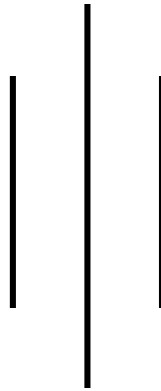


RESEARCH PROPOSAL

"A STUDY ON CONSUMPTION BEHAVIOR OF CONSUMER CONCERN TO PEPSI AND COKE"

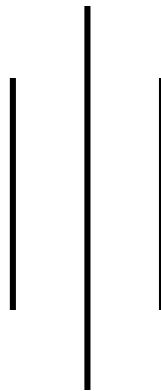


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Introduction

1.1 Background

Nepal, previously known as a Hindu state with deep-seated monarchy, has recently been changed into a Federal Democratic Republic. As the country is located on the southern slopes of the great Himalayas, its beauty and glamour always remain a source of attraction for visitors & nature lovers. Tibet, an autonomous region of People's Republic of China lies in its north, the Indian States Sikkim & West Bengal on its east, Bihar on its South and Uttar Pradesh stand on its west.

Nepal is a small country with nearly 28.1% million people. It is a multi-lingual, multi-racial, multi-religious and multi-occupational country. According to Census report of 2001, it has become a very fertile land for languages & more than 92 languages are spoken here. About 82% of the total population derives livelihood from agriculture & rest depends on other sectors.

Marketing, in essence and spirit, is related to the production, distribution and sales of trade. It enables an organization to know what the customers really need and want and what products are to be made to meet both the necessity of customers & promotion of the sales. Today's marketing environment is characterized by globalization, technological change and intense competition. Successful marketers are those who deliver what customers are willing to purchase as well as ability to purchase. For this reason marketers today conduct many research and development to study consumer behavior so as to recognize why and how individual make their consumer decisions. Once it is understood marketer become able to predict and shape their marketing strategies accordingly. Definitely marketers who understand markets and consumer behavior have great competitive advantage in the market place. So it is obvious that a producing organization or manufacturer must determine the attitudes, needs & wants of their customer first and then bring products in the markets accordingly.

According to Prof. Philip Kotler "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with other."

Likewise Prof. William. J. Stanton defines marketing as "A total system of business activities designed to plan, price, promote and distribute want satisfying products to target markets to achieve organization objectives." Similarly American Marketing Association defines marketing as "The process of planning and executing this conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individuals and organizational objectives." The main focus is being on consumers need satisfaction as well as marketer's profit.

Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands. Marketers say branding is the art and

cornerstone of marketing." A brand is a name, term, sign, symbol or design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

A brand is an offering from a known source. A brand name carries many associations in the minds of people. These associations make up the brand image. All companies strive to build brand strength- that is, a strong, favourable brand image. Smart companies, when they first became acquainted with the product category and brands, what their brand beliefs are, how they are involved with the product, how they make their brand choices, and how they are satisfied after they purchase.

Therefore the above definitions of marketing suggest that it consists some activities consisting of study of consumer needs product, price, place and promotion to facilitate exchange and brands that satisfies individual as well as organizational objectives within the social and marketing environment prevailing today. The consumer or customer gets the product he/she wants and the manufacturer or marketer gets the profit with satisfaction. This highlights the importance of product is the whole process of marketing mix. It is more than goods and services as people think it to be. A product consists of goods, services ideas, experience, events, place, personality and organizations.

Prof. Philip Kotler defines a product as "Anything that can be offered to a market to satisfy a want or need."

Research area selected for our study is Whole Nepal. The consumption of the Coke & Pepsi is found to be in average manner in Nepal. As such, the survey held in the process of our research reveal the true characteristics of the Coke & Pepsi available in the markets. At the same time the results derived by the research are appreciable to the whole country.

Company's Introduction

The multinational companies (MNC's) are also known as Transitional Corporations (TNC's) and International or Global Corporations. The business enterprises which have their headquarters in any one country and operate business in other countries as well as called multinational companies. These companies like Europe, Australia, and South America. The activities of these companies range from the production of mineral, tea, rubber, coffee, soft drink (Coke & Pepsi) exploration and production and processing of oil to the production of goods and service activities like banking, insurance, shipping hotel etc.

According to Michael P. Torado, "Multinational Company is simply defined as a corporation or enterprise that conducts and controls productive activities in more than one country."

According to Sanjay Lall and Streeten, " Multinational companies are very large firms with widespread operations which are clearly international in character and have more than five foreign subsidiaries or more than 15 percent of total sales produced abroad and acting in cohesive manner to achieve maximum profits or growth."

The investment made by multinational companies has increased dramatically since early 1980s. Due to this the world market has become very competitive these companies are involved in controlling assets and managing production activities in foreign countries. According to Mallampally and sauvant since early 1980s the world foreign direct investment made by 54,000 MNCs has increase more rapidly than world trade or world output. During 1980-97 the outflow of foreign direct investment (FDI) increased in the average rate of about 13 percent per annum. In 1998, the inflow and outflow of global turnover 3.4 billion dollar in 449,000 foreign affiliates. The sale proceed of foreign affiliates has reached about 9.5 billion.

United state is the most important home country with 44 of the 100 largest corporations. Japan is second with 18. Other important home countries are Germany (17), Britain (6), France (5) and South Korea (4). Of the. largest MNCs 6 are based in U.S firms exercise control over about 30 percent of all foreign affiliates.

The FDI has not only increased in volume but also has widely dispersed in home (outside investors) and host or recipient countries. Of the total FDI inflows the share of developing countries was 26 percent in 1980, which increased to 37 percent in 1997. Similarly, of the total outflows the share of these countries was 3 percent in 1980, which increased to 14 percent in 1997. The main source of the FDI is the firms of the industrial countries. However, the direct investment of the firms of developing countries has nearly doubled since 1980. The industrial countries as a group have attractive a large part of such investments. But due to the increasing attraction of the developing countries as the investment destinations their share is decreasing. Among the developing countries Asia had received 22 percent, Latin America and Caribbean 14 percent and Africa 1 percent of FDI in 1997.

The origin of the MNCs need not necessary be in developed countries as thought in the past. Such companies are increasing even in the developing countries. The MNCs have entered in water resource, banking and insurance companies of Nepal. Some of the MNCs operating in Nepal are Surya Nepal companies, Colgate Palmolive Nepal, Sitaram Gokul Mills, Nepal Lever Limited, Asian paints, Pepsi cola, and coca cola companies.

It is mentioned that of the total export to India from Nepal. The share of MNCs is about 30 percent. Such industries have provided direct employment to more than 1000 persons. But the share of foreign investment in total investment is only about 0.1 percent.

Coca-cola Company is also one of the worldwide multinational companies. It exists to benefits and refreshes everyone it touches. Founded in 1886, our company is the oldest leading manufactures, marketers, and distributors. Non alcoholic beverage concentrates in syrups, used to produce nearly 400 beverage brand our corporate headquarters are in Atlanta (USA) with local operations in over 200 countries around the world.

Coca-cola Sabco operates in seven southern & East African countries and five Asian countries and employees more than 9,000 people. It operates 27 bottling plant and

aims to fulfill the requirement of more than 290 million consumers that live in its markets. It is a proud emerging markets Anchor bottler.

Coca-cola, imported from India, was first introduced into Nepal in 1973, with local production of coca-cola beginning in 1979.

Bottlers Nepal limited (BNL) is the only bottler of coca-cola production in Nepal and has two bottling plants, namely Katmandu (BNL) and Bharatpur (Bottlers Nepal Terai limited which is 160 km from Katmandu, its capital. The Katmandu operation started with 85 BPM in 1979 and currently has two lines, 220 BPM in operation since 1985 and 430 BPM running since 1997.

The Bharatpur (Terai) plant has one line of 350 BPM, which has been in operation since 1987. BNL, employs 337 permanent staff, leads the carbonated soft drink segment with a market share of 82% amongst a population of 23 million. The annual per capita consumption is; CSD industry 7; and ko 5.8.

The marketing sales & distribution strategy for Bottlers Nepal Limited is entitled "Refresh the marketplace" and includes:

A robust consumer response system to address any consumers/customers concerns, ideas, suggestions- either on product and its quality or on stock supply maintenance of equipment etc. All consumer concerns are dealt with in a fair, timely and friendly manner, so as to satisfy them and resolve their concerns.

Marketing and advertising communication are focused on POS (point of sale), Radio, TV, Hoardings, Truck backs etc. Emphasis is also placed on consumer price to enforce price compliance.

Marketing and advertising communications are customized to suit to local sentiments-social, religious, ethnic.

Innovative package and package sizes are offered to give better value to consumers and ease of storage to retailers.

Price and packs are introduced in a format that is affordable to all segments of society.

The approach by the Nepal operation to environmental issues is guided by a simple principle to conduct their business in ways that protects, preserve and enhance the environment.

The fully automatic Effluent treatment plants (ETP) are established in both its plants and have been operational since 2001, to protect the local environment as well as meet the standards of the coca-cola quality system (TCCQS)

BNL is committed to strengthening the community through various programmes. At the forefront is the health sector with the lowest per capita public health expenditures in the world, the state of medical facilities available to the poor in Nepal is abysmal. The country is affected by outbreaks of communicable diseases because hygiene and sanitation facilities are scarce.

In association with the local community, BNL supports free health check-up clinic I at Bharatpur. The health centre is managed by a qualified MBBS doctors and I trained paramedics, who extend free check-ups communities around the plant in the Terai area. The facility has thus far helped over 600 families get the best medical attention locally. Senior citizens are the main beneficiaries.

General information about BNL

Bottling plants	:	2
Location	:	Kathmandu and Bharatpur
Numbers of employees	:	1000 (Nearly)

Country information

Capital	:	Kathmandu
Population	:	28.20 Million (Approx)
Business language	:	Nepali
GDP	:	28 Billion (Approx)
GDP per capita	:	\$2.5 (Approx)
Currency	:	Nepalese Rupee
Time zone	:	Currency converter Company Media Contact Points

Leadership

-) Country manager
-) Demand Creator
-) Market Execution
-) Demand Fulfillment
-) Human Resources
-) Performance Finance

1.2 Purpose of the study

The present study focuses on the marketing of coke and Pepsi in Bhairahawa. Normally three drinks are perceived by consumers as alcohol free drinks. Cold drinks are sold in bottles, Plastic, Container or cans. The people in this locality have the feeling that three drinks are cold drinks & therefore are to be used in the hot season only. Naturally, the demand of these drink are far-more higher in the summer season as compared other seasons.

Marketing in its true sense helps to increase effective demand for a product through the reduction of distribution of cost and also help to explore markets for new products. The role of marketing with regard to dissemination of information is very important for consumer as well as producers to buy and produce goods. It helps in rising markets competitive thus increasing efficiency of resources use likewise; its role with regard to satisfying consumers and making inputs available at reasonable price as services has its own importance. Therefore, the impact of marketing is deep and far reaching. A national development programmed that concentrates only on

production will be less effective than a programmed that recognized the contribution of marketing.

This study will examine the present marketing strategies of Coke & Pepsi in Bhairahawa and try to find out the marketing variables affecting the Coke & Pepsi. The research also focused on the role played by image, & usage trend of Coke & Pepsi in Bhairahawa.

The present study purpose is to examine the marketing of Coke & Pepsi in Bhairahawa. The specific purposes of study are as follows :-

1. To examine the consumers' perception and behaviour in the purchase of Coke & Pepsi in Bhairahawa.
2. To find out the level of awareness in terms of brand, their status and attitude towards different brands.
3. To evaluate the distribution network and marketing strategies of Coke & Pepsi Companies in Bhairahawa.
4. To evaluate the impact of advertisement and sales promotion schemes of Coke & Pepsi producers.

Identify consumers profile and their reference of Coke & Pepsi in the study area

1.3 Statement of Problem

The growing interest of customers of cold drinks has created a tough market competition in Bhairahawa today. As a result, marketers have to adopt a variety of marketing tools and techniques in the market place. The manufacturers use different types of advertisement in different media. As a result of competition between new established companies, industries are developing rapidly. This development in the industrial sector has provided varieties of different type of product, to the Nepalese consumers. Every product is made for the fulfillment of some needs and wants product are used or consumed by the customers in different way and in different occasions. Customers want different attributes from the same product. Therefore, usage pattern, brand positioning and brand image are also important to be taken into account. The Nepalese consumers are provided with different brands and they are quite free to choose the one they think the best. We can see different brand of cold drinks in market just as Pepsi, Coke, Miranda, Fanta, Sprite, 7'up, slice, Lemon Fanta etc. The competition is very tough in the Cock & Pepsi market demands are cold drinks are increasing day by day and many new companies are emerging to fulfill the demand. However, the new brands they are not in the stage to compete with coca-cola and Pepsi products.

Coke & Pepsi are the heavily advertised products. Large amount of money is spent on the promotion of cold drinks. Yet very few companies are found to measure the effects of their advertisements. It is essential for companies to know about their consumers, their choice and preferences. For regular sales and distribution of Coke &

Pepsi we must know about 'which is the best advertising media.' Which advertising media can be more effective? Therefore, the problems encompassed by this study are as follows :-

1. What is the consumers' perception and consumption behavior of Coke & Pepsi Bhairahawa ?
2. What are the usage trend of Coke & Pepsi ?
3. What status Coke & Pepsi carry in consumer's mind ?
4. What type of distribution network exists in the study area for marketing of Coke & Pepsi ?
5. What are the marketing strategies being adopted by the marketers of Coke & Pepsi ?
6. What type of impacts have advertisements made ion the sales of cold drinks in the study area?
7. What are the effects of sales promotion schemes on sales of Coke & Pepsi in the study area?

1.4 Importance of the study

The trend of globalization has made the field of marketing very competitive as well as challenging today. Most marketers are facing the problem of not getting target market share over stocking competition. Different type of product with large number of alternative brands is available in Nepalese cold drinks markets. In this situation, success of an industry depends on the successful marketing of its products. So it will be provided us to know about consumers' taste, choice, preference and loyalty attitude, image of certain products and consumption behavior. The manufacturers may use the findings from this study and marketers of cold drinks to understand better about their consumers and thereby design better marketing strategies for the study area.

1.5 Limitation of study

This study has been confined only to Bhairahawa, so it may not represent to all Nepalese Coke & Pepsi markets. The study has been predominantly based on primary information data collected through a questionnaire survey of limited number of individuals, hotels and retailers. Therefore, the findings of this study are affected to some extent by the small size of the sample.

1.6 Research design

Research design is very important for the scientific investigations. Research design gives the investigator a systematic direction to research work. Actually, research design is a plan for the collection and analysis of data. It presents a series of guide posts to enables the researcher to process in the right direction in order to achieve the goal.

A research design is the specification of methods and procedures for acquiring the information needed. It is the overall operational pattern or framework of the project that stipulates what information is to be collected from which sources by what procedure. There are various approaches of research design. For our convenience, this study is based on a survey research design. A limited scale survey has been conducted among the individuals, hotels and retailers of Coke & Pepsi in Bhairahawa.

The questionnaires have been administered in order to generate data and other information relating to the research questions adopted for this study.

1.7 Population and sample

As the total population of cold drinks users of presently available brands is hard to find in number, the study takes the population as the total consumers of cold drinks in Bhairahawa area. The study has included 100 individuals 50 and hotels and retailers and retailers of cold drinks based in Bhairahawa area. Though the sample size is very small in Coke & Pepsi comparison to the total population, sufficient efforts have been made to make the sample representative by including consumers from the different professions, age group, educational backgrounds and sex.

1.8 Research methodology

Research methodology is a way to systematically solve the research problem. In words, it describes the method and process applied in the entire aspects of the study. Research methodology comprises of methods, tools and techniques to analyze the data for the comparison various type of Coke & Pepsi in the Bhairahawa and also shows the status of various type of cold drinks which individuals are preferred. The objectives of the study are to examine the marketing usage pattern, attitude and image of Coke & Pepsi in Bhairahawa area. In this study, the necessary relevant primary data have been collected from the sample individuals' consumers, hotels and retailers to achieve the goals.

1.9 Organization of the study

According to the generally format, this study has been organized into five different chapter.

Chapter-I : introduction

Chapter-ii : review of literature

Chapter- iii: research methodology

Chapter- iv: data presentation and analysis

Chapter- v : summary, conclusions and recommendations

The first chapter deals with the introductions that includes background, purpose of study, statement of problems, importance of study, limitation of study, research design, population and sample, research methodology and organization of study The

second chapter provides review of literature that includes lightly concept of market, marketing, marketing system, marketing environment, marketing mix, marketing strategy, attitude, image and usage pattern.

Research methodology utilized for the study has been incorporated in the third chapter. It deals research design, population and sample, nature and sources of data, data collection procedures and data processing and analysis.

The fourth chapter presents the data presentation and analysis, related with individuals consumers survey, hotels and retailers survey and major findings of the study.

The last five chapters show the summary, conclusions and recommendations of the study. The bibliography and appendices are presented at the end of the study report.

Some Abbreviations Used

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

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