of tourism enterprise including infrastructure development, tourism service expansion, man power development and environmental protection of touristic sites. It also coordinates the activities of person, bodies or organization providing services to visitors.

1.5 Objective of the Study

Nepal is the premier place for tourism. But it only gets the tourism value when tourist arrives in Nepal, stay and enjoy with its beauty. Survival of the tourism industry is not the basic goal. The industry should be made strong by making unlimited inflow of tourist. The staying period of tourist should be made as long as possible by entertaining them by using various means like Rafting, Trekking and sight- seeing.

The objectives of this study are listed below-

1. To study marketing budget allocated by NTB and its impact on total tourist arrival and total foreign currency earnings.
2. To study the tourist arrivals and average length of stay.
3. To analyze tourist arrival by purpose of visit and major regions.
4. To study foreign currency earnings from tourism.
5. To analyze the marketing strategy of NTB.
6. To study the impact of marketing tools implement by NTB.

1.6 Significance of the Study

Nepal is a landlocked country. China is on the north, India has surrounded the country from eastern, southern and western side. The majority of the population is involved in agriculture, but the contribution from it is very poor. People cannot survive depending on the agriculture only. The country is not gaining considerable financial support from it. Various industries have been established in the country but they are dependent on foreign countries for raw materials. Therefore, these industries are not independent. The reliable industry for Nepal can be considered as tourism industry. The country has necessary infrastructure to sustain this industry. The emphasis needed is the marketing in the international sector. The industry can contribute significant part of foreign currency in the national economy. Besides this, tourism business has led to significant employment opportunities. Tourism can generate job directly through hotels, restaurants, night club, taxi and souvenirs shops and indirectly through the supply of goods and services needed by tourism related business.

The importance of tourism industry has also been recognized by the government of Nepal. Tourism ministry has been established to makes necessary rules and regulations, study

necessity and scarcity in tourism sector, enhance tourism marketing and promote tourism industry so that the country can gain maximum benefits.

The high traffic inflow of foreigner has direct impact in aviation sector. It benefits both international and domestic airlines. An airline is convenience means of transport. Most of the traveler use international airlines to enter into Nepal. Government has given authority to interested airlines to operate its service to Nepal. There is dual relation between tourist and airlines. The highest inflow of tourist makes greater benefits to the airlines. Also, the presence of higher number of airlines makes greater inflow of tourist. But this relation is only true when there is proper marketing of tourism in international market and many foreigners are willing to visit Nepal. The domestic airline has also greater benefits from the high inflow of tourist. The airlines are providing good services to major tourist destination of Nepal. They are also operating mountain flight. This flight is operated focusing on tourist.

Hotels, resorts are the major parts of the tourism Industry which are entirely dependent on the foreigner. Hotels ranging from five stars to non stars are available in the country. They are providing adequate services to the tourist. The expenditure made by tourist in accommodation, food and beverage, transportation and other service are accumulated in total foreign currency earnings from tourism. Foreign currency earned form the tourism has contribution to average income per capita, GDP of the country. Therefore, tourism industry should be made strong by creating suitable environment for tourist to visit.

1.7 Limitation of the Study

1. The study will be based on primary data as well as secondary data.
2. Marketing Budget allocated by NTB is presented form fiscal year 2000/01 to fiscal year 2008/09.
3. Traveling trend of tourist will be presented from 1998 to 2008.
4. Marketing strategy and tools used by private organization will not be included.

1.8 Organization of the Study

The research study has been divided into five sequential chapters.

Chapter I: Introduction

This chapter will discuss about the background of the study. It will describe about Tourism Industry, Evolution of tourism, Events organized for the promotion of tourism, Statement of the problem, Objective of the study, Significance of the study and Limitation of the study.

Chapter II: Review of Literature

This chapter will describe about Conceptual review, Legislation regarding tourism, Review of Journal, article and thesis

Chapter III: Research Methodology

This chapter will describe about Research Design, Population and Sample, Data Collection Procedures, Analysis Tools and Techniques to interpret findings.

Chapter IV: Data Presentation and Analysis

This chapter will present, analyze and find the fact from primary and secondary data.

Chapter V: Summary, Conclusion and Recommendations

This chapter will provide Summary of major findings, Conclusion and Recommendation from the study.

Bibliography and Appendices has been included at the end.

CHAPTER - II

REVIEW OF LITERATURE

A literature review is an essential part of all studies. It is a way to discover what other researcher have covered and left in the area. A critical review of the literature helps the researcher to develop a thorough understanding and insight into previous research works that related to the present study. It is also a way to avoid investigation problems that have already been definitely answered. Thus a literature review is the process of locating, obtaining, reading and evaluating the research literature in the area of the student's interest.

The purpose of literature review is to find out what research studies have been conducted in one's chosen field of study and what remains to be done. It enables the researcher to know-

1. What research has been done in the subject?
2. What theories have been advanced?
3. What are the approaches taken by the other researchers?
4. Whether there are gaps that can be filled through the proposed research?

2.1 Conceptual Review

2.1.1 Concept of Marketing

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

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

Marketing is the flow of goods and services from the producer to consumer. It is based on relationship and value. In common parlance it is the distribution and sale of goods and services. Marketing can be differentiated as:

1. Marketing of products
2. Marketing of services.

Marketing of Products implies marketing of tangible goods. Tangible goods have physical shape, size and structure. Marketing of service implies marketing of intangible goods.

Service Marketing

Marketing in tourism industry is service marketing. Marketing of services means the marketing of different intangible service needs of customers. This is the sale of some services. Services marketing is [marketing](#) based on relationship and value. It may be used to market a [service](#).

A product can be "ideas, goods, or services." Since tourism is primarily a service based industry, the principal products provided by recreation/tourism (R/T) businesses are recreational experiences and hospitality. These are intangible products and more difficult to market than tangible products such as automobiles. The intangible nature of services makes quality control difficult but crucial. It also makes it more difficult for potential customers to evaluate and compare service offerings. In addition, instead of moving the product to the customer, the customer must travel to the product (area/community). Travel is a significant portion of the time and money spent in association with recreational and tourism experiences and is a major factor in people's decisions on whether or not to visit.

As an industry, tourism has many components comprising the overall "travel experience." Along with transportation, it includes such things as accommodations, food and beverage services, shops, entertainment, aesthetics and special events. It is rare for one business to provide the variety of activities or facilities tourists need or desire. This adds to the difficulty of maintaining and controlling the quality of the experience. To overcome this hurdle, tourism related businesses, agencies, and organizations need to work together to package and promote tourism opportunities in their areas and align their efforts to assure consistency in product quality.

Marketing a service-base business is different from marketing a goods-base business. There are several major differences, including:

1. The buyer purchases are intangible.
2. The service may be based on the reputation of a single person.
3. It's more difficult to compare the quality of similar services.
4. The buyer cannot return the service.

Service Marketing Mix

The major difference between service marketing versus regular marketing is that apart from the traditional "4 P's," Product, Price, Place, Promotion, there are three additional "P's" consisting of People, Physical evidence, and Process in service Marketing Mix.

The service marketing mix comprises of the 7'p's. These include:

1. Product
2. Price
3. Place
4. Promotion
5. People
6. Process
7. Physical Evidence

1. Product

The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:

-) Brand name
-) Functionality
-) Styling
-) Quality
-) Safety
-) Packaging
-) Repairs and Support
-) Warranty
-) Accessories and services

2. Price Decisions

Some examples of pricing decisions to be made include:

-) Pricing strategy (skim, penetration, etc.)
-) Suggested retail price
-) Volume discounts and wholesale pricing
-) Cash and early payment discounts
-) Seasonal pricing
-) Bundling
-) Price flexibility
-) Price discrimination

3. Distribution

Distribution is about getting the products to the customer. Here the customer can be reseller or the end customer. Some examples of distribution decisions include:

-) Distribution channels
-) Market coverage (inclusive, selective, or exclusive distribution)
-) Specific channel members
-) Inventory management
-) Warehousing
-) Distribution centers
-) Order processing
-) Transportation
-) Reverse logistics

4. Promotion Decisions

In the context of the marketing mix, promotion represents the various aspects of marketing communication, that is, the communication of information about the product with the goal of generating a positive customer response. Marketing communication decisions include:

-) Promotional strategy
-) Advertising

-) Personal selling & sales force
-) Sales promotions
-) Public relations & publicity
-) Marketing communications budget

5. People

An essential ingredient to any service provision is the use of appropriate staff and people. Recruiting the right staff and training them appropriately in the delivery of their service is essential if the organization wants to obtain a form of competitive advantage. Consumers make judgments and deliver perceptions of the service based on the employees they interact with. Staff should have the appropriate interpersonal skills, attitude and service knowledge to provide the service that consumers are paying for.

6. Process

Refers to the systems used to assist the organization in delivering the service, some illustrations make easier to understand. When the order of particular food items in the restaurant is delivered within 2 minutes, what was the process that allowed to obtain an efficient service delivery? Banks that send out Credit Cards automatically when their customers' old one has expired again require an efficient process to identify expiry dates and renewal. An efficient service that replaces old credit cards will foster consumer loyalty and confidence in the company.

7. Physical Evidence

Physical Evidence is the element of the service mix which allows the consumer again to make judgments on the organization. The expectation in a restaurant is a clean, friendly environment. On an aircraft, the expectation in the first class is enough room to be able to lie down. Physical evidence is an essential ingredient of the service mix, consumers will make perceptions based on their sight of the service provision which will have an impact on the organizations perceptual plan of the service.

Characteristics of Service Marketing

There are five characteristics to a service which are discussed below.

1. Lack of Ownership

Service cannot own and store like a product. Services are used or hired for a period of time. For example when buying a ticket to the destination the service lasts maybe particular hours each way , but consumers want and expect excellent service for that time. Because it can measure the duration of the service consumers become more demanding of it.

2. Intangibility

Service cannot hold or touch unlike a product. In saying that although services are intangible the experience consumers obtain from the service has an impact on how they will perceive it. What do consumers perceive from customer service? the location, and the inner presentation of where they are purchasing the service?

3. Inseparability

Services cannot be separated from the service providers. A product when produced can be taken away from the producer. However a service is produced at or near the point of purchase. For example, in visiting a restaurant, an order is place, the waiting and delivery of the meal, the service provided by the waiter/ress is all apart of the service production process and is inseparable, the staffs in a restaurant are as apart of the process as well as the quality of food provided.

4. Perishability

Services last a specific time and cannot be stored like a product for later use. If travelling by train, coach or air the service will only last the duration of the journey. The service is developed and used almost simultaneously. Again because of this time constraint consumers demand more.

5. Heterogeneity

It is very difficult to make each service experience identical. If travelling by plane the service quality may differ from the first time travelled by that airline to the second, because the airhostess is more or less experienced. A concert performed by a group on two nights may differ in slight ways. Generally systems and procedures are put into place to make sure the service provided is consistent all the time.

2.1.2 Concept of Tourism

Tourism is the act of travel for predominantly recreational or leisure purpose and also refers to the provision of services in the support of this act. According to the World Tourism Organization, Tourist are people who travel to and stay in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of and activity remunerated from within the place visited.

Tourism is a dynamic and competitive industry that requires the ability to constantly adapt to customers' changing needs and desires, as the customer's satisfaction, safety and enjoyment are particularly the focus of tourism businesses.

Types of Tourism

There are various types of tourism that are described below

1. Mass Tourism

This is the most recent phenomenon of the modern tourism. The concept of mass tourism emerged along with the introduction of paid holidays.

2. Village and Urban Tourism

In village tourism, all the activities are concerned with village. A village is selected as model village. Urban tourism is concerned with the city area. Mostly business people participate in this type of tourism.

3. Domestic and International Tourism

Domestic tourism focuses on the tourism with in the country. It does not require visa formalities, and does not involve in border formalities. International tourism is concerned with foreign currency; it involves visa rules, border formalities.

4. Receptive and Passive Tourism

Receptive tourism is concerned with the reception of tourism. It focuses on providing services. Passive tourism is to sell the tours outside the country.

5. Ethnic Tourism

This type of tourism is concerned with selling and organizing tour to via it the native people their homes, villagers and to understand their customs and traditions.

6. Cultural Tourism

It is related to the tours to the culturally rich cities. The tours are organized to provide knowledge of the culture of the region. Culture is a set of beliefs, values, attitudes, habits and forms of behaviors shared by a society which are practiced from generation to generation.

7. Adventure Tourism

This type of tourism is organized in the remote area. Here the guests take part in different activities like trekking, rafting, mountain climbing, and bungee jump etc.

8. Historical Tourism

In this tourism people generally visit museums and old historical places. To organize tourism activities to visit archaeological places for the purpose of knowing the glories of the past are an example of historical tourism.

9. Eco- Tourism

In this tourism, people are in need of the modern world. This type of tourism is organized to study the environment and to observe man-land relationships. Here tourism activities are organized in a way that it leaves minimum or no impact on the local community and on the nature.

10. Health Tourism

This type of tourism was in big demand during the late 19th century. People were visiting different resorts, sea camps and spas.

2.2 Literature Review

2.2.1 Vision of MOTCA

The Ministry of Tourism and Civil Aviation (MOTCA) in consultation with its industry partner has produced NEPAL TOURISM VISION 2020 to guide tourism development throughout the country. The Vision complements the national endeavor of economic reform and incorporates a spirit of inclusiveness for a broad-based enabling environment that sets the pace of gradual but focused change in the tourism sector.

Goals

-) Increase annual international tourist arrival to Nepal to two million by 2020.
-) Augment economic opportunities and increase employment in tourist sector to one million.

Tourism is valued as the major contributor to a sustainable Nepal economy, having developed as an attractive, safe, exciting and unique destination through conservation and promotion, leading to equitable distribution of tourism benefits and greater harmony in society.

Objectives

-) To improved the livelihood of the people across the country by developing integrated tourism infrastructure, increasing tourism activities and products, generating employment in the rural area enhancing inclusiveness of women and other deprived communities, and spreading the benefits of tourism to the grassroots level.
-) To develop tourism as a broad-based sector by bringing tourism into the mainstream of Nepal's socio economic development, supported by a coherent and enabling institutional environment.
-) To expand and extend tourism products and services in new and potential areas of Nepal by enhancing community capacity to participate in tourism activities.
-) To publish, promote and enhance the image of Nepal in international tourism source markets.
-) To enhance the flight safety and aviation security, extended air connectivity, and improve capacity and facilities of national and international airports.
-) To attract new investment in creating new tourism facilities, products and services.

2.2.2 Tourism Destination SWOT Analysis

In creating a marketing strategy and operational plan, some analysis is necessary. For this purpose, a SWOT (Strength, Weaknesses, Opportunity and threats) analysis of Nepal as a tourist destination has been done by NTB, which indicates the following.

Strength

-) Mt. Everest – the world highest peak and many other mountains including eight of the world's fourteen highest (above 8000 meters) peaks.

- J Lumbini- the birth place of Lord Buddha and Buddhist pilgrimage circuit including Kathmandu Valley.
- J Seven world heritage sites within a radius of twenty kilometers in the Kathmandu Valley plus three other ones (natural and cultural), giving a total of ten.
- J Diverse and multi ethnic culture (more than forty ethnic groups and seventy spoken language)
- J Deepest gorge in the world
- J One of the highest villages in the world, highest named lake in the world.
- J World's most famous climbers- the Sherpas, the world bravest soldiers – the Gurkhas.
- J The only living goddess in the world- Kumari
- J Diverse altitude and climatic variation.
- J Well-established tourism industry (started over 40 years ago)
- J Special Interest Tours facilities like bird watching, archaeological, botanical, zoological tours, honey hunting, fossil hunting, game hunting etc.
- J Nepal considered scenic beauty as an independent destination with extra ordinary scenic beauty as per the market survey

Weaknesses

- J Pollution – air, water, solid waste, noise and visual in some areas.
- J Landlocked countries: no beaches or island, no cruise ship access.
- J Weak infrastructure (airports, roads, safety, hospital, communication etc).
- J High percentage of illiteracy and low level of tourism awareness and education.
- J Lack of Human Resource Department (HRD) and quality service compare to the market needs.
- J Lack of aggressive marketing- very small marketing budget compare to other countries.
- J Inadequate promotion of non-mountain attraction in the past.
- J Little or no matching of attraction to the international market sector in the past.
- J Over- crowding of tourist in limited areas (the tourism triangle).
- J Unexplored areas- lack of national tourism development planning.
- J Weakness in service sector leading to failure in quality controls and service standards.
- J Unhealthy competition in some tourism services due to down turn in arrival.
- J Unreliable national carrier (NAC).

- J Problem of seasonality and under – utilization during the monsoon season.
- J Weak competitive quality internationally.
- J Inadequate retention of tourism spending.
- J Security concern (Insurgency).
- J Weak development of tourism outside the ‘tourism triangle’.

Opportunities

- J Increasing investment including joint venture in tourism related industries including hotels and resorts.
- J Partnership approach: Nepal Government and private sector in the form of NTB.
- J Infrastructure development through foreign assisted projects.
- J Poverty alleviation through tourism as a national policy.
- J Conservation and preservation of culture and archaeological monuments.
- J Unexplored markets.
- J Unexplored products.
- J Proximity of Indian rail system at several points at border, so could tap a big market using India’s huge rail system.
- J Cultural affinity with India provides many marketing opportunities.
- J Annual increase in international travel as per the forecast by WTO.
- J Long haul travel expected to increase globally.
- J The internet: allows reduction of travel cost; increased information between buyer and seller; a more cost – effective sell and marketing tools for tourism.
- J Nepal is between two giants of Asia (China+India= 2.3 billion people), both with fast growing outbound travel market.
- J Opening up of remote areas for tourism, by building new air ports, improving ones, improving air navigation equipment.

Threat

- J Possible future competition from the Himalaya regions of India and Tibet (Tibet is planning a road to the north side of Mt. Everest).
- J Competition from Peru, Bolivia, (comparable products to Nepal).
- J Competition from mountain areas of South- West China (Which already have claimed the name Shangri-La).

-) Pollution.
-) Security problem (Insurgency).
-) Destruction or erosion of authentic culture and values.
-) Inflation.
-) Global terrorism problem.
-) More new destinations/ new products elsewhere in the world.
-) Aggressive marketing budgets of other destinations.
-) Regional wars.
-) Health hazards.
-) High airfare to Nepal compared to some other destinations.

2.2.3 Legislation Regarding Tourism

“Tourism is a chosen policy, which is not a policy forced upon a reluctant regime by political pressures like agrarian reform, language policy, or some industrial policy” (*Richter; 1989: 14*). This is one of the reasons that tourism policy has often been neglected. Tourism policies are being adopted and actively pursued by virtually all-urban and rural areas. Even locals consciously opting not to promote tourism are in effect pursuing a type of policy. Missing from other studies, however, have been explanations of tourism policy that evaluate success or failure except in economic or occasionally social terms. Typically, arrivals, receipts, length of stay, and market share have been the overwhelming criteria by which government policy makers, the travel industry, and the attentive public have judged tourism policy. If available, the number of jobs created is mentioned. Occasionally policies are judged in terms of foreign exchange or environmental impact, balance of payments perspectives. Rarely is a policy judged in terms of resident satisfaction. Tourism policies frequently fail, especially in developing nations, in term of continuation to genuine development of the country. Often they are expensive, capital intensive, import- driven, seasonal, given to excessive foreign exchange leakage and subject to well – documented negative social effects. And yet these same policies ‘mistakes’ are made over and over again. In the 1970s, mass tourism became a reality in a majority of developing nations and horror stories concerning is impact began emerging. Once the problem was clear, policy should have improved, but it often did not.

This topic presents the tourism planning efforts made in national economic development plans of Nepal. The study has organized into three different periods, namely

- a. Tourism planning till 1970,
- b. Tourism planning from 1971 to 1990, and
- c. Tourism planning since 1990.

Tourism Planning Till 1970

Tourism planning in this period consists of three economic development plans as under:

-) The First Plan (1956-61)
-) The Second Plan (1962-65)
-) The Third Plan (1965-70)

Tourism planning in Nepal has not received much attention of the planners in the past. During the Rana regime, Nepal was not open for the tourists and hence there was no tourism planning in Nepal. With the dawn of democracy in 1951, Nepal was opened for the tourists for the first time. The need for tourism planning was felt and it all started in 1956 with the initiative of the First Plan. Before this, tourism planning could not receive priority due to the political instabilities. The history of planned developmental efforts of Government of Nepal started only when the First Five Year Plan came into existence 1956.

The First Plan (1956-61)

During the plan period, the importance of tourism sector was given early consideration and administrative machinery was set up as early as 1956. At that time tourism was at a low level and administrative activities were limited to certain control and supervision measures. Tourism administration was formed in 1957 when a tourist Office was set up in the Department of Industry following the establishment of an office was upgraded to department level. The Department of Tourism moved through a number of sectoral ministries, and there did not exist tourism ministry in the country. After the establishment of the department, Nepal received membership in different International Tourist Organizations.

During the plan period, tourist information centers were established, survey of hotels was conducted, and some training was provided to the tourist guides. As the First Plan was the beginning of the planned efforts of the government, not much could be planned and achieved in the tourist sector except for the setting up of hotels of various standards, establishment of travel agencies, and development of Kathmandu Airport.

The Second Plan (1962-65)

The Second Plan also realized the need for the development of tourism. Programs were made to set up more hotels and for the continued development of places of tourist interest, sightseeing services, trained guides, and increasing publicity of Nepal in the international field.

As a result of the earlier efforts, the number of hotel beds reached 270 at the end of this plan period. The enactment of Tourism Act 1964 (2021) was the notable achievement. The act provided for regulations and development of tourism in Nepal.

The Third Plan (1965- 70)

The Third Plan aimed to increase tourist inflow to 20,000 persons per annum. India's forecast of tourists was 200,000 and Nepal's forecast is 10 percent of it. The target was not unachievable with the increase in hotels. The Third Plan programs included completion of Kathmandu Airport runway, establishment of one hotel each at Pokhara and Biratnagar, production of tourist film, conservation of temples in Kathmandu Valley waiting for repairs and maintenance, and reconstruction. These temples provide the main attractions to the tourists and hence a plan for their conservation was proposed. Besides, it was planned to implement a program for the conservation historical places, particularly, the Lumbini and Kapilvastu area. The other programs included systematic display of Nepalese monuments in Nepal museum, and among others, preparation of master plan of Lumbini.

Tourism Planning During 1971-1990

Tourism planning in this period consists of four economic development plans as under

-) The fourth Plan (1970-75)
-) The Fifth Plan (1975-80)
-) The sixth Plan (1980-85)
-) The Seventh Plan (1985-90)

The Fourth Plan (1970-75)

During the Fourth Plan period, the foreign experts were invited to prepare the master plan for tourism development. The formulation of master plan and the implementation of

development projects in accordance with this plan had begun after a systematic detailed study of tourism development. This plan dealt with several aspects of tourism development assuring improvement in sites with tourist attraction, managing hotel and transportation facilities in such sites, and providing necessary publicity to attract tourists to Nepal.

The Nepal Tourism Master Plan formulated in 1972 during the fourth plan period is of crucial importance. It identified the major tourism products of Nepal, suggested the potential places and activities suitable to these areas, and outlined promotional strategies for implementation during a decade in two phases- Phase I (1972-1975) and Phase II (1975-1980). It thus influenced succeeding plans and programs in the tourism sector to a large extent.

The master plan proposed the operation of five different types of tourism for Nepal:

-) Sightseeing tourism
-) Trekking tourism
-) Recreational tourism, primarily targeting the Indian tourists
-) International pilgrimage tourism

The Fifth Plan (1975-80)

The Fifth plan objectives was to increase the foreign exchange earnings and thereby improving the balance of payment situation, increasing the employment opportunities, and achieving the regional development by establishing the tourist centers.

The Fifth Plan policies were to retain Nepalese style while promoting tourism, to diversify the tourists to the other areas which were confined to Kathmandu only, to increase the length of stay of tourists, to develop facilities for tourism in Pokhara, Chitwan, Lumbini, Khumbu etc., to develop remote areas for tourism either by air or on foot, to coordinate tourism with agriculture, transportation, and industries, to make publicity about Nepal in tourism source countries, and provide training on different areas of tourism.

This Plan program included publicity of Nepal's tourism in international arena, provide training up to 500 persons on different aspects of tourism, and establishment of tourist information centers.

The Sixth Plan (1980-85)

The Sixth Plan objectives of tourism were to increase foreign exchange earnings, and to create employment opportunities by developing the tourism related industries. The plan policies included making the tourist centers more attractive, to identify the new tourist centers, finding out ways and means of attracting tourists in off seasons, and conserving the natural , cultural and artistic beauties in Nepal.

The Sixth Plan spelled out many programs. Among others, the major ones were, formulation second tourism master plan, development of mountain tourism, tourism survey and research, development of resort areas, remote area tourism development, strengthening of tourist information centers, construction of sheds in Araniko Highway, development of Tatopani area, production, distribution and promotion of tourism materials, strengthening of Hotel Management and Tourism Training Centers, development of Khumbu tourism area, and formulation and implementation of other district level projects. For this purpose, USD 12 million was provisioned.

The Seventh Plan (1985-90)

The Seventh plan aimed at increasing the high income level tourists so enabling the country to earn more foreign currency and also create employment opportunities by utilizing the tourism industry to the fullest possible capacity. It is also aimed at increasing the length of stay of tourist by extending tourism industry in such places where tourism infrastructures has come into existence. The plan has also given emphasis on the production of goods required for the tourist locally so curtailing the imports.

The Seventh Plan Policies included launching of effective tourism promotion, and simplifying or reviewing the different types of taxes, fees, and other regulation that were currently hindering the growth of tourism industry in Nepal. The other policies of the plan were, to attract the investment of government and private sectors in tourism, to the place more emphasis on trekking and Himalayan expedition, to attract more tourists from Asian nations, to make necessary infrastructure like hotels and airports more efficient, to provide encouragement while issuing license to tourism related industries and to conserve the tourist centers including the conservation of religious, cultural, and historical places.

Tourism Planning Since 1990

Tourism planning in this period consists of two economic development plans as under

- J The Eighth Plan (1992-97)
- J The Ninth Plan (1997-02)

The Eight Plan (1992-97)

This section briefly describes tourism as a major industry earning foreign currencies. The Eight plan aimed at developing Nepal as final destination for tourists and to operate the tourism industry as main source of employment generation by implementing the policy level activities in regard to the following

- J Tourism promotion and publicity
- J Adventure tourism development
- J Private sector mobilization and facilities
- J New infrastructure development
- J Administrative reform
- J Extension of services of Nepal Airlines Corporation (NAC)
- J Developing Tribhuvan International Airports as a focal point
- J Standard domestic and international air services
- J Use of Nepal sky for international air services
- J Manpower for standard civil aviation services

The Ninth Plan (1997-02)

For the first time in the history of planned development, the Ninth Plan felt need for setting up long-term objective and long-term strategy. The long-term objective was to develop tourism sector as an important part of the overall economic development, to establish Nepal as a premium destination on the world tourism map, and to expand the benefits of tourism down to the village level. The long-term strategy included strong and efficient civil aviation, physical development of tourist cities and rural areas, diversification of tourism products, mobilization of local communities in the conservation and management of tourist resources, conservations of tourist resources, and so on.

The Plan came up with the target of increasing tourist arrival by an annual rate of ten percent and the tourism receipt by twenty percent during the Ninth plan period. In the first year of the Ninth Plan, an estimated 4, 20,000 tourists were expected to visit the country. The number was expected to reach 6, 76,414 by the final year of the plan period. Similarly an estimate USD 213 million was expected in terms of receipts in the first year and USD 527.60 in the final.

The Tenth Plan (2002-07)

The Tenth plan objectives included effective promotion of tourism sector achieving sustainable development by enhancing public participation thus contributing to poverty alleviation, to increase people participation in conservation of historical, cultural, religious and archaeological heritage and enhance their practical utilization, and to establish a standard airport and aviation service with adequate infrastructure development for domestic and international flight.

The major strategies comprised of establishing regional tourist hub center; creating pollution-free environment for the tourists; preserving and conserving historical cultural religious heritages; enhancing people's participation, and ensuring air services and air port with necessary infrastructure.

The main policies included promoting quality tourism; enhancing internal tourism strengthening economy; generating more employment opportunities especially to the rural women and deprived communities through cottage and handicraft industries development, and implementing Destination Nepal Campaign 2002-2004. The Eco- Tourism Projects, Tourism Infrastructure Development Program, World Heritage Site Conservation Projects, Second International Air port Project were the main programs.

The Tenth Plan also came up with various programs to be conducted for the development of tourism sector. Among others, the major programs were conducting programs by NTB at local levels to enhance public awareness towards tourism in coordination with social organization , and NGO's and educational institutes, emphasizing local communities' involvement on developing new tourist spots, implementing code of conduct to reduce unhealthy competition, categorizing natural, archaeological, religious, cultural and touristic places, promoting participation of local women and backward risk areas such as touristic

destinations, mobilizing national and foreign tour operators and friends of Nepal to promote tourism, developing satellite aided communication that supports to aviation safety, starting short-distance international flight to neighboring countries, constructing second international air port in an appropriate Terai region, privatizing the then RNAC or forming joint venture through organizational reforms during the plan, enabling the then RNAC to expand its network through agreements with other prestigious international airlines, and recording up to date data and information of culture, tourism and civil aviation sector, as well as international activities, concerning the same.

The review of tourism planning in national plans indicates that Nepal has been trying to upgrade and priorities tourism sector by various means. Looking at the history of tourism planning, it has been only about three decades since tourism sector has been focused as one of the important sectors of Nepal.

2.2.4 Review of Journal and Article

Rayamajhi (2008), in his article entitled '*Tsum Valley*' has explored the valley as the virgin destination for the tourist.

The valley is located at an altitude of 1905 M. It resides in the northern part of Gorkha with an area of 1663 Sq.KM. It is also known as the Hidden Valley. It is surrounded by Sringi Himal to North, Ganesh Himal in the East and Himal Chuli in the West. The government has recently opened this Trans-Himalayan Pilgrimage valley for tourists on October 17, 2007.

The writer has explained about the scenic beauty that can be viewed from the valley. He has also provided the details of peaks, glaciers, trail, rivers, bio diversity.

The trail to Tsum Valley provides a spectacular panorama of surrounding peaks including Ganesh Himal range, Poshyo peak, and Langju peak. Along the trail, there are many glacial lakes including Chho syong, Chho Lungyo and Yamdro. Besides these, one can see Himalayan Thar, Blue Sheep, Deer, the exclusive snow leopard etc in their natural habitat.

Shakya (2009), in his article entitled '*NTY 2011 promoted in ITB Asia 2009- Singapore*' has highlighted the activities for the upcoming campaign of Nepal Tourism Year 2011.

Nepal Tourism Board along with eight travel trade companies participated in the Second Asia edition of ITB Berlin. It is the second time that NTB and private sector companies have jointly participated in ITB Singapore targeting Singaporean visitors as well as to interact with other international outbound travel trade from South East Asia Region.

The Business to Business (B2B) among the trades, media personalities, visitors and buyers has been carried out in Nepal Pavilion. Interaction session organized by Web in Travel in convention center, the leading media like BBC, CNN and other reputed publication houses has made a great exposure to Nepal's tourism destinations. It has been noticed that the participants in the fair made special queries and attention towards Nepal Tourism Year 2011.

The write has focused that the country need some tremendous campaigns to hit in the global market and compete with other tourism Associations in South East Asia and SAARC. The flight connectivity of Nepal with Singapore through Silk Air and Thai Airways definitely creates a positive impact to the tourism industry of Nepal. Nepal has been highlighted as the birth place of Lord Buddha; Kumari, the living goddess as an icon of cultural tourism in Nepal.

“Nepal Tourism Year 2011” has been promoted during the fair through media literacy distributed among the fair organizes, visitors, buyers, and the number of exhibiting companies from Europe, America, Australia, South East Asia and SAARC countries. The writer has hoped that it is a remarkable event to promote the upcoming campaign- Nepal Tourism Year 2011. He has also urged that NTB should make its participation in such events for the promotion of tourist in Nepal.

2.2.5 Review of Thesis

Shrestha (1999), in her Ph.D. Thesis entitled “*Tourism in Nepal: Problem and Prospects*” mainly aimed to concern with the existing problems and its impact on tourism in Nepal.

The basic objectives of the writer are-

- a. To study status of tourism infrastructures developed in the country.

- b. To analyze tourism planning and policies of the government.
- c. To study the employment opportunity created from tourism industry

Her major findings are-

1. There are limited tourism products in Nepal. New tourism destination sites should be explored.
2. Sufficient human resource should be developed required for tourism industry.
3. There should be stable government to implement tourism planning and policies.
4. Tourism has created employment opportunity directly and indirectly in the country.
5. Air accessibility to Nepal is not convenient due to limited international flight. Tourist has to come to Nepal through connecting flight. It is tedious and time consuming. Direct air accessibility will encourage more tourist to visit Nepal.
6. Air pollution should be considered seriously. Attempt should be made to decrease this pollution.

Hirachan (2003), in his Master's thesis, '*A Study on e-Marketing used by Travel Agencies*' has presented the effectiveness of e-marketing used by travel agencies to promote tourism industry. In order to find the perception of travel agencies regarding e-marketing prospects practiced in tourism sectors, the writer has taken following objectives in to consideration.

1. To survey the current market situation of Travel Agencies.
2. To find out and examine travel agencies perception on e-marketing.
3. To find out popularity of internet as marketing tools among travel agencies.
4. To explore the problem and prospects of e-marketing and to suggest appropriate recommendation in order to promote intoxicating beauty of this country through internet.

His major findings are-

1. Tourism and travel agencies are related each other.
2. Travel agencies can increase their popularity with the help of e-marketing tools.
3. Web sites and Internet are the basic tools of e-marketing.
4. Travel agencies are not using internet seriously due to lack of knowledge and fund.
5. Travel agencies can make big contribution to the tourism industry with the help of e-marketing.

Upadhaya (2007), in his Master degree thesis, “*Problems and prospects of Eco- Tourism in Nepal (A case Study of Khaptad National Park Area)*” has analyzed the problems and prospects of tourism in Khaptad National Park (KNP).

The basic objectives of the writer are -

1. To assess the natural and religious- cultural tourist attraction in KNP.
2. To find out access and accommodation facilities in KNP.
3. To focus on the inflow of tourist in KNP.
4. To examine the problems of eco-tourism development in Khaptad area.
5. To suggest measures of eco- tourism development in Khaptad area.

His major findings are-

1. Khaptad has great bio diversity (16 forest types, 567 flowering plants, 400 types of herbal plants, 40 mammals and 260 birds species)
2. About 30 percent tourist visit Khaptad for trekking purpose while 20 percent for sightseeing and eco tour and religious purposes.
3. Nature is the main attraction for 50 percent tourist and for 30 percent religious attractions.
4. 60 percent tourist stays in Khaptad for two or more days although it has no proper accommodation facilities.
5. Private sector involvement is not satisfactory while local bodies involvement is good in comparison to private sector.

Thapa (2008), in his Master’s thesis entitled “*A Business Study of Ecotourism Potential Sites of Dang district*” has presented the scope of Ecotourism in Dang districts as the district bears the wetland with rich biodiversity, green forests blessed with high biodiversity, magnificent lakes, unique fair and festivals.

The main objective is to develop baseline information on ecotourism potential sites of Dang district. The specific objectives are-

1. To document potential ecotourism sites of Dang
2. To find out the existing scenario of ecotourism in Dang.
3. To develop itinerary for ecotourism promotion in Dang.

His major findings are-

1. Dang district still lags behind the perspective ecotourism development due to lack of proper study research and rigid planning in regard to the ecotourism.
2. The district is enriched with ancient temples, places with immense historical importance, diverse ethnic groups, dialects and language, landscapes, serenity and placidness of the lake and valley, biological significance flora, fauna and wildlife waterfalls and hill-sides serrated in the form of an endless series of terraces.

CHAPTER - III

RESEARCH METHODOLOGY

This chapter consists of Research Design, Population and Sample, Data Collection Procedures and Analysis Tools and Techniques.

3.1 Research Design

The research tries to analyze the tourist arrivals pattern, average length of stay, tourist arrivals by purpose of visit, arrivals from major regions and nationalities, foreign currency earnings and its impact on national economy. This analysis is based on secondary data. The secondary data included in this research are the past data. Historical Research Design will be followed for the secondary data. Historical research is concerned with past phenomenon and attempt to show the relevance of past events to the present. Descriptive Research Design will be followed to analyze Marketing Strategy of NTB and Marketing Tools implemented by NTB & its impact.

The study has also attempt to find the objectives of research with the help of field survey. It will be based on primary data. Descriptive Research design will be followed for this data.

3.2 Population and Sample

The tourists that have visited to Nepal from 1998 to 2008 are the population of this study. The total visitors during this year were 4,565,274. Seventy tourists have been selected as samples randomly to collect their opinions during field survey.

3.3 Data Collection Procedures

The research has proceeded with the help of primary and the secondary data.

3.3.1 Primary Data

The method that has been used for obtaining primary data in this research work is questionnaire method. Questionnaire has been designed as per the objective of the research study. The list of questionnaire has been distributed to seventy tourists. They were assured

that their responses would be kept confidential. All the tourists agreed to fill up the questionnaire.

3.3.2 Secondary Data

Secondary data has been collected from Nepal Tourism Board, Ministry of Tourism and Civil Aviation, Ministry of Finance, articles, books and other relevant reports related with tourism.

3.4 Analysis Tools and Techniques

Primary data that has been collected through questionnaire method were transformed and tabulated. Information was grouped, sub- grouped and classified as necessary. The fact reveals from the survey has been interpreted and described with the help of Bar Chart and Pie-Chart.

A simple statistical data tool such as percentage has been used in presenting the secondary data. Karl Pearson's Correlation Coefficient Method has been used to analyze correlation where necessary. Bar Chart, Pie- chart, Line Chart has been used for graphical presentation of data. Comparative analysis has also been done as required. The chart has been interpreted and the finding has been described.

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS

4.1 Nepal Tourism Board

January 1, 1999 was a pivotal date in the history of Nepalese tourism. On this eventful date, the then His Majesty's Government of Nepal (HMG) entrusted the responsibility relating to destination promotion from the then department of tourism to newly –formed Nepal Tourism Board. Nepal Tourism Board (NTB) constitute as per the tourism policy of the then HMG of Nepal through an Act as an autonomous body long back, started functioning as a National Tourism Organization (NTO) form this eventful date only.

The formation of NTB, the first and only of its kind in South Asia, shall be remembered as a momentous event in the effort to bring in an alternative approach in the governance by inducting various stakeholders under the aegis of one corporate decision making body.

NTB as an NTO has been entrusted primarily with the task of Tourism Marketing. However a broader definition of marketing covers product, packaging, pricing, promotion, so on and so forth. Moreover, the statutory obligation of the Board also requires it to look into the overall tourism management and not just into its promotion per se.

The Board has also been working as a catalyst for mobilizing the government resources as well as that of other important agencies operation with in Nepal towards achieving these tasks. Moreover the Board coordinates the number of such activities in consultation with the Planning Commission and the Ministry of Culture, Tourism and Civil Aviation. The annual plan indicates these projects, which though not very huge in terms of capital outlay, are immensely important from marketability perspective in immediate terms.

In this era of convergence the whole world is increasingly using information technology (IT) for undertaking research work as well as dissemination of the research result to the world. Nepal Tourism board has applied the information technology to reach out to every user in the industry as well as the government with authentic, relevant and contemporary research outcomes.

Nepal as a destination as of date is undersold in totality. The same premise has been applied for earmarking a substantial amount of the Board's Resources (62percent to be precise) towards international tourism promotion. Around (23 percent of the total programs resources) are earmarked for the Domestic Tourism Promotion, Product Development and Human Resource Development. Another important premise for same allocation has been the fact that Tourism Infrastructure, Product development is hugely capital- intensive effort that could not be afforded by the limited resources of the Board.

Nepal Tourism Board's Structure

The Executive Committee of the Board comprises of eleven members, five members representing the government, five member representing the private sectors and Chief Executive Office of the Board as the Member Secretary of the Executive committee.

Secretary, Ministry of Culture, Tourism and Civil Aviation, is the Chairman of the Executive Committee where as a representative from among the members representing the private sector is the Vice Chairman.

Objectives

- J To develop Nepal as a premier tourist destination in the international arena.
- J To develop, expand and promote tourism enterprise, while promoting natural, cultural and human environment of the country.
- J To increase national products and income, foreign currency earning, and to create maximum opportunities of employment by developing, expanding and promoting tourism enterprise.
- J To establish the image of Nepal in the international tourism community in good and dignified way by Nepal as a secure, reliable and attractive destination.
- J To do or cause to do according to needs action oriented research relating to the probable reforms to be made in tourism enterprise in order to provide qualitative services to tourist for the development of tourism enterprise in its development.
- J To assist to establish and develop institutions necessary for the development of tourism enterprise.

Task

- J To act as an agent for the government, or with the approval of the government, for any person, body or organization for the transaction of any business related with tourism enterprise.
- J To formulate, implement or cause to implement necessary program for the establishment, reform, development, expansion, promotion and protection of tourism enterprise including infrastructure development, tourism service expansion, man power development and environmental protection of touristic sites.
- J To engage in, assist and promote the improvement of facilities of visitor of Nepal.
- J To coordinate the activities of person, bodies or organization providing services to visitors.
- J To build up technical and financial bases as require for the development, expansion and promotion of tourism enterprise and to implement or cause to implement programs related to tourism development.
- J To encourage maximum participation of the private sector for the development, expansion and promotion of tourism enterprise.
- J To use existing tourism infrastructure orderly and effectively.
- J To formulate and implement publicity programs at various levels.
- J To ensure that quality services and facilities are provided to tourist by tourism enterprise and to make special arrangements for the security of tourist.

4.2 Presentation and Analysis of Secondary Data

This part of the chapter presents secondary data. The data is presented in the tabular form. It is interpreted, analyzed and findings are described. Charts are also included to make the research work more understandable.

4.2.1 Marketing Budget allocated by NTB and its Impact

Budget is the sum of money estimated for particular activities. Marketing budget is the total money separated for marketing activities. The scope and the area of the marketing activities depend upon the budget that is allocated to it.

Tourism marketing and promotion is one of the basic objectives of NTB. Suitable and appropriate plan should be made to carry out this objective. This plan should be implemented effectively. In order to implement this plan, budget is required. The budget should be allocated according to the volume of market. In the absence of sufficient budget, the

implementation becomes poor. Marketing is the lifeblood for any industry. Hence, sufficient budget should be allocated to carry out the marketing activities.

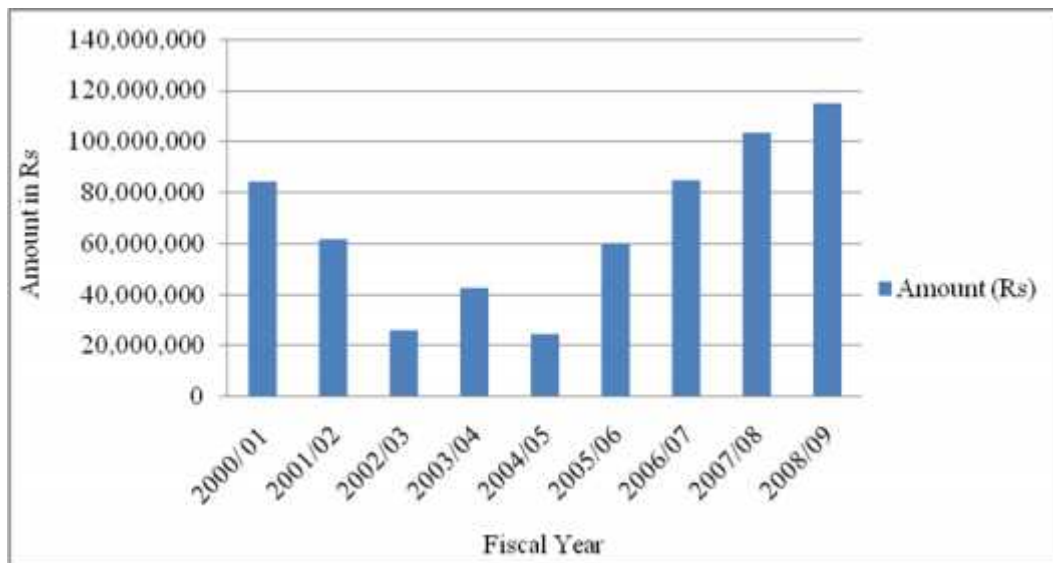
Table: 4.1
Marketing Budget Allocated by NTB

Fiscal Year	Amount (Rs)
2000/ 01	84,407,500
2001/02	61,798,380
2002/03	25,974,100
2003/04	42,731,570
2004/05	24,473,426
2005/06	59,850,251
2006/07	84,939,531
2007/08	103,423,320
2008/2009	114,900,000

(Source: Nepal Tourism Board Operational Plan, 2000/01-2008/09)

Chart: 4.1

Marketing Budget Allocated by NTB



The chart showed the marketing budget allocated by NTB from the fiscal year 2000/01 to fiscal year 2008/09. The marketing budget during fiscal year 2000/01 was Rs. 84,407,500. It had been decreased gradually till fiscal year 2002/03. It was increased in fiscal year 2003/04; it was Rs. 42,731,570 and again decreased during fiscal year 2004/05; it was Rs 24,473,426. From fiscal year 2005/06, the marketing budget had been increased gradually till fiscal year 2008/09. The budget allocated for fiscal year 2008/09 was the highest while comparing to the past allocated budget. It was Rs. 114,900,000.

The budget allocated during all the fiscal year has no particular pattern. It is up and down. This has been seen since the budget allocation depends upon the time and situation of the country. The country has suffered from political instability during fiscal year 2002/03 to fiscal year 2004/05; hence the budget allocation is small during this period. As the political situation become more stable from fiscal year 2005/06 to fiscal year 2008/09; the budget allocation increase gradually.

NTB has increased its marketing activities to attract more visitors each year. Sufficient budget should be allocated to meet these activities. Besides this, budget should be utilized efficiently to meet the organizational goal.

Marketing budget allocated by NTB and its Impact can be analyzed from two aspects.

1. Marketing Budget allocated by NTB and its impact on total tourist arrival.
2. Marketing Budget allocated by NTB and its impact on total foreign currency earnings.

1. Marketing Budget allocated by NTB and its impact on total Tourist Arrival

The amount of budget allocated by NTB and its impact on total tourist arrival in the country from fiscal year 2000/01 to fiscal year 2007/08 has been presented in the table below.

Table: 4.2

Marketing Budget allocated by NTB and its impact on total Tourist Arrival

Fiscal Year	Amount (Rs)	Tourist arrivals (Number)
2000/ 01	84,407,500	448,731
2001/02	61,798,380	289,000
2002/03	25,974,100	295,679
2003/04	42,731,570	388,043
2004/05	24,473,426	341,101
2005/06	59,850,251	391,172
2006/07	84,939,531	462,580
2007/08	103,423,320	521,298

(Source: Nepal Tourism Board & Ministry of Tourism and Civil Aviation, 2008)

The correlation between Marketing Budget allocated by NTB and its impact on total Tourist Arrival has been calculated according to Karl Pearson's Method. The value of correlation coefficient is $(r_{12}) = 2.617 * 10^{-14}$ (See Appendix D for calculation).

The value of correlation coefficient indicates the degree of relationship between Marketing Budget allocated by NTB and total Tourist Arrival is absent. There is no evidence of correlation between these two variables. These both variables are independent to each other.

2. Marketing Budget allocated by NTB and its impact on total Foreign Currency Earnings

The amount of budget allocated by NTB and its impact on total Foreign Currency earnings from fiscal year 2000/01 to fiscal year 2007/08 has been presented in the table below.

Table: 4.3

Marketing Budget allocated by NTB and its Impact on Total Foreign Currency Earnings

Fiscal Year	Budget Allocated (Rs)	Foreign Currency Earnings (Rs)
2000/ 01	84,407,500	11,969,174,000
2001/02	61,798,380	7,798,535,000
2002/03	25,974,100	10,369,409,000
2003/04	42,731,570	12,337,977,000
2004/05	24,473,426	11,814,853,000
2005/06	59,850,251	11,710,893,000
2006/07	84,939,531	12,645,761,000
2007/08	103,423,320	20,339,890,000

(Source: Nepal Tourism Board and Ministry of Finance, 2008)

The correlation between Marketing Budget allocated by NTB and its impact on total Foreign Currency Earnings has been calculated according to Karl Pearson's Method. The value of correlation coefficient is $(r_{12}) = 0.016$ (See Appendix E for calculation).

The value of correlation coefficient indicates the degree of relationship between Marketing Budget allocated by NTB and total Foreign Currency Earnings is low degree positive. The correlation between these two variables is insignificant. These both variables are independent to each other.

4.2.2 Tourist Arrivals and Average Length of Stay

Tourism industry is considered as a smokeless industry. Every industry needs raw material to operate. Tourist is important raw material for tourism industry to operate. Increasing number of arrival of tourist is needed to run this industry smoothly.

The number of tourist visited to Nepal each year by air and land, its annual growth rate and average length of stay from 1998 to 2008 has been presented in the table below.

Table: 4.4
Tourist Arrivals and Average Length of Stay

Year	Total Number of Tourist	Annual Growth Rate (%)	By Air (%)	By Land (%)	Average Length of Stay
1998	463,684	9.90	85.80	14.20	10.76
1999	491,504	6.00	85.70	14.30	12.28
2000	463,646	-5.70	81.30	18.70	11.88
2001	361,237	-22.10	82.90	17.10	11.93
2002	275,468	-23.70	79.40	20.60	7.92
2003	338,132	22.70	81.50	18.50	9.60
2004	385,297	13.90	77.20	22.80	13.51
2005	375,398	-2.60	73.90	26.10	9.09
2006	383,926	2.30	73.90	26.10	10.20
2007	526,705	37.20	68.50	31.50	11.96
2008	500,277	-5.00	74.90	25.10	11.78

(Source: Ministry of Tourism and Civil Aviation, 2008)

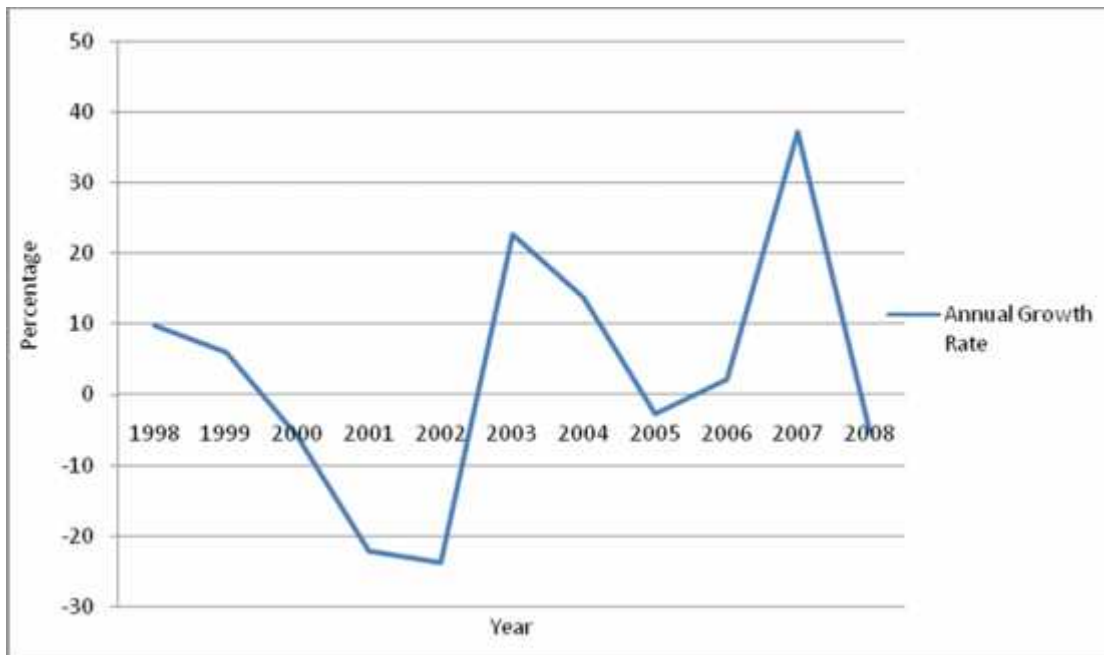
The data presented in Table 4.4 can be analyzed from five different aspects-

1. Tourist 's annual growth rate
2. Tourist's inflow by Air
3. Tourist's inflow by Land
4. Tourist's inflow by Air and Tourist's inflow by Land
5. Tourist's average Length of Stay

1. Tourist's Annual Growth Rate

Chart: 4.2

Tourist's Annual Growth Rate

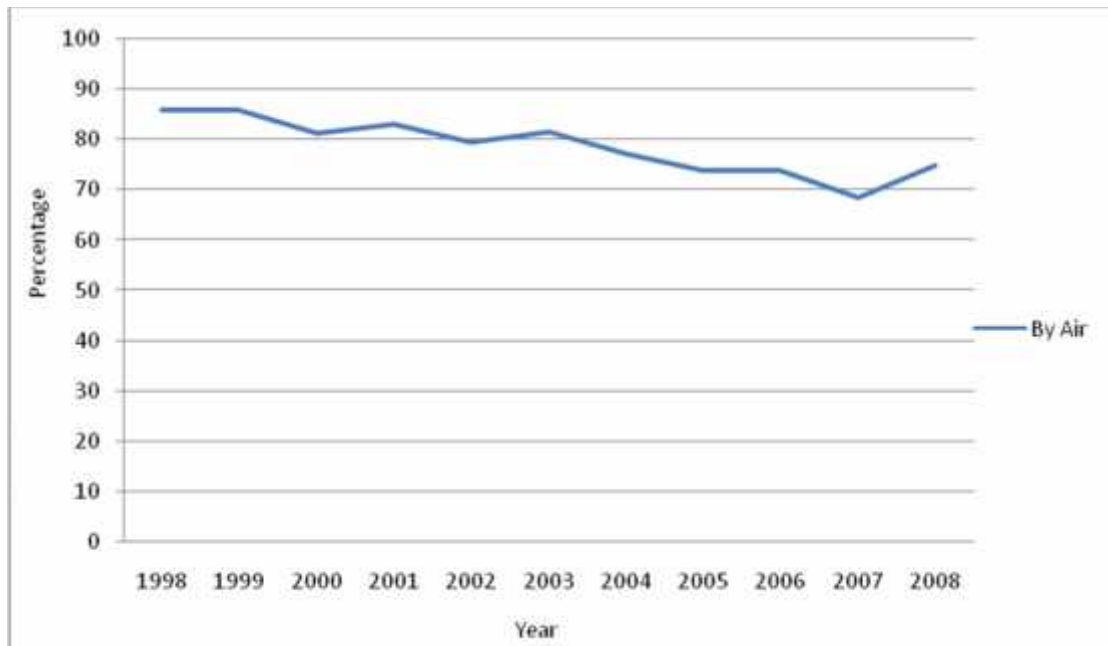


Annual growth rate of tourist is calculated on the basis of current year tourist arrival and its immediate past year tourist arrival. Annual growth rate of tourist was decreased from 1998 to 2002. The growth rate was rapidly increased in 2003. It was again decreased from 2004 to 2005. It was gradually increased in 2006 and rapidly increased in 2007. It was negative in 2008. The worst growth rate was observed during 2002, it was -23.70. The highest growth rate was observed during 2007, it was 37.20.

Annual growth rate of the tourist from 1998 to 2008 is fluctuating between positive and negative value. It is because the country has faced internal violence between these periods. The increment in the growth rate was seen during 2003. It is the impact of promotional program, Destination Nepal Campaign 2002-2004. But this program has no long term effect. The growth rate is decreased immediately in 2004. The growth rate of tourist depends upon many factors. The primary factor is peace and harmony of the country. Besides this, promotional activities and tourism infrastructure development are the secondary factors. NTB should put its all efforts to make the growth rate increasing each year so that tourism industry can run smoothly.

2. Tourist's inflow by Air

Chart: 4.3
Tourist's inflow by Air

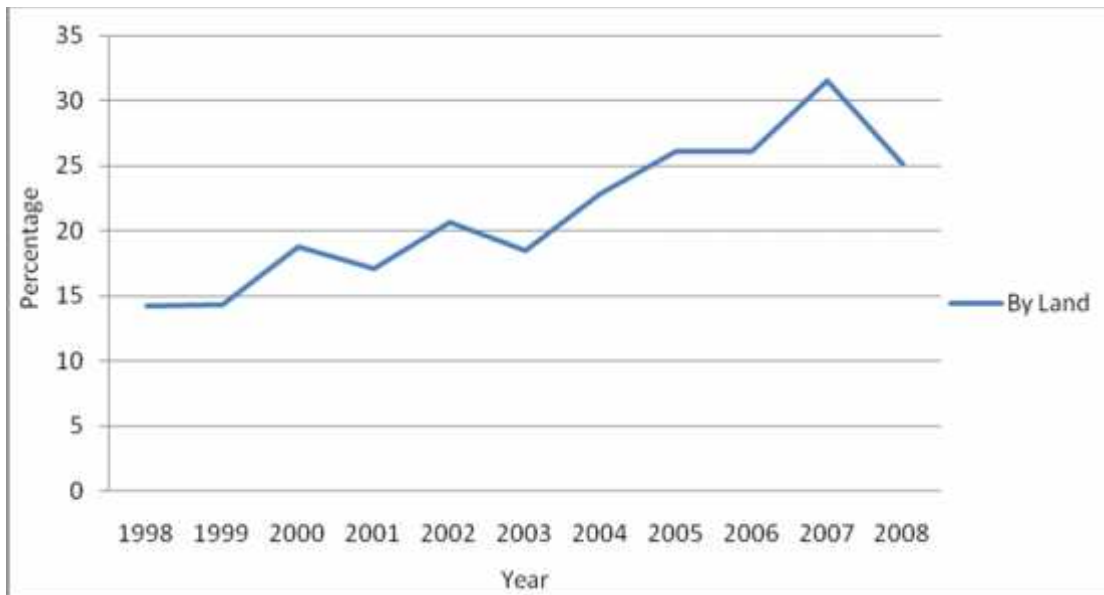


Air transport is a convenient way to enter in to Nepal. The chart showed the tourist inflow by air transport had been decreasing gradually from 1998 to 2008. The highest percentage of arrival was seen in 1998, it was 85.80 percentages. The lowest percentage was seen in 2007, it was 68.50 percentages. This result has been seen due to dual effect- first, number of tourist coming to Nepal has been decreased due to internal violence; second, some international airlines has cut off their flight to Nepal.

Nepal has only single international airport, Tribhuvan International Airport located in Kathmandu. It has poor infrastructure and limited area. Presently, there are three parking aprons for wide body aircrafts and five middle-class aircrafts. But the number of international airlines operation has been increasing gradually in recent year. Civil Aviation Authority of Nepal should increase infrastructure for handling increasing traffic of airlines. The tourist arrival by air is expected to rapid growth in coming year since some international airlines has resume their flight and some new international airlines has come into operation. Besides this, the promotional campaign “Nepal Tourism Year 2011” will also influence the total arrival by air.

3 .Tourist's inflow by Land

Chart: 4.4
Tourist's inflow by Land



The chart showed tourist's inflow by land was positive and increasing each year from 1998 to 2007. It had rapid growth from 2003 to 2005 and constant till 2006. It was decreased during 2008. The lowest value was 14.20 percentages seen in 1998. The highest value was seen in 2007, it was 31.50 percentages.

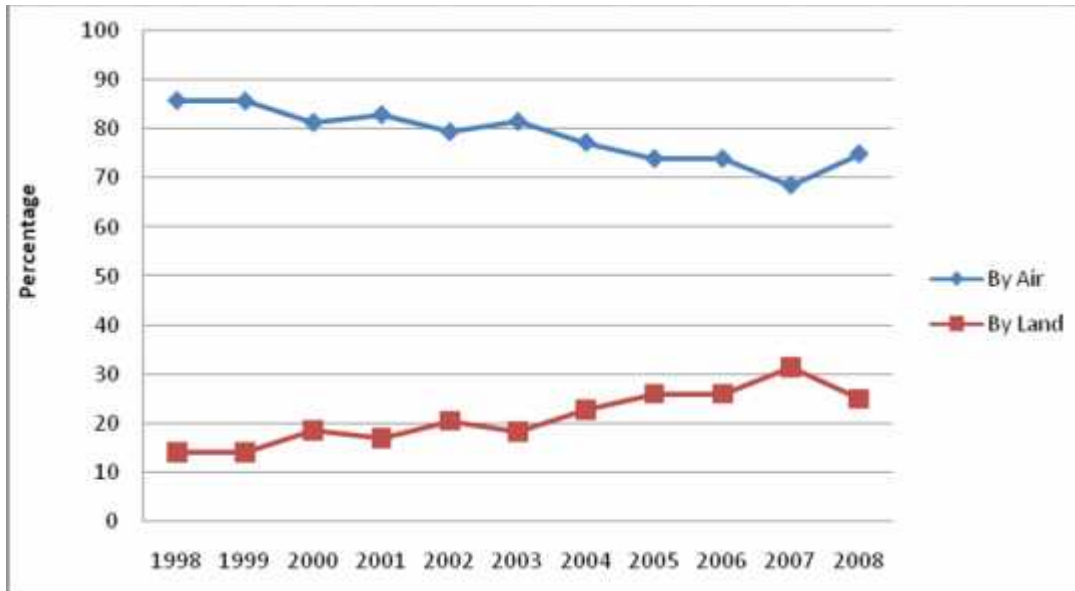
The increment in inflow of tourist by land is satisfactory. This volume of inflow should be maintained and increased. Most of the tourist that enters into Nepal by land is from neighboring country India. The entry points are Bhairahawa, Birgunj, Dhangadi, Kakarbhitta, Mahendra Nagar, Nepalgunj. These points have well facilitated road transport to Nepal. Although; there are also several entry points from neighboring country China into Nepal, only one entry point is used by tourist, i.e. Kodari, since it has road transport service.

India and china are popular tourist destination. The inflow of tourist in the country can be increased from the entry point at the border of these counties. Government should manage the entry point by providing good service during the transit of tourist. Immigration rule should be made easier for tourist.

4. Tourist's Inflow by Air and Tourist's Inflow by Land

Chart: 4.5

Tourist's Inflow by Air and Tourist's Inflow by Land



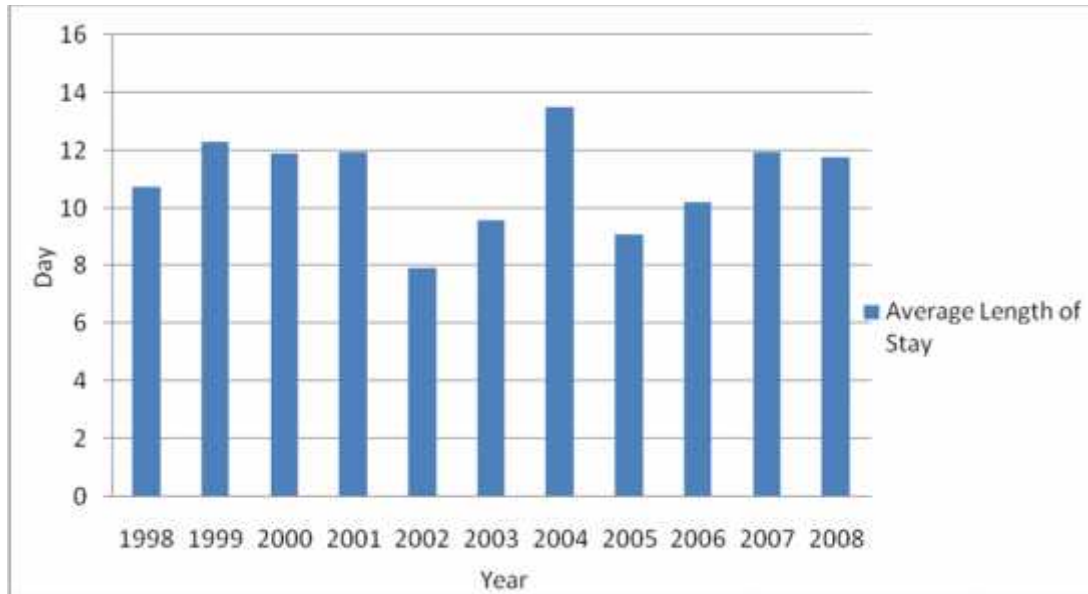
This chart is a comparative analysis of inflow of tourist through air transport and land transport. The inflow by air is decreasing while the inflow by land is increasing. However, the contribution in the total number of tourist inflow by air is big. Study has shown 68 percentages to 91 percentages tourist enter into Nepal through air transport. Only 9 percentages to 32 percentages tourist enter by land.

It is necessary to increase the inflow of tourist by land and air. The inflow from this both access will make overall increase in the total number of tourist. The contribution of inflow from air is bigger than land. Priority should be given to air transport. Air transport can be increased by increasing infrastructure of the international airport. The availability of single international airport has narrowed the opportunity to increase the airlines operations. More airlines are willing to operate their flight to Nepal but the airport is incapable to handle increasing traffic of airlines. It has been identified the necessity of new international airport with wider area and strong infrastructure to handle current traffic of airlines. Government should give attention in constructing new airport. The entry point by land to Nepal should not be ignored although its contribution to total tourist inflow is poor. Service and facilities needed by tourist should made available at these points.

5. Tourist's Average Length of Stay

Chart: 4.6

Tourist's Average Length of Stay



The chart showed Tourist's average length of stay had been increased from 1998 to 1999. It remained constant for two consecutive years; from 2000 to 2001. It was decreased sharply in 2002, it was 7.92 days. It had been increase gradually from 2003 to 2004. It was decreased in 2005 and increased gradually to 2007. The highest average length of stay was seen in 2004, it was 13.51 days. The lowest average length of stay was seen in 2002. It was 7.92 day.

Tourist's Average length of Stay is calculated on the basis of number of days that tourist spend in the country. The length of stay depends upon the purpose of visit. It is also depend upon the available tourism products. More tourism products offer tourist to spend more time.

Tourist's average length of stay is an important factor in the tourism industry. Increase in the length of stay has positive impact in the room occupancy of hotel. It also increased the total expenditure of tourist. The ultimate result will be increment in total foreign currency earnings of the country.

Table: 4.5
Total Tourists Arrivals

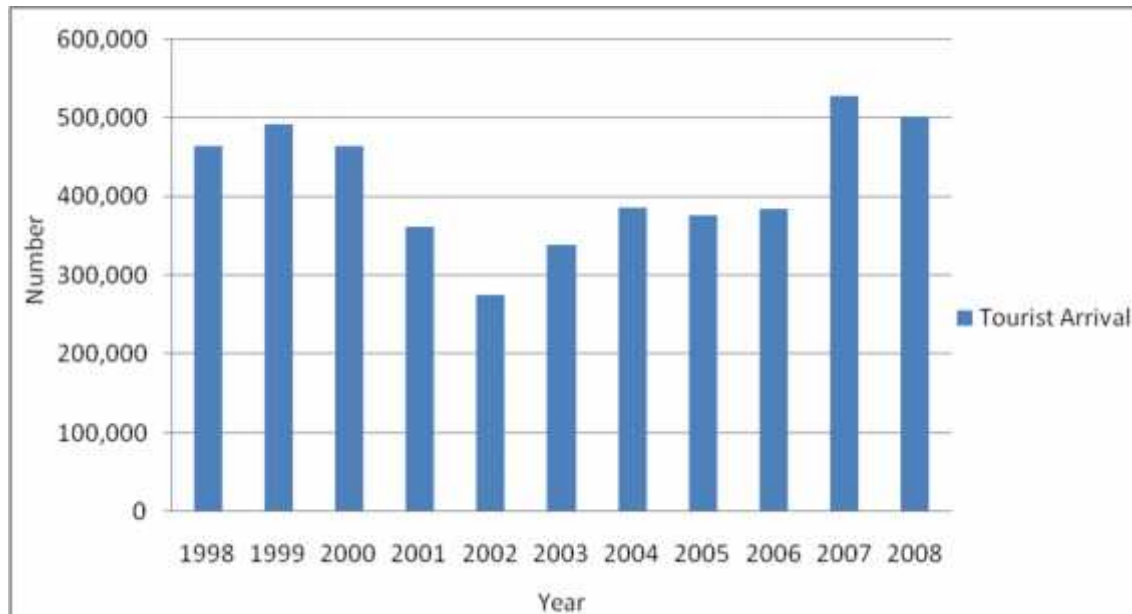
Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
1998	28,822	37,956	41,338	41,087	35,814	29,181	27,895	36,174	39,664	62,487	47,403	35,863	463,684
1999	29,752	38,134	46,218	40,774	42,712	31,049	27,193	38,449	44,117	66,543	48,865	37,698	491,504
2000	25,307	38,959	44,944	43,635	28,363	26,933	24,480	34,670	43,523	59,195	52,993	40,644	463,646
2001	30,454	38,680	46,709	39,083	28,345	13,030	18,329	25,322	31,170	41,245	30,282	18,588	361,237
2002	17,176	20,668	28,815	21,253	19,887	17,218	16,621	21,093	23,752	35,272	28,723	24,990	275,468
2003	21,215	24,349	27,737	25,851	22,704	20,351	22,661	27,568	28,724	45,459	38,398	33,115	338,132
2004	30,988	35,631	44,290	33,514	26,802	19,793	24,860	33,162	25,496	43,373	36,381	31,007	385,297
2005	25,477	20,338	29,875	23,414	25,541	22,608	23,996	36,910	36,066	51,498	41,505	38,170	375,398
2006	28,769	25,728	36,873	21,983	22,870	26,210	25,183	33,150	33,362	49,670	44,119	36,009	383,926
2007	33,192	39,934	54,722	40,942	35,854	31,316	35,437	44,683	45,552	70,644	52,273	42,156	526,705
2008	36,913	46,675	58,735	38,475	30,410	24,349	25,427	40,011	41,622	66,421	52,399	38,840	500,277
Total	308,065	367,052	460,256	370,011	319,302	262,038	272,082	371,192	393,048	591,807	473,341	377,080	4,565,274
	(6.75%)	(8.04%)	(10.08%)	(8.10%)	(6.99%)	(5.74%)	(5.96%)	(8.13%)	(8.61%)	(12.96%)	(10.37%)	(8.26%)	

(Source: Ministry of Tourism and Civil Aviation, 2008)

Total tourist arrivals data from 1998 to 2008 is presented in Table: 4.5. It can be analysis from two different aspects.

1. Total Tourists Arrival by Year
2. Total Tourists Arrival by Month

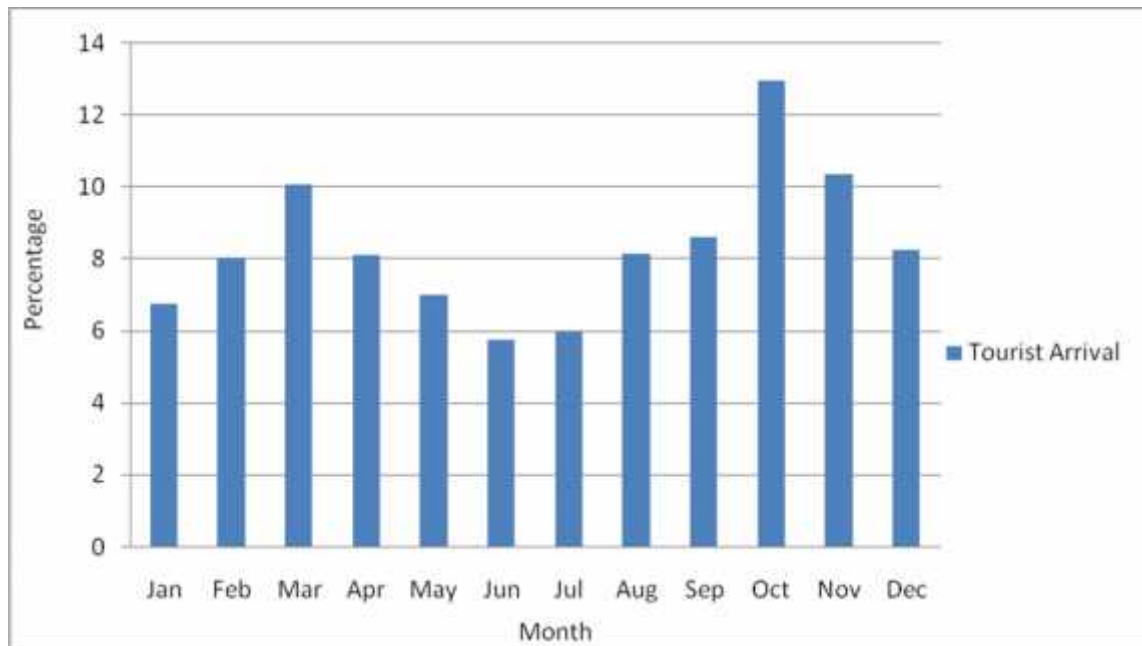
Chart: 4.7
Total Tourists Arrivals by Year



This chart clearly showed the total tourists arrival pattern in Nepal. It was increased from 1998 to 1999. It was decreased in 2002. Again, it was gradually increased from 2003 to 2004. It was constant for two years 2005 and 2006, then it was increased rapidly in 2007 and decreased in 2008. The highest number of tourist arrival was seen during 2007, its number was 526,705 and the lowest number of arrival was seen in 2002, it was 275,468.

The number of tourist arrival increased during 1999. This is the impact of the promotional campaign Visit Nepal 1998. But it has no long term impact, the tourist decreased in 2000. The arrival also increased from 2002 to 2004. It is the impact of Destination Nepal campaign 2002-2004. But it has no long term impact, the arrival decreased during 2005 and 2006.

Chart: 4.8
Total Tourists Arrival by Month



The chart showed the total tourists arrival in all the months is varied. The arrival is below 6 percentages in June and July. It is below 8 percentages in January, May. It is below 10 percentages in February, April, August, September and December. It is below 11 percentages in March and November. The highest percentage is seen in October. It is 12.96 percentages.

The main objective of this chart is to find out the off season and the peak season in the tourism industry. Off season means those months in which there is less number of tourist arrival and peak season means those months in which there is higher number of tourist arrival. From the chart, it is found that October month is the peak season and June & July is the off season. Tourism industry should make the arrangement to handle the tourist according to the off season and the peak season.

Appropriate policy should be formulated to attract tourist in the off season too. It will make tourism industry to run smoothly all over the year so that there is no off season in the tourism industry.

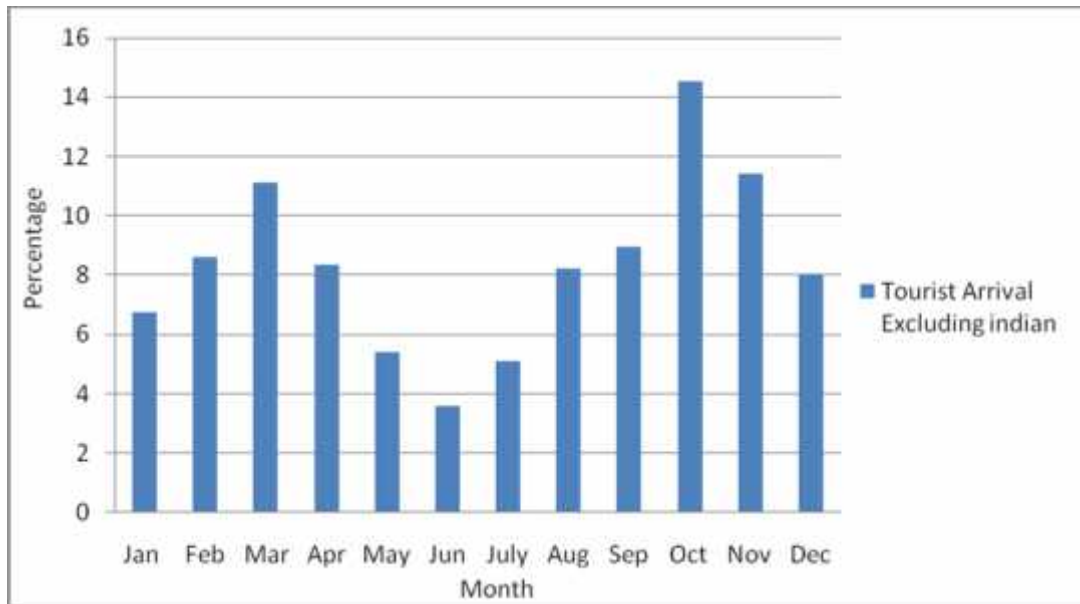
Table: 4.6
Tourist Arrivals Excluding Indian Tourist

Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
1998	20,124	27,855	33,097	28,997	15,647	11,195	15,724	26,387	29,241	49,787	38,587	23,814	320,455
1999	20,554	29,259	38,158	29,637	22,305	12,731	16,782	29,402	33,650	54,099	38,835	25,431	350,843
2000	21,092	33,939	38,959	36,430	18,658	12,036	16,842	27,205	34,643	51,100	45,318	31,509	367,731
2001	25,158	32,763	40,684	32,211	17,406	8,929	13,965	21,658	26,132	37,198	25,795	15,018	296,917
2002	13,180	16,960	25,102	16,877	11,751	8,338	9,962	15,515	18,768	30,251	24,044	17,943	208,691
2003	15,659	19,321	22,260	20,303	15,288	7,835	13,607	19,149	22,577	38,040	31,750	25,980	251,769
2004	22,947	28,743	35,468	26,279	15,581	9,776	17,070	27,657	21,829	38,104	29,330	22,187	294,971
2005	19,531	17,061	25,847	18,311	15,438	11,170	14,921	26,119	27,413	40,553	34,778	27,822	278,964
2006	21,126	21,320	30,169	18,435	13,517	11,841	15,066	24,996	26,327	43,026	37,402	27,009	290,234
2007	25,857	33,133	48,022	32,794	23,296	18,937	26,160	37,658	38,813	65,745	46,822	33,458	430,695
2008	30,473	40,334	51,364	31,952	19,619	12,922	18,097	32,084	33,870	60,938	47,467	29,980	409,100
Total	235,701	300,688	389,130	292,226	188,506	125,710	178,196	287,830	313,263	508,841	400,128	280,151	3,500,370
	(6.73%)	(8.59%)	(11.12%)	(8.35%)	(5.39%)	(3.59%)	(5.09%)	(8.22%)	(8.95%)	(14.54%)	(11.43%)	(8.00%)	

(Source: Ministry of Tourism and Civil Aviation, 2008)

Chart: 4.9

Tourist Arrivals by Months Excluding Indian Tourist



The chart showed the least arrival of tourist was seen in June. The highest arrival of tourist was seen in October. There was considerable number of visitor in March and November. The visitor was seen in poor number in January, February, April, May, July, August, September and December. It was below 10 percentages.

Analysis has been done for tourist excluding Indian and Indian tourist in order to find out the arrival pattern of these two groups. October is the peak season and June is the off season for tourist excluding Indian.

The tourist excluding Indian make their visit to Nepal depends upon some factors. They are very sensitive about the peace of Nepal before deciding their visit. Strikes, political chaos, Security are other factors which are seriously considered in this regards.

Table: 4.7
Indian Tourist Arrivals

Year	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
1998	8,698	10,101	8,241	12,090	20,167	17,986	12,171	9,787	10,423	12,700	8,816	12,049	143,229
1999	9,198	8,875	8,060	11,137	20,407	18,318	10,411	9,047	10,467	12,444	10,030	12,267	140,661
2000	4,215	5,020	5,985	7,205	9,705	14,897	7,638	7,465	8,880	8,095	7,675	9,135	95,915
2001	5,296	5,917	6,025	6,872	10,939	4,101	4,364	3,664	5,038	4,047	4,487	3,570	64,320
2002	3,996	3,708	3,713	4,376	8,136	8,880	6,659	5,578	4,984	5,021	4,679	7,047	66,777
2003	5,556	5,028	5,477	5,548	7,416	12,516	9,054	8,419	6,147	7,419	6,648	7,135	86,363
2004	8,041	6,888	8,822	7,235	11,221	10,017	7,790	5,505	3,667	5,269	7,051	8,820	90,326
2005	5,946	3,277	4,028	5,103	10,103	11,438	9,075	10,791	8,653	10,945	6,727	10,348	96,434
2006	7,643	4,408	6,704	3,548	9,323	14,369	10,117	8,184	7,035	6,644	6,717	9,000	93,692
2007	7,335	6,801	6,700	8,148	12,558	12,379	9,277	7,025	6,739	4,899	5,451	8,698	96,010
2008	6,440	6,341	7,371	6,523	10,791	11,427	7,330	7,927	7,752	5,483	4,932	8,860	91,177
Total	72,364	66,364	71,126	77,785	130,766	136,328	93,886	83,392	79,785	82,966	73,213	96,929	1,064,904
	(6.80%)	(6.23%)	(6.68%)	(7.30%)	(12.28%)	(12.80%)	(8.82%)	(7.83%)	(7.49%)	(7.79%)	(6.86%)	(9.10%)	

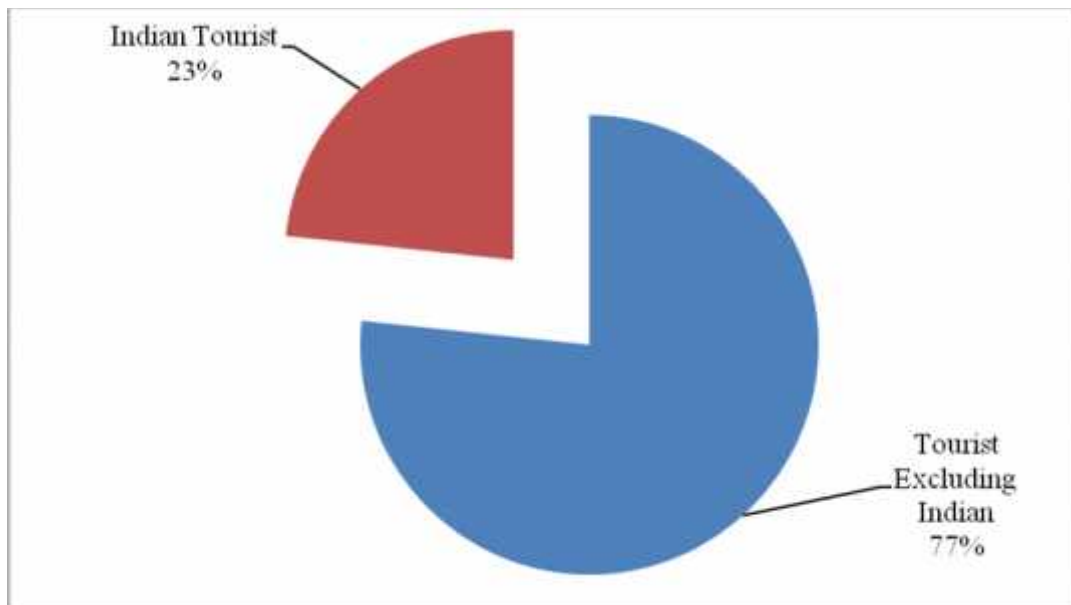
(Source: Ministry of Tourism and civil Aviation, 2008)

Table: 4.7 presents the data of Indian tourist arrival from 1998 to 2008. The arrival of Indian tourist in each year and each month has also been presented in the table. Table: 4.6 and Table: 4.7 have been considered to make the comparative analysis below.

1. Percentage of Tourist Excluding Indian and Indian Tourist
2. Arrival of Tourist Excluding Indian and Indian Tourist by Year
3. Indian Tourist Arrival by Month
4. Arrival of Tourist Excluding Indian and Indian Tourist by Month

Chart: 4.10

Percentage of Tourist Excluding Indian and Indian Tourist



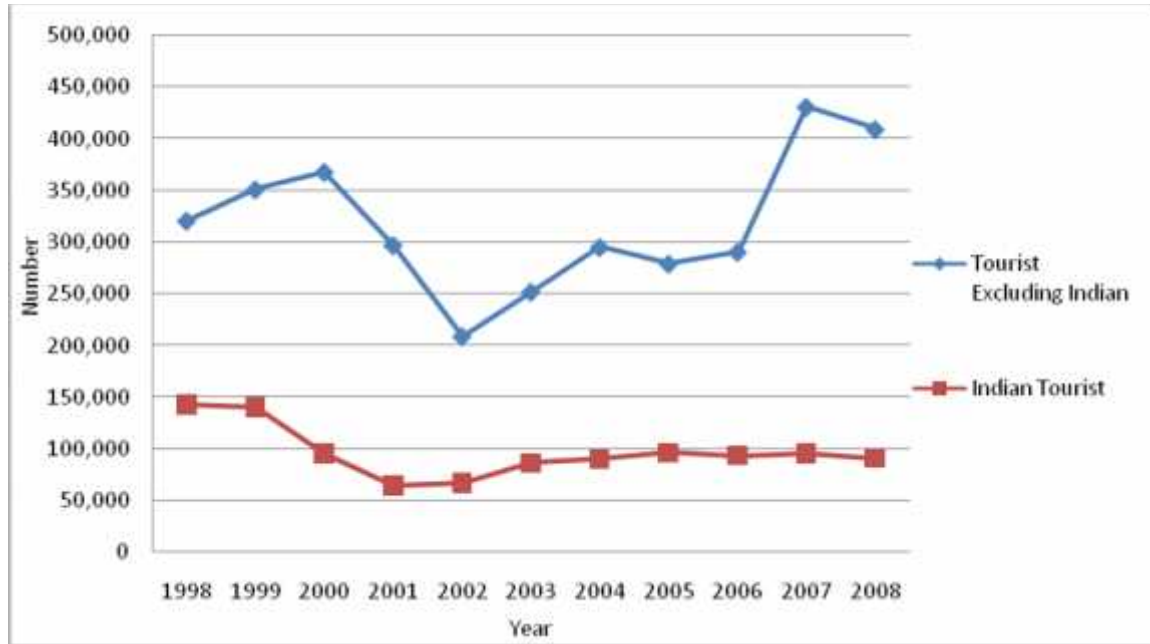
This chart has been prepared on the basis of data presented in Table: 4.6 and Table: 4.7. It shows the total contribution to Nepalese Tourism industry from Indian tourist is 23 percentages and other tourist is 77 percentages.

Nepal became the tourist destination for most of the Indian. The visitors are increased since it is easy to access, no burden for Passport and Visa, adequate transport facilities by land, daily international flight from both countries, similar in custom, tradition, and religion, familiar language. Moreover, Nepal is considered as secured destination by most Indian.

India is considered as a good and reliable tourism source market. Some hotels in Kathmandu has been operated depending upon Indian Tourist. Nepal Tourism Board has identified the major tourist generating regions from India; they are Delhi, Mumbai, Kolkata, Bangalore, Chennai.

Chart: 4.11

Arrival of Tourist Excluding Indian and Indian Tourist by Year

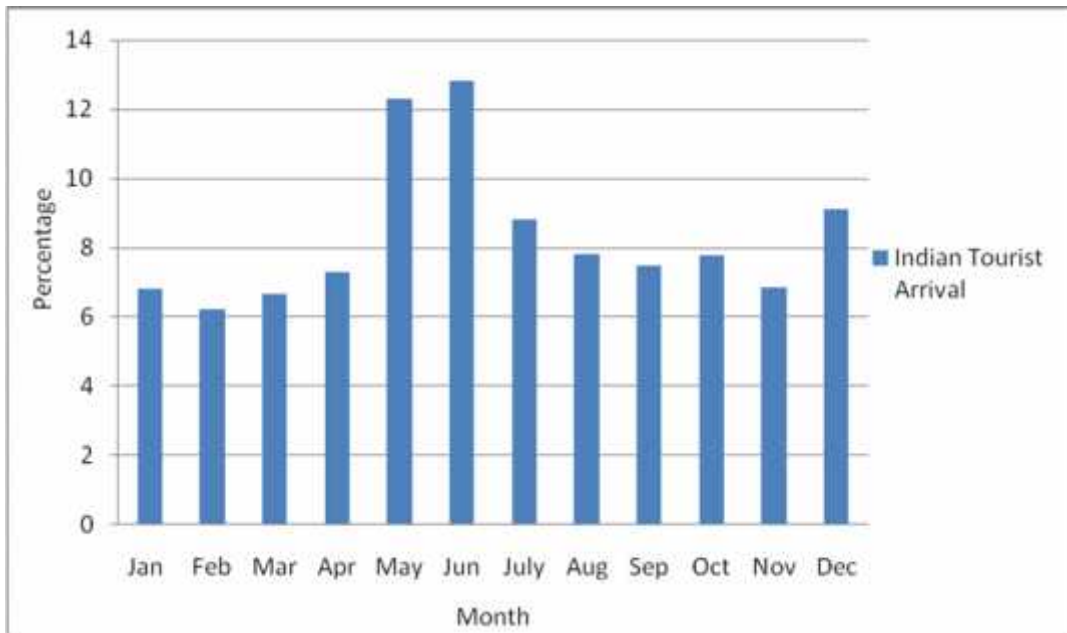


The chart showed similar arrival pattern for Indian and other tourist from 1998 to 2002. It was nearly proportional. But from 2003 to 2008, the graph was varied between them. Indian tourist inflow was constant but other tourist arrival pattern was fluctuating in this period.

This chart shows comparative behavior of inflow of Indian tourist and other tourist. Indian tourist inflow pattern is less fluctuating than other tourist. Other tourist arrival has rapid growth and rapid fall but Indian tourist has gradual increment, gradual decrement and constant arrival pattern. It shows the arrival pattern of Indian tourist is more reliable than other tourist. It has been found that marketing activities for both types of tourist should be increased. Sufficient marketing budget should be allocated to support the marketing effort.

Chart: 4.12

Indian Tourist Arrival by Month



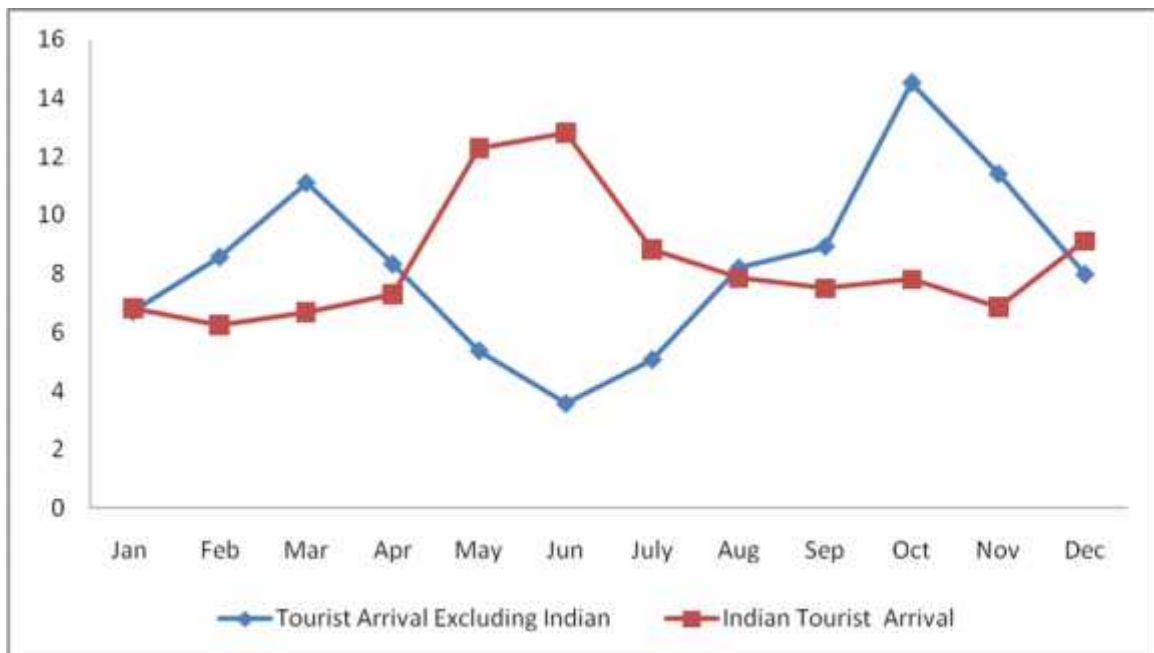
This chart shows the peak and the off season for the Indian Tourist. The highest percentage of visitor was seen in May and June. It was 12.28 percentages and 12.80 percentages respectively. The least number of visitors was seen in February. It was 6.23 percentages. The visitor in January, March, April, August, September, October and November is between 6 and 8 percentages. The visitor in July and December is between 8 and 10 percentage.

May and June is the peak season in which most Indian tourist visit to Nepal. February is the off season for the Indian Tourist in which less Indian tourist visit to Nepal. The highest number of visitors has been observed in May and June since it is summer season. It is very hot in India in summer. The temperature in Nepal is adjustable even in summer, so Indian tourist comes to Nepal. There is poor number of visitor in February. It is cold in Nepal in this month, so Indians are not willing to visit in this month.

The destinations for most of the Indian tourist are Kathmandu, Nagarkot, Pokhara. The places for enjoying this tourist are limited. There is possibility to increase the number of Indian tourist if more tourism products can be offered to them.

Chart: 4.13

Arrival of Tourist Excluding Indian and Indian Tourist by Month



Indian tourist had been decreased from January to April but other tourist had been increased in these months. Indian tourism had been increased from April to August but other tourist had been decreased in these months. Indian tourist had been decreased from August to December but other tourist had been increased in these month.

This chart shows the comparative inflow of Indian tourist and tourist excluding Indian in each month. It shows the reverse behavior for these two groups of tourist. June is the peak season for Indian tourist but it is the off season for other tourist. February is the off season for Indian tourist. October is the peak season for other tourist.

There is one interesting fact reveals from this analysis. There is off season for other tourist when there is peak season for Indian tourist. This fact support tourism industry that it has no overall off season. The industry can be operated from Indian tourist when there is off season for other tourist and the reverse is also true.

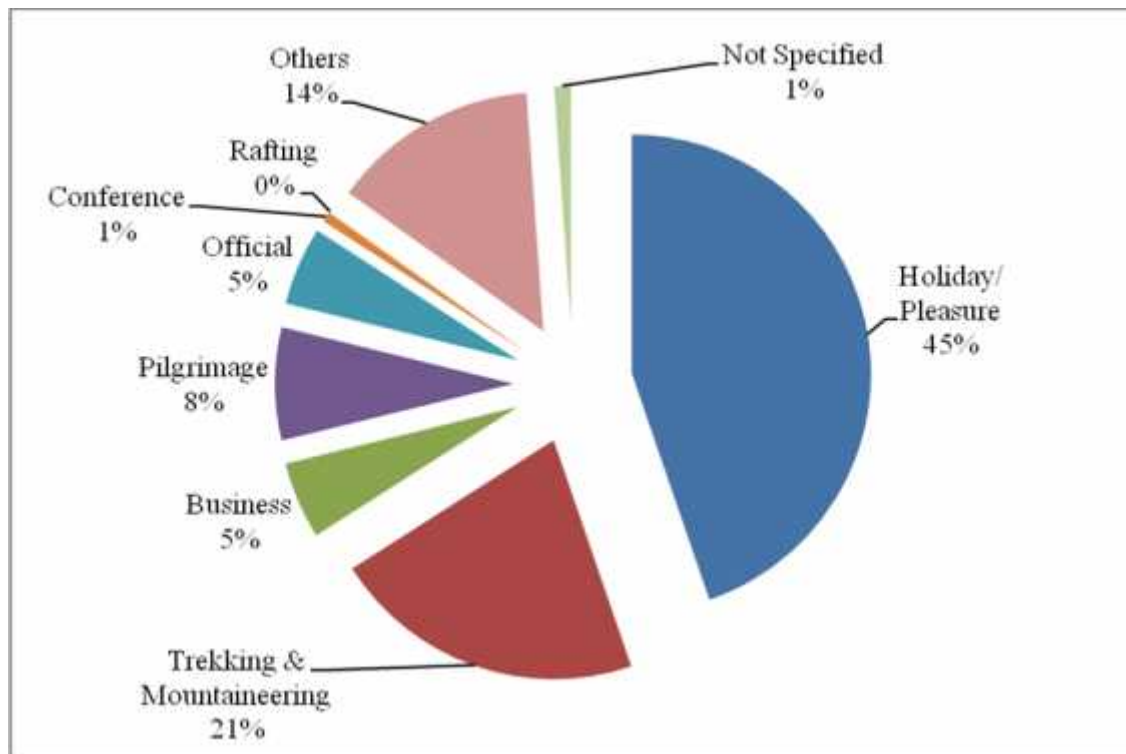
Table: 4.8
Tourist Arrivals by Purpose of Visit

Year	Holiday/ Pleasure	Trekking & Mountaineering	Business	Pilgrimage	Official	Conference	Rafting	Others	Not Specified	Total
1998	261,347	112,644	24,954	16,164	22,123	5,181	-	21,271	-	463,684
1999	290,862	107,960	23,813	19,198	24,132	5,965	-	19,574	-	491,504
2000	255,889	118,780	29,454	15,801	20,832	5,599	-	17,291	-	463,646
2001	187,022	100,828	18,528	13,816	18,727	0	-	22,316	-	361,237
2002	110,143	59,279	16,990	12,366	17,783	0	-	58,907	-	275,468
2003	97,904	65,721	19,387	21,395	21,967	0	-	111,758	-	338,132
2004	167,262	69,442	13,948	45,664	17,088	0	-	71,893	-	385,297
2005	160,259	61,488	21,992	47,621	16,859	0	-	67,179	-	375,398
2006	145,802	66,931	21,066	59,298	18,063	0	-	72,766	-	383,926
2007	217,815	101,320	24,487	52,594	21,670	8,019	65	78,579	22,156	526,705
2008	148,180	104,822	23,039	45,091	43,044	6,938	243	99,391	29,529	500,277
Total	2,042,485	969,215	237,658	349,008	242,288	31,702	308	640,925	51,685	4,565,274
	(44.74%)	(21.23%)	(5.21%)	(7.64%)	(5.31%)	(0.7%)	(0.00%)	(14.04%)	(1.13%)	

(Source: Ministry of Tourism and civil Aviation, 2008)

Chart: 4.14

Tourist Arrivals by Purpose of Visit



This chart showed the purpose of visitors in Nepal. Most of the visitors come for Holiday & Pleasure, it was 45 percentages and some come for Trekking and Mountaineering, it was 21 percentages. The number of visitor for Business, Pilgrimage, Official, Conference and other are in little percentage.

It shows Nepal is good destination for Holiday & Pleasure and Trekking & Mountaineering. Considering this fact, Nepal Tourism Board can develop policy for tourism industry. Tourism product for Holiday & Pleasure, Trekking & Mountaineering should be well developed. This is the strength of the tourism industry.

Besides this, there is scope to increase visitors for Rafting, Pilgrimage and Business. Pashupati Nath in Kathmandu is holy place for Hindu religion. Tourist from India can visit this temple for Pilgrimage. Lumbini is holy place for Buddhist. Tourist from buddhist countries can be attracted to visit this place for pilgrimage.

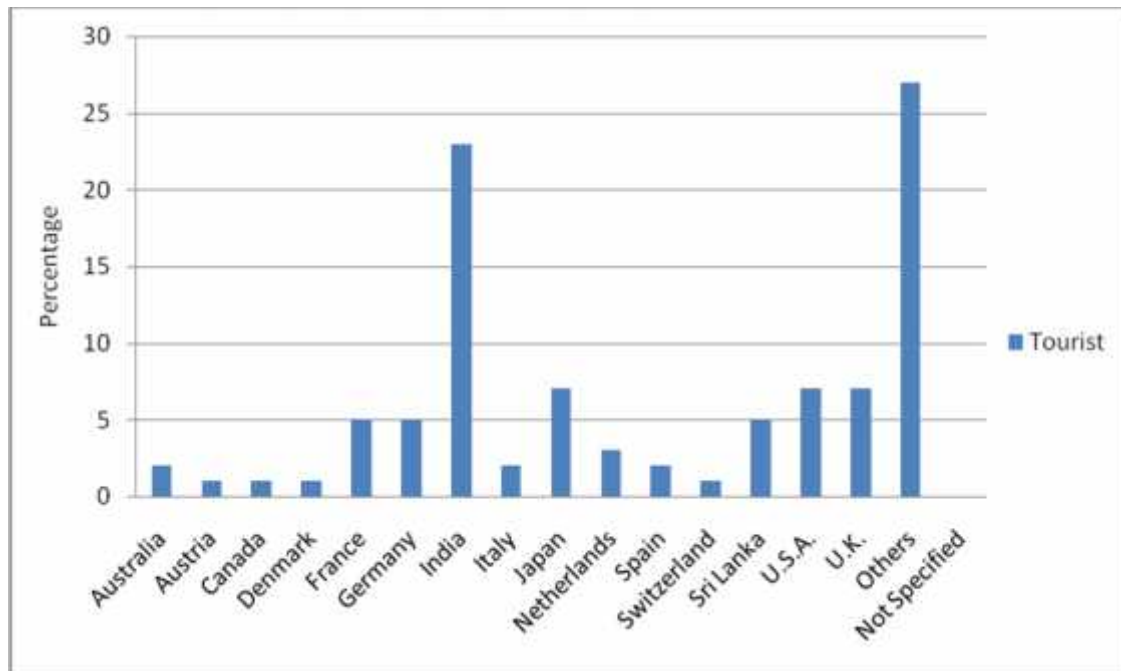
Table: 4.9
Tourist Arrivals by Major Nationalities

Nationality	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total
Australia	11,132	11,873	12,189	10,455	7,159	7,916	9,671	7,093	8,231	12,369	13,846	111,934
Austria	4,603	6,377	5,221	4,164	3,140	3,025	4,341	3,007	3,474	4,473	3,540	45,365
Canada	7,136	7,578	8,590	7,068	3,747	4,154	4,825	4,168	4,733	7,399	8,132	67,530
Denmark	4,781	4,577	4,847	3,854	2,040	2,178	2,633	1,770	1,956	3,157	3,847	35,640
France	21,992	24,490	24,506	21,187	13,376	15,865	18,938	14,108	14,835	20,250	22,402	211,949
Germany	23,862	26,378	26,263	21,577	15,774	14,866	16,025	14,345	14,361	21,323	18,552	213,326
India	143,229	140,661	95,915	64,320	66,777	86,363	90,326	95,685	93,722	96,010	91,177	1,064,185
Italy	12,864	12,870	11,491	8,745	8,057	8,243	12,376	8,785	7,736	11,243	7,914	110,324
Japan	37,386	38,893	41,070	28,830	23,223	27,412	24,231	18,239	22,242	27,058	23,383	311,967
Netherlands	14,403	17,198	16,211	13,662	8,306	8,443	11,160	8,947	7,207	10,589	10,900	127,026
Spain	8,832	9,370	8,874	5,897	5,267	8,265	11,767	8,891	10,377	15,672	13,851	107,063
Switzerland	6,644	8,431	6,230	5,649	3,352	3,246	3,788	3,163	3,559	5,238	5,186	54,486
Sri Lanka	11,031	12,432	16,649	9,844	9,805	13,930	16,124	18,770	27,413	49,947	37,817	223,762
U.S.A.	35,902	39,332	40,442	32,052	17,518	18,838	20,680	18,539	19,833	29,783	30,076	302,995
U.K.	35,499	36,852	37,765	33,533	21,007	22,101	24,667	25,151	22,708	32,367	33,658	325,308
Others	84,388	94,192	107,383	90,400	66,920	93,287	113,745	124,737	120,732	176,312	171,989	1,244,085
Not Specified	0	0	0	0	0	0	0	0	4,005	3,515	4,007	11527

(Source: Ministry of Tourism and civil Aviation, 2008)

Chart: 4.15

Tourist Arrivals by Major Nationalities



This chart is the specific analysis of tourist arrival from particular nation. It shows the greater number of visitor had come to Nepal was from India, it was 23.31 percentages. The second greater visitor to Nepal was from United Kingdom. It was 7.13 percentages. Japan and United State of America come in the third and the fourth position. Their value is 6.83 percentages and 6.64 percentages respectively. There were fewer visitors from France, Germany, Sri Lanka. Little visitors were observed from Australia, Austria, Canada, Italy, Netherland, Spain and Switzerland. The least visitor was from Denmark. It was 0.78 percentages.

It had been already specified the reason behind the greater number of visitors from India. Some important reasons are easy access to Nepal, no burden for Passport and Visa, similar religion. There is even a facility between Nepal and India that citizen of one country can operate business in another country.

The visitors from all the countries are varied. NTB should make an attempt to increase visitors from all the countries. This will make the increment in total inflow of tourist.

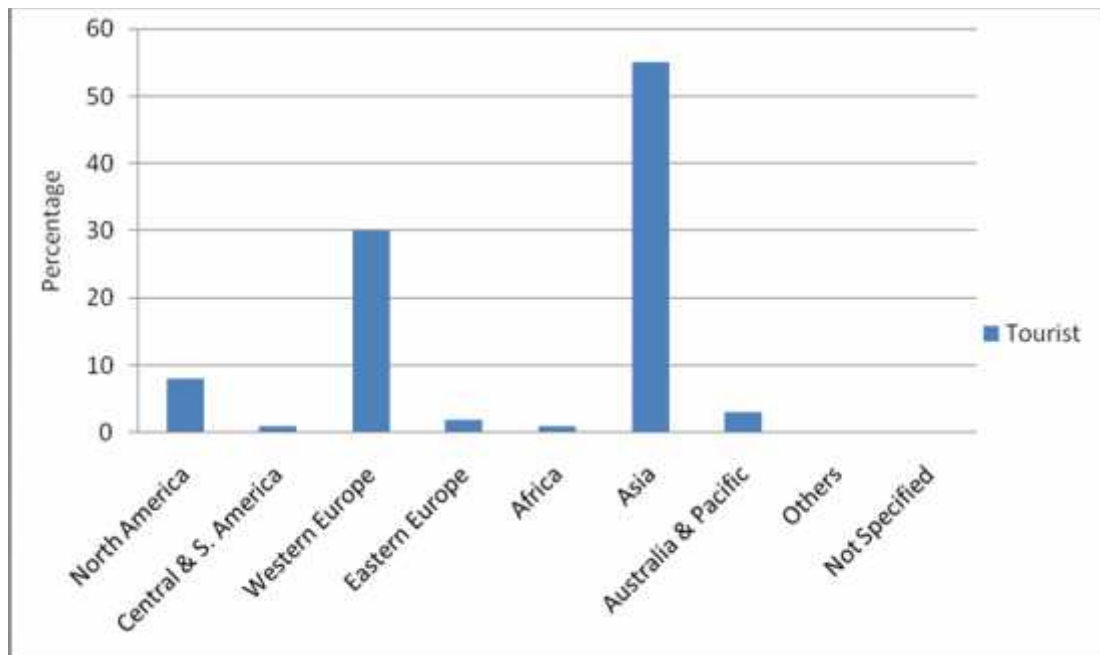
Table: 4.10
Tourist Arrivals by Major Regions

Year	North America	Central & S. America	Western Europe	Eastern Europe	Africa	Asia	Australia & Pacific	Others	Not Specified	Total
1998	43,038	5,937	151,070	6,741	1,795	240,460	14,635	8	-	463,684
1999	46,910	6,096	164,913	6,723	1,857	249,793	15,207	5	-	491,504
2000	49,032	6,076	159,325	6,992	2,040	224,532	15,641	8	-	463,646
2001	39,120	4,634	131,661	6,201	1,596	164,989	13,036	-	-	361,237
2002	21,265	2,793	87,912	5,276	1,132	148,670	8,420	-	-	275,468
2003	22,992	2,262	95,162	6,451	1,612	200,045	9,608	-	-	338,132
2004	25,505	4,373	116,505	7,661	1,161	218,387	10,947	-	758	385,297
2005	22,853	3,559	98,046	8,263	1,302	230,282	8,317	-	2,776	375,398
2006	24,566	4,764	97,278	10,613	1,125	231,812	9,763	-	4,005	383,926
2007	37,182	6,486	140,630	16,634	1,350	304,225	14,506	2,177	3,515	526,705
2008	38,208	7,541	137,581	12,816	1,352	279,442	16,195	3,155	4,007	500,277
Total	370,671	54,521	1,380,083	94,371	16,322	2,492,637	136,275	5353	15061	4,565,274
	(8%)	(1%)	(30%)	(2%)	(1%)	(55%)	(3%)	(0%)	(0%)	

(Source: Ministry of Tourism and Civil Aviation, 2008)

Chart: 4.16

Tourist Arrivals by Major Regions



This chart showed the visitors in Nepal from the major regions. The greater number of visitor had come to Nepal was from Asian region, it was 55 percentages. The least number of visitors has come from Africa and Central & South America. It was 1 percentage. Visitor from Western Europe was in remarkable figure. It was 30 percentages. The contribution of visitor from North America was little. It was 8 percentages. The visitor from Eastern Europe, Australia & Pacific is poor. It was 2 and 3 percentage respectively.

The fact obtained from this chart is useful for deciding the marketing effort to be made on particular regions by Nepal tourism Board. The visitor from all the regions except Asia is poor. A study on these regions should be carried out to explore the reason behind small number of visitors. Effective plans and policies for these regions should be made and implemented. Besides this, infrastructure for tourism in the country should also be made strong. Peaceful environment should be created in the country. Tourism industry cannot run without tourist. Small number of tourist also cannot run tourism industry. Therefore, effort should be made to increase greater number of inflow of tourist.

Table: 4.11
Gross Foreign Exchange Earnings

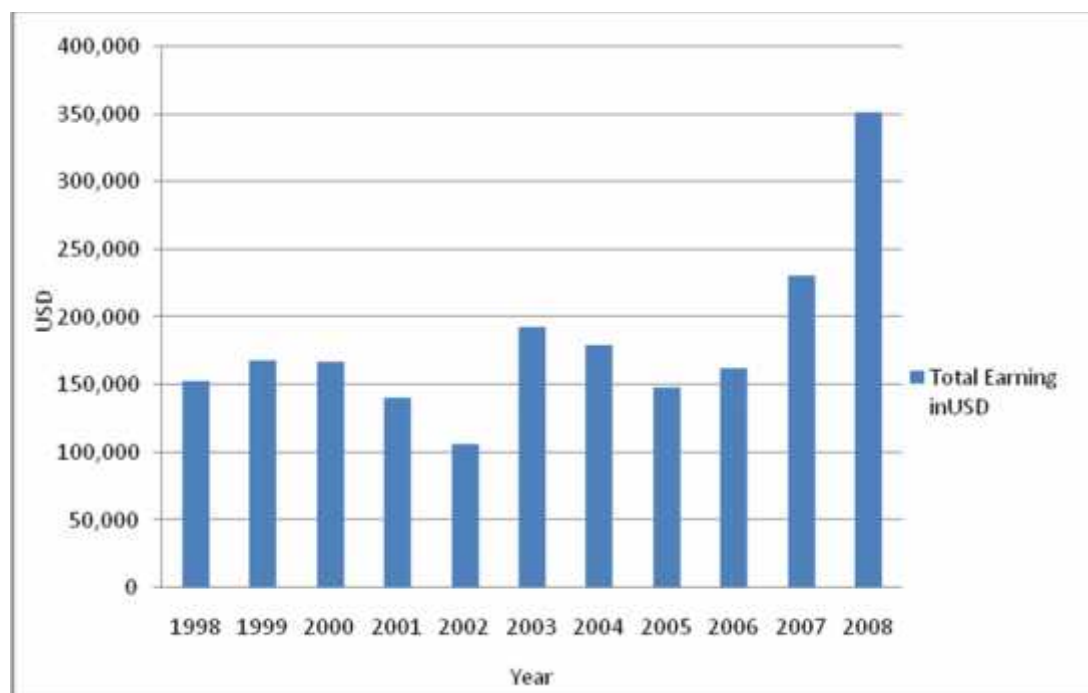
Year	USD (000)	NRS (000)	% Change in USD	Average income per capita in USD	Average income per visitor per day in USD
1998	152,500	10,024,482	31.60	475.80	44.20
1999	168,100	11,421,084	10.20	479.10	39.00
2000	166,847	11,827,403	-0.70	453.70	38.20
2001	140,276	10,468,205	-15.90	472.40	39.60
2002	106,822	8,300,553	-23.80	512.00	64.80
2003	192,832	14,508,396	80.50	765.90	79.10
2004	179,941	13,146,534	-6.70	609.80	45.10
2005	148,441	10,600,345	-17.50	532.00	58.50
2006	162,790	11,784,644	9.70	561.00	55.00
2007	230,617	15,185,071	41.70	535.00	45.00
2008	351,968	24,802,195	52.60	860.30	73.00

(Source: Foreign Exchange Management Department, Nepal Rastra Bank, 2008)

This table has presented the data for Gross foreign exchange earnings from 1998 to 2008. It has also given the data for Total Earning in USD, Total Earning in NRS, Percentage Change in USD, Average Income per Capital in USD and Average Income per Visitor per day in USD. This table has been analysis with the help of following chart.

1. Total Earning in USD
2. Percentage Change in USD
3. Average Income Per Capita in USD
4. Average Income per Visitor per day in USD

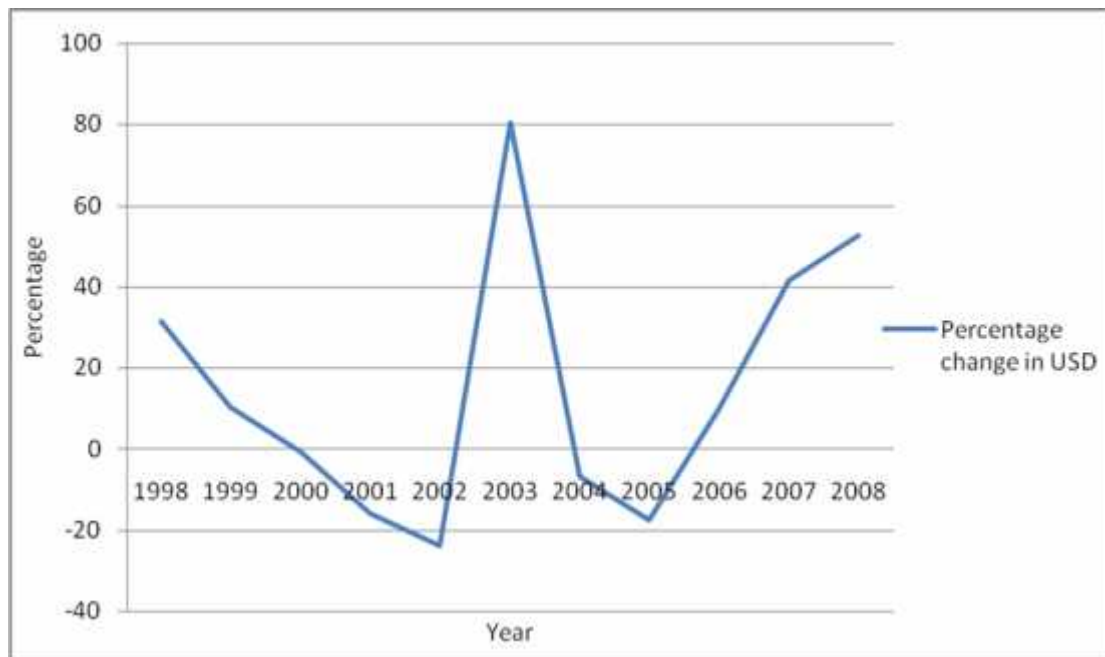
Chart: 4.17
Total Earning in USD



This chart shows the total earning of foreign currency in USD in each year from tourist from 1998 to 2008. It is the total contribution of foreign currency to the national economy from the tourism sector. The earning in 1998 was USD 152,500. it was increased to USD 168,100 during 1999. But it was decreased from 2000 to 2002. The earning is very poor during 2002, it was USD 106,822. The earning increased rapidly in 2003 but gradually decrease each year till 2005. From 2006 to 2008, the earning increased gradually. The earning during 2008 is the highest. It was USD 351,968.

During 1998, Visit Nepal Year campaign was organised. It has positive effect on the tourist inflow during 1999. Hence the earning has been increased in 1999. The earning from 2002 to 2004 has been increased gradually. This is the impact of Destination Nepal Campaign 2002-2004. But this campaign has no long term effect. The earning has decreased in 2005. Tourism is a strong source of foreign currency for the national economy. It has a contribution for the national budget. Therefore, government should create suitable environment for tourism industry so that it can give big contribution in generating foreign currency.

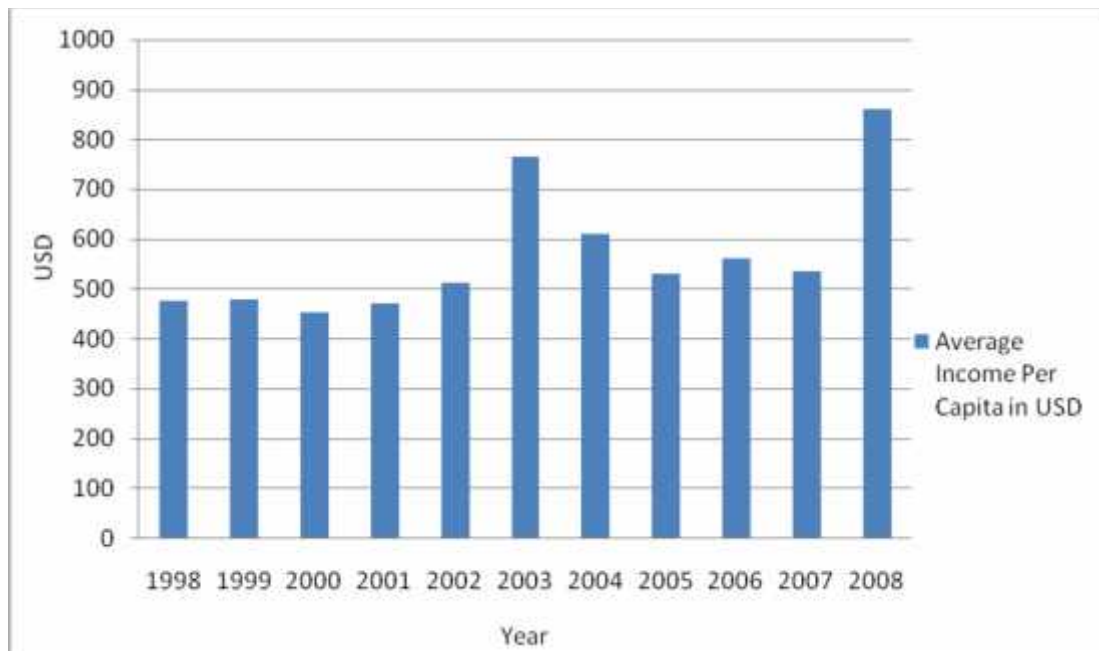
Chart: 4.18
Percentage Change in USD



Percentage change in USD is the analysis of USD earning of current year in compare to previous year. The chart showed the earning was fluctuating, rapid growth and fall. During 1998, the percentage change in USD was 31.60 percentages. It was decreased in 1999. It had touched negative value in 2000. It was negative from 2000 to 2002. The worst value was seen in 2002. It was -23.80 percentages. It had rapid increment during 2003 and touched 80.50 percentages; this was the highest value. It had decreased rapidly in 2004 and touched negative value. It was negative till 2005. It was increased in 2006 and touched positive value. It increased rapidly in 2007 and 2008.

Percentage change in USD is the impact of total arrival of tourist. The increment in total inflow of tourist makes positive impact in percentage change. Similarly, the decrement in total inflow of tourist makes negative impact in percentage change. The chart shows the earning of foreign currency from tourism is not constant. Although the country has to depend up on its earning, it is not a reliable source of income. It can be made reliable source if this industry is made strong by creating suitable environment by government.

Chart: 4.19
Average Income Per Capita in USD

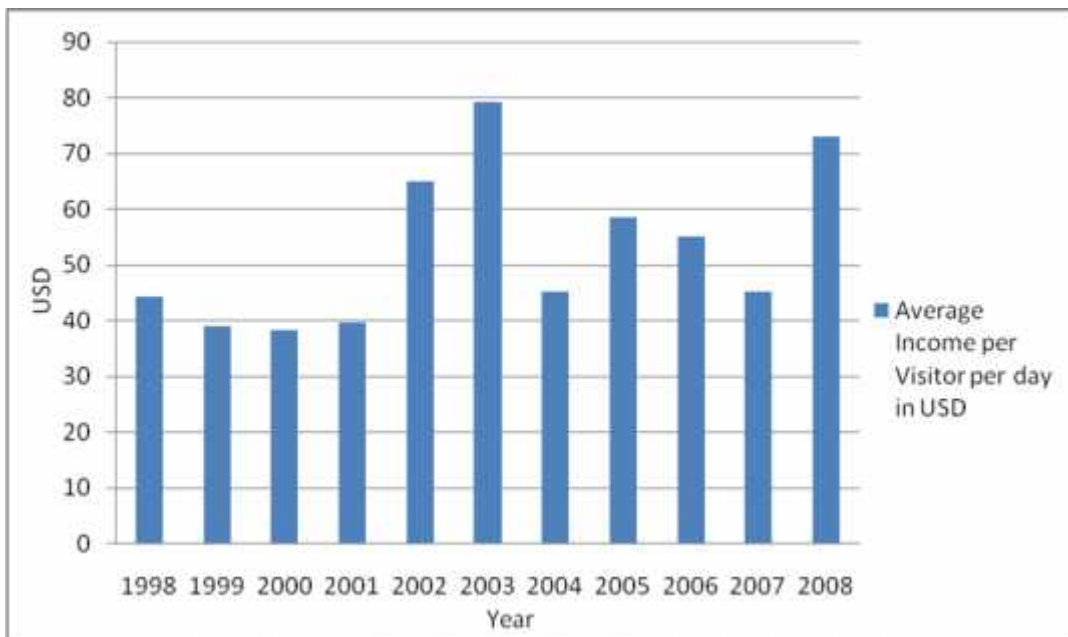


This chart is the reflection of total tourist arrived and the total foreign currency earned. It is the ratio of these two factors. The average income during 1998 was USD 475.80. it was increased slightly in 1999 and decreased in 2000. It was increased gradually from 2001 to 2002. The remarkable figure in the chart was observed during 2003, it was USD 765.90. From 2004 to 2007, the average income was above USD 500. The highest value was observed during 2008, it was 860.30 USD. The least value was observed during 2000, it was USD 453.70..

The primary attempt to be made in order to increase Average Income Per Capita in USD is to increase the total arrival of tourist. The arrival of tourist in the country will increase if the country achieve permanent peace. The country is facing regular strikes, closure of transport and Cities. These activities have produce negative message to the foreigner. These are the primary reasons for visitors to cancel their visit to Nepal. The tourims market should be segmented inorder to form marketing policies. The source market should be identified. NTB should formulate marketing strategy with a vision of potential tourist from each market. The taste and preference of tourist should also considered. This will enchance the inflow of tourist.

Chart: 4.20

Average Income per Visitor per day in USD



The average income during 1998 was USD 44.20. It was below USD 40 from 1999 to 2001. It was increased in 2002, it was USD 64.80. It was sharply increased in 2003. It was USD 79.10. It was rapidly decreased in 2004. The income was between USD 50 and USD 60 from 2005 to 2006. The income decreased in 2007. It was increased in 2008 resulting USD 73. The highest income was seen in 2003 and the lowest income was seen in 2000.

This chart is more specific in foreign currency earnings from the visitors. It is based on total number of tourist arrival, total foreign currency earned from them and length of stay in Nepal. It is a clear picture of income of the country from each visitor per day each year.

There are two primary factors to be considered in average income per visitor per day. First is inflow of tourist and next is average length of stay. Both of these factors should be increased. The increment in these factors has direct effect on the average income per visitor per day. Inflow of tourist can be increased from the marketing activities and creating suitable environment for tourism industry. Average length of stay can be increased from offering more tourism product.

Table: 4.12
Foreign Exchange Earnings from Tourism

Year	Total foreign exchange earnings from tourism (Rs. in millions)	As % of total value of Merchandise Exports	As % of total foreign exchange earnings	As % of GDP
1998/99	12,167.8	34.10	15.90	3.60
1999/00	12,073.9	24.20	8.80	3.20
2000/01	11,717.0	21.00	7.40	2.90
2001/02	8,654.3	14.90	6.10	2.10
2002/03	11,747.7	23.10	8.20	2.60
2003/04	18,147.4	32.90	11.40	3.70
2004/05	10,464.0	17.50	6.10	1.80
2005/06	9,556.0	15.50	4.60	1.50
2006/07	10,125	16.10	4.50	1.40
2007/08	18,653.0	30.10	6.70	2.30
2008/09	16,825.0	36.30	7.20	2.60

(Source: Ministry of Finance, 2008/09)

Tourism is a reliable source of foreign currency. It has a contribution to the national economy. There are some countries which give more emphasis to tourism industry. Thailand, Malaysia, Maldives are some examples. Nepal should also give importance to tourism industry. It has created employment opportunity in hotels, restaurants. Trekking and rafting entrepreneurs also largely depend upon the tourist.

Its effects on Total foreign exchange earnings, Merchandise export and GDP has been presented in the above table. This table has been analysed with the help of following chart.

1. Percentage of Total
Value of Merchandise Exports
2. Percentage of Total
Foreign Exchange Earnings

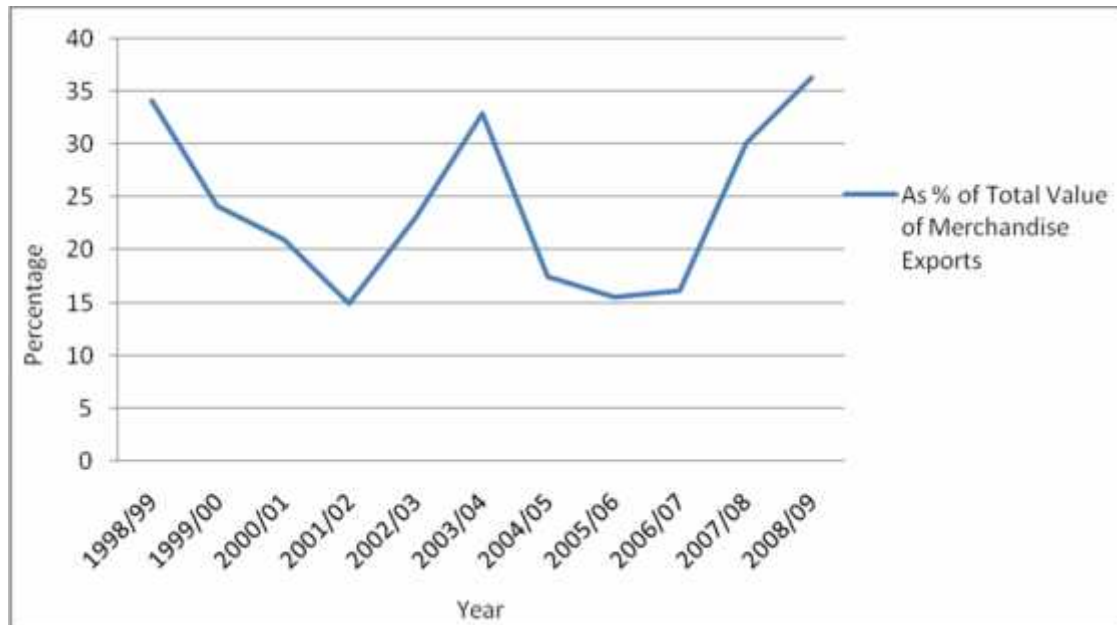
3.

Percentage of Gross

Domestic Product

Chart: 4.21

Percentage of Total Value of Merchandise Exports

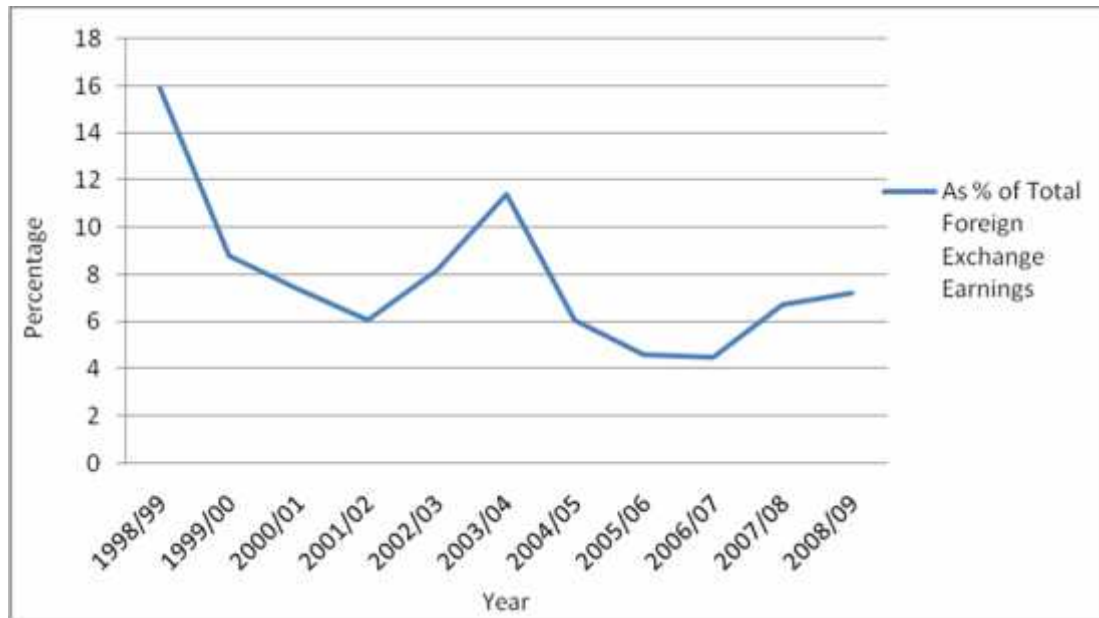


Only two factors are considered as a source of foreign currency in this chart. One is Merchandise Export and next is Tourism. The chart shows the contribution of foreign currency in total economy from tourism sector in compare to Merchandise export. The contribution from the tourism industry is not constant from fiscal year 1998/99 to fiscal year 2008/09. It was 34.10 in 1998/99 but decrease gradually from fiscal year 1999/00 to fiscal year 2001/02. It increased rapidly from fiscal year 2002/03 to fiscal year 2003/04. It decreased rapidly in fiscal year 2004/05. The decrement continued till fiscal year 2005/06. It was increased in fiscal year 2006/07 and rapidly increased from fiscal year 2007/08 to fiscal year 2008/09. The highest contribution was found in fiscal year 2008/09, it was 36.30 percentage. The least contribution was found in fiscal year 2001/02, it was 14.90 percentage.

Merchandise export has greater contribution in earning of foreign currency in compare to tourism industry. Tourism industry has potential to make remarkable contribution in foreign currency to the total economy. But the total arrival of visitor is poor. This is primarily due to unsecured environment of the country in a sense of

political strikes. The secondary reason is weak promotional effort of Nepal Tourism Board.

Chart: 4.22
Percentage of Total Foreign Exchange Earnings

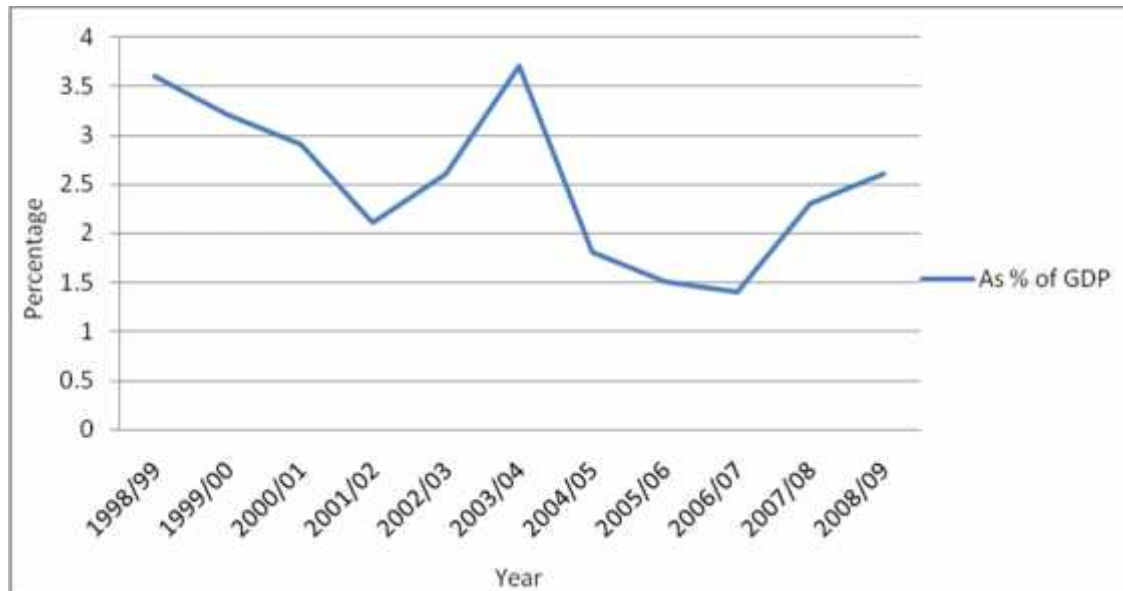


Here, the source of foreign currency earning is considered some more factors (which are not clearly indicated) including tourism; and the contribution from the tourism industry is shown in compare to those factors. The chart at a glance showed the decrement in the contribution of total foreign exchange earnings from tourism from fiscal year 1998/99 to fiscal year 2008/09. The contribution was 15.90 during fiscal year 1998/99. It was decreased from fiscal year 1999/00 to fiscal year 2001/02. It was increased from fiscal year 2002/03 to fiscal year 2003/04. It was decreased from fiscal year 2004/05 to fiscal year 2006/07. It was gradually increased form from fiscal year 2007/08 to fiscal year 2008/09. The highest contribution is found during fiscal year 1998/99, it was 15.90 percentages. The lowest contribution was found during fiscal year 2006/07, it was 4.50 percentages.

The total contribution of foreign currency from tourism is small, it is below 16 percentages. It is sad to know this fact since tourism industry has been considered as a reliable and direct source of foreign currency. The graph also reflects the decreasing

number of tourist arrival in the country. An attempt should be made by NTB and tourism related private organization to increase the inflow of tourist.

Chart: 4.23
Percentage of Gross Domestic Product



The Gross Domestic Product (GDP) or Gross Domestic Income (GDI) is a basic measure of a country's overall economic output. It is the market value of all final goods and services made within the borders of a country in a year.

The chart shows the contribution from the tourism industry to GDP of the country. The percentage of GDP contribution was fluctuated from fiscal year 1998/99 to fiscal year 2008/09. The contribution was 3.60 percentages during fiscal year 1998/99. It was decreased gradually till fiscal year 2001/02. It was increased gradually from fiscal year 2002/03 to fiscal year 2003/04. It was decreased from fiscal year 2004/05 to fiscal year 2006/07. It was increased gradually from fiscal year 2007/08 to fiscal year 2008/09. The highest contribution was seen in fiscal year 2003/04, it was 3.70 percentages. The lowest contribution was seen during fiscal year 2006/07, it was 1.40 percentages.

It is found that other sectors have greater contribution to the total GDP. The contribution to the GDP from the tourism industry can be increased by increasing the

total arrival, daily expenses and length of stay of tourist. NTB should formulate plan and policies in this issue.

4.3 Presentation and Analysis of Primary Data

Profile of the Respondents

There were seventy tourists who had filled and returned the questionnaire (See Appendix F). The profile of the respondent in this study is presented below.

Regions

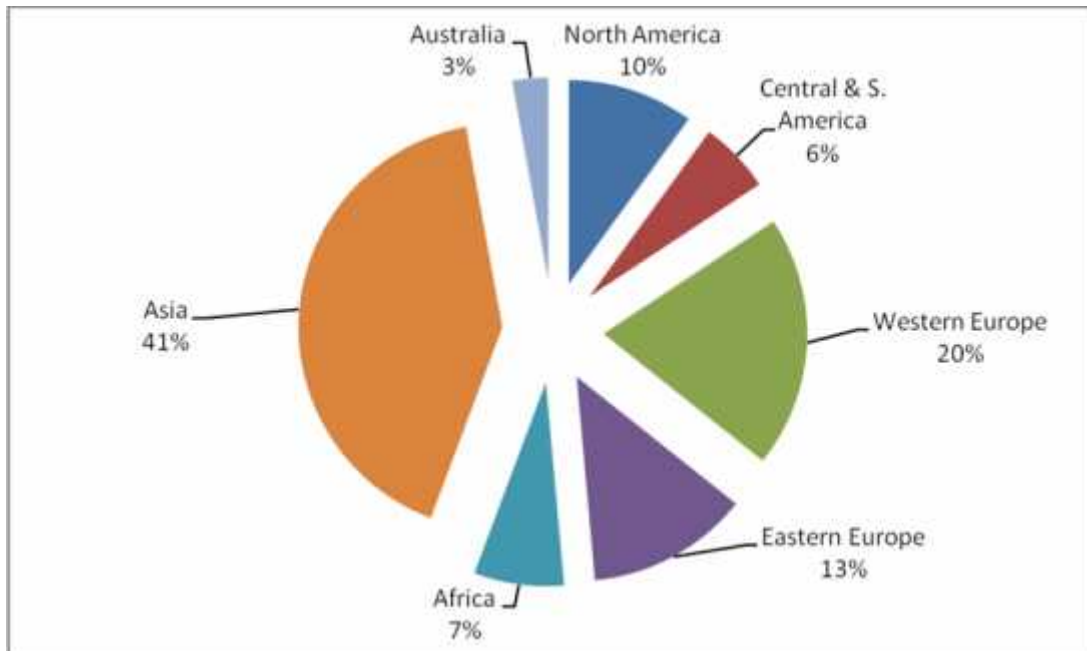
Table: 4.13
Regions of Respondents

Regions	Number	Percentage
North America	7	10.00
Central & S. America	4	5.71
Western Europe	14	20.00
Eastern Europe	9	12.86
Africa	5	7.14
Asia	29	41.43
Australia	2	2.86

(Source: Field Survey, 2009)

Chart: 4.24

Regions of Respondents



The largest number of respondent was from Asia, it was 41 percentages. The respondent from Western Europe was 20 percentages, Eastern Europe was 13 percentages, North America was 10 percentages, Africa was 7 percentages, Central and South America was 6 percentages. The least number of respondents was from Australia, it was 3 percentages. The questionnaire has included the tourist from all the regions.

On the basis of field survey, the greater number of visitor comes to Nepal is from Asian regions. The visitor from Western Europe is in considerable figure. The visitor from Eastern Europe, North America, Africa, Central & South America and Australia is small.

Sex

There were 40 male respondents (57.14%) and 30 female respondent (42.86 %).

Age

The number of respondent by the age group were as follow

Table: 4.14

Age Group of Respondent

Age Group	Number	Percentage
Below 20 year	3	4.29
20-35 year	27	38.57
35-50 year	28	40.00
Above 50 year	12	17.14

(Source: Field Survey, 2009)

The respondent age group below 20 year was 4.29 percentages, age group 20 to 5 year was 38.57 percentages and age group 35 to 50 year was 40 percentages. The age group above 50 year was 17.14 percentages. On the basis of field survey, most of the visitors are in the age group 35 to 50 years and there are very few visitors of the age group below 20 years.

Occupation

Table: 4.15

Occupation of Respondent

Occupation	Number	Percentage
Student	5	7.14
Business man	18	25.71
Service Holder	47	67.14

(Source: Field Survey, 2009)

The tourists that had filled the questionnaire were 7.14 percentages student, 25.71 percentages Business man and 67.14 percentages Service holders.

On the basis of field survey, most of the tourists are service holders, some are business man and few are students.

Transportation Mode

85.71% of respondent arrive Nepal via air and 14.29% of respondent arrive via land. The survey shows air transport brings more tourist than land transport. More airlines

operation will make greater inflow of tourist. Nepal should encourage more airlines to operate their flight. Besides this, appropriate plan should make to increase the inflow of tourist by land.

Frequency of Visitor

60% of respondent were old visitor and 40% were new visitor. The survey shows the percentages of old visitors are more than the new visitors. It means tourism marketing in international sector is not adequate. Tourists are still not aware of Nepal.

Nepal should establish its tourism brand by increasing marketing activities. The hospitality of tourism industry has an effect on the frequency of the visitors. Besides this, the facilities available for tourist also effect on the frequency of visitor. The tourist arrival is increased if its frequency can be increased. Hence, frequency of visitors should also be increased.

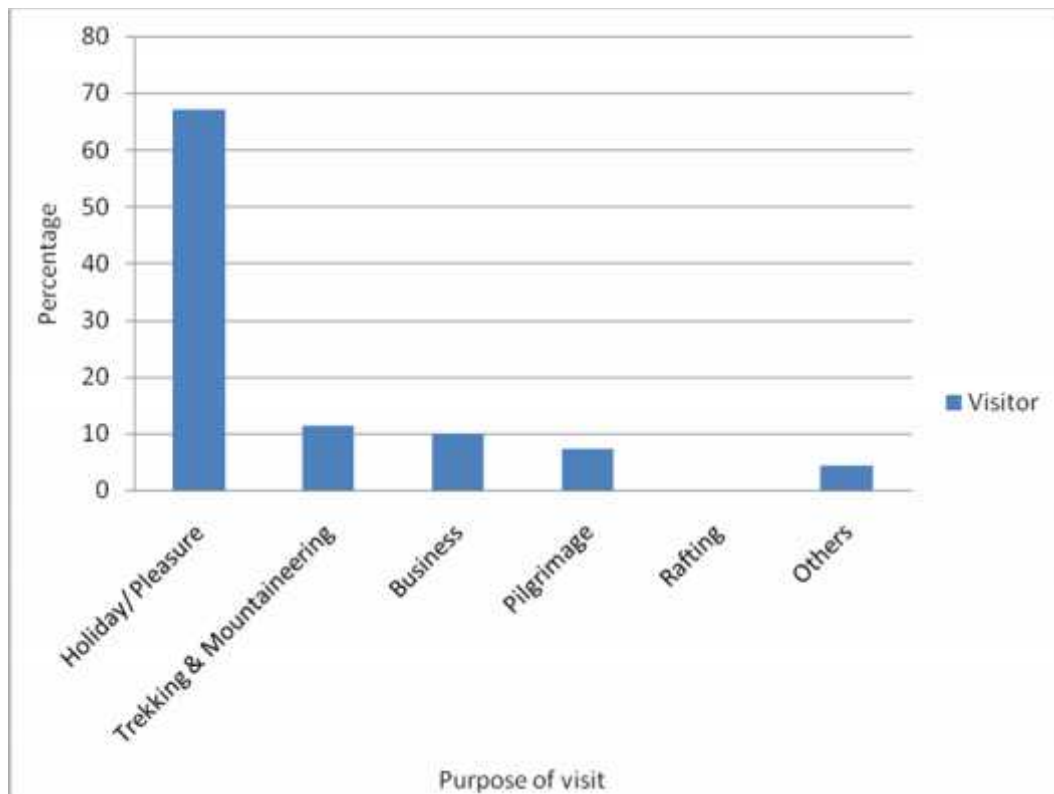
Purpose of Visit

Table: 4.16
Purpose of visit

Purpose of Visit	Number	Percentage
Holiday/ Pleasure	47	67.14
Trekking & Mountaineering	8	11.43
Business	7	10.00
Pilgrimage	5	7.14
Rafting	0	0
Others	3	4.29

(Source: Field Survey, 2009)

Chart: 4.25
Purpose of visit



The visitors had come for Holiday and Pleasure was 67.14 percentages, Trekking and Mountaineering was 11.43 percentages, Business was 10 percentages, Pilgrimage was 7.14 percentages, Rafting was 0 percentages. The highest percentages of visitors were arrived for Holiday and Pleasure and lowest percentages were for Rafting.

Most of the visitors comes to Nepal is for Holiday and Pleasure. The visitors for Trekking and Mountaineering, Business and Pilgrimage are small in numbers. The visitors for Rafting are null since the survey has been done in winter season and it is off season for Rafting.

Length of Stay

Table: 4.17
Length of Stay

Days	Number	Percentage
Less than 5	4	5.71
5-10	57	81.43

More than 10	9	12.86
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(Source: Field Survey, 2009)

The tourist that had stayed less than 5 days was 5.71 percentages, 5 to 10 days was 81.43 percentages and more than 10 days was 12.86 percentages.

The survey has shown most of the tourist stay in Nepal for 5 to 10 days. The length of stay of tourist depends upon the purpose of visit. Tourist that comes for holiday and pleasure stay longer than tourist that comes for business. Tourist that comes for pilgrimage also stays for limited period. The stay of tourist also depends upon the tourism products. The stay can be lengthen on the availability of more tourism products since it takes time to visit these places. The period of tourist stay has impact on the total foreign currency earning from the tourism industry. The increasing number of staying period makes increasing amount in the earning of foreign currency since the expenditure of tourist increases.

Source of Information about Nepal

Table: 4.18

Source of Information about Nepal

Source	Number	Percentage
Travel Agencies	48	68.57
Trade Fair	7	10.00
Magazines	9	12.86
TV Advertisement	0	0
Web sites	6	8.57

(Source: Field Survey, 2009)

This table attempt to find out impact of marketing tools implemented by NTB on tourist. 68.57 percentages tourists had known about Nepal from travel agencies, 10 percentages from Trade Fairs, 12.86 percentages from Magazines and 8.57 percentages from websites. The number of tourist that received information from TV Advertisement is null.

There is no advertisement on Television channels about tourism of Nepal. Therefore, tourists are not able to get information from TV channels. Therefore, the number of tourist that receives information from TV channel is null. The number of tourist that got the information about Nepal from magazines and websites are also small in number. Most of the tourist got information from travel agencies. It has been found that Travel Agencies are the efficient marketing tools.

Media is effective source of information for tourist. Information Technology is popular now. People are interested to gather information online. It is convenient and effective way to receive information of entire world. Online information is possible through websites. NTB should utilize the available media to promote tourism brand of Nepal. Sufficient marketing budget is required to use all these media for marketing activities. All these marketing tools should be considered and utilize which can make the increment in total inflow of tourist.

Rating of Service and Facilities

Table: 4.19
Rating of Service and Facilities

Features	Excellent (%)	Good (%)	Satisfactory (%)	Poor (%)
Accommodation	7.14	42.86	50.00	-
Food and Drinks	5.71	15.71	42.86	35.71
Transportation	-	15.71	37.14	47.14
Information Service	-	-	22.86	77.14
Security	-	11.43	35.71	52.86

(Source: Field Survey, 2009)

This table has presented the data for service and facilities experienced by tourist in their visit. On the basis of this survey; Accommodation facilities is Satisfactory, Food and Drinks facilities is Satisfactory, Transportation Service is Poor, Information Service is Poor, Security is Poor.

Dominant Feature of Nepal

Table: 4.20
Dominant Feature of Nepal

Feature	Percentage
Natural Beauty	25.71
Art and Culture	74.29

(Source: Field Survey, 2009)

This table has presented the data about fascinating feature of Nepal that is experienced by visitor. 25.71 percentages felt Natural Beauty of Nepal is dominant feature while 74.29 percentages felt Art and Culture is the dominant features. From this survey, it is found that Nepal is popular for Art and Culture. Kathmandu, Lalitpur and Bhaktapur are rich in Art and Culture.

Immigration Rule

Table: 4.21

Immigration Rule

Feature	Excellent	Good	Satisfactory	Poor
Immigration Rule	-	21.43	74.29	4.29

(Source: Field Survey, 2009)

21.43 percentages tourists felt Immigration Rule good, 74.29 Percentages felt it Satisfactory and 4.29 percentages felt Poor. On the basis of this survey, it can be concluded that Immigration Rule is Satisfactory.

Motivation

75.71 percentages respondents were eager to suggest their friends and relatives to visit Nepal while 24.29 percentages respondent showed their discouragement to suggest this. It is seen that tourist are not happy with their visit in Nepal.

Next Visit to Nepal

Only 12.86 percentages respondent showed their interest to visit the country again where as 87.14 percentages did not like to visit again.

4.4 Marketing Strategy of NTB

NTB has formulated following marketing strategies for development of tourism industry of Nepal.

1. Promoting three major segments of Nepal Tourism Brand; Weekends Break, Amazing Adventure and Lifetime Experience

I. Weekends Break

This strategy is made for the neighboring country India. It is targeted for all the age group who can visit Nepal in their favorable time since it has easy air access to Nepal. Air transport between India and Nepal is regular. Besides this, there are fewer burdens in immigration rules for Indian visitors to Nepal.

II. Amazing Adventures

Amazing Adventures includes Mountaineering, Rafting, Paragliding, Bungee Jumping. It is targeted towards youth and adult.

III. Lifetime Experience

It is targeted towards people who are interested in Cultural visit, Yoga, Research, Eco- tourism.

2. Based on the volume generated and tourist potential; the markets will be segmented into Conventional, Neighboring, Emerging and New markets

I. Conventional Long Haul Market: It includes the following countries-

- United Kingdom (UK)
- Germany
- Spain
- France
- Italy
- Russia
- The Netherlands
- Japan
- Australia

II. Neighboring Markets: It includes the following countries-

- China
- India
- Bangladesh
- Sri Lanka

III. Emerging and New Markets: It includes the following countries-

- South East Asia
- Singapore
- Thailand
- Malaysia

3. Develop marketing partnership with Online Carriers, tour Operators

NTB will organize Sales mission in conventional, neighboring, emerging and new markets for creating B2B forum for both Nepalese travel trade delegates and travel trade sector in generating market. Besides organizing sales missions in major metros and capital cities in different markets, NTB will expand its promotional sales missions in other satellite cities also keeping in view of accessibility and travel trend with the help of tour operators.

NTB will collaborate and tie up with different airlines, Nepalese diplomatic missions and Non- resident Nepalese as well as Nepalese student Associations abroad and various other national/ international corporate houses, non-government organizations for joint promotion. NTB will launch the joint promotional programs targeting both consumers and travel industry segments with Consumer Focus Promotions and Corporate Tie Ups in the potential markets.

4. Strategic partnership with associations, marketing bodies, regional tourism wings and other forums

The partners of NTB for tourism promotion are Tourism Associations, hoteliers, Travel Agencies.

NTB organize its participation in international Travel and Trade Fairs/ Marts in partnership with Nepalese private travel trade sector. NTB will focus its participation on both of the Business to Consumer (B2C) and Business to Business (B2B) based fairs. NTB will continue its participation in B2C mega international travel tourism fairs.

NTB will also focus on optimizing the trade and mass media (both print and electronic) contacts during fairs so as to portray Nepal as a premier holiday destination internationally.

5. Help attract major international events to Nepal for further growth of Nepalese Tourism

NTB will make an attempt to create favorable environment to organize international events in Nepal. This attempt will have long term impact on the national tourism

industry. It influence positive message to the world that Nepal is secured land for visiting. Frequency of the events will enhance the bigger inflow of visitors. It also helps NTB to promote its tourism brand.

6. Develop strategic promotions for Emerging Potential Markets

Singapore, Thailand, Malaysia, Korea are the emerging market of Nepalese tourism industry. Singapore, Thailand and Korea have direct air access. Malaysia has connecting flight. NTB has planned to develop promotional campaign in this potential market like package tour with discount rate.

7. Establish strong network in Indian markets by Direct Physical Representations

Considering the increasing Indian outbound traveler and easy accessibility to Nepal, NTB plan to set up its branch office in New Delhi for more aggressive and co-ordinated marketing efforts in Indian market. In addition to the conventional promotional activities such as: Fair Participation, Sales Missions, the branch office will specially emphasize on consumer focused campaigns and corporate tie-ups keeping in mind the growing purchasing power and mindset of Indian travelers.

4.5 Marketing Tools implemented by NTB and its Impact

Marketing tools are necessary for effectively implementing the marketing strategies. NTB has used different kind of marketing tools to achieve its goals. They are described below.

1. Printing of Promotional Materials

The destination and market specific high-quality promotional collateral (print and electronic) will be produced under this program. The print brochures and posters are aligned with market-specific need and in different languages as far as possible and practicable.

Aim

Create awareness amongst the existent, imminent and potential tourists and stakeholders about the destination by producing quality promotional collateral.

Activities

Production of posters, stickers, brochures and booklets.

Distribution

-) Through Nepalese Embassy/ Consulates and PR offices abroad
-) Through Travel Trade Fairs and Sales Missions
-) Through inter/national tour operators/agents

Expected Impact

-) Enhanced promotion and publicity of Nepal and Nepalese tourist destinations.

2. E-Collateral Production, Web, Advertisement and Mail Service

With ever changing and improving technical advancement in electronic media, it is imperative to update the web-pages in different language, CD- ROMs and documentaries. Since advertisement has mass appeal, the market specific Ads (print, TV), / and Radio jingles will be produces and telecast. The NTB CD- Rom will have updated/ new features like information in French, Spanish, German, Japanese, and Chinese; virtual tour, photo gallery, screen savers, and link to the related sites.

Aim

To disseminate the positive message of Nepalese tourism attractions through electronic means for enhancing the destination image through definite brand image.

Activities

-) CD, Montage and Documentary production/ Reproduction
-) Promotional IT related programs
-) Advertisements
-) Direct mailing of NTB Collateral abroad

Distribution

-) Telecast of TV Commercials
-) Radio – jingles in Indian Radios/ FMs

-) Distribution of CD-ROMs in Fairs/ Sales Missions and through Nepal Embassy, NRNs, and other inter/national global – trotters.

Expected Impact

-) Destination awareness to target/ general; consumers for triggering their interest to travel to Nepal

3. Souvenirs and Other PR Activities

Public Relations have emerged as a one of the most effective means of corporate communication and building corporate relationships with the outside stakeholders. NTB has designed various programs to perform the Public Relations activities. In order to support this program, theme- based souvenirs will distribute to Nepal lovers, dignitaries and general consumers in the fair, sales missions and other related programs in Nepal and abroad.

Aim

To produce quality souvenir items and distribute to the target audience, and establish / maintain good public relations with key tourism stakeholders: National and International.

Activities

-) Productions of bags, calendars, diary, notebook, T-shirts and Caps etc. and other souvenir items
-) PR activities with Media, travel and Corporate programs

Distributions

-) During Fairs, Sales Missions, FAM Trips
-) PR Building Informal gathering/ receptions
-) Tourism Orientation Programs

Expected Impact

-) Creation of good synergy and informal networking for the publicity of Nepalese tourism.

4. Information counters Operations and Support

Being a National Tourism Organization, NTB is responsible for the dissemination of authentic information to the incoming tourists too. And to fulfill this expectation of the visiting tourists, NTB has established Tourist Information Centers in Kathmandu, Pokhara (Regional Office) and other entry points of Nepal: Kakarbhitta, Bhairahawa and Gaddachauki and has been looking after its operation and management. NTB has program to support other information counters too which are being operated with local initiatives. Such support will help NTB to achieve its goal in low cost, and also will help to faster its partnership with local stakeholders as well.

Aim

-) To provide authentic information to the tourist from various Tourism Information Centers

Activities

-) Operation, Management and Up gradation of NTB's own Tourism Information Centers
-) Support other Tourism Information Centers (established by DDCs, VDCs, Municipalities, Clubs etc.)

Distributions

Distribution of Promotional collateral and Information Dissemination through

-) Tourist Information Counter, TIA
-) Tourist Information Counter, TSC, NTB
-) Tourist Information Centers, TSC, Pokhara (Regional office)
-) Tourist Information Center, Kakarbhitta
-) Tourist Information Center, Belahiya
-) Tourist Information Center, Gaddachauki

And other information centers operated by District Development Committees (DDCs), Municipalities like Dhulikhel, Kodari, Palpa etc.

Expected Impact

Tourist can authentic information from the tourist information centers located at various points of Nepal, and this effort will help to create a good image of the destination.

5. New Brand Positioning

The new tourism brand with the slogan “Naturally Nepal” and sub-tagline “once is not enough” was introduced in March 2006. The basic thrust of the brand development was to develop BRAND NEPAL as an international tourist destination and regain consumer confidence in the international market by concentrating on marketing the experiential product clusters.

Naturally Nepal is a simple expression that repackages Brand Nepal in a positive light.

‘Once is not enough’ not only accurately captures the tourists’ emotion at the departure point but also serves as a decision making tool to visit again and again.

The launching of brand Nepal has been done for the five business reason:

- J More compelling – repackage the diverse, existing product offering
- J More tourist – increase the number of tourist visiting Nepal
- J More money- increase the revenues to the nation
- J More focus- aligns the NTB’s stakeholders and the Nepali tourist industry to a common future.
- J More consistency- defines branding guidelines and investment vehicles for building a consumer brand in the very competitive tourist industry.

Over the next ten years, Brand Nepal will be promoted as “the next generation mountain destination for weekend breaks, adventure holiday and life time experience” for people who live in cosmopolitan cities and travel internationally.

Aim

Effective promotion of Nepalese tourism by positioning new brand in inter/national arena through various events and activities.

Activities

-) Production and distribution of Brand themed publicity/ materials
-) Events support for brand promotion
-) Brand promotion in partnership with Airlines, Travel Agencies and Media

Distribution

-) Collateral distribution through Fairs, exhibition, Sales Mission, Nepalese Embassies etc.
-) Banners sponsorship and support in Tourism Events, Musical Concert, and other festivals
-) Brands orientation program for travel- trade and media

Expected Impact

-) More publicity for converting awareness into sales through effective brand communication.

6. Visual and Media Bonds

Mass media is one of the most effective vehicles for the publicity. Realizing the fact, NTB has design the program of telecast of visual advertisement and establishment of Good Media Bonds with esteemed media houses/ personalities. Similarly, Media Center, a unit in NTB, is functioning under Public Relation and Publicity Department. The center works are facilitation center for media and information seekers and is mechanized for automatically activating during the time of crisis concerning tourism directly and indirectly.

Aim

To create publicity of Nepalese tourism through media vehicle and reinforce the bond with national and international media personalities/ publication houses.

Activities

-) Photo Collection and maintenance of Archives
-) Media PR, Equipment and Subscription
-) Media Center Operation/ Crisis Cell

-) Workshop and Media Bonds/ collaboration
-) Familiarization (FAM) Trips for Domestic Media
-) Enhance Destination image through visitors' facilitation

Distribution

-) Telecast of visual Advertisement from prominent Nepali/ Indian Channels
-) Photo Collection/ Archives Maintenance and distribution from NTB Websites and NTB Library
-) Issue of Press Release
-) Production and Distribution of E-newsletter (Weekly) and Newsletter (Monthly)
-) Travel Media Workshops in Kathmandu, Biratnagar, Pokhara and Nepalgunj
-) FAM trips of various destination for domestic media

Expected Impact

-) Image enhancing and publicity of tourism with media and stakeholders' involvement.

7. International Promotional Program

NTB has invited various Media and Travel Trade Personalities, as a FAM trip to Nepal since its inception. As per the past experience, the program has been proved as the best way to reach the consumer market effectively and economically.

Aim

To organize FAM trip to Nepal for media/ celebrities form abroad and within effective promotion of Nepalese tourism product and services.

Activities

FAM trips from:

SAARC

South East Asia

Far East

Europe and US

China

Other FAM Tours

-) Support in promotional Programs of NRNs/ NTB Public Relation and Publicity

Expected Impact

-) Cost effective immense publicity and sustenance of perfect PR with all consumers and other stakeholders.

8. International Promotional Campaign

NTB has successfully completed two International promotional campaigns. It is Visit Nepal 1998 and Destination Nepal campaign 2002-2004. NTB has set up new promotional campaign in 2011. It is Nepal Tourism Year 2011.

Aim

Increase total number of tourist from all source market.

Activities

Visit Nepal 1998

Destination Nepal campaign 2002-2004

Nepal Tourism Year 2011

Impact of Visit Nepal 1998

There were 421,857 visitors in 1997. The annual growth rate during this year was 7.20 percentages. The promotional campaign Visit Nepal 1998 made the total inflow 463,684 in 1998. It had increased the annual growth rate by 9.90 percentages. The total inflow increased till 1999. The total visitor during this year was 491,504 resulting 6 percentages increments in the annual growth rate. But the inflow sharply decreased in 2000 resulting negative annual growth rate, it was -5.70 percentages. It shows that this promotional campaign has no long term impact on tourism industry.

Impact of Destination Nepal Campaign 2002-2004

This campaign was organized for three consecutive years from 2002 to 2004. The total tourist inflow during 2002 was decreased in compare to 2001. The total tourist in

2001 was 361,237 and the total tourist in 2002 was 275,468. It was seen the annual growth rate was decreased by -23.70 in 2002. The campaign had no effect during the first year. During 2003, there was rapid increment in tourist inflow; it was 338,132 resulting 22.70 percentages increased in annual growth rate. The tourist gradually increased till 2004. The total tourist in this year was 385,297. But it decreased immediately in 2005 resulting negative annual growth rate of -2.6 percentages. The inflow gradually increased from 2006 to 2007. During 2008, the inflow decreased.

The impact of this campaign has no long term effect. The inflow of tourist increase only during the campaign period. This type of campaign should be organized in little time gap in order to maintain increment in the inflow of tourist.

Expected Impacts of Nepal Tourism Year 2011

It is aggressive promotional program with the target to inflow 10 lakhs tourists. Tourists are expected to inflow seven lakhs by air and three lakhs by land during this campaign. It has planned to focus its marketing and promotion activities on regional and emerging markets.

9. Collaboration, Prints

Sometimes, the department receives various proposals from the stakeholders that seek for NTB's support in such proposals. One of the major assignments of PR and Publicity Department is production of quality promotional collateral.

Aim

Production of quality collaterals and help to promote tourism in collaborative approach

Activities

-) Designing/Scanning/Color separation
-) Outsourcing of Professional Services
-) Collaborations and designs

Distributions

-) Through Professional and Creative Experts
-) Interaction Program in support of Local stakeholders

Expected Impact

Quality production of NTB collaterals and better promotion in partnership with tourism stakeholders

10. Mass Media Campaign in BBC World

Nepal Tourism Board, a responsible body for promoting Nepal not only in the domestic but also in the international markets is working towards positioning the image of the country with the definite tourism brand “*Naturally Nepal once is not enough*”. In the quest of consumer-focused mass media promotion, Nepal tourism Board telecast a 30 second and 15 second TV commercial in the one of the most influential media BBC World from May to September 2008. The first attempt of destination promotion through mass media of Nepal Tourism Board has been successfully completed.

As the first phase of the campaign prove to be a very effective one, the campaign has been renewed with new segment “News on Demand” on <www.bbc.com> which broke all time records by whopping CTR (Click through rate) of 3 percent which is almost double the click rate than any other campaign. The campaign will be continued till June 2009.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Tourist are people who travel to and stay in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. Tourism industry is a dynamic and competitive industry that requires the ability to constantly adapt to customers' changing needs and desires, as the customer's satisfaction, safety and enjoyment are particularly the focus of tourism businesses.

Tourism today is considered to be a premier service industry and one of the fast growing industries in the world, comprising 6.5 percent of the total global work force. The economic value of tourism for the developing countries is of more importance as it is a means of redistributing wealth from north to south, since a large number of visitors are from industrialized countries to the developing world while a small number is true for vice versa. Similarly, significant infrastructures (air ports, roads and accommodation facilities) in the developing world are created due to tourism activities.

Nepal has ample opportunities to develop international tourism as it consists of rich natural resources, beautiful landscapes and bio as well as cultural diversities. Thus tourism can be a good source of income for a developing country like Nepal. Keeping in view of those facts, the Nepal government has taken important steps and made long-term plans, policies and strategies for the development of tourism in Nepal.

In this context, the Nepal Tourism Board Act 2053 was passed by both the houses of the parliament in December 1996, and obtained the then Royal Seal in February 1997. The Board designed as a partnership between the government and the private sector travel industry of Nepal has been empowered to work as a National Tourism Organization commencing 31st of December 1998.

January 1, 1999 was a pivotal date in the history of Nepalese tourism. On this eventful date, then His Majesty's Government entrusted the responsibility relating to

destination promotion from the then department of tourism to newly –formed Nepal Tourism Board. Nepal Tourism Board constitute as per the tourism policy of the then HMG of Nepal through an Act as an autonomous body long back, started functioning as a NTO from this eventful date only.

NTB has organized promotional tourism activities to increase the total inflow of tourist. It has successfully completed Visit Nepal 1998 and Destination Nepal campaign 2002-2004. The feedback of this campaign is appreciable but it has no long term impact. Visit Nepal 1998 has attracted more tourists in 1998. The gradual increment in inflow remains till 1999 but again it starts decreasing. Destination Nepal Campaign 2002-2004 has a similar result. The arrival of tourist increases only in the campaign period.

The total visitor during ‘Visit Nepal 1998’ was 463,684. The total visitor during ‘Destination Nepal campaign 2002-2004’ was 998,897. Nepal Tourism Board is organizing promotional program for the coming year 2011, it is ‘Nepal Tourism Year 2011’. It is aggressive promotional program with the target to inflow one million visitors (10 Lakhs). Tourists are expected to inflow seven lakhs by air and three lakhs by land during this campaign.

5.2 Conclusion

NTB has increased the marketing budget gradually from fiscal year 2004/05 to 2008/09. The budget should be increased to cover marketing activities. The budget should be utilized efficiently to meet the organizational goal.

The inflow of the tourist shows the encouragement in the tourism industry. But the inflow pattern is fluctuating. A study shows the arrival of tourist rapidly increased whenever there is peace in the country and fall rapidly when the country is disturbed from violence. Internal violence and political strikes has negatively influence tourism brand of Nepal. The foremost important task of tourism industry is to establish Nepal as a peace and secured tourism destination.

There are two access points to Nepal. They are by air and by land. The contribution of air transport in the total tourist arrival is more than the contribution from land transport. Tourist from both of these access points should be encouraged.

The length of stay of tourist increased depending on the tourism destination available. Limited places like Kathmandu, Pokhara, Nagarkot, Chitwan, Lumbini are popular among tourist. Nepal has many places which are yet to identify as tourist destination. Government should explore more tourist destinations and add services like transport, communication, information center. The average length of stay has direct impact on the total foreign currency earnings. In order to increase the total foreign currency earning, average length of stay should be lengthen.

Tourist arrival in each year from 1998 to 2008 is fluctuating. The promotional campaign 'Visit Nepal 1998' and 'Destination Nepal campaign 2002-2004' has no long term impact in total tourist arrival pattern.

There are peak season and off season in tourism industry. Tourists are divided into two groups – Tourist excluding Indian and Indian Tourist to analyze their arrival pattern in each month. October is the peak season and June is the off season for tourist excluding Indian. June is the peak season and February is the off season for Indian Tourist. The peak season and the off season for these two groups are different. This is an opportunity for tourism industry as it has no overall offseason.

Most of the tourist comes for the purpose of Holiday/ Pleasure. Arrival of tourist for Trekking & Mountaineering is not satisfactory. Nepal can attract more visitors for this purpose. The country have strong infrastructure for this purpose. Mount Everest, the icon of world; and many other mountains including eight of the world's fourteen highest (above 8000 meters) peaks lie in the country. NTB should plan effectively to utilize this infrastructure. Nepal is second richest country for river. White water rafting is another best tourism product of Nepal. Tourist attraction towards this is insignificant. Kayaking is also possible in many rivers.

The greatest number of tourist comes to Nepal is from India. Indian tourist contribution in tourism industry is 23 percentages while tourist excluding Indian has

77 percentages. The arrival of tourist from all regions is not even. Most of the tourist comes from Asian regions. Marketing activities should be increased in North America, Central and South America, Western Europe, Eastern Europe, Africa, Australia & Pacific to encourage tourist to visit Nepal.

Foreign currency earning on tourism industry directly depends upon the inflow of tourist. This earning has significant contribution to the national economy. It has also impact on average per capita income, GDP. The contribution should be made higher by increasing the total inflow of tourist.

Nepal Tourism Board has made new marketing initiatives. It has segmented the market as Conventional, Neighboring and Emerging & New market. It has made strategic partnership with tour operator, online carrier to promote tourism marketing. The access to the destination from the source market has not been explored. Convenient air service to arrive Nepal is still a challenging task for visitor.

NTB has planned to implement marketing tools like Printing of Promotional Materials, Visual and Media bonds, International Promotional Programs. It is expected a positive impact on inflow of tourist from this.

Tourism industry has been considered as a reliable industry among all the industries for earning foreign currency. It is the best type of industry among all in a sense that it is smokeless industry and provides greater employment opportunity. Nepal has potential to well develop this industry.

5.3 Recommendations

1. NTB should increase its marketing budget to cover marketing activities in all the potential markets.
2. Air service is the convenient way for visitor to reach Nepal. The number of visitor that comes to Nepal by air is more in compare to land. Therefore, more international airlines should attract to operate their regular flight. The number of visitors from land should also be increased.

3. Nepal has only one international airport. The existing infrastructure of the international airport is weak. It is capable of handling three wide body aircrafts and five middle class aircrafts at a time. It is essential to build new airport in a suitable place capable of handling heavy traffic of airlines with modern facilities for the arrivals.
4. The mother organization of Nepal Tourism Board (NTB) and the state own airline, Nepal Airlines Corporation (NAC) is Ministry of Tourism and Civil Aviation. NTB and NAC should jointly organize promotional program for increasing tourist inflow by co-operating each other. NAC can launch membership program for its passenger in which each passenger have specific benefit depending upon the mileage of travel on the airlines. This scheme results dual benefits for both organization. NAC will benefit by having the increasing frequency of the same passenger. NTB will also benefit by having increasing frequency of the same tourist so that the total arrival increase. This program makes cheaper air fare for tourist.
5. Services like Visa procedure, Immigration, custom should be made easier for tourist.
6. Tourism infrastructure like hotels, resort, restaurant, bar, communication, land transport, medical should be increased and made easily available for visitors.
7. Total inflow of tourist and Tourist's average length of stay should be increased by exploring more exciting sites.
8. More tourists should attract for Trekking & Mountaineering activities. NTB should formulate separate marketing strategy for this purpose
9. Visitors for Rafting and pilgrimage are poor. Big publicity regarding Rafting and historical sites like Pashupati Nath, Lumbini, Janakpur should be made.
10. Culture and Tradition are assets of tourism industry. It should be preserved.
11. Air pollution has been increased nationwide. It is a discouraging factor for tourist. It should be decreased and purity in air should maintain.
12. The country has own bad brand image for tourist destination due to past internal violence. Attempt should be made for resuming good brand image for tourist destination.
13. Tourist from all the regions and countries should encourage to visit Nepal.

14. The contribution of foreign currency from tourism industry should make more significant to support the national economy. It has direct impact to Average income per capita in USD, GDP.
15. Political strikes should stop permanently to create secure and friendly environment for visitors.
16. NTB should implement efficient marketing programs. Promotional program and fair should be organize in little time gap.
17. NTB should include private sector for making tourism policy and planning marketing activities.
18. International Trade fair and Conference should organize in Nepal so that the country will be more popular internationally.
19. Proper management should be made in the peak tourist arrival season so that the tourism industry can achieve optimal benefit.
20. Suitable marketing policy should develop for tourist off season. This help to run the tourism industry for all the months.
21. Indian tourist arrival shows different behavior than other tourist. It has the peak arrival season when other tourist has off season. This is an ample opportunity for tourism industry. Proper marketing strategy should be made to attract more Indian tourist during this season.
22. All the responsible organization for tourism industry should be explore and bring under single umbrella by the government. It can create new dimension of vision for tourism industry. Government should encourage them to develop common goal and tools to achieve it.
23. NTB should effectively implement its marketing tools to have optimal output from it.
24. Modern marketing tools like e-marketing should be used by NTB.
25. Competitor country for source market should be identified and competitive marketing strategy should be made.
26. Appropriate policy should be formulated to increase the frequency of visitors. It helps to increase the total visitors.

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APPENDICES

Appendix - A

Top Ten Tourist Arrival Countries, 2008

S. No.	Country	Tourist Arrival Number
1	France	79,30,000
2	America	58,00,000
3	Spain	57,30,000
4	China	53,00,000
5	Italy	42,70,000
6	Britain	30,20,000
7	Ukraine	25,40,000
8	Turkey	25,00,000
9	Germany	24,90,000
10	Mexico	22,60,000

(Source: Kantipur, 2009)

Appendix - B

Hotel and Accommodations in Nepal, 2008

Category	No. of Hotel	No. of Rooms	No. of Beds
Kathmandu			
Five Star	8	1,539	2,897
Four Star	2	190	362
Three Star	11	372	774
Two Star	27	1,138	2,263
One Star	26	564	1,374
Non Star	288	3,997	7,895
Sub- Total	362	7,800	15,565
Out Station			
Five Star	2	283	566
Four Star	-	-	-
Three Star	5	231	460
Two Star	4	128	238
One Star	11	174	386
Non Star	285	4,472	8,848
Sub- Total	307	5,288	10,498
Grand Total	669	13,088	26,063

(Source: Ministry of Tourism and Civil Aviation, 2008)

Appendix - C
International Airlines Service in Nepal, 2008

Airlines	Sector
Air Arabia	Abu Dhabi- Kathmandu- Abu Dhabi
Air China	Lhasa- Kathmandu- Lhasa
Biman Bangladesh	Dhaka- Kathmandu-Dhaka
China Southern	Guangzhou - Kathmandu- Guangzhou
Druk Air	Delhi- Kathmandu-Delhi
GMG Airlines	Dhaka- Kathmandu-Dhaka
Gulf Air	Bahrain – Kathmandu- Bahrain
Indian Airlines	Delhi– Kathmandu- Delhi Kolkata– Kathmandu-Kolkata Varanasi– Kathmandu-Varanasi
Jet Airways	Delhi– Kathmandu-Delhi
Korean Air	Seoul– Kathmandu-Seoul
Nepal Airlines	Kathmandu- Delhi-Kathmandu Kathmandu- Hongkong-Kathmandu Kathmandu- Bangkok-Kathmandu Kathmandu- Dubai-Kathmandu Kathmandu- Kualalumpur-Kathmandu
Pakistan Int'l Airlines	Karachi – Kathmandu- Karachi
Qatar Airlines	Doha- Kathmandu- Doha
Thai Airways	Bangkok-Kathmandu-Bangkok

(Source: Civil Aviation Authority of Nepal, 2008)

Appendix - D

Calculation of Correlation Coefficient between Marketing Budget allocated by NTB and its impact on total Tourist Arrival by Direct Method

Marketing Budget (X ₁)	Tourist Arrival (X ₂)	X ₁ X ₂	X ₁ ²	X ₂ ²
84,407,500	448,731	3.788×10 ¹³	7.125×10 ¹⁵	2.014×10 ¹¹
61,798,380	289,000	1.786×10 ¹³	3.819×10 ¹⁵	8.352×10 ¹⁰
25,974,100	295,679	7.680×10 ¹²	6.747×10 ¹⁴	8.743×10 ¹⁰
42,731,570	388,043	1.658×10 ¹³	1.826×10 ¹⁵	1.506×10 ¹¹
24,473,426	341,101	8.348×10 ¹²	5.989×10 ¹⁴	1.163×10 ¹¹
59,850,251	391,172	2.341×10 ¹³	3.582×10 ¹⁵	1.530×10 ¹¹
84,939,531	462,580	3.929×10 ¹³	7.215×10 ¹⁵	2.140×10 ¹¹
103,423,320	521,298	5.391×10 ¹³	1.070×10 ¹⁶	2.718×10 ¹¹
X ₁ = 487,598,078	X ₂ = 3,137,604	X ₁ X ₂ = 2.050×10 ¹⁴	X ₁ ² = 3.554×10 ¹⁶	X ₂ ² = 1.278×10 ¹²

Karl Pearson's Correlation Coefficient is given by,

$$r_{12} = \frac{n \sum X_1 X_2 - \sum X_1 \sum X_2}{\sqrt{n \sum X_1^2 - (\sum X_1)^2} \sqrt{n \sum X_2^2 - (\sum X_2)^2}}$$

$$= \frac{8(2.050 \times 10^{14}) - (487,598,078)(3,137,604)}{\sqrt{8(3.554 \times 10^{16}) - (487,598,078)^2} \sqrt{8(1.278 \times 10^{12}) - (3,137,604)^2}}$$

$$= 2.617 \times 10^{-14}$$

It shows the degree of relationship is absent.

Test of significance of Correlation Coefficient

We have,

$$\text{Probable Error (P.E.)} = 0.6745 \times \frac{1-r^2}{\sqrt{n}} = 0.6745 \frac{1-(2.617 \times 10^{-14})^2}{\sqrt{8}} = 0.2385$$

Since $r < \text{P.E.}$, it is insignificant, there is no evidence of correlation.

Appendix - E

Calculation of Correlation Coefficient between Marketing Budgets allocated by NTB and its impact on total Foreign Currency Earnings by Direct Method

Marketing Budget (X ₁)	Tourist Arrival (X ₂)	X ₁ X ₂	X ₁ ²	X ₂ ²
84,407,500	448,731	1.010×10 ¹⁸	7.125×10 ¹⁵	1.433×10 ²⁰
61,798,380	289,000	4.819×10 ¹⁷	3.819×10 ¹⁵	6.082×10 ¹⁹
25,974,100	295,679	2.693×10 ¹⁷	6.747×10 ¹⁴	1.075×10 ²⁰
42,731,570	388,043	5.272×10 ¹⁷	1.826×10 ¹⁵	1.522×10 ²⁰
24,473,426	341,101	2.891×10 ¹⁷	5.989×10 ¹⁴	1.396×10 ²⁰
59,850,251	391,172	7.009×10 ¹⁷	3.582×10 ¹⁵	1.371×10 ²⁰
84,939,531	462,580	1.074×10 ¹⁷	7.215×10 ¹⁵	1.599×10 ²⁰
103,423,320	521,298	2.104×10 ¹⁸	1.070×10 ¹⁶	4.137×10 ²⁰
X ₁ = 487,598,078	X ₂ = 9.8986492×10 ¹⁰	X ₁ X ₂ = 5.49×10 ¹⁸	X ₁ ² = 3.554×10 ¹⁶	X ₂ ² = 1.314×10 ²¹

Karl Pearson's Correlation Coefficient is given by,

$$r_{12} = \frac{n \sum X_1 X_2 - \sum X_1 \sum X_2}{\sqrt{n \sum X_1^2 - (\sum X_1)^2} \sqrt{n \sum X_2^2 - (\sum X_2)^2}}$$

$$= \frac{8(5.49 \times 10^{18}) - (487,598,078)(9.8986492 \times 10^{10})}{\sqrt{8(3.554 \times 10^{16}) - (487,598,078)^2} \sqrt{8(1.314 \times 10^{21}) - (9.8986492 \times 10^{10})^2}}$$

= 0.016

It shows low degree positive correlation.

Test of significance of Correlation Coefficient

We have,

$$\text{Probable Error (P.E.)} = 0.6745 \times \frac{1-r^2}{\sqrt{n}} = 0.6745 \frac{1-(0.01e)^2}{\sqrt{8}} = 0.24$$

Since $r < \text{P.E.}$, it is insignificant, there is no evidence of correlation.

Appendix - F

Questionnaire

I am SHREE KRISHNA SHRESTHA from SHANKER DEV CAMPUS. I am carrying out research work entitled “*Tourism Marketing: A Basis for Tourism Industry of Nepal (With Special Reference to Nepal Tourism Board)*” as a partial fulfillment of my degree in Master of Business Studies (MBS). I request you to spare some time to answer these questions. I assure you that your answer will be kept completely confidential and strictly limited for the purpose of the present study.

1. Name (Optional) _____

2. Regions _____

3. Sex Male Female

4 Age Below 20 yrs
 20 -35 Yrs
 35 -50 Yrs
 Above 50 Yrs

5. Occupation

Student
 Business man
 Service Holder

6. Transportation Mode Air Land

7. Did you visit Nepal before?

Yes

No

8. Purpose of Visit Holiday / Pleasure
 Trekking & Mountaineering
 Business
 Pilgrimage
 Rafting
 Others

9. How long did you stay in Nepal?

Less than 5 days

5 – 10 days

More than 10 days

10. How do you know about Nepal?

Travel Agencies

Trade fair

Magazines

TV Advertisement

Website

11. How do you rate the following facilities in Nepal?

I. Accommodation

Excellent

Good

Satisfactory

Poor

II. Food and Drinks

Excellent Good Satisfactory Poor

III. Transportation

Excellent Good Satisfactory Poor

IV. Information Service

Excellent Good Satisfactory Poor

V Security

Excellent Good Satisfactory Poor

12. How do you think Nepal is famous for?

- Natural Beauty
- Art and Culture

13. Immigration Rules

Excellent Good Satisfactory Poor

14. Will you suggest your friends and relatives to visit Nepal?

- Yes
- No

15. Will you visit Nepal again?

- Yes
- No

Thank you for your kind co-operation.