MARKET SEGMENTATION STRATEGY OF PRIVATE ENGINEERING INSTITUTION IN NEPAL (A CASE STUDY OF ACME ENGINEERING COLLEGE)

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Submitted to:

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TRIBHUVAN UNIVERSITY
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has been prepared as approved by this department in the prescribed format of Faculty of Management. This thesis is forwarded for Examination.

Associate Prof. Laxman M. Dhoj Joshi	Prof. Bisheshwor M. Shrestha	Prof. Dr. Kamal D. Dhakal
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And found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for

Master's Degree in Business Studies (M.B.S.)

Viva-Voce Committee

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Member (External Expert) .....

Date: ……...…….

DECLARATION

I hereby declare that the work done in thesis entitled **" Market Segmentation Strategy of Private Engineering Institution in Nepal (A Case Study of Acme Engineering College) "** has been submitted to Shanker Dev Campus, Faculty of Management, Tribhuvan University, is my own created work reported in the form of partial fulfillment of the requirement of Master's of Business studies (M.B.S.) course under the guidance of respected teacher supervisor Asso. Prof. Laxman M. Dhoj Joshi lecturer of Shanker Dev Campus

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It is the matter of great pleasure for me to be at this point of the research work entitled, **Market Segmentation Strategy of Private Engineering Institution in Nepal (A Case Study of Acme Engineering College)** with the purpose of the partial fulfillment for the requirement as per the curriculum of Master's Degree in Business Studies (MBS).

I would like to extend my sincere feelings of thankfulness and deepest regards to my respected teacher and research supervisor Mr. Laxman Dhoj Joshi, Associate Professor, Shanker Dev Campus, who provided great advice and encouraged me throughout the preparation of this dissertation.

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Thankfully,

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Executive Summary

Markets are not homogenous. Formally or informally, people and organizations engage in a vast number of activities that could be called marketing. In today's marketplace customers have become much more discerning and are better informed than ever before, a “one size fits all" approach is no longer satisfactory.

Customer market segmentation is a tactic that can enable companies to achieve leadership positions by serving specific customer groups, and by being the first, or best, at addressing unique customer needs. A market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs. A true market segment meets all of the following criteria: it is distinct from other segments (heterogeneity across segments), it is homogeneous within the segment (exhibits common attributes); it responds similarly to a market stimulus, and it can be reached by a market intervention.

Acme Engineering College, established in 2000AD, aims to provide quality education and has grown to become one of the leading centers of the engineering education in Nepal within a short span of its history. Acme produces qualified technical graduates & non-technical undergraduates equipped with multi-faceted personalities. It seems that Acme is coming up much convincingly as one of the leading institution for Engineering Education from the point of view of Infrastructure building & HRD. Acme Engineering College has been stood as an exemplary in this scenario in terms of developing extensive education services with perceptible institutional growth.

Quality and moderate cost are two conditions desired in engineering education in Nepal. Acme is moderate choice for many of students. Acme provides quality engineering education comparatively at low cost. Acme products are believed to be well rounded with technical expertise and co-curricular as well as extra-curricular qualities. Nepalese engineering education has been in and for the access of middle class family. People from urban, sub-urban and rural sectors prioritize highly to invest for engineering studies. Nepalese engineering graduates are well received in domestic as well as international markets.

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CHAPTER - I
INTRODUCTION

1.1 Background of The Study

Markets are not homogenous. A company can’t connect with all customers in large, broad, or diverse markets. Consumers vary on many dimensions and often can be grouped according to one or more characteristics. A company needs to identify which market segments it can serve effectively. Such decisions require a keen understanding of consumer behavior and careful strategic thinking. Marketers sometimes mistakenly pursue the same market segment as many other firms and overlook some potentially more lucrative segments.

Marketing is everywhere. Formally or informally, people and organizations engage in a vast number of activities that could be called marketing. Good marketing has become an increasingly vital ingredient for business success. And marketing profoundly affects our day-to-day lives. It is embedded in everything we do- from the clothes we wear, to the web sites we click on, to the advertisements we see. Marketing deals with identifying and meeting human and social needs.

Research is the scholarly or scientific practice of gathering existing or new information in order to enhance one's knowledge of a specific area. Research has many categories, from medicine to literature. Marketing research, or market research, is a form of business research and is generally divided into two categories: consumer market research and business-to-business market research, which was previously known as industrial marketing research. Consumer marketing research studies the buying habits of individual people while business-to-business marketing research investigates the markets for products sold by one business to another.

Market research is broader in scope and examines all aspects of a business environment. It asks questions about competitors, market structure, government regulations, economic trends, technological advances, and numerous other factors that make up the business environment. Sometimes the term refers more particularly to the financial analysis of

companies, industries, or sectors. In this case, financial analysts usually carry out the research and provide the results to investment advisors and potential investors.

Market research is a form of applied sociology that concentrates on understanding the behaviours, whims and preferences, of consumers in a market-based economy, and aims to understand the effects and comparative success of marketing campaigns.

In today's marketplace customers have become much more discerning and are better informed than ever before. A “one size fits all" approach is no longer satisfactory. Organizations must pay careful attention to the needs of smaller and more sophisticated groups of customers. The information explosion, fuelled by the internet and high quality publications, has led to a very well informed marketplace that can, and will, take its business to where the offerings best match their needs. Organizations operating in this marketplace of course need to net a good return, and a key component in achieving this is to provide recognizable value for their customers, and in this regard customer market segmentation is a valuable element for meeting both of these aims.

Market segmentation is a tactic that can enable companies to achieve leadership positions by serving specific customer groups, and by being the first, or best, at addressing unique customer needs. By understanding the specific needs of customer segments, organizations can develop tailored product offerings, closely aligned relationships, and marketing programs which serve customers who possess similar purchase criteria.

William J. Stanton defines market segmentation as a process of dividing the total market for a good or service into several smaller groups, such that the members of each group are similar with respect to the factors that influence demand.

Philip Kotler defines market segmentation as concept of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products or marketing mixes.

According to E. Jerome McCarthy, market segmentation is naming broad product markets and segmenting these broad product markets in order to select target markets and develop suitable marketing mixes.

Wikipedia mentions: A market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs. A true market segment meets all of the following criteria: it is distinct from other segments (heterogeneity across segments), it is homogeneous within the segment (exhibits common attributes); it responds similarly to a market stimulus, and it can be reached by a market intervention.

Prof. Dr. Govinda Ram Agrawal defines market segmentation as the process of dividing the total market into large homogenous groups of customers who share similar needs and characteristics.
Market segmentation is a customer-oriented philosophy that seeks to identify need and want clusters in the market and develop marketing mix and program to satisfy those needs and wants. It is the basic tool for the implementation of the marketing concept.

Market segmentation is achieved through a three-staged process:

- Selection of the descriptors for segmentation
- Determining the differences between the segments in terms of the descriptors, and
- Evaluation of long-term attractiveness of the segments.

Marketing research makes valuable contribution in all these three stages and helps a firm to effectively implement the segmentation strategy. A market-focused, or customer-focused, organization first determines what its potential customers desire, and then builds the product or service. Marketing theory and practice is justified in the belief that customers use a product/service because they have a need, or because product/service provides a perceived benefit.

Market segmentation is the process of classifying a market into distinct subsets or segments that behave in similar ways or have similar needs. The segmentation process in itself consists of segment identification, segment characterization, segment evaluation and target segment

selection. If each segment is fairly homogeneous in its needs and attitudes, it is likely to respond similarly to a given marketing strategy. That is, they are likely to have similar feelings and ideas about a marketing mix comprising a given product or service, sold at a given price, and distributed and promoted in a certain way.

Broadly, markets can be divided according to a number of general criteria, such as by industry or public versus private sector. Generally segmentation is conducted using demographic, geographic, attitudinal or behavioral data. Small segments are often termed niche markets or specialty markets. However, all segments fall into either consumer or industrial markets. Although industrial market segmentation is quite different from consumer market segmentation, both have similar objectives.

The process of segmentation is distinct from targeting and positioning. The overall intent is to identify groups of similar customers and potential customers; to prioritize the groups to address; to understand their behavior; and to respond with appropriate marketing strategies that satisfy the different preferences of each chosen segment. Improved segmentation can lead to significantly improved marketing effectiveness. With the right segmentation, the right lists can be purchased, advertising results can be improved and customer satisfaction can be increased.

A well defined market segmentation strategy will enable better products and services for the customer and win you a reputation of being the 'customer's marketer'.

Market segmentation strategy involves dividing the market into groups, where individuals have similar needs and wants for services and products. It could also be a segmentation of people on the basis of behavior, culture and economic status. To get a clearer picture of what is market segmentation, one can always look into the definition provided by business dictionary.com, market segmentation is defined as, "Process of defining and sub-dividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics".

Before one market's products or services, one needs to understand their customers, and find ways and means to satisfy their wants. This is imperative to stay ahead of the competition

and build the brand. This is done through extensive market research. Although it is not possible to satisfy individual needs and even to understand all of them, a clearly defined market segmentation strategy will help create a market to cater to groups of individuals that will make economic sense to mass produce and distribute. The concept of target market segmentation strategy also falls under the blanket of market segmentation, except the former recognizes and understands the diversity of customers and provides them with products and services that suit their specific requirements. A successful market strategy strives to understand different segments and its different needs; works on the exhibited common wants; and responds immediately.

How a market is segmented is based on variables used for segmentation; behavioral, demographic, psychographic and geographical differences.

Behavioral Segmentation: Behavioral segmentation is based on the customer's needs and subsequent reaction to those needs or toward the purchase of intended products and/or services. This study is conducted on all variables that are closely related to the product itself, like loyalty to a particular brand, cost effectiveness in terms of benefits and usage, circumstances responsible for the purchase, whether the customer is a regular, a first timer or and has the potential to become a customer, and whether the readiness to buy is linked to status.

Demographic Segmentation: Demographic segmentation refers to a wide study of the potential customers. While marketing a product many variables like age, gender, education, income, size of the family, occupation, socioeconomic status, culture and religion, language and nationality are taken into account. There are many instances where such a segmentation has worked very profitably, toys and clothes for every age group, certain food products that do well in certain counties and don't in some, either due to cultural or religious reasons. Demographic segmentation plays a vital role in determining whether a product can be mass marketed.

Psychographic Segmentation: Segmenting people according to their lifestyles and values, and how they translate into consumption or purchases of products of services is what

psychographic segmentation is all about. How one's interest, opinions, values, attitude and the activities they perform, all affects how and why a group of people would lean towards one product more than others. A high status would translate into an expensive flying habit, while a thrift value will translate into an economy flight.

Geographical Segmentation: Geographical segmentation is done by dividing people (markets) into different geographical locations. The country, state, or neighborhood, the king of gentry, climate, size of a place segmented into size of its age wise population, etc. all play a role in devising market strategies. This helps the producer and the marketers to understand what will sell and what won't, for example, a market for winter wear would definitely not work in warm regions.

Before a company launches its services, it not only studies a market segmentation strategy, but relates it in terms of a product life cycle theory. Both the concepts combined, give the marketers a clear idea of what would be profitable, or otherwise.

The purpose for segmenting a market is to allow your marketing/sales program to focus on the subset of prospects that are "most likely" to purchase your offering. If done properly this will help to insure the highest return for your marketing/sales expenditures. Depending on whether you are selling your offering to individual consumers or a business, there are definite differences in what you will consider when defining market segments.

Market segmentation is a strategy that involves dividing a larger market into subsets of consumers who have common needs and applications for the goods and services offered in the market. These subgroups of consumers can be identified by a number of different demographics, depending on the purposes behind identifying the groups. Marketing campaigns are often designed and implemented based on this type of customer segmentation.

One of the main reasons for engaging in market segmentation is to help the company understand the needs of the customer base. Often the task of segregating consumers by specific criteria will help the company identify other applications for their products that may or may not have been self evident before. Uncovering these other ideas for use of goods and

services may help the company target a larger audience in that same demographic classification and thus increase market share among a specific sub market base.

Market segmentation strategies can be developed over a wide range of characteristics found among consumers. One group within the market may be identified by gender, while another group may be composed of consumers within a given age group. Location is another common component in market segmentation, as is income level and education level. Generally, there will be at least a few established customers who fall into more than one category, but marketing strategists normally allow for this phenomenon.

Along with playing a role in the development of new marketing approaches to attract a certain demographic within the market base, market segmentation can also help a company understand ways to enhance customer loyalty with existing customers. As part of the process of identifying specific groups within the larger client base, the company will often ask questions that lead to practical suggestions on how to make the products more desirable to customers. This activity may lead to changes in packaging or other similar changes that do not impact the core product. However, making a few simple changes in the appearance of the product sends a clear message to consumers that the company does listen to customers. This demonstration of good will can go a long way to strengthen the ties between consumer and vendor.

1.1.1 Brief Introduction of Acme Engineering College

Acme Engineering College, established in 2000AD, aims to provide quality education and has grown to become one of the leading centers of the engineering education in Nepal within a short span of its history. Acme produces qualified technical graduates & non-technical undergraduates equipped with multi-faceted personalities. It seems that Acme is coming up much convincingly as one of the leading institution for Engineering Education from the point of view of Infrastructure building & HRD. Acme Engineering College has been stood as an exemplary in this scenario in terms of developing extensive education services with perceptible institutional growth.

Quality and moderate cost are two conditions desired in engineering education in Nepal. Acme is moderate choice for many of students. Acme provides quality engineering education comparatively at

low cost. Acme products are believed to be well rounded with technical expertise and co-curricular as well as extra-curricular qualities. Nepalese engineering education has been in and for the access of middle class family. People from urban, sub-urban and rural sectors prioritize highly to invest for engineering studies. Nepalese engineering graduates are well received in domestic as well as international markets.

1.2 Focus of the Study

Private investment in various sectors emerged aggressively after the restoration of democracy in 1990. Education sector was also among ones most recharged. In later nineties, number of private engineering institutions climbed up. And now it has reached nearly thirty. Very interestingly, engineering education in Nepal is recognized specially in south & south-east Asia. Acme Engineering College has been stood as an exemplary in this scenario in terms of developing extensive education services with perceptible institutional growth. So, study on this problem would help outlining marketing strategies adopted by Acme and its future strategies. And, that could be referred to analyze for other institutions in same field.

The study focuses on the market segmentation strategy analysis of private engineering institution in Nepal. The study is mainly focused on market segmentation and strategy applied by the institution. Here make analysis using both primary and secondary data analysis. It revolves round the concept of segmentation and strategy, which leads to the aggregate marketing.

1.3 Identification of Problem

History of engineering education in Nepal can be traced since 1942, when Technical Training School was established. Engineering section of the school offered only trades and civil sub-overseers programs. In 1959, Nepal Engineering Institute, with the assistance of the government of India, started offering civil overseer courses leading to Diploma in Civil Engineering. The Technical Training Institute established in 1965, with the assistance from the Government of Federal Republic of Germany, offered technician courses in General courses in General Mechanics, Auto Mechanics, Electrical Engineering and Mechanical Drafting.

In 1972, the Nepal Engineering Institute at Pulchowk and the Technical Training Institute at Thapathali were brought together under the umbrella of the Tribhuvan University to constitute the Institute of Engineering and the Nepal Engineering Institute and the Technical Training Institute were renamed as Pulchowk Campus and Thapathali Campus respectively.

Since then, the Institute of Engineering has expanded considerably. The technician programs in Electrical, Electronics, Refrigeration/Air-conditioning Engineering were started in the Pulchowk Campus, with the assistance from UNDP/ILO. The Architecture Technician program was started by the IOE in its own effort. With the assistance of the World Bank and UK, later, the existing technician level courses were strengthened and Bachelor's Degree level course in Civil Engineering was started. Similarly, with the assistance of the World Bank, the Swiss Government, and the Canadian Government, Bachelor Degree level courses in the Electronics, Electrical, Mechanical engineering and Architecture were started in the Pulchowk Campus. From academic year 1998/99 IOE has started Bachelor's Degree program in Computer Engineering.

In 1996 Pulchowk Campus, with support from the Norwegian Government, has started M.Sc. Courses in Urban Planning, Structural Engineering, Environmental Engineering and Water Resources Engineering Pulchowk Campus has also started M.Sc. courses in Renewable energy and Geothermal Engineering, Information and communication and Power systems Engineering effective from December, 2001.

The diploma level programs at the Pulchowk Campus have been transferred to other three IOE campuses. The Thapathali Campus is presently offering three-year Diploma level courses in Mechanical, Automobile, Civil Engineering and Architecture. The Eastern Region Campus in Dharan, which began operating from 1984, was built with the financial assistance from Asian Development Bank and the technical assistance from the UK. This campus initially offered courses at the trade and technician levels. Now, it is offering Diploma level courses in the Civil, Electrical, Mechanical and Refrigeration/Air-conditioning Engineering. From academic year 2000/2001 Bachelor's Degree program in Agricultural Engineering has been started. The Western Region Campus in Pokhara of IOE became operational from 1987, with the assistance from the World Bank and UNDP/ILO. Initially various trades and

technician courses were offered at this campus. At present, it is offering Diploma level courses in the Civil, Electrical, Electronics, Automobile and Mechanical Engineering. From academic year 1999/2000 Bachelor's Degree program in Civil Engineering has been started.

Institute of Engineering of Tribhuvan University, inspite of being an oldest governmental campus, many private colleges are conducted with its affiliation. Beside Tribhuvan University, Kathmandu University, Purbanchal University, Pokhara University are strongly devoted to upliftment of engineering education. But, unfortunately students coming from low economic background are obliged to study in IOE of TU only. Because of such flourishing private Engineering colleges, huge amount of money afforded within here, not in abroad but they don't represent the poor and deserving students and they have not any package of relief. Many private colleges including Pulchowk, full pay (IOE, TU) cost near about 2.5 lakh to 4.5 lakh which seems somehow unaffordable. Because of mushroom growth of such colleges, it's almost impossible to get students as per their demand. In the other hand, it is thought that quality education is in risk in the name of competition.

Acme Engineering College, established in 2000AD, aims to provide quality education and has grown to become one of the leading centers of the engineering education in Nepal within a short span of its history. Since its very inception, the Acme has gained national and international reputation for academic excellence and research. Its programs +2 Science, Diploma in Engineering and B.E./B.Arch. are well recognized across the nation and the world, and aim to foster intellectual independence, critical thinking and at top the professional excellence in the field of their own. It has also run Masters Degree courses in Engineering Management (M.Sc.-EM) and Information Systems Engineering (M.Sc.- ISE).

The college has many distinguished scholars on its faculty honored by their peers for the excellence and contribution they registered. In all teaching programs, Acme aims to enhance the capacity of students to analyze widespread and persistent social problems, efforts to reduce or eliminate such problems, and to design and implement strategies and policies to do the same.

Acme has extended its institutional linkages with number of local government bodies, non-governmental organizations, CBOs, Youth Clubs and other many private and public institutions with the view to enhance the mutual cooperation and exchange institutional supports. Also, Acme has signed MoUs with Polotsk State University, Belarus; and Kurtsk State University, Russia separately to exchange technical cooperation.

The college is situated at very easy location and is very much a part of the locality Sitapaila, Kathmandu. The college area occupies nearly 13 ropanis land and existing floor area of 35,000 sq. ft. is being added with 24,000 sq. ft. more by the on-going construction of second building.

At the first beginning, Acme started Bachelor degree courses in Civil Engineering and Computer Engineering in a rented building at Sitapaila Chowk, while the +2 Science program of Kantipuir Engineering College was also continuing at the same premises since 2056 under the same management. The B.E. programs were run in affiliation to Purbanchal University. In the year 2058, Diploma in Computer Engineering courses was offered with CTEVT affiliation. Expansions of B.E. programs in Electronics & Communication Engineering was made possible in the year 2059. And in the year 2061, Acme offered Bachelor's Degree course in Architecture as yet another footage. Diploma programs also got extended to Electronics Engineering in 2059 and Civil Engineering in 2060. The Plus Two Science program which Kantipur Engineering College had started in 2056 got fully transferred to Acme Engineering College in the year 2060 though it was run under Acme, management since the beginning.

It is hence Acme believes on institutional development which is self-sustained too. Acme produces qualified technical graduates & non-technical undergraduates equipped with multi-faceted personalities. It seems that Acme is coming up much convincingly as one of the leading institution for Engineering Education from the point of view of Infrastructure building & HRD.

1.4 Objectives of the study

- To be familiar with market segmentation strategies of private engineering institutions in Nepal;
- To identify the market segmentation of Acme Engineering College;
- To divide markets into meaningful and measurable segments, which are aligned according to customers' needs, past behaviors, value to organization, or demographic profiles;
- To determine the target specific segments according to their profit potential, and to the organization's ability to serve them in a beneficial and unique way;

1.5 Hypothesis of the study

- Acme provides quality engineering education comparatively at low cost.
- Quality and moderate cost are two conditions desired in engineering education in Nepal.
- Nepalese engineering education has been in and for the access of middle class family.
- People from urban, sub-urban and rural sectors prioritize highly to invest for engineering studies.
- Nepalese engineering graduates are well received in domestic as well as international markets.

1.6 Limitation of the study

On the basis of the subject matter and the nature of the study, the limitations of this thesis work have been traced out as follows:

- This study is limited only within Acme Engineering College.
- The scope of study is confined to extract only the marketing strategies adopted by Acme.
- Data collection will be carried through only the people available in Kathmandu.

1.7. Organization of the study

The present study is organized in such way that the stated objectives can easily be fulfilled. The structure of the study will try to analyze the study in a systematic way. The study report has presented the systematic presentation and finding of the study. This research is designed in five chapters which are as follows:

Chapter-I: Introduction

This chapter describes the basic concept and background of the study. It has served orientation for readers to know about the basic information of the research area, focus of the background of the study, problems of the study, objectives of the study and need or significance of the study and limitation of the study. It is oriented for readers for reporting giving them the perspective they need to understand the detailed information about coming chapter.

Chapter-II: Review of literature

The second chapter of the study assures readers that they are familiar with important research that has been carried out in similar areas. It also establishes that the study as a link in a chain of research that is developing and emerging knowledge about concerned field.

Chapter-III: Research Methodology

Research methodology refers to the various sequential steps to be adopted by a researcher in studying a problem with certain objectives in view. It describes about the various source of data related with study and various tools and techniques employed for presenting the data.

And, other supporting documents have also been incorporated at the end of the study**.** The list of bibliography and appendixes are given at the last for references.

CHAPTER - II
REVIEW OF LITERATURE

2.1 Conceptual Framework

“Review of Literature” is an essential part of all studies. It is a way to discover what other research in the area of our problem has uncovered. It is also a way to avoid investigating problems that have already been definitely answered. Literature review is basically a “stock taking” of available literature in one’s field of research. The literature survey provides the students with the knowledge of the status of their field of research. The literature survey also minimizes the risk of pursuing the dead ends in research. (Wolff and Pant, 2002, p.34-35)

For proper review of literature, first the conceptual framework has to be prepared. The present section of the study is concerned towards presenting the conceptual framework for the proposed study, which would act as the foundation for the remaining part of the study. The remaining sections has been presented and discussed in light of the initial conceptual framework. The use of market segmentation was first described in the 1950's, when product differentiation was the primary marketing strategy used. In the 1970's and 1980's, market segmentation began to increase as a strategy as it became known that it was a means of expanding sales and obtaining competitive advantages. In the 1990's, target or direct marketers used many sophisticated techniques, including market segmentation, to reach potential buyers with the most customized offering possible.

A white paper prepared by US marketing company DSS Research (Anonymous, 2005) provides the following definition of market segmentation: "Market segmentation describes the division of a market into homogeneous groups which will respond differently to promotions, communications, advertising, and other marketing mix variables."

Segmentation is a means of focusing attention onto the needs of groups of customers, rather than having a "one size that fits all approach". Gordon Wyner, (2002) vice president of Mercer Management Consulting, writes that effective segmentation enables companies to allocate investment resources towards targeted customers that are most likely to be attracted

to offers. Success is measured in terms of how well the organization acquires and retains profitable customers.

Philip Kotler and Kevin Lane Keller, in their popular contribution "Marketing Management" mention that target marketing involves three activities: marketing segmentation, market targeting and market positioning. Marketing is everywhere. Formally or informally, people and organizations engage in a vast number of activities that could be called marketing. Good marketing has become an increasingly vital ingredient for business success. And marketing profoundly affects our day-to-day lives. It is embedded in everything we do- from the clothes we wear, to the web sites we click on, to the ads we see. Marketing deals with identifying and meeting human and social needs.

The American Marketing Association offers the following formal definition: marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. From a managerial point of view, marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals. Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

Market segmentation is a concept in economics and marketing. A market segment is a sub-set of a market made up of people or organizations sharing one or more characteristics that cause them to demand similar product and/or services based on qualities of those products such as price or function. A true market segment meets all of the following criteria: it is distinct from other segments (different segments have different needs), it is homogeneous within the segment (exhibits common needs); it responds similarly to a market stimulus, and it can be reached by a market intervention. The term is also used when consumers with identical product and/or service needs are divided up into groups so they can be charged different amounts. These can broadly be viewed as 'positive' and 'negative' applications of the same idea, splitting up the market into smaller groups.

While there may be theoretically 'ideal' market segments, in reality every organization engaged in a market will develop different ways of imagining market segments, and create product differentiation strategies to exploit these segments. The market segmentation and corresponding product differentiation strategy can give a firm a temporary commercial advantage.

Markets are not homogenous. A company can’t connect with all customers in large, broad, or diverse markets. Consumers vary on many dimensions and often can be grouped according to one or more characteristics. A company needs to identify which market segments it can serve effectively. Such decisions require a keen understanding of consumer behavior and careful strategic thinking. Marketers sometimes mistakenly pursue the same market segment as many other firms and overlook some potentially more lucrative segments.

Markets can be targeted at four levels: segments, niches, local areas, and individuals. Market segment are large, identifiable groups within a group. Marketers appeal to local markets through grassroots marketing for trading areas, neighborhoods, and even individual stores. More companies now practice individual and mass customization. The future is likely to see more self-marketing, a form of marketing in which individual consumers take the initiative in designing products and brands. There are two bases for segmenting consumer markets: consumer characteristics and consumer responses. The major segmentation variables for consumer markets are geographic, demographic, psychographic, and behavioral. These variables can be used singly or in combination. To be useful, market segments must be measurable, substantial, accessible, differentiable, and actionable.

The starting point for discussing segmentation is mass marketing. In mass marketing, the seller engages in the mass production, mass distribution, and mass promotion of one product for all buyers.the argument for mass marketing is that it creates the largest potential market, which leads to the lowest costs, which in turn can lead to lower prices or higher margins, however, many critics point to the increasing splintering of the market, which makes mass marketing more difficult.

A market segment consists of a group of customers who share a similar set of needs and wants. We must be careful not to confuse a segment and a sector. The marketer doesn’t

create the segments; the marketer’s task is to identify the segments and decide which one(s) to target. Segment marketing offers key benefits over mass marketing.

However, even a segment is partly a fiction, in that not everyone wants exactly the same thing. Anderson and Narus have urged marketers to present flexible market offerings to all members for a segment. A flexible market offering consists of two parts: a naked solution containing the product and service elements that all segment members' value, and discretionary options that some segment members' value. Each option might carry an additional charge. Market segments can be defined in many different ways. One way to carve up a market is to identify preference segments.

A niche is a more narrowly defined customer group seeking a distinctive mix of benefits. Marketers usually identify niches by dividing a segment into sub-segments. The customers in the niche have a distinct set of needs; they will pay a premium to the firm that best satisfies their needs; the niches is not likely to attract other competitors; the niche gains certain economies through specialization; and the niche has size, profit, and growth potential. Whereas segments are fairly large and normally attract several competitors, niches are fairly small and normally attract only one or two.

Target marketing is leading to marketing programs tailored to the needs and wants of local customer groups; trading areas, neighborhoods, even individual stores. Local marketing reflects a growing trend called grassroots marketing. Marketing activities concentrate on getting as close and personally relevant to individual customers as possible.a large part of local, grassroots marketing is experimental marketing, which promotes a product or service not just by communicating its features and benefits, but by also connecting it with unique and interesting experiences. The ultimate level of segmentation leads to “segment of one”, “customized marketing” or “one-to-one marketing”.

A target market itself is a specific group of potential purchasers having needs and wants towards which organizations desire to direct their marketing efforts. The identification and analysis of target markets provides a foundation for which the appropriate marketing mix (product, pricing, promotion and distribution) and a focused marketing strategy can be developed. The target market may be further segmented to match the particular needs of customers within that market.

A Focus Marketing Strategy (FMS) is designed to address a particular segment of the marketplace, product form, or cost management process. Focus marketing, or niche marketing, is based on the concept of serving a particular group of customers in such an exceptional manner that it becomes very difficult for another party to compete it that market. Focus or niche markets commonly involve smaller market segments, however with minimal competition profit margins can be very high.

Note, in addition to the terms used above, targeted marketing, focused marketing, and niche marketing are among additional terms that are used in association with customer market segmentation.

Customer market segmentation strategies can lead to greater profits realization. This can result through:

- Better communications with, and understanding of, the target market;
- Improved design of products and services which better fit the needs of the desired segment;
- Efficiencies gained through segmentation;
- Gaining a reputation for expertise and quality in serving specific segments of the market;
- Enabling the most profitable customer groups to be given special attention thus improving loyalty and retention;
- Enabling less profitable groups to be retained without over-investment;
- Enabling unprofitable groups to be handled appropriately.

In summary segmentation of customer markets is used:

- To better match customers' needs and requirements;
- To enhance business profits by reaching untapped revenue streams;
- To provide opportunities for growth;
- To retain customers as their needs, circumstances, and lifestyles change;
- To achieve better communication through targeting a more relevant audience;
- To gain market share by becoming a preferred supplier of a targeted market.

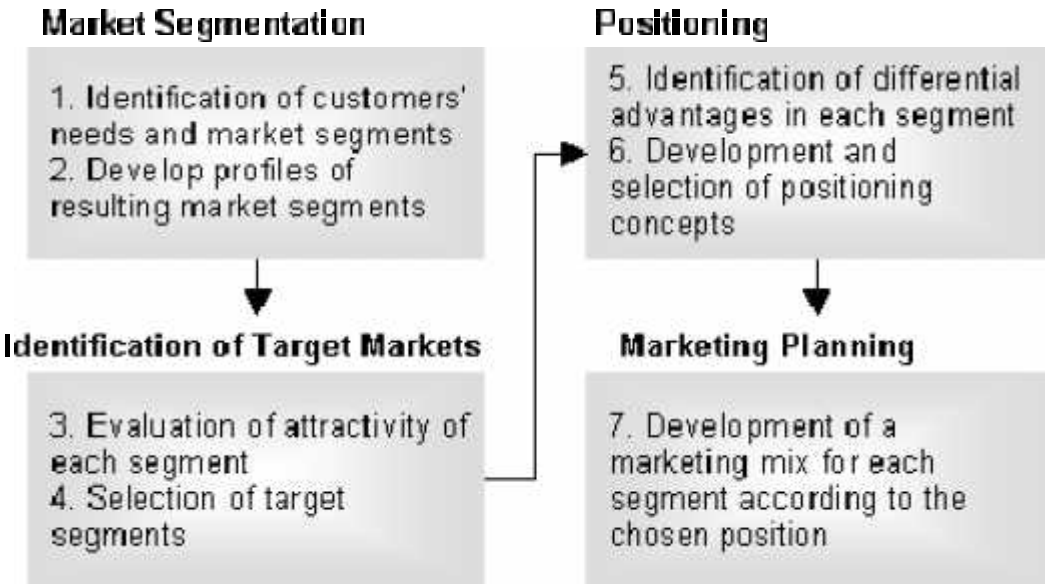
As with many other business strategies, there can be significant costs associated with setting up a new market segmentation scheme. As a result a reasonable indication that the proposed scheme will be truly beneficial is required. Factors that are indicative of an organisation's readiness for segmentation include the following points that have been identified by DSS Research (2005):

- The size of the customer base is appropriate for segmentation;
- Measurable differences relating to customer needs exist in the market;
- The organisation is in a position to design and implement marketing communications that will address the needs of the desired segment;
- The desired segments are reachable by one or more media types which can effectively communicate with the intended group;
- The segment has unique needs that an organisation's products can meet;
- It is perceived that there is an opportunity to generate greater profits through the segmentation along with the provision of new or modified products.

KD Koirala mentions that a market consists of buyers who differ in terms of their needs, purchasing power, buying motives, attitudes and locations. Market segmentation recognizes this reality and divides the total market into distinct group of buyers having different needs and characteristics. Market segmentation is a customer-oriented philosophy that seeks to identify need and want cluster in the market and develop marketing mix and program to satisfy those needs and wants. It is the basic tool for the Implementation of the marketing concept.

When it comes to marketing strategies, most people spontaneously think about the 4P (Product, Price, Place, Promotion) – maybe extended by three more Ps for marketing services (People, Processes, Physical Evidence).

Market segmentation and the identification of target markets, however, are an important element of each marketing strategy. They are the basis for determining any particular marketing mix. Literature suggests the following steps:



Adapted from Kotler and Doyle

The importance of market segmentation results from the fact that the buyers of a product or a service are no homogenous group. Actually, every buyer has individual needs, preferences, resources and behaviors. Since it is virtually impossible to cater for every customer's individual characteristics, marketers group customers to market segments by variables they have in common. These common characteristics allow developing a standardized marketing mix for all customers in this segment.

Market segmentation is the segmentation of markets into homogenous groups of customers, each of them reacting differently to promotion, communication, pricing and other variables of the marketing mix. Market segments should be formed in that way that differences between buyers within each segment are as small as possible. Thus, every segment can be addressed with an individually targeted marketing mix.

There are a huge number of variables that could be used for market segmentation in theory. They comprise easy to determine demographic factors as well as variables on user behavior or customer preferences. In addition, there are differences between private customers and businesses.

Marketers have to choose those variables that are relevant for segmenting the market for a particular product. The basic rule is to focus on a limited number of important variables. To segment the market into too many small, slightly distinct segments would require splitting up the marketing budget into too many ineffective chunks. Such varied marketing activities in the diverse segments could confuse customers and would lead to cannibalization effects.

Kotler mentions five criteria for an effective segmentation:

Measurable: It has to be possible to determine the values of the variables used for segmentation with justifiable efforts. This is important especially for demographic and geographic variables. For an organization with direct sales (without intermediaries), the own customer database could deliver valuable information on buying behavior (frequency, volume, product groups, mode of payment etc).

Relevant: The size and profit potential of a market segment have to be large enough to economically justify separate marketing activities for this segment.

Accessible: The segment has to be accessible and servable for the organization. That means, for instance, that there are target-group specific advertising media, as magazines or websites the target audience likes to use.

Distinguishable: The market segments have to be that diverse that they show different reactions to different marketing mixes.

Feasible: It has to be possible to approach each segment with a particular marketing program and to draw advantages from that.

As already stated, segmentation is the basis for developing targeted and effective marketing plans. Furthermore, analysis of market segments enables decisions about intensity of marketing activities in particular segments. A segment-orientated marketing approach generally offers a range of advantages for both, businesses and customers.

Market segmentation is achieved through a three-stage process:

- Selection of the descriptors for segmentation,
- Determining the differences between the segments in terms of the descriptors, and
- Evaluation of the long-term attractiveness of the segments, marketing research makes valuable contribution in all these three stages and helps as firm to effectively implement the segmentation strategy.

2.2 Literature on Descriptors

Descriptors are all those independent variable operating in the markets that differentiate the consumption of a product in terms of need and usage. Thus, descriptors are all those demographic, socioeconomic, and psychographic factors that explain the various buying considerations. Descriptors used in the consumer markets can be grouped into geographic, demographic, psychographic and behaviorist.

Geographic descriptors are the most basic descriptors and include market location, Topography, climate, and population density. Most organizations decide the geographic area of their operation is not complex and can be implemented by any organization with any estimate of the demand for a particular product in a specific area. Some organization use topogarphy and climate as descriptors as the product needs vary in terms of topographical and climate conditions. When Population density variable is used the market is normally segmented into urban, sub-urban and rural market.

Demographic descriptors commonly used in consumer markets are age, gender, income and social class, family size and family life cycle. Occupation, education, ethnicity and religion are also used in some cases. Most of the consumer's product needs differ in terms of their age. Age segmentation is implemented in many of the consumer items, Such as clothing, shoes, cosmetics, entertainment etc. The male market is distinctively different from the female market in terms of product needs, buying motives and considerations. Income and social class influence consumers' need, product use, usage rate and buying behavior. Social class affects consumer's aspirations for certain life-style, to be achieved by consumption of

products coherent with the desired lifestyle. Size of the family affects the product's usage rate. The family life cycle variable is used to define the stage of the family in which the family size changes with time, and accordingly the family's product and service needs also changes.

Occupational descriptors are used to market products directly related to consumers' occupation, such as tools, books, magazines etc. Levels of educational achievements of the consumers may be used to segment the market for products such as books and magazines. Ethnicity and religion are used to segment the consumer market for those products that reflect variation among people of different ethnicity and religion.

Psychographic descriptors include the individual psychological factors, such as buying motive, personality and life style. Buying motives are consumers reason's for buying a product. Consumers show significant differences in their choice of products that is influenced by their buying motives. Consumer may have rational motives as economy, durability, efficiency and convenience for buying the product. Their choice may be influenced by emotional motives, such as status and image. Marketers can determine the consumer market on the basis of the underlying motivation force(s) that drives the consumer to buy the product.

Marketers often develop personality image on their brands and try to market the brands to consumers having corresponding personality characteristics. Personality variable is used in the consumer market for products, such as garments, cosmetics, cigarettes, alcoholic beverages, automobiles etc. Life-style is a new segmentation variable and refers to the distinctive mode of orientation an individual has toward consumption, work and play. Life styles of consumers are analyzed on the bases of three factors: activities, interest and opinion on broad social issues.

Behavioral descriptor commonly used are product benefits desired, purchase occasions, user status, loyalty status, usage rate and marketing factor sensitivity. The most important

behavioral descriptor is the benefits consumers seek from the product. For example, the toothpaste market can be segmented into several benefit segments, such as

(i) Pleasant flavor,
(ii) Avoid tooth decay,
(iii) Brighter teeth,
(iv) Stronger gum and
(v) Economy.

Occasions in which buyers develop product needs, purchase and use a product are another behavioral variable used for segmentation. Consumers generally show difference in terms of frequency of purchase of a product for which the market may be segmented in terms of

(i) regular user,
(ii) first time user
(iii) potential user,
(iv) ex-user and
(v) non-user.

Loyalty toward a brand or store is also descriptor used for segmenting the consumer market. Consumer show different degree of response to various marketing inputs directed at them. According to marketing factor sensitivity, the market is divided into

(i) price sensitive,
(ii) service sensitive and
(iii) Promotion sensitive.

The industrial or business market is very large in size. It includes Industrial, institutional, and reseller's markets. Since the buying activity in this market is mostly guided by logical reasoning, the descriptors are much simpler than in the consumer market. The descriptors for the industrial market can be grouped into geographic, demographic, operational, and purchase procedure.

The location of the business becomes primary descriptors as every organization has to decide the geographical boundary of its operation. The climate of the market is also used as a

descriptor in the business market as the product needs and packaging requirements are affected by climatic conditions.

The demographic descriptors are type of business and size of the organization. The business market has a wide variety of customers, such as the government, manufactures, service providers, social institutions, resellers and so on. These customers often require different product, distribution system and price structures. Thus, type of organization becomes one of the most important variables. The business market significantly differs in terms of size of operation. It ranges from the street vendor to the government. The size of the organization determines the type and quantity of products needed by the customer and therefore, the size of business is an important descriptor for segmentation.

The operating descriptors used for segmenting the business market are type of technology used, usage rate and service requirement of the customer. The type of technology adopted by the customer determines their product requirements. The organization selling computers in Nepal has to determine who among its potential customers are technologically ready to use computers in their operation. Usage rate affects the quantity and frequency of purchase by the organizations requiring the marketer to adopt different distribution system for heavy users, medium users and light users and these customers treated as separate market segments. The type and level of after sales service demanded by the customer can be an important segmentation descriptor in the business market.

Purchase procedure descriptors: The purchase procedure descriptors used in business market are types of purchase organization, documentation requirements and time spent on purchasing. The Type of purchase organization adopted by the customer determines the complexity of the buying act. Some Organization give the responsibility of procurement to an individual while others use purchase committee. Selling to an individual becomes far more convenient than selling to a Committee. The public relation requirement in the two situations differs in type and intensity. Type and number of documentation required to complete the purchase transaction also differs among organizations. Much of the government procurement is based on formal documentation, such as quotations, sealed bids and tenders. Time required

for completing purchase transaction can be another important descriptor as different organization takes varying periods of time to complete the purchase transaction. The government takes more time to complete the purchase transaction than the private and non-governmental customers.

2.3 Literature on Segmentation

Market segmentation is the process of dividing the total market into large homogeneous groups of customers who share similar needs and characteristics. There are a variety of ways in which customer markets may be segmented into homogenous groups in order to obtain useful information for marketing and product/service development initiatives. It is wise to use more than one method as this will ensure that a more comprehensive picture is obtained of the organisation's customer base e.g. it's best/worst purchasers, most/least loyal customers, age/gender distributions etc.. The use of market segmentation was first described in the 1950's, when product differentiation was the primary marketing strategy used. In the 1970's and 1980's, market segmentation began to increase as a strategy as it became known that it was a means of expanding sales and obtaining competitive advantages. In the 1990's, target or direct marketers used many sophisticated techniques, including market segmentation, to reach potential buyers with the most customised offering possible.

There are mainly three approaches or model for identifying and measuring the differences between the market segments. These models are a priori segmentation, cluster-based segmentation, and hybrid segmentation, a combination of the a priori and cluster-based segmentation. A Priori segmentation is the most conventional approach to segmentation that begins by selecting the descriptors and then proceeds towards data collection. This approach predetermines the number and type of segments.

This approach requires a large-scale survey of consumers with the help a structured questionnaire. Often, the samples may have to be in thousands, that poses difficulty in data collection and and analysis. Moreover, this approach to segmentation is not effective to

identify market segments based on purchase behavior and psychographic characteristics of the consumers.

In the cluster-based or post-hoc segmentation model the number and type of segments are not known in advance. The researcher starts by pre-specifying only the set of variables on which the consumers are to be clustered, such as benefits sought from the product, life-styles, and attitudes. the researcher then conducts interviews of consumers' response profile over the whole of the pre-specified variable. Finally, the consumers' responses are clustered to determine important market segments in terms of the socio-demographic, psychographic, and purchase behavior variables.

In the example presented above, respondents are first clustered on the basis of the commonality of their benefit-seeking profiles, and then determine if the various clusters differed significantly in terms of usage rate, favorite brands, and demographic characteristics, such as age and income. The analyses of the consumers' responses are made through simple cross tabulations in case of small samples, and multiple discriminant analysis in case of large samples.

In Hybrid Segmentation, the two approaches-a priori and cluster-based-are combined together. In this model, the respondents are first grouped according to the a priori method that classifies then into socio-demographic segments, such as age, gender, and income, or most favored brand segments, and then, the respondents in each segment are clustered according to psychographic or product –benefit descriptors. This model can be implemented only when the information is collected from a large-scale survey.

Benefit segmentation is a new approach to market segmentation where the focus is on benefits wanted by the consumers from a product. Marketers in the competitive business environment have given importance to develop and market products according to the benefits desired by consumers. This entails developing separate products for different benefit segments. This type of segmentation is suitable for new products that are yet to be developed.

This model links product features to product preferences where, consumers' perception on the existing brands are first collected over various brand-attributes (brand map),and then consumers' perception of the most ideal brand-attributes are plotted on the brand map to identify the most desired product-benefits in different socio-demographic and psychographic cluster.

Once the various segments are identified, the decision-maker faces the challenge to decide which segments to enter and how marketing resources should be allocated across the segments. This is a strategic decision where several key variables such as segment size, growth potential, competition, profitability, and risks needs to be carefully evaluated. Marketing research provides important information to the decision-maker for evaluating the segment attractiveness.

For instance, for evaluating the segment size and growth the researcher may resort to various secondary sources of information. Marketing intelligency information may be uitlized to evaluate the strengths and weakness of the lead competitors. Retail survey may provide adequate information to identify competitive market gaps the firm can exploit. Consumers' survey can identify dissatisfaction with the existing brands on which the firm can improve upon.

The Segment research is one of the most extensive and difficult marketing researches. Most of the segmentation research, whichever model is used, is based on a large scale survey involving thousands of sample that poses difficulties in the sample design, preparation of the data collection instruments, data analysis, and interpretation of the results. The major problems in segmentation research emerge from the following factor:

Problem of unit of analysis: In most of the segmentation study of consumer goods, the units of analysis are the households where, most of the interviews are conducted with the housewives. In reality, purchasing activity in the households are performed by all the family member. In the case industrial goods, the purchase decision is more complex as several

people at different layers are involved while the interview is conducted with on or two people in the organization.

Sampling problem: The segmentation research is very extensive and the population very large. Researchers mainly use quota sampling method to reduce the time and money spent on the survey despite the obvious limitations of this method of sampling.

Defining variable: Most segmentation studies are conducted with a number of dependent and independent variables. It is very difficult to find the operational definition of these variables. For instance, the product characteristics defined by the researcher may be different from what is understood and responded to by the respondents.

Measuring: Most of the segmentation studies use scaled questionnaire. Here, the problem arises as which scales to use, how many points should be used on the scale, and how should the scales be explained to the respondents?

Prof. Dr. Govind Ram Agrawal mentions that a market consists of people with needs and wants to satisfy, ability to spend and willingness to buy products. It is a grouping of customers. Market can be divided into:

- Consumer Market: The reason for buying products is own personal or household use. They consist of ultimate consumers.
- Industrial Market: The reason for buying products are business use, resell, or to make other products. They consist of Industries, business, retailers, etc
- Institutional Market: The reason for buying product is to provide service to the clients. They have special buying needs and characteristics. They Consists of schools, colleges, hospitals, nursing homes, prisons, government and non-government organizations.

A single product cannot satisfy the needs of all the customers in all markets. Customers vary in terms of needs, characteristics and behavior. Buying motives and buying habits also vary. Purchasing power also varies.

Organizations can adopt the different levels of segmentation. Mass Marketing (Undifferentiated marketing strategy): The total market is viewed as a homogeneous single unit. Organization engages in mass production, mass distribution, and mass promotion of one product for all customers. One single marketing mix is developed. This is not found in practice. Segment in Marketing Strategy, the total market is viewed as heterogeneous consisting of customer groups with various characteristics. Organizations divide the market into major market segments, select one or more of those segments as target, and develop marketing mix tailored to each segment. Niche is a more narrowly defined group of customers. It is identified by dividing a segment into sub segments. Marketing mix is tailored to the niche. Niches are fairly small groups whose needs have not been well served. They are willing to pay higher prices. They generally do not attract competition. Wild life resorts in Nepal aim their marketing at adventure tourists. Mountain flights cater to foreign tourists. In Local Marketing, the marketing mix is tailored to the needs and wants of local customer groups. They can be localities or stores in local area, etc.

Psychographic Variables describe consumers in terms of psychological and behavioral dimensions. They can be buying motives, life style and personality. Psychographic variables consist of:

Buying Motives: A motive is a pressing need that drives consumers to seek satisfaction. It is consumer's reason for buying a product. Activated motives motivate consumers. Consumers can be segmented on the basis of their needs as follows :

- Physiological needs: Basic survival needs.
- Safety needs: Security and protection needs
- Social needs: Belongingness, love, friendship needs
- Ego needs: Status, respect, recognition needs
- Self-actualization needs: Creativity, Self-development, talent utilization needs.

Life Style: Life style is a person's pattern of living reflected in his activities, interests and opinions. It affects product needs and choices.

Life style group's people according to how they spend their time, what are their interests and what are their opinions about themselves and broad issues.

Life style dimensions that can be used for segmentation are:

- Activities: Anything that involves money and or time is activity, for example work, hobbies, vacation, entertainment, shopping, sports, etc.
- Interests: Family, home, Job, fashion, food, recreation, etc.
- Opinion: Self, society, Politics, business, products, culture, etc.
- Life style patterns for segmentation can be grouped as:
- Traditionalists (Straights)
- Playboy (Swingers)
- Longhairs (hippies, punks, etc.)

Personality: Personality is the sum total of ways in which an individual reacts and interacts with others. It is an individual's pattern of traits that influences behavioral responses. Markets relate brands with personality traits. The 'big five' Personality traits that can be used for segmentation are:

- Extraversion/Disagreeableness: It deals with relationships.
- Agreeableness/Disagreeableness: It deals with propensity to defer to others.
- Conscientiousness/ Non-Conscientiousness: It deals with reliability.
- Emotional stability/Emotional unstability: It deals with ability to withstand stress.
- Openness to experience /closed to experience: It deals with interests and fascination with novelty.

Benefits describe consumer feelings of satisfaction and results of buying products. They can be functional and emotional. Consumers seek various benefits from the product. They can be quality, service, economy, and speed. For Example trekkers to Nepalese mountains may get the feeling of adventure, fitness, friendliness or low cost holidays as the result of trekking trip. Benefit segmentation is getting popular and important.

Benefit segmentation can be:

- Economy: Low price, money saving.

- Medicinal: Protection from cavities and gum diseases.
- Cosmetic: Sparkling teeth, bright teeth.
- Taste: Good taste for children and women; pleasant flavors.

User status reflects frequency of product purchase. It can be divided into:

- Regular user-uses the product regularly
- First time user –first experiment with the product
- Ex user –stopped using the product
- Potential user- can use the product in future
- Non user –not using the product

Usage rate: It is the rate at which consumer's use or consumers products. Consumers use or consume products. Consumers can be segmented as:

- Heavy user: They account for high consumption.
- Medium user: They account for moderate consumption.
- Light user: They are users of light quantity.

Marketers are interested in heavy users. They try to encourage light users to increase the usage rate. Consumer loyalty patterns to brands can be used for segmentation. Loyalty patterns can be:

- Hard core: One brand bought all the time. Full and undivided loyalty.
- Split Loyal: Two or more brands bought.
- Shifting loyal: Loyalty Shifts from brand to brand.
- Switchers: No loyalty to any broad.

Attitude toward product: Attitudes are judgments concerning objects, people or events. Consumer's attitudes towards products be used for segmentation. They can be Enthusiastic, Positive, Negative, Indifferent & Hostile. Industrial markets buy products for business use, resell, or to make other products. Industrial buyers are usually usually well-informed. The customers are few but the orders are of big size. The variables used for segmenting the industrial markets are:

With Geographic Variables, market can be segmented according to:

- Location: It can be local. National, regional, international. It sets the boundary.

- Topography: It can be mountain, hill, terai. It affects movement of products.
- Climate: It can be tropical, Temperate, alpine. It affects product needs.

Type of Industry and size of customer are the major demographic variables for segmenting Industrial markets. Industrial markets consist of a range of industries. They require different market mixes. Segmentation can be done according to industry type:

- Agriculture, forestry, fishing
- Mining and construction
- Transport and communication
- Finance, Insurance, real estate
- Service

Every industry contains various sizes of customers. The bases for segmentation can be:

- Cottage and small units- Small customers
- Medium size units-Medium customers
- Large size units-large customers
- Global units-Very large customers with out borders with supply needs in many countries.

Technology determines the product requirements of buyers. Segmentation variables can be:

- Manual technology
- Mechanised technology
- Automated technology
- Computerized technology
- Robotics technology

Usage Rate: Usage rate affects the frequency and quantity of product us. Users can be classified as:

- Heavy user-big size order for products
- Medium user-medium size order for products
- Light user-Small size order for products
- Non user-No order for products

Service needs: Customers require various types of services. The bases for segmentation can be:

- Before sales service
- After sales service
- Warranties, guarantee
- Installation, repairs, etc.

Segmentation can be done according to the number and type of documentation requirements by the buyers. Time required for negotiation and completion of sale may vary because several persons participate in the buying decision. The sale of aircrafts may take years. Segmentation can be done according to length of negotiation period. Institutional markets buy products to provide service to the clients. They consist of educational, health, nursing homes, churches, prisons, clubs, government and not-for-profit institutions. Products are provided as a part of the service package.

Institutional markets have the following special features:

- Low budget: They require quality products at low prices.
- Service: The buying motive is service, not profit.
- Captive Clientele: The customers are in the care of the institutions.
- Red tape: The buying process in subject to elaborate documentation and red tape.
- Institutional suppliers: Institutional Markets generally buy from institutional suppliers.
- Transparency: The spending decisions are subject to member or public review and are transparent.

A Critical theme running throughout the text is customer focus. In fact,the subtitle of the book is "integrating customer focus across the firm, "From the firm's Point of view, this means that all strategies are developed with an eye on the customer, and all implementation are carried out with and understanding of their Impact on the customer. From a Practical prespective this means that decisions regarding new services and Communication plans will intergate the customer's point of view; operations and human resources decisions will be considered in terms of their Impact on customers. All of the tools, strategies, and frameworks included in this text have customers at their foundation. The services marketing mix just described is clearly an Important tool that addresses the uniqueness of services, keeping the customer at the center.

Customers are viewed as assets to be valued, developed, and retained. Intangibility, Heterogeneity, and inseparability of production and consumption give services high levels of experience and credence prosperities, which, in turn, make them more difficult to evaluate than tangible goods. We isolated and discussed five categories of consumer behavior that reflect the differences between goods and services: 1) need recognition, 2) information search, 3) evaluation of service alternatives, 4) service purchase and consumption, and 5) Post purchase evaluation. The meaning and impact of culture in consumer behavior in services was also described. Consumer behavior in services was discussed, accompanied by strategic implications for marketers. To be effective, Service providers may need to alter their marketing mixes to recognize these different consumer behaviors and evaluation processes.

A key ingredient of the marketing management process is insightful, creative marketing strategies and plans that can guide marketing activities. Developing the right marketing strategy over time requires a blend of discipline and flexibility.

A Niche is a more narrowly defined customer group seeking a distinctive mix of benefits. Marketers usually identify niches by dividing a segment into sub-segments. For example, progressive, an auto inducer, sells "nonstandard" auto insurance to risky drivers with a record of auto accidents, charges a high price for coverage and makes a lot of money in the process. An attractive Niche is characterized as follows in the niche have a distinct set of needs; they will play a premium to firm that best satisfies their needs; the niche is not likely to attract other competitors; the nicer gains certain economies through specialization; and the niche has size, profit, and growth potential. Whereas segments a fairly small and normally attract only one or two.

Target marketing is a leading to marketing programs tailored to the needs and wants of local customer groups (trading area, neighborhoods, even individual stores). Citibank provides different mixes of banking services in its branches, depending on neighborhood demographics. Kraft helps supermarket chains identify the cheese assortment and shelf

positioning that will optimize cheese sales in low-, middle-, and high-income stores, and in different ethnic neighborhoods.

Two broad groups of variables are used to segment consumer markets. Some researchers try to form segments by looking at descriptive characteristics, georaphic, demographic, and psychographic. Then they examine whether these customer segments exhibits different needs of product responses. For example, they might examine the differing attitudes of "product responses. For example, they might examine the differing attitudes of "professionals," "blue collars," and other groups toward , say, "safety" as a car benefit.

Other researchers try to form segments by looking at "behavioral" Considerations, such as consumer responses to benefits, use occasions, or brands. Once the segments are formed , the researcher sees whether different characteristics are assocuiated with each consumer-response segment. For example, the researcher might examine whether people who want "Quality" rather than "low price" in the buying an automobile differ in their geographic, and psychographic makeup. Regardless of which type of segmentation scheme is employed, the key is that the marketing program cam be profitably adjusted to recognize customer differences.

Hyper-targeted segmentation: Daniel Kelman (2003) a Director of 1:1 Marketing at The Integer Group (a promotions and marketing agency based in Denver USA), describes what he calls a "high connection" approach to marketing. High connection marketing is a strongly focused, or hyper-targeted, methodology. He believes that by reducing the targeted customer group to a limited number the marketing cost per unit for promotions can be substantially increased. Potential customer numbers are refined by thoroughly researching the purchasing behaviour, and emotional factors, of the targeted customer segment.

The goal of hyper-targeted segmentation is primarily to create an experience specifically designed to initiate a relationship between a prospect and a seller. Kelman reports response rates as high as 93 percent, and sales closure rates of 10 percent in association with hyper-targeted segmentation. This approach enables marketers to invest heavily in delivery and incentive costs, and to create highly unusual and memorable campaigns.

Relative Value Segmentation: Customer Relationship Management (CRM) technologies have enabled the collation of comprehensive data concerning customers. This in turn has provided an opportunity to create repositories of powerful customer data and knowledge. Such information has made it possible for organisations to use data to treat "different customer segments differently" by working in an appropriate manner with each unique segment.

Niche Segmentation and Niche Marketing Plans: A niche market segment usually comprises a narrowly defined group of customers. People having specialized interests/needs and a strong desire to have these met. e.g. accessories associated with a particular brand of vehicle; A group which is large enough for profitable business returns, but small enough to discourage competitor's e.g. tropical fish owners.

2.4 Review of Thesis

Agrawal G. R. and B.R. Sing (1977 A.D.) about the NAC (Aspects of cost control). In this studies they concluded, Nepalese organization seem to be badly suffering from the acute absence of cost control awareness. Public corporation sector has been the leader and the private sector has been a silent follower in this regards. There are many e. g. increases in price of bricks, sugar, electricity etc. where government meekly allowed the government corporation to make price increase instead of demanding of them effective control of cost in the interest of price stability. The poor accountability coupled with the absence of standards to evaluate their performance has perpetuated the status quo. However, it is essential that there attitude of cost control be inculcated in the working of organizations in Nepal.

Vidya, P.N. (1987) in his study, A case study of RNAC", had pointed some conclusions and recommendation as follows:

- RNAC's contribution in visitor influx to the country has always been significant but due to the growing competition from foreign airlines, it has not been able to maintain its share in trafficking tourist. The situation should be viewed from the total tourism industry perspectives. The industry after making remarkable progress in the sixties

and a good progress in the seventies has a virtually stagnated after 1979. However same diversification tendencies in purpose of visit are notice through pleasure seeker group continued to dominate in total tourist arrivals. The situation after 1979 therefore has not been very encouraging to RNAC, due to increasing competition and other factors. In bringing tourist in the country it has conceded the lead to Indian airlines though in total share in external service, RNAC reigns supreme.

- RNAC has been making considerable efforts to promote tourism in Nepal. It has been making considerable various publicity campaigns, advertisements programs and other sales promotional campaigns. Its effort to sell Nepal as a destination has attracted enthusiastic response. RNAC is proving probably the best means to promote the tourism wealth of Nepal. Its publicity, expenses in the 15 years period, have almost groom by 25 times, which indicates the extents of efforts being made by RNAC. Yet there are still more areas where RNAC's promotional efforts should be directly matched by adequate financial resources.

- There is a very good prospect for developing interregional tourism as in Europe and North America. Even now Indian tourists constitute the largest chunk of tourists visiting Nepal. In view of the large potential regional market the potentiality for Nepal and RNAC to tap it is quite bright. However, only limited attention seems to have been provided in this direction of promoting tourism in region through joint and common strategies. Materialization of South Asian Association for regional corporation (SAARC), however, should make a very favorable impact in this aspect.

Recommendation

- RNAC should extensively expand tourism promotion program through suitable methods or suitable mix of promotional mix tours in the true originating areas like Europe, America, and Japan etc.
- RNAC should enhance sales promotional measures in the proper tourist generating markets.

- Service improvement is essential in domestic feeder lines, also especially in such routes which the tourist generally use.
- It should develop adequate contacts and establish relation with world-class travel agents and tour promotional wholesaler to promote tourism packages as well as its services.
- RNAC should start developing strategies to meet the demands of business and official visitors in view of their potential growth.
- RNAC should promote attractive packages to promote tourism from the region and its publicity should get wide coverage. Attention should be provided to give greater courage to the potential market areas.

Ranjit Shyam Bahadur (2044) BS's study, unpublished Master Degree Thesis, One of the constraints of progress of air transports in the underdeveloped countries is the scarcity of capital.

- The development of air transport depends on the extension of airports and airstrips, because of mountainous topography, suitable stretch of level of land for airports are not easily available in the country. Due to shortage of plain land, it has become obstacle to extend the air services of big planes in the various part of the country.
- Another major problem of our national airlines is the shortage of well-trained personnel. In this direction, though the friendly countries train many technicians such as engineers, overseers, draftsman and pilots, their number are still insufficient for the need of the country. In this regard, airlines have to adopt appropriate numbers of mechanics must be trained than the more engineers to maintain the aircraft properly. Due to sophisticated technology, corporation has to pay more money to foreign country for training. This is also a vital problem for the corporation due to lack of aeronautical school.

Pant Yogesh (1993 A.D.) in his study "A study on Brand Loyalty" found that most of the Nepalese consumer lack of consciousness for research work. They are unaware of the fact that a research work is beneficial not only for the researchers but also for the country as a

whole, So, they do not respond elegantly to the questionnaire distribution to them. This becomes a much more complex problem when the questionnaire is long. They feel monotonous to fill up along questionnaire. So it is suggested to convince the consumers first before the asking the questions for giving the questionnaire so that they feel the study to be conducted is really big benefit for them also. The questionnaire to be used in the study should be short and simple as possible. A short and simple questionnaire can procure more accurate information then al long and complex one.

Shrestha H. P. (2003) in his study, “A study on factor affecting the tourist influx in Nepal, with special reference to accommodation, transportation and publicity " concluded that publicity on the facts about country trends to attract the foreign visitors significantly. But the publicity media has not been so effective in both quality and quantity. It is needed to give due alteration to expand the amount of publicity in the effective media of publicity in the country and abroad. No noticeable effort has been made abroad in this respect. Time has come to invade world tourism market in the more vigorous way which we can do by increasing genuine publicity measures.

Shrestha, (2007), has tried to cover the important aspects of the Nepalese aviation and tourism in his book “Nepalese aviation and tourism”. He has tried to explain the aviation history and the role of aviation in tourism. He further discussed the economic significance and the benefits of tourism in the economy of the host country which is measured mainly in terms of foreign exchange receipt from tourist and its multiplier effects on different activities, contribution to regional balance. Tourism development will also induce new business opportunities by opening markets for local products, promote new skill and encourage positive change in land use and production system

Shrestha, Prabal (2008) in his study “Marketing Analysis of Airline Service with Reference To Nepal Airline CorporationNEPAL" The objectives of the research work are as follows

- To assess the existing market size, growth and distribution policy etc.
- To assess the product / service of airlines, fares rates (pricing).
- To access the distribution and policy.

They are explained as follows significant and findings

- NAC is only the airline of Nepal which establish as a state undertaking with domestic and international flight destination.
- NAC is only the national flag carrier has been proud to show throughout the world.
- NAC is the backbone to develop the tourism industry by carrying tourist from different international destination of the world. it is only the airline of the country which has earned fame and glory in national as well as international area.
- To uplift and develop economic condition and tourism in the country through expending domestic and international air transport services.
- To promote tourism activities and opening up remote isolate areas for the benefit of the Nepalese.

NAC had four basic objectives of safety, expansion, profitability and social services. The airline was formed to mange air transport services inside and outside the Nepal in a safe, efficient, economical and proper manner. The corporation was empowered to exercise its power developing air transport services in order to ensure maximum profitability while at the same time it was expected to provide services at economic fares as far as possible.

CHAPTER - III
RESEARCH METHODOLOGY

Market research techniques resemble those used in political polling and social science research. Meta-analysis (also called the Schmidt-Hunter technique) refers to a statistical method of combining data from multiple studies or from several types of studies. Conceptualization means the process of converting vague mental images into definable concepts. Operationalization is the process of converting concepts into specific observable behaviors that a researcher can measure. Precision refers to the exactness of any given measure. Reliability refers to the likelihood that a given operationalized construct will yield the same results if re-measured. Validity refers to the extent to which a measure provides data that captures the meaning of the operationalized construct as defined in the study. It asks, “Are we measuring what we intended to measure?”

Applied research sets out to prove a specific hypothesis of value to the clients paying for the research. For example, a cigarette company might commission research that attempts to show that cigarettes are good for one's health. Many researchers have ethical misgivings about doing applied research.

Markets can be targeted at four levels: segments, niches, local areas, and individuals. Market segments are large, identifiable groups within a group. Marketers appeal to local markets through grassroots marketing for trading areas, neighborhoods, and even individual stores. More companies now practice individual and mass customization. The future is likely to see more self-marketing, a form of marketing in which individual consumers take the initiative in designing products and brands.

There are two bases for segmenting consumer markets: consumer characteristics and consumer responses. The major segmentation variables for consumer markets are geographic, demographic, psychographic, and behavioral. These variables can be used singly or in combination. To be useful, market segments must be measurable, substantial, accessible, differentiable, and actionable.

The starting point for discussing segmentation is mass marketing. In mass marketing, the seller engages in the mass production, mass distribution, and mass promotion of one product for all buyers.the argument for mass marketing is that it creates the largest potential market, which leads to the lowest costs, which in turn can lead to lower prices or higher margins, however, many critics point to the increasing splintering of the market, which makes mass marketing more difficult.

A market segment consists of a group of customers who share a similar set of needs and wants. We must be careful not to confuse a segment and a sector. The marketer doesn't create the segments; the marketer's task is to identify the segments and decide which one(s) to target. Segment marketing offers key benefits over mass marketing. However, even a segment is partly a fiction, in that not everyone wants exactly the same thing. Anderson and Narus have urged marketers to present flexible market offerings to all members for a segment. A flexible market offering consists of two parts: a naked solution containing the product and service elements that all segment members value, and discretionary options that some segment members value. Each option might carry an additional charge. Market segments can be defined in many different ways. One way to carve up a market is to identify preference segments.

A niche is a more narrowly defined customer group seeking a distinctive mix of benefits. Marketers usually identify niches by dividing a segment into sub-segments. The customers in the niche have a distinct set of needs; they will pay a premium to the firm that best satisfies their needs; the niches is not likely to attract other competitors; the niche gains certain economies through specialization; and the niche has size, profit, and growth potential. Whereas segments are fairly large and normally attract several competitors, niches are fairly small and normally attract only one or two. Target marketing is leading to marketing programs tailored to the needs and wants of local customer groups; trading areas, neighborhoods, even individual stores. Local marketing reflects a growing trend called grassroots marketing. The ultimate level of segmentation leads to "segment of one", "customized marketing" or "one-to-one marketing".

Successful segmentation requires the following:

- homogeneity within the segment
- heterogeneity between segments
- segments are measurable and identifiable
- segments are stable over time
- segments are accessible and actionable
- target segment is large enough to be profitable

3.1 Research Design:

A market consists of buyers who differ in terms of their needs, purchasing power, buying motives, attitudes and locations. Market segmentation recognizes this reality and divides the total market into distinct group of buyers having different needs and characteristics.

The marketing research process incorporates

- Define the problem and research objectives
- Develop the research plan
- Collect the information
- Analyze the information
- Present the findings
- Make the decision

The following are some suggested methods which are believed to be useful to adopt.

Aspirational Segmentation: By focusing on aspirations, an organisation can communicate on a more emotional level with prospective customers. This is achieved through identifying and then directly appealing to the aspirations (or motives) that underlie customer behaviour.

Hyper-targeted segmentation: The goal of hyper-targeted segmentation is primarily to create an experience specifically designed to initiate a relationship between a prospect and a seller. This approach enables marketers to invest heavily in delivery and incentive costs, and to create highly unusual and memorable campaigns.

Relative Value Segmentation: Customer Relationship Management (CRM) technologies have enabled the collation of comprehensive data concerning customers. This in turn has provided an opportunity to create repositories of powerful customer data and knowledge. Such information has made it possible for organisations to use data to treat "different customer segments differently" by working in an appropriate manner with each unique segment.

Segmentation by Customer Values: Shared Values Segmentation; segmenting customers according to shared values & Dynamic Segmentation Models.

Niche Segmentation and Niche Marketing Plans: A niche market segment usually comprises a narrowly defined group of customers. People having specialized interests/needs and a strong desire to have these met. Once the correct niches for the organisation have been determined, a marketing plan can be developed.

Sequential Segmentation: Business marketers generally identify segments through a sequential process. Consider an aluminum company: The Company first undertook macro segmentation. It looked at which end- use market to server: automobile, residential, or beverage containers. It chose the residential market, and needed to determine the most attractive product application: semi finished material, building components, or aluminum mobile homes. Deciding to focus on building components, it considered the best customer size and chooses large customers. The second stage consisted of micro segmentation. The company distinguished among customers buying on price, service, or quality.

3.2 Population and Sample

The population for this study comprises nearly two-hundred people among from students, guardians, and college staffs & management. The selection of respondents was made randomly. Out of those, questionnaires filled up could be collected from only 88 respondents.

3.3 Data Collection Procedures

The research is based on primary data for which a field study is to be carried on. Information on the concerned areas is to be collected through a well processed and pre-tested

questionnaire compatible to the understanding level of the respondents and also through research interviewing. Also, the data and descriptions related to the subjected matter are to be derived from various publications for the purpose of this research study and data analysis.

A researcher collects primary research by gathering original data. Secondary research is conducted on data published previously and usually by someone else. Secondary research costs far less than primary research, but seldom comes in a form that exactly meets the needs of the researcher. A similar distinction exists between exploratory research and conclusive research. Exploratory research provides insights into and comprehension of an issue or situation. It should draw definitive conclusions only with extreme caution. Conclusive research draws conclusions: the results of the study can be generalized to the whole population.

Exploratory research is conducted to explore a problem to get some basic idea about the solution at the preliminary stages of research. It may serve as the input to conclusive research. Exploratory research information is collected by focus group interviews, reviewing literature or books, discussing with experts, etc. This is unstructured and qualitative in nature. If a secondary source of data is unable to serve the purpose, a convenience sample of small size can be collected. Conclusive research is conducted to draw some conclusion about the problem. It is essentially, structured and quantitative research, and the output of this research is the input to management information systems (MIS). Exploratory research is also conducted to simplify the findings of the conclusive or descriptive research, if the findings are very hard to interpret for the marketing manager.

3.4 Variables

Various Geographic, Demographic, Psychographic, and Behavioral variables could be employed to carry the research works more result oriented. Descriptors are all those demographic, socioeconomic and psychographic factors that explain the various buying considerations. Thus descriptors are all those independent variables operating in the market that differentiate the consumption of a product in terms of need and usage.

3.5 Data Analysis

The responses will be categorized, tabulated, processed and analyzed using different methods. Frequency distributions, means and correlation are most likely to be used. When numerous variables are combined to give an in-depth understanding of a segment, this is referred to as depth segmentation. When enough information is combined to create a clear picture of a typical member of a segment, this is referred to as a buyer profile. When the profile is limited to demographic variables it is called a demographic profile. A statistical technique commonly used in determining a profile is cluster analysis.

3.6 Pretesting

The pretesting of the sample questionnaires will be made among three respondents prior to the interview so as to examine its compatibility and aptness.

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS

4.1 Data from Acme Engineering College

Acme's institutional Vision which is the pivotal inspiration of the organization is to develop the College as a "Leading Regional Center" for Engineering Education in South East Asia. The commitment to approximate the above mentioned vision is expressed in the Mission statement: Acme engineering College provides innovative and responsive academic programs, specializing in science and engineering education to serve the society by preparing technical and managerial leaders, contributing to the national development and competent to work in international fronts as well.

While looking back to its short history, Acme seems of walking in this pace:

Year 2057	:	Good Luck
Year 2058	:	Confused
Year 2059	:	Plan and Program initiated
Year 2060	:	Low Cost / No Cost Strategy
Year 2061	:	Acme into best three selective
Year 2062	:	Let us work for "Brand Name"

To assume the vision and mission more accurately, Acme has defined set of goals which include:

- Enhance the quality of education
- Let us work for Acme Brand
- Project college into one of the best three colleges within the country
- Expand international linkages
- Implement R & D activities
- Develop linkages with different stakeholders like Schools, Colleges, Parents, industries, NGOs and INGOs etc.
- Develop the colleges as a self-sustained institution

Teachers and Staffs

S. No.	Description	Number						Remarks
		057/ 058	058/ 059	059/ 060	060/ 061	061/ 062	062/063	
1	Full time Faculties	4	7	26	30	61	70	
2	Part time Faculties	18	23	14	12	14	10	
3	Administrative Staffs	17	20	24	25	25	28	
Total		39	50	65	72	100	108	

Students enrolment in + 2 Science program with its drop-out records on year basis is shown hereunder.

+2 Science Program							
Year	2056	2057	2058	2059	2060	2061	2062
2056	42	38					
2057		75	60				
2058			44	42			
2059				61	47		
2060					40	36	
2061						90	80
2062							75
Total							

Number of students enrolled in Diploma in engineering program on various subjects has been tabulated but it lacks the drop-out records.

Diploma in Engineering				
	Civil	**Com**	**Elex**	**Total**
2058(Actual)		**29**		**29**
2059 „		**34**	**23**	**57**
2060 „	**17**	**13**	**8**	**38**
2061 „	**42**	**14**	**17**	**65**
2062 Targeted	**40**	**20**	**20**	**80**
Total	**99**	**110**	**68**	**267**

Also the trends of students' enrolments on year basis are better understood referring the following table.

B.E. /B.Arch. Programs					
	Civil	**Com**	**Elex**	**Arch**	**Total**
2057	**13**	**63**			**76**
2058	**12**	**45**			**57**
2059	**48**	**22**	**16**		**86**
2060	**59**	**12**	**22**		**93**
2061	**60**	**40**	**60**	**19**	**179**
2062	**60**	**40**	**60**	**20**	**180**
Total	**252**	**222**	**158**	**39**	**671**

Results: +2 Science Program

Batch	Students Admitted	Exam year	Exam	Students Appeared	Pass					Failed	Pass %
					Dist.	First	Second	Third	Total		
2056	42	2057	XI	38	5	15	1		21	17	55.3
		2058	XII	38	4	10	12		26	12	68.4
2057	75	2058	XI	66	1	16	20		37	29	56.1
		2059	XII	56	4	14	24		42	14	75.0
2058	44	2059	XI	42	10	16	10		36	6	85.7
		2060	XII	42	2	13	8		23	19	54.8
2059	61	2060	XI	54	2	12	7		21	33	38.9
		2061	XII	44	3	14	17		34	10	77.3
2060	39	2061	XI	36	4	10	12		26	10	72.2
		2062	XII	36	2	15	9		28	8	77.8
2061	84	2062	XI	83	14	22	34		70	13	84.33

Results: Diploma in Engineering

Batch	Group	Semester					
		I	II	III	IV	V	VI
2058	Computer	0%	0%	60%	24%	44%	40%
2059	Computer	9%	6.9%	11%	43%	58%	
	Electronics	17.3%	14.2%	45%	40%	40%	
2060	Computer	25%	20%	16%			
	Electronics	37.5%	25%	25%			
	Civil	11.8%	13%	44%			
2061	Computer	6%					
	Electronics	10%					
	Civil	10%					

B.E. / B.Arch. Results

Batch	Group	Semester							
		I	II	III	IV	V	VI	VII	VIII
2057	Computer	25%	60%	35%	56%	62%	70%	80%	85%
	Civil	45%	55%	54%	68%	68%	88%	91.1%	100
2058	Computer	10%	40%	17%	37%	31%	85%	80%	
	Civil	0%	33%	50%	50%	79%	90%	80%	
2059	Computer	18%	23%	65%	28%	32%			
	Electronics	28%	33%	28%	67%	47%			
	Civil	32%	28%	39%	80%	77%			
2060	Computer	20%	46%	13%					
	Electronics	56%	75%	47%					
	Civil	29%	50%	42%					
2061	Computer	50%							
	Electronics	36%							
	Civil	39%							
	Architecture	69%							

Current physical facilities

S.N.	Description	Area / No.		S.N.	Description	No.
1	Land	13 Ropanis		7	Lab Rooms	20
2	Building	35000 Sq. ft.		8	Library Hall	1
3	Lab Shed	2500 Sq. ft.		9	Multi Purpose Hall	1
4	Open Shed	1000 Sq. ft.		10	Reception	1
5	Class Rooms	19		11	Room for Management	6
6	Drawing Hall	1		12	Teachers' Room	7

Major Activities implemented

- New recruitments: huge number of faculties and lab instructors been appointed.
- Four-day Training on Effective Teaching Techniques to new teachers/instructors
- Orientation Program to newly appointed faculties
- Training on Entrepreneurship Development to B.E. first batch pass out (two-days program)
- Career Counseling Program to Diploma Pass outs
- Farewell to Acme graduates: B.E./Diploma/+2 pass outs with Acme souvenir
- Orientation programs to newly admitted students
- Welcome program to newcomer and Farewell to Pass out students by Students' Council
- Talk program jointly with Nepal Engineers' Association
- Workshop on Value Analysis: Let us work for "Brand Name"
- Acme Cup Inter-Technical College Volley Ball Tournament
- Chiyapan and Shubhakamana Exchange Program
- Training to Electronics and Computer faculties on Red Hat Certified System Engineer (RHCE)
- A 5-day training on Customized use of Computer to faculties of Science & Hum Dept.
- In-house trainings on Role Theory, Leadership Development etc.
- Saraswoti Puja/ Community Meet / Guardians' interaction program
- Extra-curricular Activities
- And others many campaigns, publications, community works, and participation on workshops/seminars/trainings and many more casual and periodic functions

Achievements/ Outputs

- Excellent enrolments of newcomer students in various programs
- Good placement records of Acme Pass Outs.
- Gold Medalist: Acme Cup Volleyball Tournament

- Best Player: Acme Cup Volleyball Tournament
- Man of the series: KCC Running Trophy Cricket Tournament
- Best Bowler: KCC Running Trophy Cricket Tournament

New Initiation

- Construction of New Building
- M. Sc. Programs in Engineering Management and Information Systems Engineering
- International conference on **IT & Nation Building**

Some Important Indicators of FY 2061/062

Total Operational Cost:	**2,82,43,598**
Regular Expenditure:	2,02,73,827
Interest Paid :	55,35,347
Depriciation :	24,34,424
Total Capital Expenditure :	35,85,759
Total Number of the teachers:61	
Total Number of the staff:	25
Total Number of the students:660	
+2 Program :	119
Diploma :	158
BE :	383
Teacher Student Ratio	1:11
Staff Student Ratio	1:26

4.2 Data presentation and Analysis

The major Segmentation variables are geographic, demographic, psychographic and behavioral. Geographic segmentation calls for diving the market into different geographical units such as nations, states, regions, countries, cities, or neighboring hoods. The company can operate in one or a few areas, or operate in all but pay alteration to local variations.

In demographic Segmentations, the market is divided into groups on the basis of variables such as age, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and social class. There are several reasons that consumer needs, wants, and usage rates and product and brand preferences are often associated with demographic variables. Another is that demographic variables are easier to measure. Even when the target market is described in no demographic terms (say, a personality type), the link back to demographic characteristics may be needed in order to estimate the size of the market and the media that should be used to reach it efficiently. Here is how certain demographic variables have been used to segment markets.

Psychographic is the science of using psychology and demographics to better understand consumers. In Psychographic segmentation, buyers are divided into different groups on the basis of psychological \personality traits, lifestyle, or values. People within the same demographic group can exhibit very different psychographic profiles. Psychographic variables are difficult to measure.

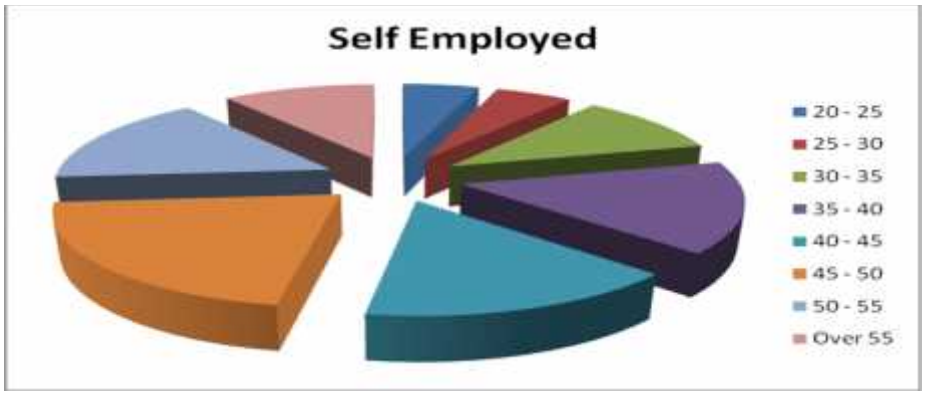
Behavioral Variables refer to consumer responses to the product. The bases for behavioral segmentation consist of.

- Occasions: They affect purchase need and usage. They can be segmented into:
- Regular occasion: Daily routine needs.
- Special occasion: Festival, marriage, death, etc.

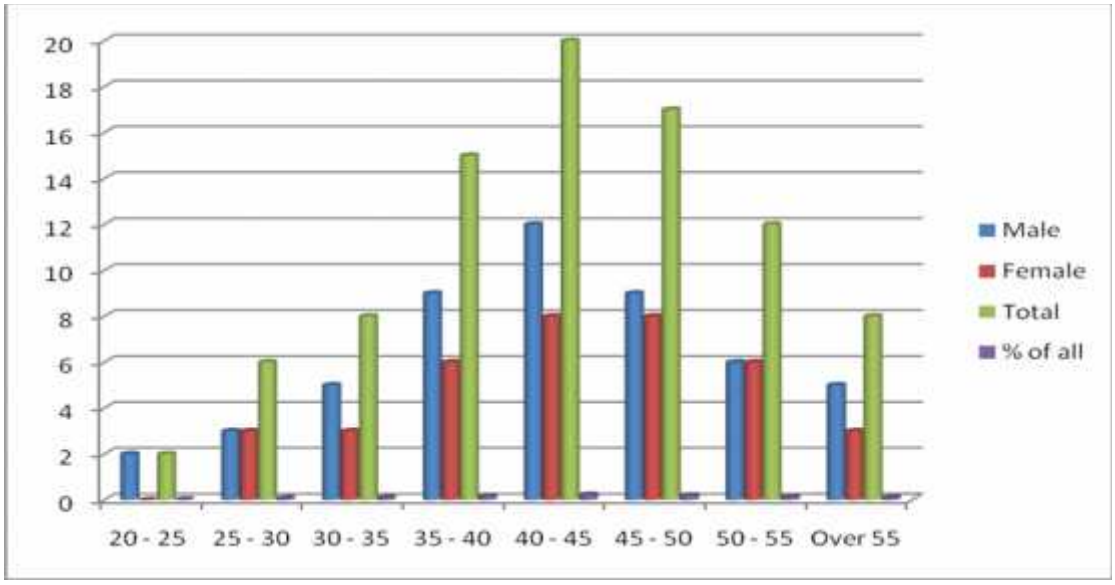
For this study, number of guardians and students were provided with questionnaires and requested to fill up them. Questionnaires made comprising various descriptors as been discussed here-above. Specifically, geographic, demographic, pshychographic and behavioral aspects were covered. Enthusiastically, 88 responses could be collected back. The data and responses of respondents are tabulated. Analysis follows based on the data and responses.

Profiles of respondents are tabulated as hereunder. Especially people were selected among from the guardians who were categorically employed, self employed and retired.

Profile of Respondents					
		Number		Total	% of all
Employment Category	Age	Male	Female		
Salaried Employed	20 - 25	1	0	1	1.14%
	25 – 30	2	1	3	3.41%
	30 – 35	3	1	4	4.55%
	35 – 40	6	4	10	11.36%
	40 – 45	9	3	12	13.64%
	45 – 50	5	2	7	7.95%
	50 – 55	3	1	4	4.55%
	Over 55	1		1	1.14%
Self Employed	20 - 25	1	0	1	1.14%
	25 – 30	1	2	3	3.41%
	30 – 35	2	2	4	4.55%
	35 – 40	3	2	5	5.68%
	40 – 45	3	5	8	9.09%
	45 – 50	4	6	10	11.36%
	50 – 55	3	5	8	9.09%
	Over 55	2	3	5	5.68%
Retired	Over 55	2		2	2.27%
Total Respondents		**51**	**37**	**88**	**100.00%**
Respondents	**Age**				
	20 - 25	2	0	2	2.27%
	25 – 30	3	3	6	6.82%
	30 – 35	5	3	8	9.09%
	35 – 40	9	6	15	17.05%
	40 – 45	12	8	20	22.73%
	45 – 50	9	8	17	19.32%
	50 – 55	6	6	12	13.64%
	Over 55	5	3	8	9.09%
Total Respondents		**51**	**37**	**88**	**100.00%**



Students from family background having employed in government, private or non-governmemntal sectors seem slightly less than those from family background with self-employment. Out of 88 respondents, 42 are seen as employee somewhere while 44 are self employed. Rest of total i.e. 2 respondents are from among retired ones.

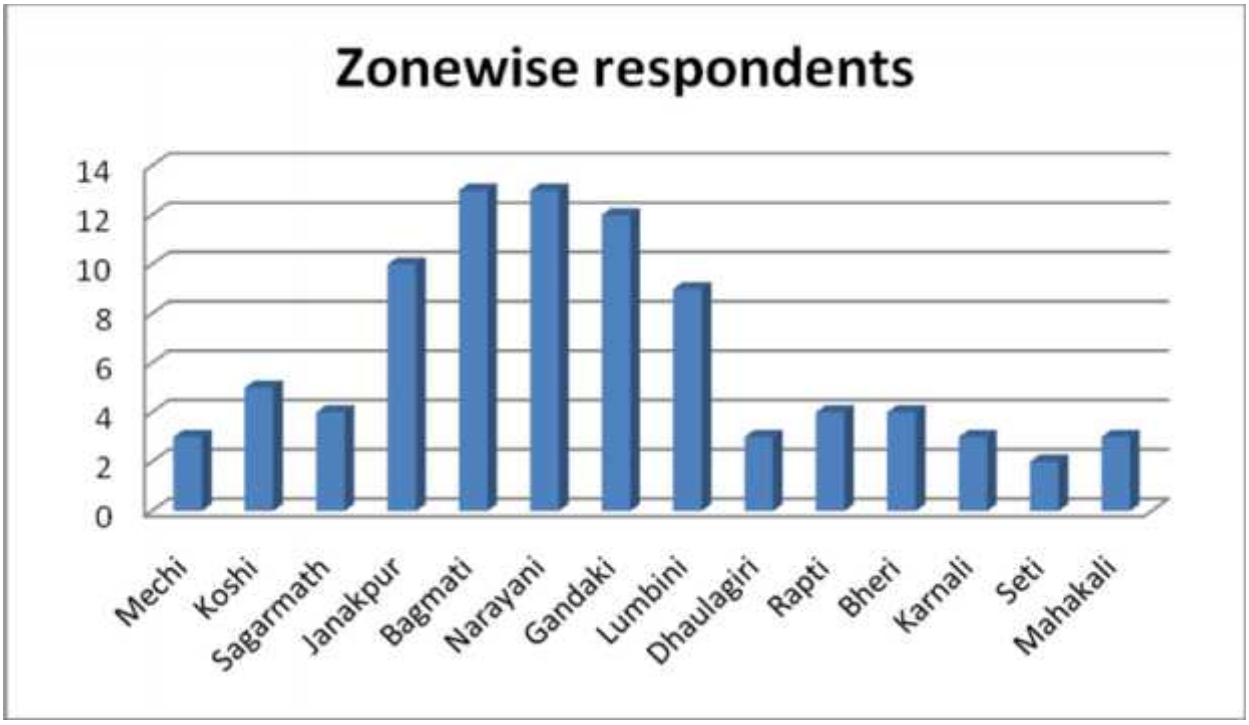


Total Respondents

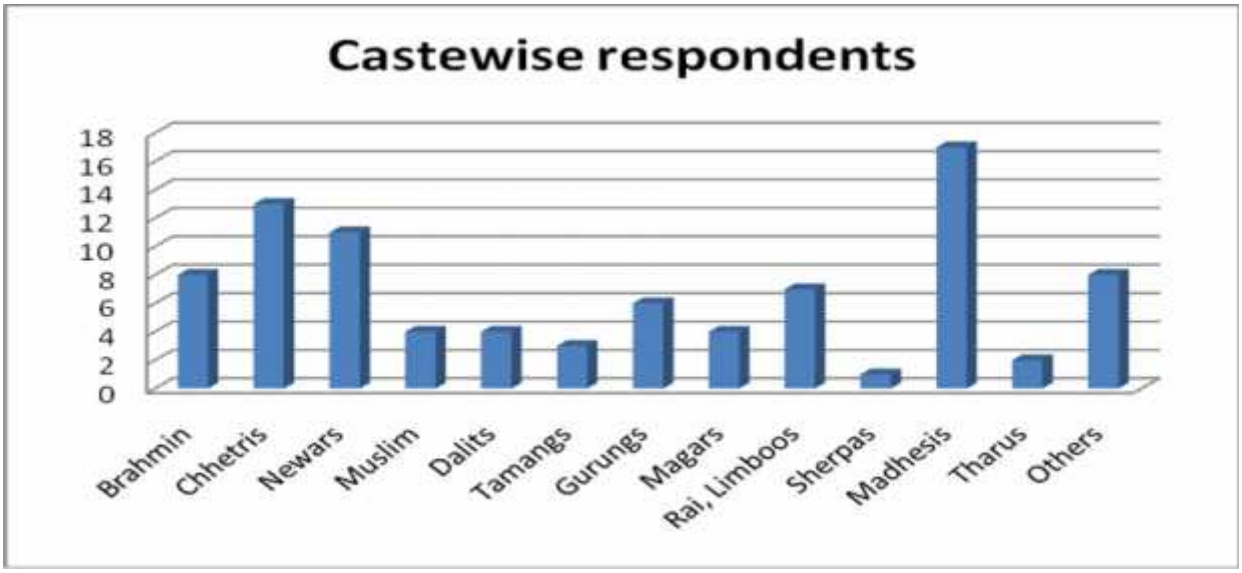
Regarding age group, 40 to 50 years group is most in number. This helps to retrieve more authentic responses as these age-group people are much more responsible in nepalese context. They are supposed to be main backbone of the family.

Geographical region	
Mechi	**3**
Koshi	**5**
Sagarmath	**4**
Janakpur	**10**
Bagmati	**13**
Narayani	**13**
Gandaki	**12**
Lumbini	**9**
Dhaulagiri	**3**
Rapti	**4**
Bheri	**4**
Karnali	**3**
Seti	**2**
Mahakali	**3**
Total respondents	**88**

Respondents on Caste basis	
Brahmin	**8**
Chhetris	**13**
Newars	**11**
Muslim	**4**
Dalits	**4**
Tamangs	**3**
Gurungs	**6**
Magars	**4**
Rai, Limboos	**7**
Sherpas	**1**
Madhesis	**17**
Tharus	**2**
Others	**8**
Total	**88**



Region-wise, middle part of Nepal has large occupancy in engineering education. Students enrolled at Acme Engineering College are mostly from Janakpur, Bagmati, Narayani, Gandaki and Lumbini. Huge part of involvement in engineering education is from urban areas and terai belt. Moderate distribution is from almost every part of nation.

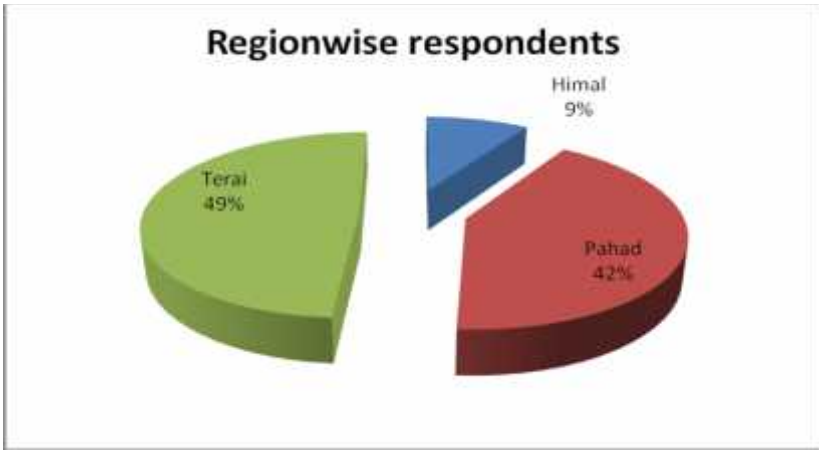


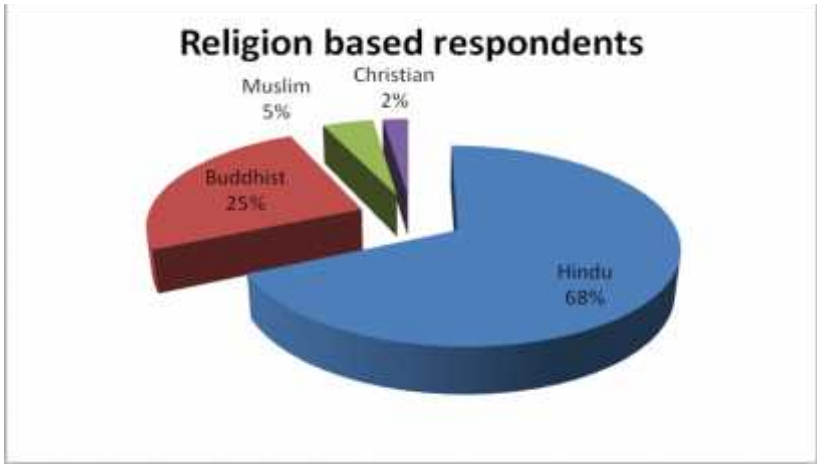
Caste-wise, Chhetri & Brahmin seem having big holds. But biggest share is of Madhesi students which is the biggest at Acme. Newars community is also having big share in technical education. Rai, Limboo, Gurung, Magars are also having substantial portion. But, backward society who have less awareness and knowledge on science and technology lack in joining the technical opportunities. This picture is quite a miniature of almost all the engineering institution in Nepal.

Respondents region based	
	no.
Himal	**8**
Pahad	**37**
Terai	**43**
Total	**88**

Respondents religion based	
	no.
Hindu	**60**
Buddhist	**22**
Muslim	**4**
Christian	**2**
Total	**88**

Among the respondents, percentage of people from Mountaneous region and Terai region are nearly equal. By religion, hindus are most dominantly seen in the sample.

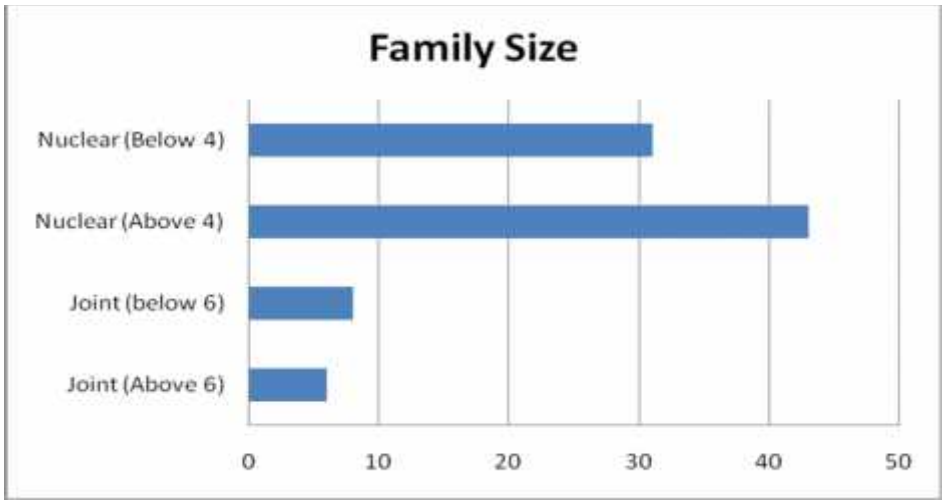


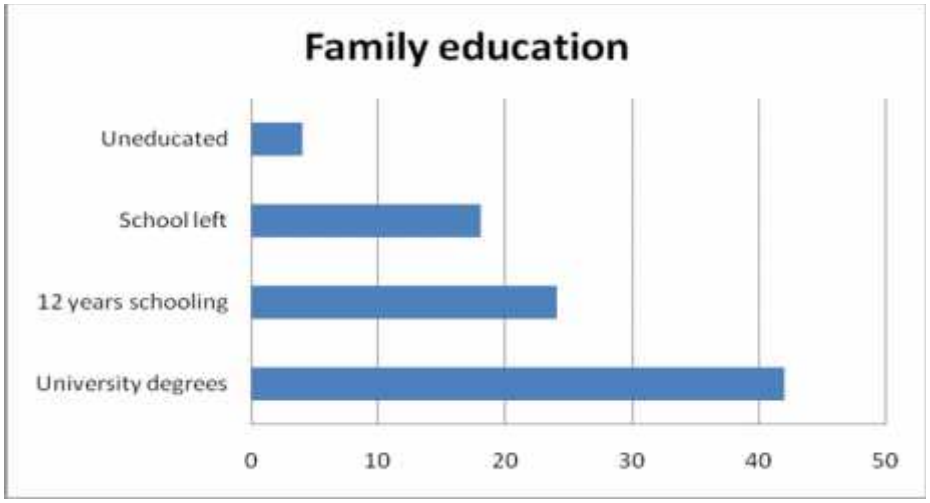


Following tables show the picture of demographic status. Various demographic descriptors are considered for the purpose of acute analysis in the issuue.

Family Size	
	no.
Joint (Above 6)	**6**
Joint (below 6)	**8**
Nuclear (Above 4)	**43**
Nuclear (Below 4)	**31**
Total	**88**

Family education	
	no.
University degrees	**42**
12 years schooling	**24**
School left	**18**
Uneducated	**4**
Total	**88**



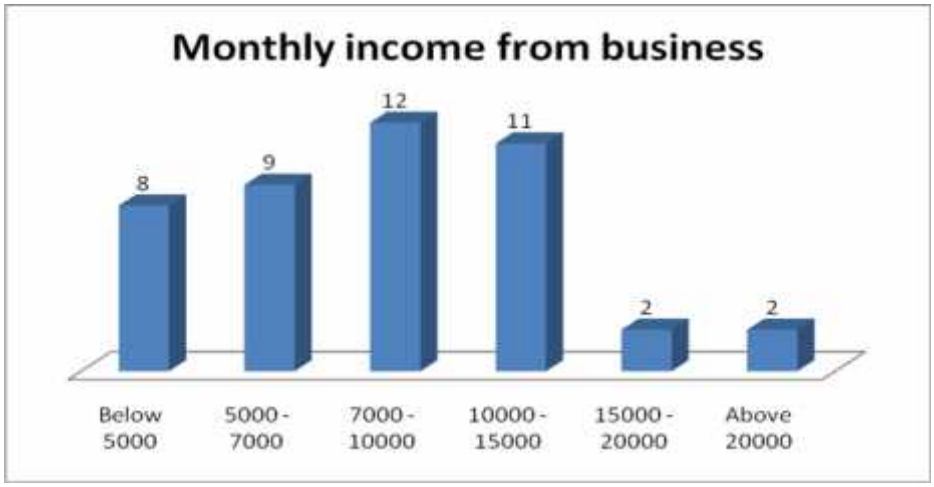


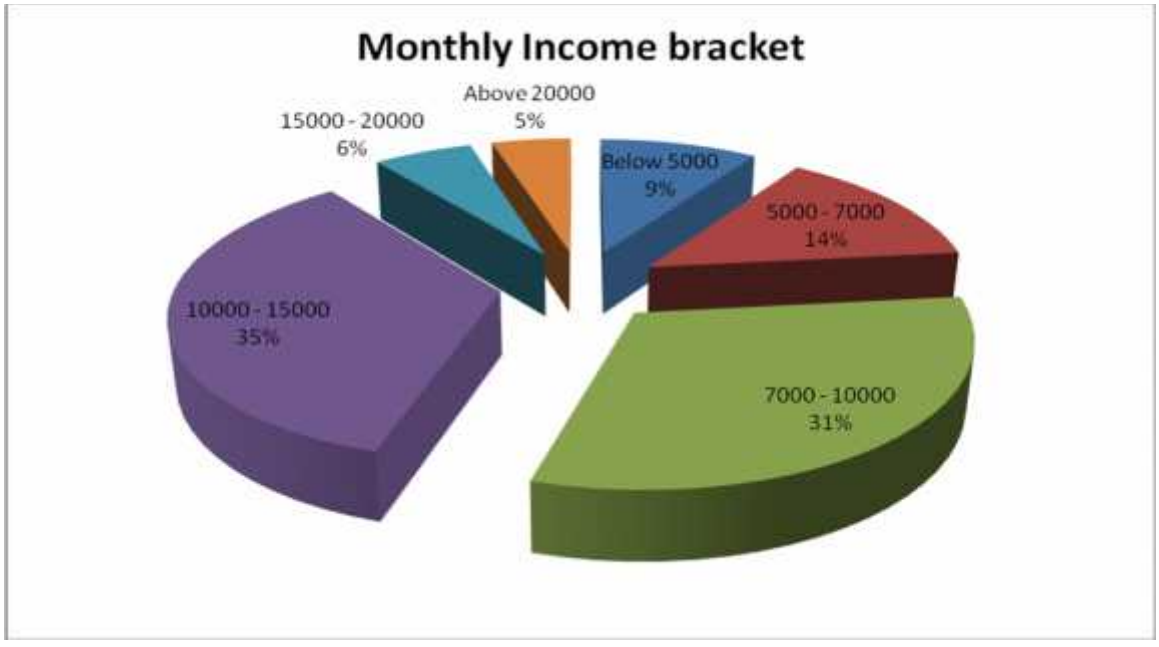
Most of the students are seemed coming from average nepalese family catagories. Nepalese society is quite usual in adopting nuclear type of family or semi-joint type.

Monthly Salary structure	
Below 5000	**0**
5000 - 7000	**3**
7000 - 10000	**15**
10000 - 15000	**19**
15000 - 20000	**3**
Above 20000	**2**
Total	**42**

Monthly income from business	
Below 5000	**8**
5000 - 7000	**9**
7000 - 10000	**12**
10000 - 15000	**11**
15000 - 20000	**2**
Above 20000	**2**
Total	**44**


Monthly salary
Series1
0
3
15
19
3
2
Below 5000
5000 - 7000
7000 - 10000
10000 - 15000
15000 - 20000
Above 20000

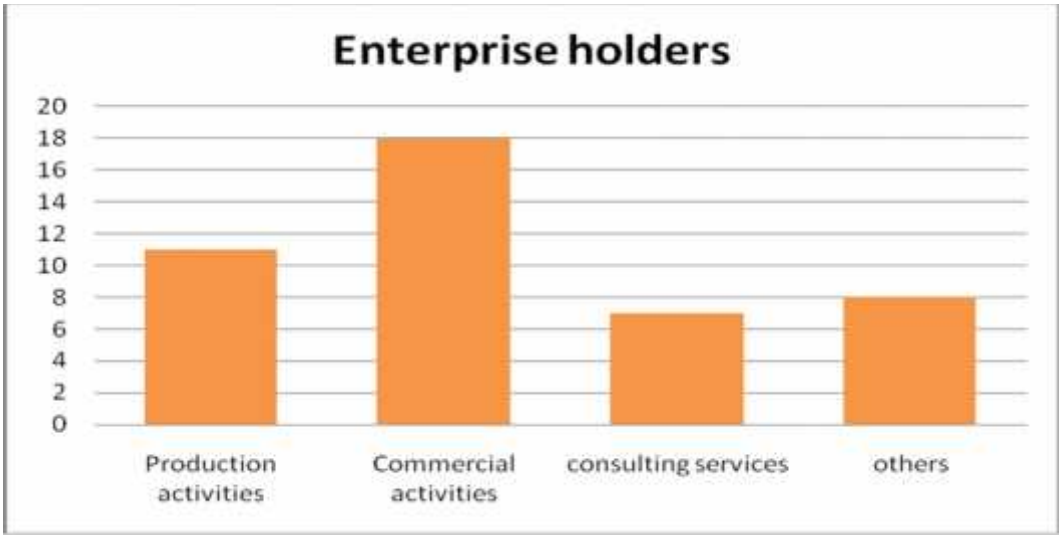

Monthly income from business
8
9
12
11
2
2
Below 5000
5000 - 7000
7000 - 10000
10000 - 15000
15000 - 20000
Above 20000


Monthly Income bracket
Above 20000 5%
15000 - 20000 6%
Below 5000 9%
5000 - 7000 14%
10000 - 15000 35%
7000 - 10000 31%

Above data exhibits that moderately high income-holders only can afford private engineering education in Nepal.

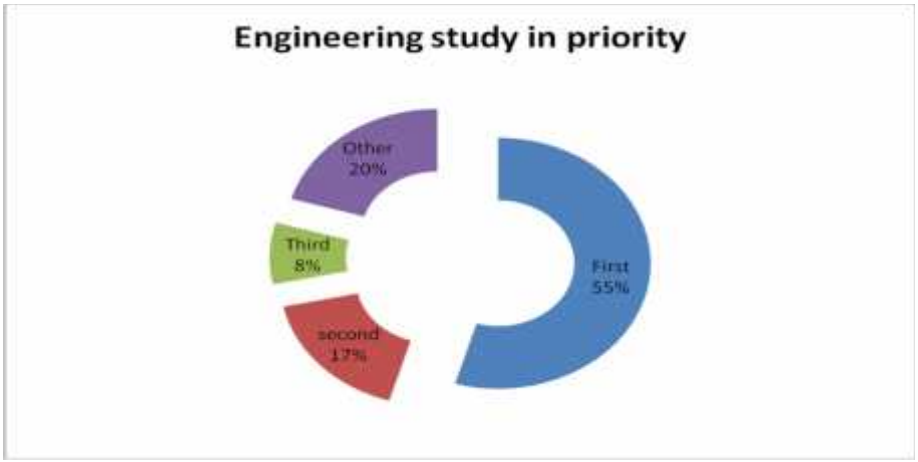
Service sector	no.
Civil servants	**9**
Teachers	**9**
corporations	**11**
Private companies	**11**
INGO	**2**
Total	**42**

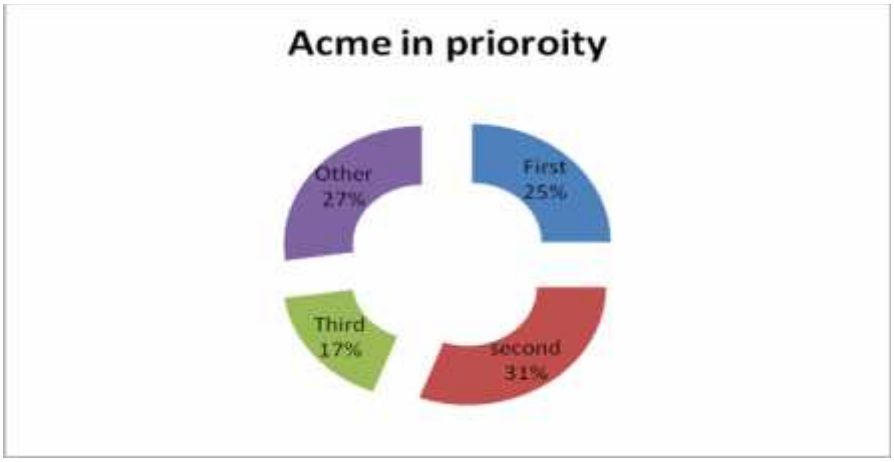
Enterprise	no.
Production activities	**11**
Commercial activities	**18**
consulting services	**7**
others	**8**
Total	**44**



Engineering study priority	no.
First	48
second	15
Third	7
Other	18
Total	88

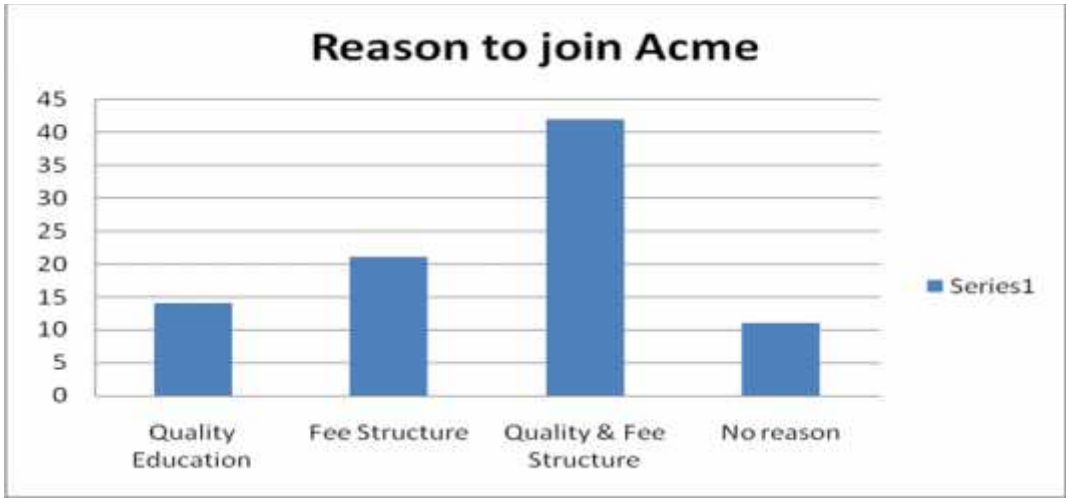
Acme in priority	no.
First	22
second	27
Third	15
Other	24
Total	88

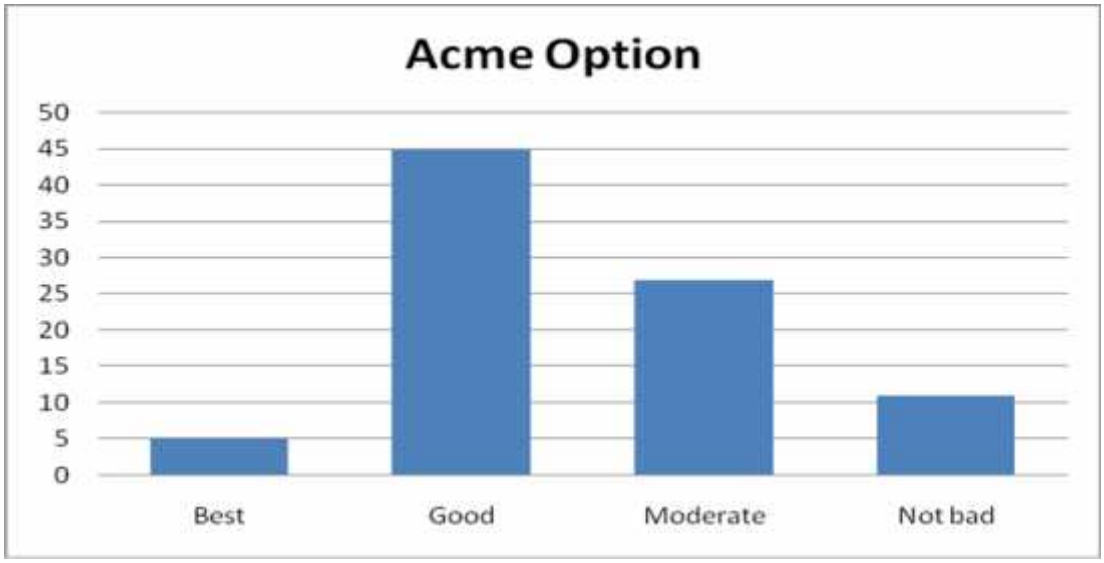




Reason to join Acme	no.
Quality Education	14
Fee Structure	21
Quality & Fee Structure	42
No reason	11
Total	88

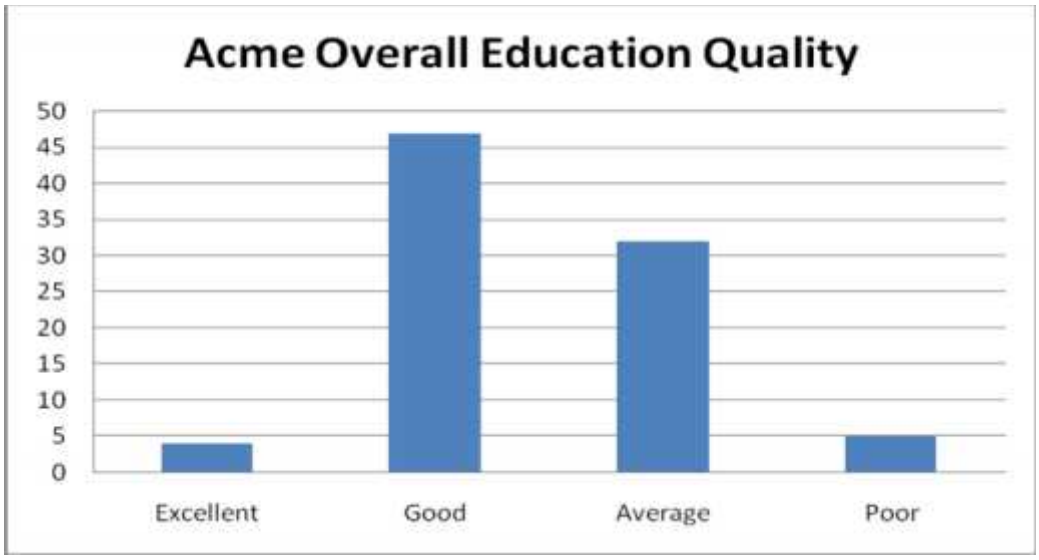
Acme option	no.
Best	5
Good	45
Moderate	27
Not bad	11
Total	88

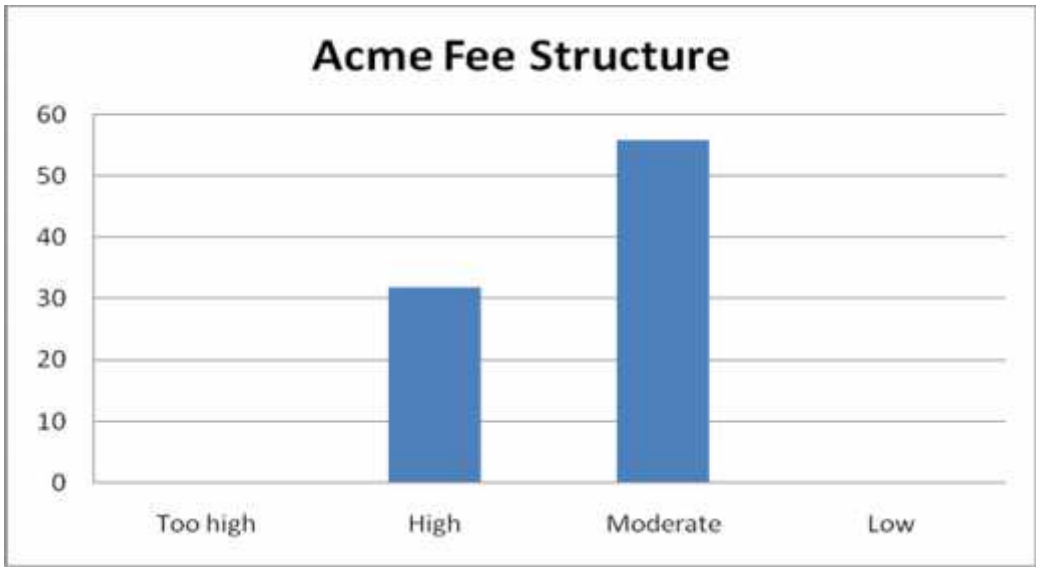




Acme Overall Education Quality	
	no.
Excellent	4
Good	47
Average	32
Poor	5
Total	88

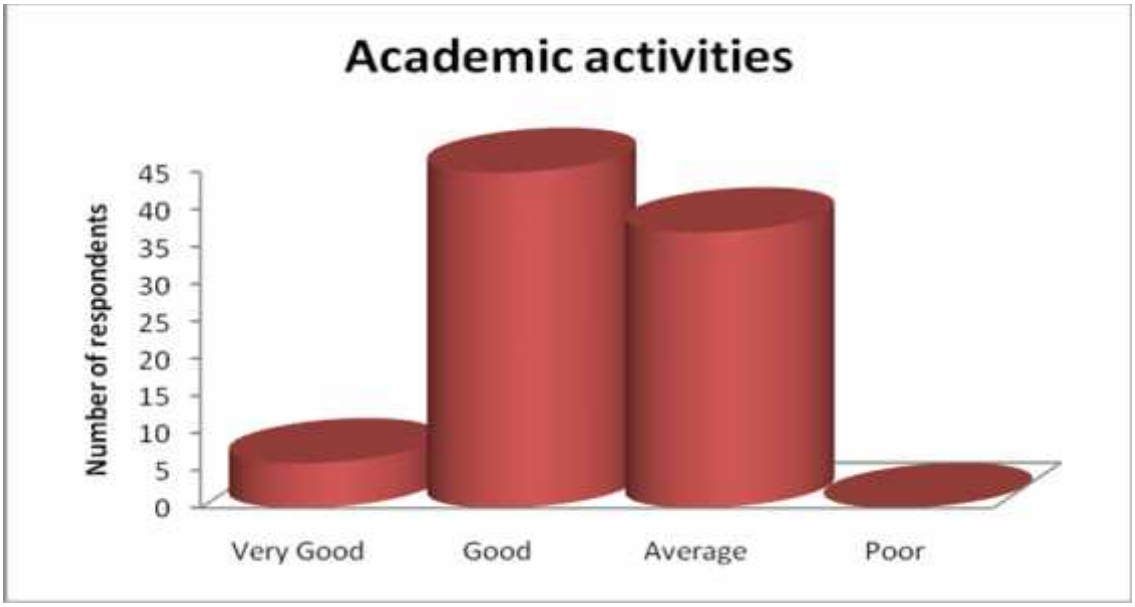
Acme Fee Structure	
	no.
Too high	0
High	32
Moderate	56
Low	0
Total	88

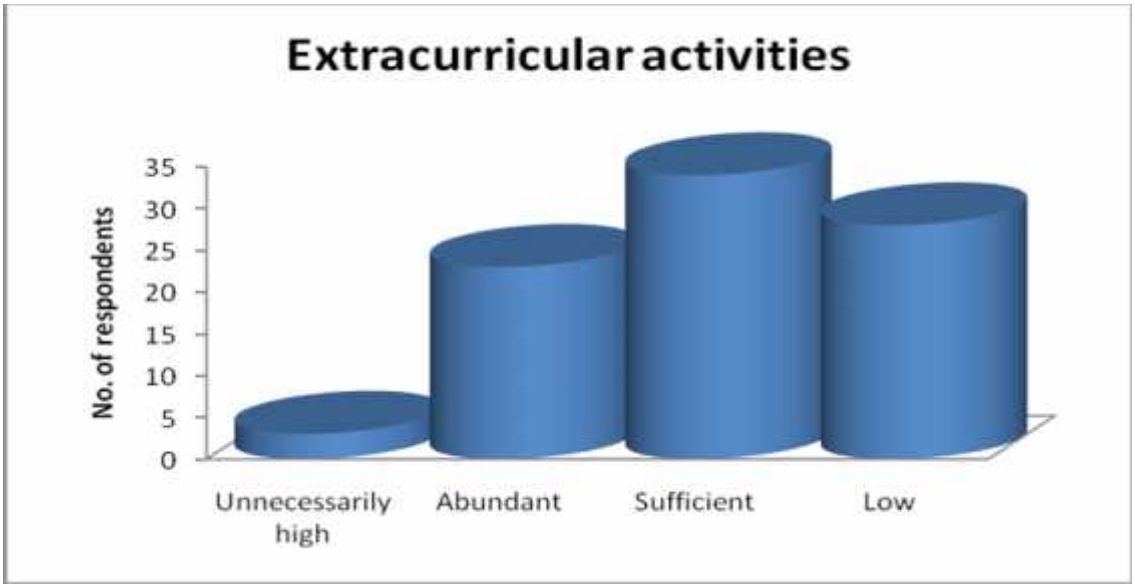




Acme academic activities	
	no.
Very Good	6
Good	45
Average	37
Poor	0
Total	88

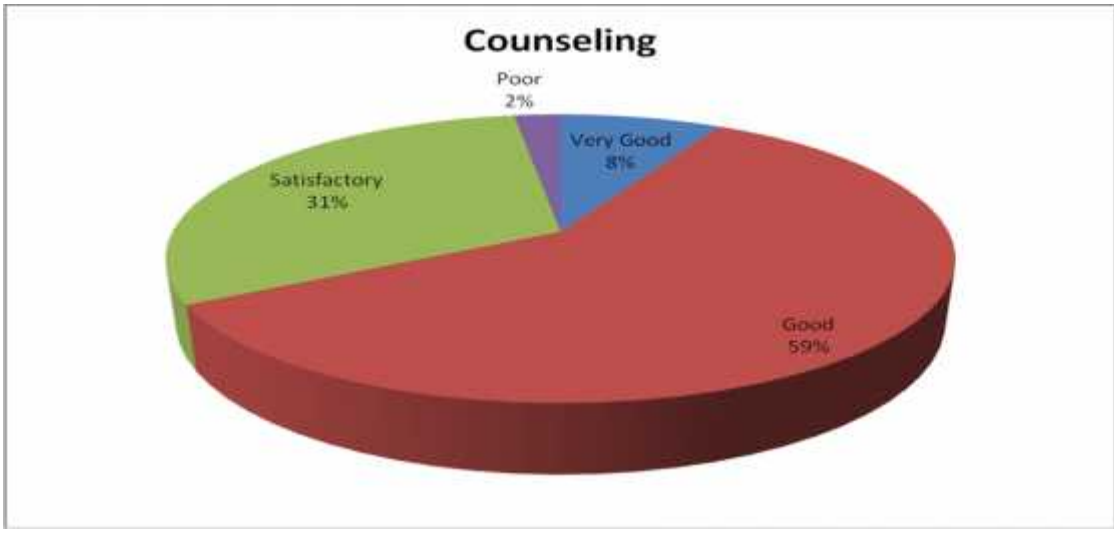
Acme extra-curricular activities	
	no.
Unnecessarily high	3
Abundant	23
Sufficient	34
Low	28
Total	88

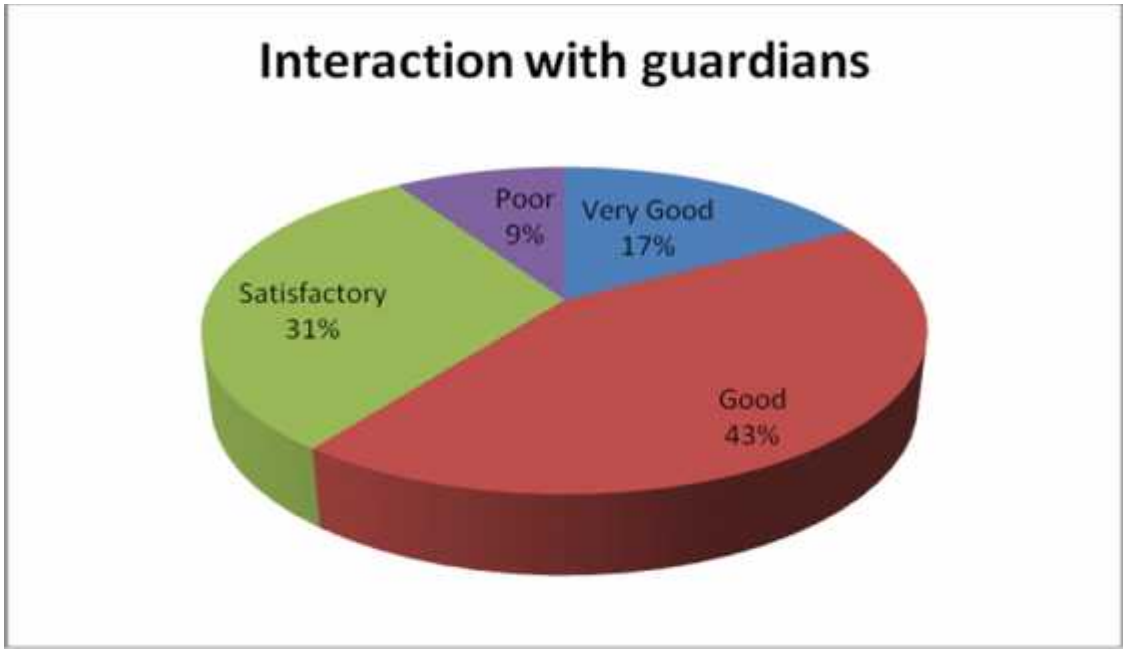




Acme students counseling	
	no.
Very Good	7
Good	52
Satisfactory	27
Poor	2
Total	88

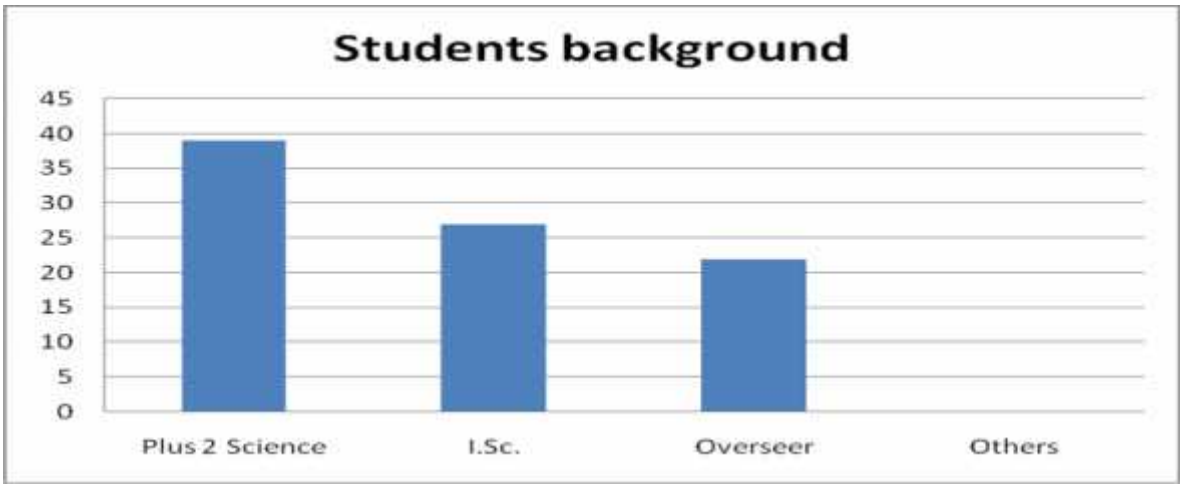
Interaction with guardians	
	no.
Very Good	15
Good	38
Satisfactory	27
Poor	8
Total	88

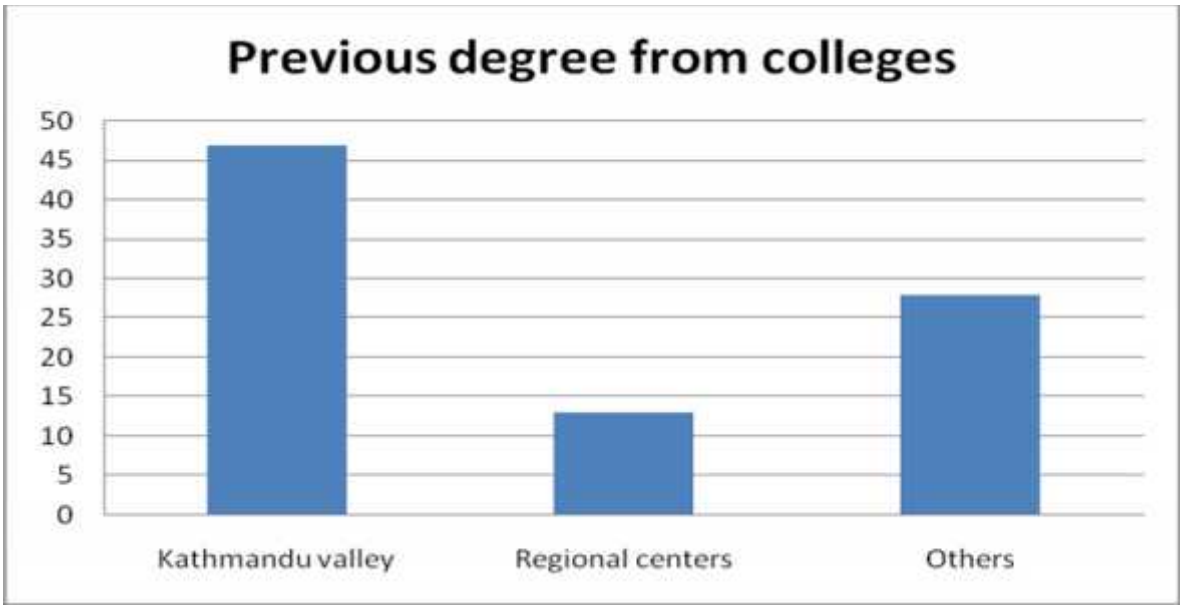




Students background	
	no.
Plus 2 Science	39
I.Sc.	27
Overseer	22
Others	0
Total	88

Previous degree from	
	no.
Kathmandu valley	47
Regional centers	13
Others	28
Total	88





4.3 Major findings

- Engineering education is in focus of urban and educated communities from different part of Nepal who understand the value of technical expertise in existing market.
- Huge number of student enrolment is from moderately good economic group of various parts.
- Nepal's engineering education is considered to be of high quality in south east Asia as well as globally.
- Quality and moderate cost are two conditions desired in engineering education in Nepal.
- Acme is moderate choice for many of students.
- Acme provides quality engineering education comparatively at low cost.
- Acme products are believed to be well rounded with technical expertise and co-curricular as well as extra-curricular qualities.
- Nepalese engineering education has been in and for the access of middle class family.
- People from urban, sub-urban and rural sectors prioritize highly to invest for engineering studies.
- Nepalese engineering graduates are well received in domestic as well as international markets.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMENDATION

5.1 Summary

In this chapter, summary conclusion and recommendation are included. All the summary and conclusion are made according to obtained data from analysis. Recommendation has made which would be beneficial for all concerned person and stakeholder.

The researcher has identified that research problem and set objectives to solve research problems about the Market Segmentation Strategy of Private Engineering Institution in Nepal as described in introduction chapter. To make this study more effective, related literatures have been reviewed. The review of literature provides the foundation of knowledge in order to under take this research more precisely. This section also includes concept of marketing segmentation strategy and implementation.

Research methodology has been described in third chapter, which is a way to solve the research problems with the help of various tools and techniques. This chapter includes the various tools to analyze the data in order to come to the decisions. This chapter includes the research design, population and sample data collection procedure, data period covered and methods of analysis. This study is mainly conducted on the basis of primary and secondary data collected from annual reports, official report, journal and web site of concern institution.

The presentation and analysis of data has been made comparative analytical and their interpretation has done in chapter four by applying the wide varieties of methodology as stated in chapter three. It includes the various tools. To make proper analysis there are raise various questionnaire to responded and analyzed according to their answer. Various analyses have been applied to fulfill the objective of this study. The major findings of the study are also included in the final section of the presentation and analysis chapter

In today's marketplace customers have become much more discerning and are better informed than ever before, a “one size fits all" approach is no longer satisfactory.

Organizations must pay careful attention to the needs of smaller and more sophisticated groups of customers.

Customer market segmentation is a tactic that can enable companies to achieve leadership positions by serving specific customer groups, and by being the first, or best, at addressing unique customer needs. By understanding the specific needs of customer segments, organizations can develop tailored product offerings, Nepal's engineering education is considered to be of high quality in south east Asia as well as globally.

Customer market segmentation is a tactic that can enable companies to achieve leadership positions by serving specific customer groups, and by being the first, or best, at addressing unique customer needs. A market segment is a subgroup of people or organizations sharing one or more characteristics that cause them to have similar product needs. A true market segment meets all of the following criteria: it is distinct from other segments (heterogeneity across segments), it is homogeneous within the segment (exhibits common attributes); it responds similarly to a market stimulus, and it can be reached by a market intervention

5.2 Conclusions

Once the various segments are identified, the decision-maker faces the challenge to decide which segments to enter and how marketing resources should be allocated across the segments. This is a strategic decision where several key variables such as segment size, growth potential, competition, profitability, and risks needs to be carefully evaluated. Marketing research provides important information to the decision-maker for evaluating the segment attractiveness.

Engineering education is in focus of urban and educated communities from different part of Nepal who understand the value of technical expertise in existing market. Huge number of student enrolment is from moderately good economic group of various parts. Nepal's engineering education is considered to be of high quality in south east Asia as well as globally. Quality and moderate cost are two conditions desired in engineering education in Nepal. Acme is moderate choice for many of students. Acme provides quality engineering education comparatively at low cost. Acme products are believed to be well rounded with

technical expertise and co-curricular as well as extra-curricular qualities. Nepalese engineering education has been in and for the access of middle class family. People from urban, sub-urban and rural sectors prioritize highly to invest for engineering studies. Nepalese engineering graduates are well received in domestic as well as international markets.

Quality and moderate cost are two conditions desired in engineering education in Nepal. Acme is moderate choice for many of students. Acme provides quality engineering education comparatively at low cost. Acme products are believed to be well rounded with technical expertise and co-curricular as well as extra-curricular qualities. Nepalese engineering education has been in and for the access of middle class family. People from urban, sub-urban and rural sectors prioritize highly to invest for engineering studies. Nepalese engineering graduates are well received in domestic as well as international markets.

5.3 Recommendations

Based on the analysis and finding of the study, the following recommendations can be made as suggestions to make the Market Segmentation Strategy of Private Engineering Institution in Nepal (A Case Study of Acme Engineering College) effective and efficient. This would help to draw some outline and make reforms in the respective institutions.

- Acme should enhance its counseling and interaction activities.
- Acme should focus on students from middle class families from urban areas and terai region.
- Quality must be the top priority for the institutional development of acme.
- Moderate cost is the reason to attract students at Acme, and hence costs should be precisely defined to grab further more students from semi-urban and rural areas as well.

Markets are not homogenous. Formally or informally, people and organizations engage in a vast number of activities that could be called marketing. In today's marketplace customers have become much more discerning and are better informed than ever before, a “one size fits all" approach is no longer satisfactory.

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